BCHG Holding A/S

Amaliegade 24, st., DK-1256 Copenhagen K

Annual Report for 2020

CVR No 38 24 67 12

The Annual Report has
been presented and
adopted at the Annual
General Meeting of the
Company on
/ 2021

Michael Wejp-Olsen

Contents

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of BCHG Holding A/S for the financial year 1 January - 31 December 2020.

The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of BCHG Holding A/S (the "Parent Company" and of the Parent Company and its subsidiaries (collective the "Group"), of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted by the Annual General Meeting.

Copenhagen, 31 May 2021

Executive Board

Henrik Gram
CEO

Board of Directors

David Robson Overby
Chairman

Mette Kapsch

Henrik Gram

Michael Dano Andersen
Staff Representative

Independent Auditor’s Report

To the Shareholders of BCHG Holding A/S

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group’s financial position at 31 December 2020 and of the results of the Group’s operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company’s financial position at 31 December 2020 and of the results of the Parent Company’s operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BCHG Holding A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as cash flow statement for the Group (“financial statements”).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the Financial Statements, which describes that the Group's current operations depend on the faith and willingness of various stakeholders to restructure the business to be finalised and completed before the end of June 2021. Management is working together with the Group's bank, hotel property owners, main shareholder and expected new shareholders to ensure that new liquidity is added by cash subscription from issuance of new shares, renegotiation of existing credit facilities and mortgage loans as well as an amendment to the lease agreements with the hotel property owners in order to ensure adequate liquidity for the Group. These circumstances indicate that material uncertainty exists that may cast significant doubt on the Group’s ability to continue as going concern.

Our opinion has not been modified in respect of this matter.

Statement on Management's Review
Management is responsible for Management's Review (page 8 -12).

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 31 May 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Claus Carlsson
State Authorised Public Accountant
mne29461

Company Information

The Parent Company of the Group	BCHG Holding A/S c/o Solstra Capital Partners A/S Amaliegade 24, st. DK-1256 Copenhagen K CVR no: 38 24 67 12 Financial period: 1 January - 31 December Financial year: 5th financial year Municipality of reg. office: Copenhagen
Board of Directors	David Robson Overby (Chairman) Mette Kapsch Henrik Gram Michael Dano Andersen (Staff Representative)
Executive Board	Henrik Gram
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Consolidated Financial Statements	The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein, the Consolidated Financial Statements of ALFI Mark Trust are not published.

Financial Highlights

Group

	2020	**2019**	**2018**	**2017**	**2016***
	DKK,000	DKK ’000	DKK ’000	DKK ’000	DKK ’000
Income statement					
Revenue	261,090	892,243	959,225	953,776	131,416
Gross profit	159,513	377,465	422,639	440,713	50,612
Depreciation, amortisation and impairment	(87,109)	(50,227)	(58,448)	(67,569)	(13,009)
Profit before financial items	(590,682)	(9,406)	37,837	215,192	(13,275)
Financial income and expenses	(18,512)	(14,693)	(11,600)	(31,816)	(4,911)
Profit before tax	(609,194)	(24,099)	26,237	183,376	(18,187)
Net profit for the year	(460,165)	(19,954)	18,284	119,674	(15,453)
Balance sheet					
Balance sheet total	1,214,223	1.665,298	1,639,809	1,623,783	2,970,805
Equity	69,075	627,086	590,960	561,560	983,460
Production property	40,442	433,465	431,059	431,059	427,015
Hotel property	0	0	0	0	1,433,365
Investment property	555,616	745,446	745,127	745,127	744,203
Credit institution	823,252	613,946	597,383	627,287	1,487,497
Cash flows					
Cash flows from:					
Operating activities	(37,365)	8,004	67,939	71,570	2,769
Investing activities	(231,522)	(128,063)	(69,461)	811,837	(68,060)
Financing activities	243,171	71,923	(29,904)	(776,861)	97,093
Change in cash and cash equivalents	(25,716)	(48,136)	(31,426)	106,546	31,802
No of employees	423	751	740	705	642
Ratios					
Gross margin	61%	42%	44%	46%	39%
Solvency ratio	6%	38%	36%	35%	33%
Return on equity	(132)%	(3)%	3%	15%	2%
Book value per share of nominal 0.01 (DKK)	0,288	2,622	2,702	2,567	5,696

For definitions of financial ratios, see under accounting policies.

*The financial highlight for 2016 covers 2 months of operation.

Management's review

The consolidated financial statements of BCHG Holding A/S for 2020 has been prepared in accordance with the provision of the Danish Financial Statement Act applying to large enterprises of reporting class C.

The Company was founded 12th December 2016 through a demerger of Bellakvarter A/S with effect from 31st October 2016.

The Consolidated Financial Statements comprise subsidiaries from the date on which control is transferred to the Group and until the date on which the control ceases.

Our Responsible Hospitality Report for 2020 is included as supplementary reporting.

Main activity

The Company's primary activity is to own and make investments. Currently through the subsidiary BC Hospitality Group A/S with activities in the hospitality area and the real estate subsidiary BCHG Properties A/S.

BC Hospitality Group A/S operates Copenhagen Marriott, AC Hotel Bella Sky Copenhagen, Bella Center Copenhagen activities through long term lease agreements of the properties for the activities, and Crowne Plaza Copenhagen Tower through a management agreement.

BCHG Properties A/S owns the Bella Center Copenhagen property leased by BC Hospitality Group A/S.

Development in the year

2020 will, in general, go down in history as a dramatic and extraordinary year with one general topic: the global Covid-19 crisis.

Specific industries were significantly affected by the consequences of the global pandemic and will continue to be so for a long period ahead. Regarding the hospitality industry in particular, the impact of the Covid-19 crisis is substantial, and the industry is challenged both on a national and a global level.

Considering BC Hospitality Group A/S is one of the leading businesses in the Danish hospitality industry and among the largest congress exhibition venues in the Northern part of Europe, the most tangible impact of the Covid-19 crisis has been the consequences of the national lockdown and closure of national borders etc. Almost all conference and congress activity, as well as fairs seized overnight and the number of visitors at our hotels and venues dwindled to less than a third compared to a normal year.

One of the most severe effects in BC Hospitality Group A/S was laying off some 500 staff members due to necessary costs cuts because of historical low activity level. As a consequence of these lay-offs, an internal Job Fair was initiated to assist the laid-off employees in moving on to the next job and upgrade educational skills. The Job Fair was a great success and benefitted from solid support from private and public partners, and many former employees secured new employment.

An important leap forward was taken with hybrid meetings and conferences accommodating the customers during times challenged by assembly bans, travel restrictions etc. On top of that, a few previous 'live' fairs were turned into a digital success. Before the pandemic locked the world down, we managed to execute several events e.g., CIFF in connection with Copenhagen Fashion Week in February and LEGO World.

The low infection numbers during summer 2020 changed the perception and as a consequence, our expectations were that activities would be close to back to normal in the second half of 2020. CIFF in August and Bogforum in November were planned accordingly with the necessary precautions. However, the pandemic picked up again in late summer resulting in re-evaluation of the plans. Out of consideration for a very challenged fashion industry, CIFF was temporarily transformed into an alternative meeting and marketplace called “Elevated Order Days”. Bogforum in November was cancelled.

All in all, 2020 turned all business activities and our daily lives upside down, and it will take a considerable amount of time before the world, our industry and business is back to normal.

Results for the year

Considering the global Covid-19 crisis and the derived very low business activity, it makes little sense to compare figures in-between years, as 2020 in every aspect was a very special year.

Gross profit was positive with DKK 159.5 million for 2020 compared to gross profit of DKK 377.5 million for 2019. Consolidated revenue amounted to DKK 261.1 million for 2020 compared to DKK 892.2 million for 2019.

BC Hospitality Group A/S also operates Crowne Plaza Copenhagen Towers and including this revenue, consolidated revenue totalled DKK 316.5 million for 2020, compared to DKK 1,061 million in 2019.

Other income relates to compensation schemes under Covid-19 for salary compensation, fixed cost compensation and cancelled, modified or postponed arrangements compensation. The Group would not be able to potentially secure its long-term survival had it not been for these compensation packages.

The circumstances of the losses incurred in 2020, together with the current situation of business activities and the uncertainties regarding when the business activities will be back to pre Covid-19 level, also had a consequence for the valuation of the Bella Center property. A revaluation of DKK 469.9 million has been recognised in the income statement and DKK 119.6 million directly on equity as a reversal of prior years’ positive revaluations. The total negative revaluation of DKK 589.5 million also takes the investment in the new congress hall into consideration, which future earnings potential under the current market outlook cannot justify the entire construction cost.

Furthermore, goodwill, other intangible and tangible assets was impaired with DKK 34.5 million.

The consequences of the above are that the share capital is lost at 31 May 2021, and the total equity is negative.

Management submits the Annual Report on the basis of continued operations under the prerequisite that the above-mentioned uncertainties (as described in note 1 and note 2 to the Consolidated Financial Statements), will be resolved in favour of the Group and ensure the needed liquidity up to and beyond 31 December 2021.

Hosting Moments That Matter
"Hosting Moments That Matter" is our reason to be. The business is developed within four focus areas: Focus on customers, improve financials and administration, live out responsible hospitality and enhance our team.

It applies for the guests we serve, as well as for the people we work with. Hospitality is the business of "here and now" as it cannot be undone. Our purpose is to create positive impacts in real life that continue to live in the memories for all involved based on our core values: Mutual Respect, Winning Spirit, Service Heroes and Responsible Hospitality all represented in Hosting Moment That Matters.

An extra dimension was added to our concept by implementing special procedures securing our customers' and staff's safety in connection with Covid-19. We have taken all the necessary precautions in accordance with the authorities' recommendations. Furthermore, we have our own medical specialists in our day-to-day Covid-19 preparedness securing the best possible implementation of our many health professional steps.

Careers That Matter
The employees will always be the heart of our business, also in difficult times. Our "Careers That Matter" workshops create awareness of how and why any employee can establish their own Personal Development plan. Unfortunately, these workshops and initiatives were put on hold during 2020 but they will be offered again as soon as possible.

Intiatives and acknowledgements
Hotel Crowne Plaza Copenhagen Towers won the 2019 IHG Europe Star Award in the category "Responsible Business Award". It is a huge acknowledgement and an accolade that means a lot for our efforts and work with sustainability.

Focus on sustainability
The Group will continue to be committed to holding Responsible Hospitality at the heart of everything we do, no matter the situation, inspiring and advocating for sustainable change. It is more important than ever.

Despite the challenges, we will expand our focus on zero-waste and our climate impact. We will focus on activities post-Covid 19, building back an even more sustainable and resilient organisation.

Responsible Hospitality covers the range from environmental issues to inclusion, diversity, and equality, and though we, unfortunately, had to terminate the employment of many employees during 2020, our organisation continues to be diverse and remains focused on providing equal opportunities.

Our Responsible Hospitality report is included in this Annual Report, summarising all activity, partnerships and initiatives in 2020. The report is also available at www.responsiblehospitality.dk.

Statement of corporate social responsibility in accordance with section 99(a) of the Danish Financial Statement Act.
Regarding the statement of corporate social responsibility by section 99a of the Danish Financial Statements Act, reference is also made to the above-mentioned CSR report "Responsible Hospitality Report 2020".

Statement regarding the underrepresented gender in accordance with section 99(b) of the Danish Financial Statement Act.
With respect to the report on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act, in which the Group is required to report on diversity in the composition of the Board of Directors and gender representation at other executive levels of the Group, it should be noted that the Group has equal representation on the Board of Directors (1 woman and 2 men) and at other executive levels (group executive and management levels).

Outlook
Adaptability and flexibility are more important terms than ever in a world where the Covid-19 global pandemic has set the agenda for the past year and will continue to have a huge impact on 2021 as well.

Early 2021 brought optimism in the form of vaccines to Denmark. Also, part of our Bella Center Copenhagen is turned into a local vaccine center. It is satisfying to contribute to returning the country to normal.

The construction of our 14,000 square meters new congress and multi-purpose arena is progressing according to schedule, and it will be ready for opening as planned in 2021. The opening of the new arena will improve Bella Center Copenhagen's relative attractiveness compared to its European competitors and will further consolidate Copenhagen's position as an attractive international congress city. We will continue to be front runners when it comes to sustainability, high-quality service and digital solutions.

Our conference and meeting unit has until recently been branded under Comwell Conference Center Copenhagen brand. By the end of 2020, the corporation with Comwell was terminated as a natural consequence of the construction of our new arena integrating the conference business in our own brand by introducing Bella Sky Conference & Events in January 2021.

The number of enquiries covering all types and sizes of events from 2022 and onwards are increasing steadily confirming the optimistic signs, and the light at the end of the tunnel is becoming clearer day by day.

Group Management has tried to estimate the effect of Covid-19 on the expected revenue and net profit of the Group. The effect of Covid-19 and the conditions described in note 1 and note 2 to the Consolidated Financial Statements can have a significant impact on expected revenue and net profit. Management estimates the loss for the year 2021 to be in the range of DKK 100 million to DKK 150 million before the effect of compensation packages and one-offs in connection with business restructuring and revaluation of Bella Center property.

Uncertainty relating to recognition and measurement
Recognition and measurement in the Annual Report have been subject to some judgement. This especially reflects the significant uncertainty, which has been described in note 1, note 2 and note 26 to the Consolidated Financial Statements.

Subsequent events
Except as mentioned above under Outlook and in note 2 no other events which materially affect the assessment of the Annual Report has occurred after the balance sheet date.

Income Statement of 1 January – 31 December

Group

	Note	2020 DKK '000	2019 DKK '000
Revenue	3	261,090	892,243
Cost of goods sold		(29,600)	(151,747)
Other operating income	4	199,621	0
External costs		(271,598)	(363,031)
Gross profit		**159,513**	**377,465**
Staff expenses	5	(193,034)	(328,040)
Revaluations		(469,917)	(1,243)
Other operating expenses		(135)	(7,361)
Depreciation, amortisation and impairment	6	(87,109)	(50,227)
Profit before financial income and expenses		**(590,682)**	**(9,406)**
Financial income	7	1,032	1,551
Financial expenses	8	(19,544)	(16,244)
Profit before tax		**(609,194)**	**(24,099)**
Tax on profit for the year	9	149,029	4,145
Net profit for the year		**(460,165)**	**(19,954)**

Balance Sheet 31 December - Assets

Group

	Note	2020 DKK '000	2019 DKK '000
Assets			
Goodwill	10	0	21,501
Intangible assets under construction	11	0	13,266
Completed development projects	11	9,680	0
Intangible assets		**9,680**	**34,767**
Leasehold improvements	12	51,872	44,370
Equipment	13	45,339	72,198
Production properties	14	40,442	433,465
Investment properties	15	555,616	745,446
Tangible assets under construction	16	266,146	81,777
Tangible assets		**959,415**	**1,377,256**
Deposits		64,679	64,503
Financial assets		**64,679**	**64,503**
Non-current assets		**1,033,774**	**1,476,526**
Inventories		2,144	5,298
Trade receivables		30,064	64,420
Receivables from group enterprises		3,575	18,833
Other receivables		95,104	29,282
Prepaid expenses		16,492	12,153
Cash and cash equivalents		33,070	58,786
Current assets		**180,449**	**188,772**
Total assets		**1,214,223**	**1,665,298**

Balance Sheet 31 December – Liabilities and Equity

Group

	Note	2020 DKK '000	2019 DKK '000
Liabilities and equity			
Share capital	17	23,921	23,921
Other reserves		(16,898)	114,696
Retained earnings		62,052	488,469
Equity		**69,075**	**627,086**
Credit institutions	18	541,557	513,885
Provision for deferred tax	19	41,595	204,719
Payables to group enterprises		30,000	0
Trade payables		20,094	0
Deposits		9,633	14,904
Other payables		14,157	4,990
Non-current liabilities		**657,036**	**738,498**
Credit institutions	18	281,695	100,061
Payables to group enterprises		9,923	0
Trade payables		95,306	40,836
Prepayments received from customers		48,911	73,700
Deposits		6,198	11,709
Other payables		46,079	73,408
Current liabilities		**488,112**	**299,714**
Total liabilities and equity		**1,214,223**	**1,665,298**

Statement of Changes in Equity

Group

	Share Capital DKK '000	Other reserves DKK '000	Retained earnings DKK '000	Total equity DKK '000
At 1 January 2019	21,871	99,287	469,802	590,960
Share capital increase	2,050	0	53,309	55,359
Revalutation property	0	15,409	0	15,409
Interest rate swap	0	0	(14,688)	(14,688)
Net profit for the year	0	0	(19,954)	(19,954)
At 31 December 2019	**23,921**	**114,696**	**488,469**	**627,086**
At 1 January 2020	23,921	114,696	488,469	627,086
Share capital increase	0	0	0	0
Revalutation property	0	(93,264)	0	(93,264)
Interest rate swap	0	(4,582)	0	(4,582)
Adjustments prior year*	0	(33,748)	33,748	0
Net profit for the year	0	0	(460,165)	(460,165)
At 31 December 2020	**23,921**	**(16,898)**	**62,052**	**69,075**

**Adjustments prior year allocation of revaluation of production properties and interest rate swap*

Cash Flow Statement 1 January – 31 December

Group

	Note	2020 DKK '000	2019 DKK '000
Profit before financial income and expenses		**(590,682)**	**(9,406)**
Adjustments for income statement items without cash effect	23	557,025	66,738
Change in working capital	24	1,747	(33,638)
Cash flow from operating activities before financial items		**(31,910)**	**23,694**
Financial income received		1,032	1,551
Financial expenses paid		(19,544)	(16,244)
Taxes		13,057	(997)
Cash flow from operating activities		**(37,365)**	**8,004**
Purchase of intangible assets		(3,388)	(13,266)
Purchase of tangible assets		(228,134)	(120,027)
Sale of tangible assets		0	5,230
Cash flow from investing activities		**(231,522)**	**(128,063)**
Capital increase		0	55,360
Repayment of mortgage		(42,174)	(35,729)
Subordinated loan obtained		30,000	0
Credit facilities		255,345	52,292
Dividend paid		0	0
Cash flow from financing activities		**243,171**	**71,923**
Change in cash and cash equivalents		**(25,716)**	**(48,136)**
Cash and cash equivalents at 1 January		58,786	106,922
Cash and cash equivalents at 31 December		**33,070**	**58,786**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		30,325	58,786
Restricted cash		2,745	0
Cash and cash equivalents at 31 December		**33,070**	**58,786**

Notes to the Financial Statements

Group

Note 1 – Going concern

Following the outbreak of Covid-19, the Group has experienced a significant reduction of activities in its hotel and conference business. Management expects that it will take time to recover fully even though optimism spreads in society and among our customers with a long-term reopening plan for the country as a fact, and the vaccine programmes launched on both a national and international level. Due to the significant reduction of activities, the Group realised a significant loss for 2020 and 2021 has also started with losses.

The Group obtained a loan from the Group's bank, Nordea, guaranteed by Vækstfonden's scheme for financing for companies affected by Covid-19, amounting to DKK 100 million in June 2020 and subordinated loans of DKK 30 million from the main shareholder. In addition, the Group has utilised the compensation schemes under Covid-19 for salary compensation, fixed cost compensation and cancelled, modified or postponed arrangements compensation and expects to continue to use the compensation schemes available and take necessary action to reduce costs further, if possible.

The Group has already, during 2020, significantly reduced its number of employees. Furthermore, the subsidiary BC Hospitality Group A/S has in 2020 entered into amended lease agreements with the owners of the hotel properties from which the Group carries out its hotel and conference business. The amended lease agreements made it possible for rent payments for 2020 to be paid partly in cash and partly by a loan from the hotel property owners.

From 1 January 2021, the payable rent is based on a percentage of relevant revenue above a minimum threshold in the period up to 1 January 2024 at the latest. Management has started new negotiations with the hotel property owners regarding further discounts, postponements of rent payments and changes in lease terms as Covid-19 continues to be prevalent and impacting the business.

Furthermore, the Group has been looking for a solution to obtain the needed financial resources to recapitalise the Group over the past ten months. Extensive dialogues have occurred with the Group's bank, other financial institutions, government Covid-19 support funds (Vækstfonden), the main shareholder and potential new investors. Until a solution is found, the Group's bank extends the credit facilities on a short-term basis depending on the progress with the recapitalisation process and the situation with the hotel property owners.

The result of the above is that the liquidity was tight during 2020, and since the beginning of 2021 the business operations have been dependent on the faith and willingness of various stakeholders in the form of the Group's bank, hotel property owners, and the main shareholder. Management is working together with the Group's bank, hotel property owners, main shareholder and expected new shareholders to add new liquidity by cash subscription from issuance of new shares, renegotiation of existing credit facility and mortgage loans as well as an amendment to the lease agreements with the hotel property owners to ensure adequate liquidity for the Group going forward.

The Group's ability to continue operations depends on several uncertainties; obtaining further capital and liquidity of up to DKK 200 million, write-offs of financial debt, obtaining new or amended lease agreements with the hotel property owners with additional rent discounts or changes in lease terms, the prevalence of the Covid-19 situation, the temporal extent of restrictions that affect business activities, economic aid packages, the speed at which the economy recovers after Covid-19 and the effect hereof on the business activities.

As a result of these factors, there are several material uncertainties that may raise significant doubt about the Group's ability to ensure adequate liquidity to continue operations up to and beyond 31 December 2021.

Management submits the Annual Report on the basis of continued operations under the prerequisite that the above-mentioned uncertainties will be resolved in favour of the Group and ensure the needed liquidity up to and beyond 31 December 2021.

Note 2 – Subsequent events

To date, the Group's hotel and conference businesses have been and are still significantly negatively impacted by the effects of Covid-19. Consequently, the Group has incurred further losses in 2021 and the equity is lost.

The Group has not been able to comply with original terms towards the Group's credit institutions or the hotel property owners.

At the end of May 2021, the Group is close to finally conclude various agreements with the Group's current stakeholders in the form of main shareholder, bank, hotel property owners and "Marriott International" as well as a potential new investor group. These agreements are subject to conditions that are not fulfilled at 31 May 2021 as they depend on events that need to take place during June 2020 in order for these agreements to become effective.

Again, Management wants to draw attention to the fact that the continued operations is under the prerequisite that above-mentioned agreements becomes effective so that the Group's liquidity can be secured up to and beyond 31 December 2021.

	2020 DKK '000	**2019** DKK '000
Note 3 – Revenue		
Geographical segments		
Denmark	261,090	892,243
	261,090	**892,243**
Business segments		
Hotel	77,346	387,268
Area & Entry	116,868	217,730
Technique & Services	22,855	93,237
Food & beverage	44,021	194,008
	261,090	**892,243**
Note 4 – Other operating income		
Covid-19 compensation for fixed costs, salary and arrangements	199,621	0
	199,621	**0**
Note 5 – Staff expenses		
Wages and salaries	165,967	289,759
Pensions	16,000	24,076
Social security costs	2,900	6,600
Other staff related costs	8,167	7,605
	193,034	**328,040**
Average number of employees	**423**	**751**
Full time employees at 31 December	**236**	**817**

	2020 DKK '000	2019 DKK '000
Note 6 – Depreciation, amortisation and impairment		
Goodwill	21,501	1,322
Completed development projects	7,388	0
Leasehold improvements	12,597	3,191
Equipment	25,463	25,947
Production and hotel properties	20,160	19,767
	87,109	**50,227**

Note 7 – Financial income

Other financial income	311	1,091
Financial income from group enterprises	721	460
	1,032	**1,551**

Note 8 – Financial expenses

Interest on long-term debt	14,267	13,309
Financial expenses from group enterprises	866	329
Lease obligations	165	199
Other financial expenses	4,246	2,407
	19,544	**16,244**

Note 9 – Tax on profit for the year

Tax on profit for the year	3,404	(12,133)
Tax on profit prior year	(16,745)	0
Change in deferred tax	(163,124)	10,143
	(176,465)	**(1,990)**
can be allocated as follows:		
Tax on profit/loss for the year	(149,029)	(4,145)
Tax on equity movements	(27,436)	2,155
	(176,465)	**(1,990)**

Note 10 – Goodwill

Costs		
At 1 January	25,545	25,545
Additions	0	0
Disposal	0	0
At 31 December	25,545	25,545
Amortisation and impairment		
At 1 January	4,044	2,722
Amortisation for the year	1,278	1,322
Impairment for the year	20,223	0
At 31 December	25,545	4,044
Carrying amount at 31 December	**0**	**21,501**

	2020 DKK '000	2019 DKK '000
Note 11 – Intangible Assets		
Intangible assets under construction		
At 1 January	13,266	0
Additions	0	13,266
Transfer to completed developments projects	(13,266)	0
At 31 December	0	13,266
Completed development projects		
Costs		
At 1 January	0	0
Transfer from intangible assets under construction	13,266	0
Additions	3,802	0
At 31 December	17,068	0
Accumulated amortisation		
At 1 January	0	0
Amortisation for the year	3,388	0
At 31 December	3,388	0
Accumulated impairment		
At 1 January	0	0
Impairment for the year	4,000	0
At 31 December	4,000	0
Carrying amount at 31 December	**9,680**	**13,266**
Note 12 – Leasehold improvements		
Costs		
At 1 January	50,184	76,901
Additions	16,134	12,693
Transfer from equipment	3,965	0
Disposals	0	(39,410)
At 31 December	70,283	50,184
Accumulated depreciation		
At 1 January	5,814	42,002
Depreciation for the year	6,144	3,191
Disposals	0	(39,379)
At 31 December	11,958	5,814
Accumulated impairment		
At 1 January	0	0
Impairment for the year	6,453	0
At 31 December	6,453	0
Carrying amount at 31 December	**51,872**	**44,370**

	2020 DKK '000	2019 DKK '000
Note 13 – Equipment		
Costs		
At 1 January	210,732	221,615
Additions	2,987	10,315
Transfer to leasehold improvements	(3,965)	0
Disposals	(5,387)	(21,198)
At 31 December	204,367	210,732
Accumulated depreciation		
At 1 January	138,534	131,582
Depreciation for the year	21,658	25,948
Disposals	(4,969)	(18,996)
At 31 December	155,223	138,534
Accumulated impairment		
At 1 January	0	0
Impairment for the year	3,805	0
At 31 December	3,805	0
Carrying amount at 31 December	**45,339**	**72,198**

Note 14 – Production properties

Halls/Auditoriums/Meeting facilities

	2020	2019
Costs		
At 1 January	571,533	580,915
Additions	20,335	10,311
Transfer	6,438	0
Disposals	0	(19,693)
At 31 December	598,306	571,533
Revaluation		
At 1 January	119,569	99,813
Revaluation	(399,656)	19,756
At 31 December	(280,087)	119,569
Depreciation		
At 1 January	257,637	249,669
Depreciation for the year	20,160	19,767
Depreciation on disposals for the year	0	(11,799)
Depreciation at 31 December	277,797	257,637
Carrying amount at 31 December	**40,422**	**433,465**

Production property
The fair value of production property as of 31 December is determined by discounting expected cash flows 31 December 2020 by a discount rate of 9,6% (2019: 6.9%). Income from production comprises income from events and congresses, including additional sales as well as catering split up into fairs, meetings, conferences, conventions, concerts, company events etc. The valuation included a provision for the remaining cost in connection with the finalisation of the construction of the new congress hall that will be transferred from "Tangible Assets under construction" in 2021. The business risk has increased due to Covid-19, and consequently, WACC has increased.

Sensitivity – value adjustment of production property
Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate.

In the case of production activity, a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million will affect the assessment value by +/- DKK 18-22 million and +/- DKK 29 million, respectively. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point affects the assessment value by +/- DKK 10-14 million.

	2020 DKK '000	2019 DKK '000
Note 15 – Investment properties		
Costs		
At 1 January	391,329	389,767
Additions	0	1,562
At 31 December	391,329	391,329
Value adjustments		
At 1 January	354,117	355,360
Revaluation	(189,830)	(1,243)
At 31 December	164,287	354,117
Carrying amount at 31 December	**555,616**	**745,446**

Investment properties
Investment properties are measured at fair value. The determination of fair value is based on generally accepted valuation methods, and Management uses accounting estimates when determining the fair value. The use of accounting estimates implies that the statement of fair value is subject to some uncertainty. Income from investments properties comprises external rent agreements regarding International House and Showrooms. The fair value of investment property as of 31 December 2020 is determined by discounting expected cash flows 31 December 2020 by a discount rate of 6.0% (2019: 5.5%).

Management reassesses assumptions on a current basis, and any changes to the assumptions are reflected in the fair value.

Sensitivity – value adjustment of investment property
Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate.

In the case of production activity, a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million will affect the assessment value by +/-

DKK 30-35 million and +/- DKK 51 million, respectively. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point affects the assessment value by +/- DKK 23-26 million.

	2020 DKK '000	2019 DKK '000
Note 16 – Tangible Assets under construction		
Costs		
At 1 January	81,777	9,148
Additions	204,704	72,629
Transfer for the year	(20,335)	0
At 31 December	266,146	81,777
Carrying amount at 31 December	**266,146**	**81,777**
Note 17 – Share capital		
Share capital at 1 January	23,921	21,871
Capital increase	0	2,050
Share capital at 31 December	**23,921**	**23,921**

The share capital consists of 23,920,863.71 shares of a nominal value of DKK 0.01. No shares carry any special rights.

	2020 DKK '000	2019 DKK '000
Note 18 – Long-term debt		
Credit institutions		
After 5 years	303,448	294,817
Between 1 and 5 years	238,109	219,068
Long-term part	541,557	513,885
Within 1 year	281,695	100,061
Financial obligations at amortised cost at 31 December	**823,252**	**613,946**
Note 19 – Provision for deferred tax		
Intangible fixed assets	20,318	(9,128)
Tangible fixed assets	(273,561)	(926,195)
Receivables	0	2,480
Tax losses carried forward	62,275	0
Other timing differences	1,902	2,303
	(189,066)	(930,540)
Provision for deferred tax 22%:	41,595	204,719
Provision for deferred tax 31 December	204,719	194,576
Deferred income tax recognised in income statement and on equity	(163,124)	10,143
Deferred tax 31 December	**41,595**	**204,719**

	2020	2019
	DKK '000	DKK '000

Note 20 – Collateral
The following assets have been provided as collateral for debt to credit institutions:

Production and investment properties, carrying amount	862,184	1,178,911
Equipments for the value of	20,000	20,000
	882,184	**1,198,911**

Note 21 - Contingent liabilities and other financial obligations

Rental and lease obligations as of 31 December

Within 1 year	32,274	128,376
Between 1 and 5 years	419,565	507,811
After 5 years	2,646,489	2,862,762
	3,098,328	**3,498,949**
Rent expenses charged to the income statement during the year	130,384	131,076
Lease expenses charged to the income statement during the year	1,995	2,134

Joint Taxation
The Solstra Investments A/S' Group's Danish companies are jointly and severally liable for tax on the jointly taxed incomes subject to joint taxation, etc. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish Withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Company's liability.

Other contingent liabilities
The Group has the obligation to perform maintenance of rented hotel buildings, both interior and exterior. There is the risk that one of the hotel buildings may require a replacement of part of the facade. It is not possible to evaluate and conclude the extent of the replacement for the time being.

Note 22 – Related party transactions
The Group is controlled by Bella Solstra A/S.

Related parties are considered to be the Board of Directors, key management, Solstra Investments A/S and Solstra Investments A/S' subsidiaries.

The Group has had transactions with shareholders related to intercompany receivables and payables and administrative services. The Group and Company have chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(7) of the Danish financial Statements Act.

	2020	2019
	DKK '000	DKK '000
Note 23 – Cash flow statement, Adjustments for income statement items without cash effect		
Revaluations	469,917	1,243
Other operating expenses	0	7,361
Depreciation, amortisation and impairment	87,108	58,134
	557,025	**66,738**
Note 24 – Cash flow statement, change in working capital		
Change in inventories	3,154	(185)
Change in receivables, etc.	(22,423)	20,375
Change in payables, etc.	21,016	(53,828)
	1,747	**(33,638)**

Note 25 – Accounting policies for the Financial Statements
The Annual Report of the Group for 2020 has been prepared in accordance with the Danish Financial Statements Act applying to presentation of Annual Reports of large enterprises of reporting class C.

For 2020 the Group has decided to present cost for software licenses, subscriptions etc. as other external costs instead of as part of property, plant and equipment. Comparative figures for 2019 has changed to be based on same approach. The effect of this reclassification of 2019 figures is reduction of depreciations with TDKK 7,907 now presented as other external costs as well as reduction of equipment with TDKK 2,144 now presented under prepayment in the balance sheet.

Presentation currency and functional currency
The Annual Report is presented in Danish kroner. The functional currency is Danish kroner.

Recognition and measurement
Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies
A functional currency is determined for the enterprise. The functional currency is the currency used in the primary economic environment in which the enterprise operates. Transactions in other currencies than the functional currency are on initial recognition translated to the functional currency at the exchange rates prevailing at the date of the transaction. Gains and losses arising due to differences

between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Consolidation policies
The Consolidated Financial Statements comprise all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

The subsidiaries' financial statements have been prepared in accordance with the same accounting policies as applied by the Parent Company. Where differences between the accounting policy in the subsidiary and the Parent Company have occurred, on top postings have been made to eliminate these differences.

The Consolidated Financial Statements have been prepared based on the financial statements of the individual enterprises by combining items of a uniform nature and subsequently eliminating intercompany income and expenses, balances, shareholdings, dividends as well as realised and unrealised profits and losses on transactions between the consolidated enterprises. Unrealised losses are eliminated in the same way as unrealised profits to the extent that no impairment takes place.

Income statement

Revenue
Revenue primarily consists of income from hotel rooms; conferences; rental income from booths; other rental income; income from setting up and arranging booths and meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services.

Revenue from sale of goods is recognised at the time of holding the event or meeting. Revenue from delivery of services is recognised at the rate of delivering the service. Revenue from sale of properties is recognised when delivery has taken place. Work in progress is recognised based on percentage of completion method. Revenue is determined less VAT, charges, payments to co-suppliers and discounts.

Cost of goods sold
Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance etc. as well as operation, administration and management of factories.

Value adjustment of investment property
The Group's investment property is measured at fair value and the value adjustments are recognised in the income statement.

Other operating income
Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment as well as government grants, such as economic Covid_19 compensation packages.

Depreciation and impairment losses
Depreciation of property, plant and equipment is calculated on a straight-line basis based on cost and below assessment of the expected useful lives of the assets:

	Useful life (years)
Production buildings	100
Exhibition and convention centres, auditoriums etc.	10-50
Other fixtures and operating equipment	1-15
Completed development projects	5

Leasehold improvements are depreciated over the remaining lease term. Land and investment property are not depreciated.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

Depreciation is determined in consideration of the asset's residual value and reduced by any impairment losses. The residual value is determined at the date of acquisition and is assessed annually. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Property, plant and equipment are derecognised on disposal or when no economic benefits are expected to flow to the Group in connection with use or disposal of the asset. Any gains or losses arising on derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the income statement on derecognition of the asset.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest, dividends, realised exchange adjustments, amortisation of mortgage loans as well as repayment under the on-account taxation scheme.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and deferred tax for the year less the portion of tax related to changes in equity. Current and deferred tax attributable to changes in equity is recognised directly in equity. The Group is jointly taxed with group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation).
Jointly taxed companies which have paid too much tax are compensated as a minimum according to applicable rates for interest reimbursement by the administration company, just as jointly taxed companies with outstanding tax as a maximum pay a charge in accordance with applicable rates for interest charges to the administration company.

Balance sheet

Intangible assets
Goodwill acquired is measured at costs less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years. Impaiment test of goodwill are performed on yearly basis.

Completed development projects
Completed developments projects relates to the development of new ERP solution which is measured at cost less accumulated amortisation. The new ERP solution is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Tangible assets
Tangible assets comprise leasehold improvements, fixtures and operating equipment, properties as well as assets in course of construction.

Leasehold improvements and fixtures and operating equipment
Leasehold improvements as well as fixtures and operating equipment are measured at original acquisition cost plus subsequent additions less accumulated depreciation and impairment losses. The acquisition cost of combined assets is divided into separate components that are depreciated individually if the useful life of each component varies. Subsequent expenses, e.g. from replacing components in an asset, are recognised in the carrying amount of the asset in question when it is probable that the occurrence of costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet and the carrying amount is transferred to the income statement. All other expenses for ordinary repairs and maintenance are recognised in the income statement as incurred.

Leasehold improvements and other equipment are measured at purchase cost less accumulated depreciation and any accumulated impairment losses.

Properties
Properties are in the balance sheet divided into investment properties and production properties. Investment properties comprise show rooms and office leases. Production properties comprise auditoriums, meeting facilities and halls.

Investment property and production property are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Impairment test
An impairment test is carried out in terms of leasehold improvements, fixtures and operating equipment if there are indications of impairment. The impairment test is performed for each asset and group of assets, respectively. The assets are written down to the higher of the asset's or group of assets' values in use and net selling price (recoverable amount) if this is lower than the carrying amount.

Finance leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group. The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables equals landed cost. The net realisable value of inventories is calculated as the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions are determined on the basis of an individual assessment of the receivables that are estimated to be risky.

Equity
Distributable reserves are transferred to retained earnings as they are considered free reserves. Included in Other reserves/retained earnings is the hedging reserve that includes changes in the fair value of derivatives classified and qualifying as cash flow hedges. Proposed dividend is presented as a separate item under equity. Dividend is recognised as a liability at the time of declaration. Purchase and sale of own shares are recognised directly in equity under distributable reserves.

Dividend
Dividend distribution for the year proposed by Management is disclosed as a separate equity item.

Provisions
Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up settling the obligation.

Taxes payable and deferred tax
Current tax liabilities are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Deferred tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, except for temporary differences arising on the date of acquisition of assets and liabilities and which neither affect profit/loss nor the taxable income.

In cases where determination of the tax base may be performed based on different taxation rules, deferred tax if measured based on Management’s intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under long-term assets at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Adjustment is made of deferred tax concerning elimination of unrealised intercompany profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial debts
Financial debts are recognised initially as the proceeds received net of transaction expenses occurred. Subsequently, interest-bearing debt is measured at amortised cost determined based on the effective interest rate at the time of borrowing. Remaining debt is measured at amortised cost, corresponding to nominal debt outstanding.

The amortisations from the original loans have been transferred to the new loans together with the new amortised costs and will be amortised over the term of the new loans.

Derivative financial instruments
Derivative financial instruments, including cash flow hedges through interest rate swaps after tax, are recognised at fair value. Amortisation and changes in the fair values of derivative financial instruments are recognised on equity until the hedged transaction expires. If the hedged transaction results in an asset or a liability, the accumulated market value adjustment is recognised in the cost of the asset or liability, and if the transaction results in an income or a cost, the accumulated market value adjustment is recognised under financial items in the income statement together with the hedged item.

Cash flow statement
The cash flow statement shows the cash flows for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are presented indirectly and are calculated as the net profit/loss for the year adjusted for changes in non-cash operating items, changes in working capital, paid financial items and paid corporation tax.

Cash flows from investing activities comprise payments in connection with purchase and sale of property, plant and equipment as well as securities attributable to investing activities.

Cash flows from financing activities comprise dividend distribution to shareholders, capital increases and reductions as well as raising of loans and repayment of interest-bearing debt.

Cash and cash equivalents comprise "Cash at bank and in hand" and short-term securities with an insignificant risk of value changes that can readily be turned into cash.

Financial ratios

Gross margin:
Gross profit (contribution margin) / Revenue * 100

Solvency ratio:
Equity/Assets * 100

Return on equity:
Net profit for the year/Average equity * 100

Book value per share:
Equity/outstanding shares of nominal 0.01

Note 26 – Significant accounting estimates and assessments

On application of the Group's accounting policies as described in note 25, Management is required to perform assessments and use estimates as well as prepare assumptions for the carrying amount of assets and liabilities, which cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. The actual outcome may differ from these estimates.

The performed estimates and underlying assumptions are reassessed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the change takes place and in future accounting periods if the change has an effect on both current and subsequent accounting periods.

In connection with the practical application of the described accounting policies, Management has performed the following significant accounting assessments, which have had an effect on the financial statements.

Fair value adjustment of properties

Investment and production properties are measured at fair value. Value adjustment of investment properties are charged to the income statement and value adjustment of production properties are charged to equity.

At the end of each reporting period, Management updates their assessment of the fair value of each property, taking into account the most recent market conditions and independent valuation reports. Management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, Management considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income and a capitalisation rate derived from an analysis of market evidence.

The measurements contain several elements based on Management's estimate of current market conditions, including discount rate, capital structure and growth rate. For a detailed description of estimated assumptions and sensitivity analysis, please refer to current asset notes.

Fair value measurements are performed unchanged based on the capitalised value of Management's statement of expected annual cash generated from operations in a going concern context based on the required market rate of return.

Capital structure

Management anticipates having sufficient liquidity at its disposal to support the Group's ordinary activities, payment of the Group's financial commitments and ordinary investments and consequently, the financial statements are presented under the going concern assumption. The cash resources have been determined in accordance with available operating and cash budgets for the Group approved by the Board of Directors.

Income Statement of 1 January – 31 December

Parent Company

	Note	2020 DKK '000	2019 DKK '000
Gross profit		**(841)**	**(428)**
Profit before financial income and expenses		**(841)**	**(428)**
Financial income	C	0	0
Impairment of financial assets	D	(573,945)	0
Financial expenses	E	(96)	(238)
Profit before tax		**(574,882)**	**(666)**
Tax on profit for the year	F	150	110
Net profit for the year	G	**(574,732)**	**(556)**

Balance Sheet 31 December - Assets

Parent Company

	Note	2020 DKK '000	2019 DKK '000
Assets			
Investment in subsidiaries	H	0	573,945
Financial assets		**0**	**573,945**
Non-current assets		**0**	**573,945**
Other receivables		91	91
Cash at bank and in hand		31	521
Current assets		**122**	**612**
Total assets		**122**	**574,557**

Balance Sheet 31 December – Liabilities and Equity

Parent Company

	Note	2020 DKK '000	2019 DKK '000
Liabilities and equity			
Share capital	I	23,921	23,921
Retained earnings		(26,365)	548,367
Equity		**(2,444)**	**572,288**
Payables to group enterprises		2,266	1,974
Other payables		300	295
Current liabilities		**2,566**	**2,269**
Total liabilities and equity		**122**	**574,557**

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Statement of Changes in Equity

Parent Company

	Share capital DKK '000	Share premium DKK'000	Retained earnings DKK '000	Total equity DKK '000
At 1 January 2019	**21,871**	**0**	**495,614**	**517,485**
Capital increase	2,050	53,309	0	55,359
Transfer		(53,309)	53,309	0
Net profit/loss for the year	0	0	(556)	(556)
At 31 December 2019	**23,921**	**0**	**548,367**	**572,288**
At 1 January 2020	23,921	0	548,367	572,288
Capital increase	0	0	0	0
Transfer	0	0	0	0
Net profit/loss for the year	0	0	(574,732)	(574,732)
At 31 December 2020	**23,921**	**0**	**(26,365)**	**(2,444)**

Notes to Financial Statement

Parent Company

Note A – Going concern
See note 1 in the consolidated financial statements.

Note B – Subsequent events
See note 2 in the consolidated financial statements.

	2020 DKK '000	2019 DKK '000
Note C – Financial income		
Interest received from Group enterprises	0	0
	0	**0**
Note D – Impairment of financial assets		
BC Hospitality Group A/S & BCHG Properties A/S	(573,945)	0
	(573,945)	**0**
Note E – Financial expenses		
Other financial expenses	(3)	163
Interest, Group enterprises	(93)	75
	(96)	**238**
Note F – Tax on profit for the year		
Tax on profit	150	110
	150	**110**
Note G – Distribution of profit		
Retained earnings	(574,882)	(556)
	(574,882)	**(556)**

After distribution of the loss for the year, equity is negative, and the entire share capital is lost.

Note H – Investments in subsidiaries

	2020 DKK '000	2019 DKK '000
Cost		
Cost at 1 January	573,945	450,945
Additions for the year		123,000
Cost at 31 December	573,945	573,945
Accumulated impairment		
At 1 January	0	0
Impairment for the year	(573,945)	0
At 31 December	(573,945)	0
Carrying amount at 31 December	**0**	**573,945**

Due to operating losses for 2020 and further losses in 2021 in BC Hospitality Group A/S as well as revaluation of investment property in BCHG Properties A/S, the equity is lost in both subsidiaries. Together with the current situation as described in note 1 and note 2 to the consolidated financial statements both investments are considered impaired.

Investments in subsidiaries are specified as follows:

	Share capital	Votes and ownership	Equity	Net profit/loss for the year
	DKK '000		DKK '000	DKK '000
Name/place of registered office				
BC Hospitality Group A/S	1,000	100%	219,695	(23,493)
BCHG Properties A/S	1,190	100%	345,359	15,617

Information is based on latest available Annual Reports for the subsidiaries (2019). Subsequently to the Annual Report for 2019, the subsidiaries have incurred significant losses from respectively loss from operation and value adjustments of investment properties. See note 1 and note 2 in the consolidated financial statements.

Note I – Equity

The share capital consists of 23,920,863.71 shares of a nominal value of DKK 0.01. No shares carry any special rights.

Note J – Contingent liabilities and other financial obligations

Guarantee obligations

The Company is guarantor with primary liability for whatever amount BC Hospitality Group A/S and BCHG Properties A/S may owe Nordea Danmark in the future, including interest and expenses in the event of default.

Joint Taxation

The Solstra Investments A/S' Group's Danish companies are jointly and severally liable for tax on the jointly taxed incomes subject to joint taxation, etc. for 2020. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish Withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Company's liability.

Note K - Related parties

Related parties are considered to be the Board of Directors, key management, Solstra Investments A/S and Solstra Investments A/S' subsidiaries.

	Basis
Controlling interest	
Alshair Fiyaz, Monaco	Ultimate owner
ALFI Mark Trust, Liechtenstein	Ultimate parent company
Markerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solstra Investments A/S, Copenhagen	Intermediate parent company
Bella Solstra A/S, Copenhagen	Immediate parent company, holding 84,6 % of the votes in the Company.

Transactions

The Company has had transactions related to intercompany receivables and payables. Interests from group enterprises are disclosed in the income statement and note C and E.

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein the Consolidated Financial Statements are not published.

Name	Place of registered office
Solstra Investments A/S	Copenhagen

Note L – Accounting policies for the Parent Company

Basis of Preparation
The Annual Report of the Parent Company BCHG Holding A/S has been prepared in accordance in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Parent Company Financial Statements for 2020 are presented in DKK thousand.

Recognition and measurement
Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Gross profit
Gross profit comprises external income and expenses for the year relating to the entity's core activities.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognised in the income statement in financial income and expenses.