Copenhagen Skyline Holding ApS

c/o Solstra Capital Partners A/S
Amaliegade 24, st., 1256 København K

CVR no. 29 42 03 00

Annual report 2019

Approved at the Company's annual general meeting on 15 September 2020

Chairman:

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Mette Kapsch

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Copenhagen Skyline Holding ApS for the financial year 1 January - 31 December 2019.

The annual report is 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 of the Group and the Company at 31 December 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 September 2020
Executive Board:

Henrik Gram

Board of Directors:

David Overby Chairman	Henrik Gram	Mette Kapsch

Independent auditor's report

To the shareholders of Copenhagen Skyline Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Copenhagen Skyline Holding ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and 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 as to 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 the financial statements.

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

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 September 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kaare K. Lendorf

Kaare K. Lendorf
State Authorised Public Accountant
mne33819

Management's review

Company details

Name	Copenhagen Skyline Holding ApS
Address, Postal code, City	c/o Solstra Capital Partners A/S Amaliegade 24, st., 1256 København K
CVR no.	29 42 03 00
Established	6 August 2013
Registered office	København
Financial year	1 January - 31 December
Telephone	+45 39 13 91 00
Board of Directors	David Overby, Chairman Henrik Gram Mette Kapsch
Executive Board	Henrik Gram
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Financial highlights for the Group

DKKm	2019	2018	2017	2016	2015
Key figures					
Revenue	186	211	247	142	130
Gross profit	706	114	148	50	55
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	643	50	86	2	14
Profit before interest and tax (EBITA)	638	36	34	-51	-13
Net financials	216	-43	-67	-68	-53
Profit/loss for the year	848	-7	-34	-118	-66
Fixed assets	89	1,631	1,603	1,626	1,620
Non-fixed assets	69	108	105	60	71
Total assets	158	1,739	1,708	1,686	1,691
Equity	78	-779	-659	-644	-545
Financial ratios					
Operating margin	343.1%	17.3%	13.8%	-35.9 %	-10.0 %
Gross margin	379.6%	54.0%	59.9%	35.2%	42.3%
EBITDA-margin	345.7%	23.7%	34.8%	1.4%	10.8%
Current ratio	86.3%	4.7%	4.5%	80.0%	97.3%
Average number of employees	172	176	175	137	124

Management's review

Business review

At 15 May 2019, CT Solstra sold the shares in Copenhagen Skyline Holding ApS and Copenhagen Skyline Holding ApS became the ultimate parent company and must therefore prepare consolidated financial statements for the whole Group in accordance with the Danish Financial Statements Act.

The Group's purpose was to develop the Copenhagen Towers multi-user office complex and attract new tenants to secure a steady long-term lease income. The Group also operates a hotel and conference center.

Before the sale of the shares the former parent company made a significant Group contribution to Copenhagen Skyline Holding ApS.

During the year the Group secured a significant gain in connection with the sale of both the office and the hotel buildings to an external party.

In connection with the sale of the buildings the external debt regarding the hotel building was partly cancelled.

As a consequence of the above-mentioned transactions, the Group's equity was re-established.

Furthermore, Copenhagen Skyline Holding ApS has been merged with the subsidiary Copenhagen Skyline ApS, CVR no. 29 42 23 89 and in connection with this, the comparative figures for 2018 have been restated.

Financial review

The income statement for 2019 shows a profit of DKK 848,124 thousand against a profit of DKK -7,385 thousand last year, and the group's balance sheet at 31 December 2019 shows equity of DKK 77,963 thousand.

Management's review

Events after the balance sheet date

Following the outbreak of COVID-19 in March 2020, the Group has experienced a significant slowdown in hotel activities which will significantly affect the Crowne Plaza Copenhagen Towers A/S result, financial position and liquidity reserve.

As a result of the above, the Crowne Plaza Copenhagen Towers A/S liquidity is expected to be very tight during the remaining part of 2020 and the coming years.

Crowne Plaza Copenhagen Towers A/S management has thoroughly analysed the effects of the new situation and have re-evaluated the revenue forecast for 2020 and going forward. As a consequence of the outbreak of Covid-19 and on the basis of the re-evaluated revenue forecast, Crowne Plaza Copenhagen Towers A/S management initiated negotiations with the property owner. At the beginning of September 2020 Crowne Plaza Copenhagen Towers A/S entered into an agreement with the property owner reducing the rent. Rent will be based on a percentage of relevant revenue above a threshold but with an agreed fixed minimum level in the period until 31 December 2023. All reductions will be set off against the paid deposit. The landlord has agreed not to request a replacement of the deposit.

Furthermore, Crowne Plaza Copenhagen Towers A/S has used Danish compensation schemes for salary compensation and fixed cost compensation and has reduced costs significantly. Crowne Plaza Copenhagen Towers A/S expects to continue to use schemes available and/or take necessary actions to reduce costs further.

Finally, Crowne Plaza Copenhagen Towers A/S have received debt redemption of DKK 28,167 thousand from a company affiliated with the ultimate shareholders.

Based on the above, Crowne Plaza Copenhagen Towers A/S management believes that Crowne Plaza Copenhagen Towers A/S has sufficient liquidity available up to and beyond 31 December 2020. Crowne Plaza Copenhagen Towers A/S management therefore submits the annual report on the basis of continued operations. However, the ability to continue operations depends the Crowne Plaza Copenhagen Towers A/S ability to realize the re-evaluated cash flow forecast. A number of uncertainties is attached to the cash flow forecast, among other things, the prevalence of Covid-19, the temporal extent of restriction that affect business activities, and the speed of which the economy recovers after Covid-19.

If one or more of the above mentioned uncertainties develops worse than expected, this may raise doubt about Crowne Plaza Copenhagen Towers A/S ability to continue its operations.

The above has no effect on the Group's ability to continue its operations.

Outlook

The Group's outlook for the hotel activity will be negatively affected by the COVID-19 outbreak and the measures taken by government in most of the world to mitigate the impact of the outbreak.

The Group's Managements have tried to estimate the effect of COVID-19 on the expected revenue and net profit for the hotel activity. It is, however, too early yet to give an opinion as to the extent of the negative implication. Therefore, Management finds itself unable to disclose reliable outlook for the future.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	Revenue	186,489	210,975	18,541	28,247
2	Other operating income	623,238	0	61,971	0
	Other external expenses	-103,772	-96,648	-1,178	-804
	Gross profit	705,955	114,327	79,334	27,443
3	Staff costs	-63,273	-64,069	0	0
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-4,554	-13,772	0	-1,177
	Profit before net financials	638,128	36,486	79,334	26,266
	Income from investments in group entities	0	0	120,125	0
	Financial income	259,552	7,017	241,018	3,078
	Financial expenses	-43,438	-50,097	-12,734	-15,289
	Profit/loss before tax	854,242	-6,594	427,743	14,055
	Tax for the year	-6,118	-791	-7,680	-791
	Profit/loss for the year	848,124	-7,385	420,063	13,264

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	ASSETS				
	Fixed assets				
5	Intangible assets				
	Acquired intangible assets	871	959	0	0
		871	959	0	0
6	Property, plant and equipment				
	Land and buildings	0	1,618,312	0	481,578
	Other fixtures and fittings, tools and equipment	15,778	11,465	0	1,086
		15,778	1,629,777	0	482,664
7	Investments				
	Investments in group entities	0	0	12,990	0
	Other receivables	50,000	0	50,000	0
	Deposits, investments	22,640	0	0	0
		72,640	0	62,990	0
	Total fixed assets	89,289	1,630,736	62,990	482,664
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	1,227	1,240	0	0
		1,227	1,240	0	0
	Receivables				
	Trade receivables	12,450	41,271	0	0
	Receivables from group entities	0	412	246	18,616
	Other receivables	27,236	1,943	2,626	0
8	Prepayments	1,451	1,177	0	376
		41,137	44,803	2,872	18,992
	Cash	26,585	61,634	14,534	23,540
	Total non-fixed assets	68,949	107,677	17,406	42,532
	TOTAL ASSETS	158,238	1,738,413	80,396	525,196

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2019	2018	2019	2018
	EQUITY AND LIABILITIES				
	Equity				
9	Share capital	10,125	10,125	10,125	10,125
	Retained earnings	67,838	-789,614	59,454	-369,757
	Total equity	77,963	-779,489	69,579	-359,632
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
	Payables to group entities	0	205,310	0	138,020
		0	205,310	0	138,020
	Current liabilities other than provisions				
	Bank debt	0	2,249,312	0	685,328
	Trade payables	17,537	21,567	685	378
	Payables to group entities	0	0	1,725	38,152
	Income taxes payable	6,118	791	6,118	791
	Joint taxation contribution payable	0	0	1,563	0
	Deposits	2,197	27,952	0	22,159
	Other payables	52,701	12,463	28	0
10	Deferred income	1,722	507	698	0
		80,275	2,312,592	10,817	746,808
	Total liabilities other than provisions	80,275	2,517,902	10,817	884,828
	TOTAL EQUITY AND LIABILITIES	158,238	1,738,413	80,396	525,196

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Related parties
14 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	10,125	-789,614	-779,489
	Transfer through appropriation of profit	0	848,124	848,124
	Contribution from group	0	164,575	164,575
	Extraordinary dividend distributed	0	-155,247	-155,247
	Equity at 31 December 2019	10,125	67,838	77,963

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	10,125	-369,757	-359,632
14	Transfer, see "Appropriation of profit/loss"	0	420,063	420,063
	Contribution from group	0	164,395	164,395
	Extraordinary dividend distributed	0	-155,247	-155,247
	Equity at 31 December 2019	10,125	59,454	69,579

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2019	Group 2018
	Profit/loss for the year	848,124	-7,385
15	Adjustments	-834,797	96,403
	Cash generated from operations (operating activities)	13,327	89,018
16	Changes in working capital	-169,358	-9,140
	Cash generated from operations (operating activities)	-156,031	79,878
	Interest received, etc.	0	7,017
	Interest paid, etc.	-43,437	-50,507
	Income taxes paid	-883	0
	Cash flows from operating activities	-200,351	36,388
	Additions of property, plant and equipment	0	-17,407
	Disposals of property, plant and equipment	2,300,487	0
	Cash flows to investing activities	2,300,487	-17,407
	Dividends paid	-155,247	0
	Proceeds of long-term liabilities	0	5,120
	Repayments, long-term liabilities	-1,979,938	0
	Cash flows from financing activities	-2,135,185	5,120
	Net cash flow	-35,049	24,101
	Cash and cash equivalents at 1 January	61,634	37,533
	Cash and cash equivalents at 31 December	26,585	61,634

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Copenhagen Skyline Holding ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The group's activities in joint operations are recognised on a line-by-line basis.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the income statement together with the hedged item.

Fair value adjustments of derivative financial instruments, which do not qualify for being treated as hedging instruments, are recognised in the income statement.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue comprises income from hotel activities such as renting of rooms, conference facilities and income from restaurant activities, etc.

Revenue also comprises lease income from the office buildings and parking. Lease income is recognised over the lease term on a straight-line basis.

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Group's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	20-50 years
Other fixtures and fittings, tools and equipment	10 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The Company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price, financing costs and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-50 years
Tools and equipment	10 years

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
2	Other operating income				
	Profit from sale of buildings	623,238	0	61,971	0
		623,238	0	61,971	0

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Notes to the financial statements

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
3	Staff costs				
	Wages/salaries	53,626	54,812	0	0
	Pensions	4,444	4,368	0	0
	Other social security costs	1,543	1,392	0	0
	Other staff costs	3,660	3,497	0	0
		63,273	64,069	0	0
	Average number of full-time employees	172	176	0	0
	Remuneration to members of Management:				
	Executive Board	1,618	1,589	0	0
		1,618	1,589	0	0
4	Amortisation/depreciation of intangible assets and property, plant and equipment				
	Amortisation of intangible assets	88	0	0	0
	Depreciation of property, plant and equipment	4,466	13,772	0	1,177
		4,554	13,772	0	1,177

5 Intangible assets

DKK'000	Group Acquired intangible assets
Cost at 1 January 2019	1,402
Cost at 31 December 2019	1,402
Impairment losses and amortisation at 1 January 2019	443
Amortisation/depreciation in the year	88
Impairment losses and amortisation at 31 December 2019	531
Carrying amount at 31 December 2019	871

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Notes to the financial statements

6 Property, plant and equipment

	Group		
DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	1,819,060	20,934	1,839,994
Additions in the year	3,796	10,088	13,884
Disposals in the year	-1,822,856	-13,196	-1,836,052
Cost at 31 December 2019	0	17,826	17,826
Impairment losses and depreciation at 1 January 2019	200,748	9,469	210,217
Amortisation/depreciation in the year	0	4,466	4,466
Reversal of amortisation/depreciation and impairment of disposals	-200,748	-11,887	-212,635
Impairment losses and depreciation at 31 December 2019	0	2,048	2,048
Carrying amount at 31 December 2019	0	15,778	15,778

	Parent company		
DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	863,186	11,770	874,956
Additions in the year	3,796	0	3,796
Disposals in the year	-866,982	-11,770	-878,752
Cost at 31 December 2019	0	0	0
Revaluations at 1 January 2019	-172,262	0	-172,262
Reversal of revaluation of disposals	172,262	0	172,262
Revaluations at 31 December 2019	0	0	0
Impairment losses and depreciation at 1 January 2019	209,346	10,684	220,030
Reversal of amortisation/depreciation and impairment of disposals	-209,346	-10,684	-220,030
Impairment losses and depreciation at 31 December 2019	0	0	0
Carrying amount at 31 December 2019	0	0	0

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7 Investments

Group

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
CPH Hotel Management Holding ApS	Copenhagen	100.00%	324	4,275
WTCC P/S	Copenhagen	100.00%	4,124	117,985
Copenhagen Towers II P/S	Copenhagen	100.00%	4,299	540,170
Komplementarselskabet WTCC A/S	Copenhagen	100.00%	448	513
Komplementarselskabet WTCC II A/S	Copenhagen	100.00%	459	592
Crowne Plaza Copenhagen Towers A/S	Copenhagen	100.00%	13,739	8,824

	Parent company		
DKK'000	Investments in group entities	Other receivables	Total
Cost at 1 January 2019	525	0	525
Additions	0	50,000	50,000
Additions in the year	12,465	0	12,465
Cost at 31 December 2019	12,990	50,000	62,990
Value adjustments at 1 January 2019	-525	0	-525
Value adjustment for the year	525	0	525
Carrying amount at 31 December 2019	12,990	50,000	62,990

8 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years.

9 Share capital

The parent's share capital has remained DKK 10,125 thousand over the past 5 years.

10 Deferred income

Group

Deferred income consists of payments received from customers that may not be recognised until the subsequent financial year.

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Notes to the financial statements

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

Together with the other companies included in the joint taxation, the Group is jointly and severally liable for payment of income taxes for the income in the period of joint taxation and withholding taxes in the group of jointly taxed entities.

Parent company

The Company is jointly taxed with the other companies in the Copenhagen Skyline Holding Group. As management company, the Company is jointly and severally liable with the other companies included in the joint taxation for payment of income taxes as well as withholding taxes.

12 Collateral

Group

The Group's shares in Crowne Plaza Copenhagen Towers A/S has been provided as security for the agreement with the property owner.

13 Related parties

Group

Related party transactions

No interest has been added to receivables and payables to affiliates.

	Parent company	
DKK'000	2019	2018
14 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Extraordinary dividend distributed in the year	155,247	0
Retained earnings/accumulated loss	264,816	13,264
	420,063	13,264

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Notes to the financial statements

DKK'000	Group 2019	Group 2018
15 Adjustments		
Amortisation/depreciation and impairment losses	4,555	52,913
Gain/loss on the sale of non-current assets	-623,238	0
Financial income	-259,552	-7,017
Financial expenses	43,438	50,507
	-834,797	96,403
16 Changes in working capital		
Change in inventories	13	-95
Change in receivables	25,062	-18,027
Change in trade payables and other payables	-194,433	8,982
	-169,358	-9,140