Essential by Dorint

Dorint Hotels & Resorts

HOMMAGE
LUXURY HOTELS COLLECTION

2020
ANNUAL REPORT


Dorint · Kurfürstendamm · Berlin

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Dorint · Parkhotel · Meißen

KEY DATA
2020

Dorint Hospitality & Innovation GmbH

154
€m
total revenue
(including franchise hotels)

56
Hotels
(as at 31.12.2020)

457
Conference rooms
(incl. franchise contracts)

9,845
rooms

4,200
#HotelHelden

40,958 m²
of conference space
(incl. franchise contracts)

0.931
Million room nights sold p.a.

1.41
Million guests p.a.
(room nights sold, conferences etc.)

97.5 €
Revenue per available room – net –
(cumulated as at 31.12.2020)

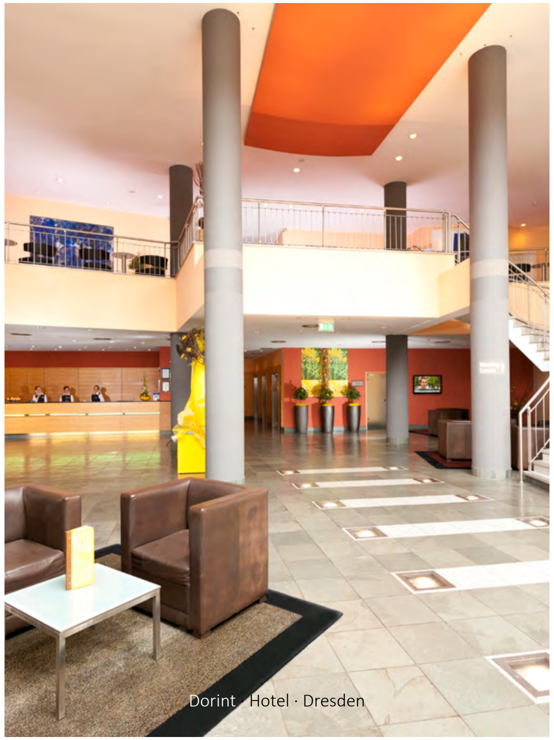
29.9 %
Occupancy rate

28.9 €
RevPAR

50.7
€m
equity

■ = COVID-related decline · ■ = neutral · ■ = still positive

Essential by Dorint · Basel City



Dorint · Hotel · Dresden

Hommage · Maison Messmer · Baden-Baden

OUR BRANDS IN THE CRISIS ENVIRONMENT

In 2019 three corporate brands, the individual midscale brand **Essential by Dorint**, **Dorint Hotels & Resorts**, a full-service brand focusing on the 4-star segment with outstanding competence in MICE and the conference business, and the **Hommage Luxury Hotels Collection**, the contemporary luxury brand were created. These companies are all subsidiaries of **DHI Dorint Hospitality & Innovation GmbH**.

The new funding from the parent company HONESTIS AG in conjunction with this step provided the Group with an equity base of around € 80m in 2019. On hindsight, it was perfectly timed ahead of the equity-consuming COVID-19 crisis which manifested after 16 March 2020. Occupancy rates were drastically reduced by the accommodation bans imposed in the first lockdown between 16 March 2020 and 31 May 2020, and in the second lockdown from 2 November 2020 to 31 December 2020 and beyond. The event bans and the resulting event cancellations also had a negative impact over most of the year, from 16 March 2020 to 31 December 2020.

Dorint took immediate action to protect guests by developing and implementing the ‘StaySafe by Dorint’ hygiene concept. The Group’s total hygiene-related expenditure and investments up until the financial statements reporting date totalled approximately € 1.5m.

All hotels – irrespective of brand – returned to high occupancy rates during the summer phase from 15 May 2020 to October 2020, when accommodation bans for tourists were lifted.

Consumer behaviour has not changed and the number of people travelling within Germany has risen.

All the hotel brands have lost a substantial amount of revenue from corporate clients since 16 March 2020. This is due to many companies banning their employees from travelling, the German government’s introduction of mandatory home working, as well as its short-time work scheme and the events ban, all of which reduced business travel to the absolute minimum.

F&B services have also been massively restricted across all hotel brands as a result of distancing rules, capacity restrictions and bans. Changes in consumer behaviour are only due to the above restrictions.

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LITMUS TEST FOR THE DHI

DORINT HOSPITALITY & INNOVATION GMBH

AN INVOLUNTARY BATTLE AGAINST ACCOMMODATION BANS

DHI Dorint Hospitality & Innovation GmbH

Dirk Iserlohe, CEO of the holding company HONESTIS AG and Supervisory Board Chairman of DHI Dorint Hospitality & Innovation GmbH

Innocent victims must be compensated

The collective impact of all the crises that I have seen in the past 20 years – including 9/11, SARS, the financial and the banking crises, as well as endogenous recovery measures – was not a fraction of the impact of the COVID-19 crisis that has prevailed since 16 March 2020. In all of the aforementioned economic recessions revenue declined by between 5 percent and 20 percent. During the two lockdown phases revenue declined by over 90 percent and some hotels were forced to temporarily shut down. The fact that the government was unprepared for this unprecedented situation explains to some extent the wrong decisions that were made. As far as I am concerned the German government's 'compensation policy' is questionable and unconstitutional because it discriminates against companies in terms of their size and has a competition-distorting effect. As chairman of the DHI Supervisory Board I have been making three fundamental demands on our policymakers since 14 March 2020:

- Clarification of section 313 of the German Civil Code (Bürgerliches Gesetzbuch, BGB), i.e. whether the pandemic constitutes frustration of contract.
- Suspension of mandatory bankruptcy petitions for companies that become insolvent due to COVID 19-related losses.
- A level playing field for all companies and businesses applying for state subsidies due to revenue lost or losses incurred as a result of government-imposed restrictions.

However, with the addition of Section 7 to Article 240 of the Introductory Act to the German Civil Code (EGBGB), the legislators have clarified that the pandemic constitutes frustration of rental and lease contracts in cases of doubt, and that the parties are required to agree a contract amendment. This clarification has at least encouraged some of the landlords to enter into negotiations. Dorint has held successful negotiations with many landlords with the objective of at least 'sharing the burden' with them. On 31 December 2020 the management had been able to negotiate a total of approximately € 6m in lease payment waivers, and a further € 5m by the closing date for the preparation of the financial statements.

An unusual situation such as this cannot be argued away by landlords as operator risk. Further negotiations are in progress and the management assumes that it will be possible to agree further waivers in 2021.

Kreissparkasse Köln and the state of North Rhine-Westphalia as dependable partners

Based on past crisis experience, the Group's business intelligence teams were able to realistically estimate liquidity requirements. Those estimates were then used to develop key measures (bolster equity, reduce costs and secure bridging loans). The KSK Köln bank responded at sensational speed, collaborating with the State of North Rhine-Westphalia to approve and making available a € 47.5m overdraft facility within just six weeks. It enabled DHI to cope with the revenue downturn in the first lockdown and up to the second lockdown, as shown in the 2020 revenue chart. KSK Köln and the State of North Rhine-Westphalia also agreed to defer repayments in the second lockdown as a means of financing the second revenue collapse. I would like to thank everyone involved for their exceptional work.

Thanks to our employees for their special sacrifices

Above all, our employees shoulder a heavy burden. Those put on short-time benefits faced a lengthy period of uncertainty and those who remained at the hotels and at headquarters faced disproportionately high workloads. We are immensely grateful to our trainees, who took over the job of 'managing' the hotels during the short-time work phase. DHI committed to not closing a single hotel. We are immensely grateful to the young people who were literally 'thrown in at the deep end'.

LITMUS TEST FOR THE DHI

DORINT HOSPITALITY & INNOVATION GMBH

AN INVOLUNTARY BATTLE AGAINST ACCOMMODATION BANS

DHI
Dorint Hospitality & Innovation GmbH

Controlled expansion and growth are more important than ever before

Before the pandemic arrived DHI was focusing on a controlled growth strategy. This strategy will remain in place despite the COVID-19-related losses. The acquisition of new and healthy business is essential if the DHI Group is to meet the new obligations imposed by the pandemic. It is for this reason that the management took over the **Dorint Hotel Kurfürstendamm, Berlin** (formerly SOFITEL) under a very responsible lease contract.

Dialogue with policymakers to achieve fair and non-discriminatory compensation

It is obvious that the government is taking a very cumbersome approach to the implementation of its pledge to provide unlimited cash to businesses hit by the coronavirus, which one politician described as a big ‘bazooka’. Basically, large businesses are being discriminated against in favour of small businesses. A small hotel company can expect to receive compensation for between 90 percent and 95 percent of its losses during the two lockdowns. By comparison, the Dorint Group is currently not expecting to receive compensation for more than 55 percent of its losses. I consider this to be discriminatory and anti-competitive.

A constitutional complaint has been filed and efforts continue to persuade the policymakers to approve subsidies or grants as compensation for the restrictions imposed under the German Protection Against Infection Act on a fair and equitable basis.

The DHI Dorint Hospitality & Innovation GmbH’s future strategy

I am no longer worried about the future of the hotel market. Despite digitalisation there will continue to be face-to-face events in the DHI’s hotel segments. Video conferences simply cannot replace many types of events (sales, networking, product innovation, knowledge transfer etc.). The hotel industry will also play a role in the increasingly relevant phenomenon of ‘mobile working’ as a provider of temporary meeting places.

Irretrievable revenue losses must be replaced by the people who imposed the restrictions. Then the hotel sector, which is so relevant in a modern, export-oriented society, can look forward to a positive future.

Sincerely,

Dirk Iserlohe
Chairman of the Supervisory Board of
DHI Dorint Hospitality & Innnovation GmbH

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DHI HAS TO PROVE ITSELF

MEASURES TO MINIMISE THE NEGATIVE IMPACTS OF THE COVID-19 CRISIS

Dorint Hospitality & Innovation GmbH

Karl-Heinz Pawlizki, CEO and Spokesperson of DHI Dorint Hospitality & Innovation GmbH

Numerous measures were agreed and implemented during 2020 to minimise the negative impacts of the COVID-19 crisis in collaboration with the majority shareholder of HONESTIS AG and Supervisory Board Chairman of DHI Dorint Hospitality & Innovation GmbH, Dirk Iserlohe, and with the support of the Supervisory Board. The management also developed a package of strategic measures and is in the process of implementing them to ensure the successful medium and long-term positioning of DHI after the COVID-19 crisis.

It is based on our Dorint Strategy 2020, with its supporting pillars of #HotelHelden, conference competence, diversity and individuality, and it reflects our commercial and operational focus.

Unlike many of our competitors, we did not close any of our hotels at any time. We were able to accept systemically relevant bookings, we were always able to provide accommodation to customers and guests, we were able to generate revenue with ‘myoffice@dorint’, ‘StaySafe by Dorint’ and ‘MeetSafe by Dorint’, and we built customer confidence in our hotels and the market by maintaining our presence and catering to our guests’ needs in a crisis situation.

In 2020 the commercial team worked on various campaigns that we were able to launch in the market as soon as the lockdowns ended, such as hybrid meetings with external technology partners and ‘up and away’ for the leisure sector (summer months of 2020). We also made preparations for the successful large-scale campaign ‘Wünsch Dir was – geh’n Sie mit Dorint auf Tour 2021’ (Make a wish – go on tour with Dorint in 2021’). Our brand ambassador Ingolf Lück featured in the campaign’s TV ads, social media ads and editorials. The campaign resulted in an enormous increase in bookings at high room rates, and the positive effects are still in evidence.

We implemented a strategy in the Resort Hotels segment to maximise occupancy and room rates, followed by the city hotels as city break destinations in 2020, and followed it up on a similar basis in 2021. To date it has brought the desired results.

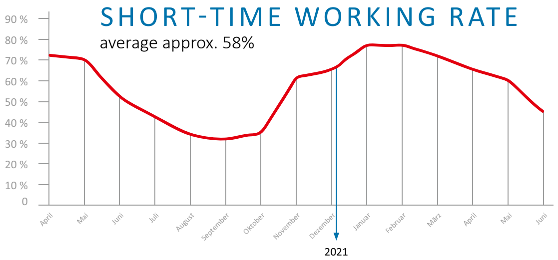
Finally, we have adapted our commercial structures to the new challenges with a focus on a strong and modern sales organisation that is close to the customers and opens up new lines of business. Our innovative and fresh marketing team also developed a new website and a more comprehensive portfolio of offerings to attract new target groups.

On the cost side we have taken all the necessary measures to support cash flows, including maximum exploitation of the state-funded short-time work benefit scheme, cutting back on planned investments (or transferring them to the owners), strict cost control at the hotels and at headquarters and close collaboration with the authorities and suppliers.

In close liaison with the Supervisory Board and the works council we have initiated projects to centralise all of the DHI’s financial activities and to optimise the entire HR organisation. These projects will optimise processes, improve employee satisfaction, make DHI leaner, improve communications and reduce costs at all levels. The majority are being implemented by the digitalisation team, and the management has prioritised all of their ongoing projects. They are helping us to put DHI on even stronger foundations for the future.

In addition to the digitalisation projects associated with the centralisation of Finance and HR we are leveraging opportunities to digitalise the guest experience, such as online check-in, smartphones as room keys, online check-out, electronic invoices and extending the range of features on the hotel room suitepads (guest information, TV remote control, telephone, order service).

We are also focusing intensively on supporting our #HotelHelden, who have remained fiercely loyal to us during the COVID-19 crisis, when they leave the short-time scheme and return to work. We are also supporting the relief fund and working on the development of our hotel managers, who played an instrumental role in steering



their hotels through the crisis. In many cases they were supported by our trainees, who were not eligible for short-time work scheme. Not only are we one of the few hotel companies not to make any employees redundant in the COVID-19 crisis, we also negotiated good and fair company agreements with the works council so that we were able to provide top-up payments. We are also committed to 'Der Blaue Faden' ('The Blue Way') and 'Der Goldene Faden' ('The Gold Way') of our mission statement and our values to secure the long-term loyalty of our #HotelHelden and prevent future skilled personnel shortages.

Finally, we know that we cannot survive without guests, which is why we did everything we could in the crisis to

Kaya & Kato receiving the 'Green Button' from German Development Minister Gerd Müller

accommodate the few guests who were permitted to stay at our hotels, and to make them feel safe and comfortable. During the pandemic we have introduced a number of quality improvements for guests. These include eco-friendly and sustainably produced bed linen and towels with Green Button certification and new uniforms – also Green Button-certified – for our #HotelHelden. The LeBistrot99 restaurant concept has been revamped and rolled out in Cologne, Dresden and Wiesbaden. All hotels now use higher quality, sustainable and fair trade organic coffee.

The management, supported by the heads of department at headquarters and the hotel managers have taken advantage of the crisis to create a strong commercial and digital infrastructure for DHI, reflecting the 'Dorint Strategy 2020', which will allow us to emerge from the crisis with the capability to exploit the benefits of practical digitalisation quickly and effectively, and thus achieve a better market positioning.

The Management Board would like to thank the Supervisory Board for enabling it to be proactive in tackling the COVID-19 crisis, to make the necessary investments and to uphold the Dorint family values.

Sincerely,

Karl-Heinz Pawlizki
Management Board Spokesperson (CEO)

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THE GERMAN HOTEL MARKET 2020

Market environment

In the first six months of 2020 the COVID-19 pandemic triggered a global recession of epic dimensions. Gross domestic product fell by four percent in the first quarter, followed by another global production shrinkage of five percent between the first and second quarters. Almost all of the national economies suffered substantial financial losses in the second quarter and world trade shrank by around twelve percent. The global restrictions brought international travel to a near standstill between the months of April and June 2020. Severe restrictions and in some cases bans were imposed on in-person services such as those provided by the hotel and catering sectors. Despite a slight recovery in the second half of the year global output shrank by a total of 3.6 percent in the year as a whole. In Germany real gross domestic product declined by 4.9 percent year-over-year as a result of the coronavirus pandemic.

The German hotel market was particularly hard hit by COVID-19, especially during the spring 2020 lockdown, and the second shutdown in November 2020. It has been particularly adversely affected by large-scale event cancellations and travel restrictions. The occupancy rate fell from 72.1 percent in the previous year to 31.8 percent. In 2020 the average daily rate in Germany was € 89.40, which represents an 8.8 percent decline over the previous year. Revenue per available room (RevPAR) declined year-over-year by 60.0 percent from € 71 to € 28.40.

Infection rates continued to rise until April 2021. The authorities waited until they had slowed and declined again in early/mid-May 2021 and for stable 7-day incidence figures from June 2021 onwards before gradually lifting restrictions and allowing re-openings. As a result of this 2021 will be another year strongly impacted by the pandemic.

Impacts on the market

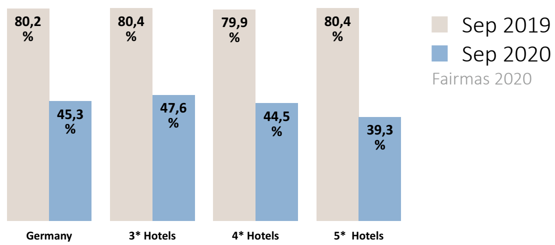
Real revenue (after price adjustment) in the classic hotel segment declined by 47.5 percent in 2020 compared to the previous year. In absolute figures, according to extrapolations by the German Hotel Association (IHA), the hotel sector’s nominal net revenue (excluding value added tax) was € 15.6 billion in 2020 (in 2019 it was € 29.3 billion). The entire hotel and catering industry generated nominal net revenue of € 60.1 billion in 2020 (2019: € 94.7 billion).

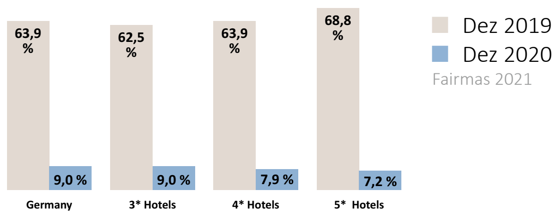
Summary: Operators in all hotel segments experienced a similar slump in revenue as a result of the restrictions.

The Fairmas tables show the dramatic impacts in the lockdown month of December, but also in the month of September 2020, which was not affected by shutdowns. All business travel was cancelled.

Market segment	Ø occupancy rate		Ø net room rate		Ø RevPAR	
	2020 in %	**Change in %**	**2020 in €**	**Change in %**	**2020 in €**	**Change in %**
All hotels	29,6	-58,9	87	-11,3	26	-63,5
Large cities	26,5	-65,2	94	-12,0	25	-69,4
Medium-sized cities	29,6	-57,9	75	-8,5	22	-61,5
Small cities	29,5	-54,9	77	-4,5	23	-57,0
Airport hotels	25,7	-65,3	91	-7,7	23	-68,0
5-star and 5-star superior hotels	29,3	-67,5	160	-3,3	38	-68,6
4-star and 4-star superior hotels	28,1	-61,1	90	-9,4	25	-64,8
3-star and 3-star superior hotels	26,6	-62,9	70	-10,6	19	-66,8
Source: OlaKala/MKG Group						

OCCUPANCY





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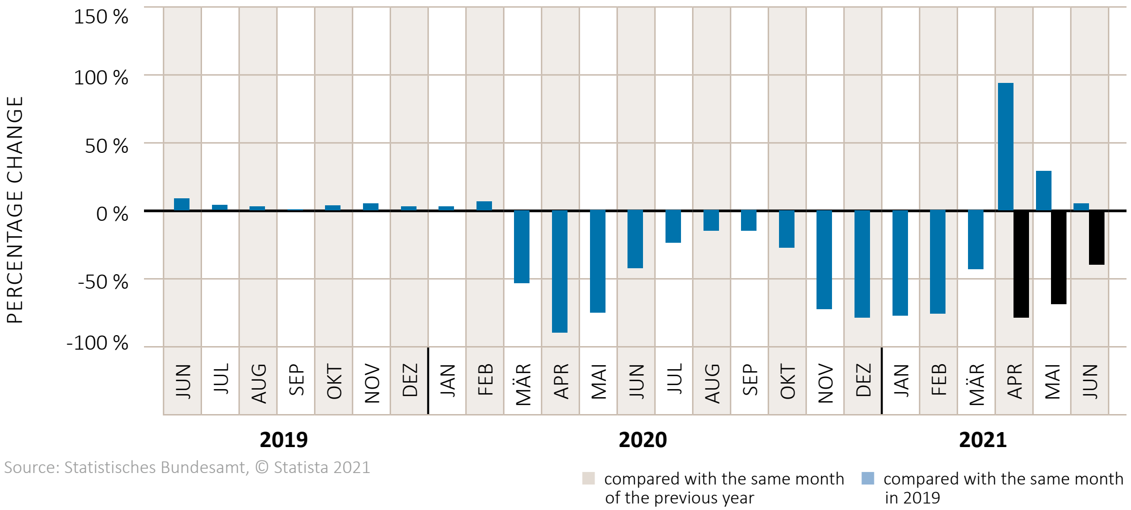
THE GERMAN HOTEL MARKET 2020

Room nights sold in Germany in 2020
Hotel establishments in Germany recorded 302.3 million room nights sold to domestic and international guests in 2020. According to preliminary figures published by the federal statistics office (Destatis) this represents a 39.0 percent decline over 2019. The number of room nights sold to domestic guests was just over one-third lower (-33.4 percent) than in the previous year at 270.3 million. The number of room nights sold to international guests was 32.0 million, which is actually almost two-thirds lower (-64.4 percent) than the 2019 figure.
These results clearly show the impacts of the COVID-19 crisis and the repeated accommodation bans and restrictions. In fact, it was only possible to accommodate private guests before mid-March and from mid-May to mid-October. In the summer months that are so important for the hotel industry additional regional accommodation bans were imposed on people travelling from domestic risk regions, which affected tourism. The massive decline in the number of room nights sold to international guests is a reflection of the global travel restrictions. For example, between mid-March and the end of June 2020 a general entry ban for non-EU citizens was in place.

Room nights sold in december 2020 were over three-quarters lower than in december 2019
Hotel establishments in Germany faced further heavy losses in December 2020. Only 6.7 million room nights sold were posted in this month, which is 78.4 percent lower than in December 2019. 6.0 m of those room nights sold were accounted for by domestic guests (-75.5 percent) and 0.7 million by international guests (-89.5 percent). Of the around 52,000 hotel establishments which are included in the statistics, only around 60 percent or 31,000 were open in December. Again, that is just over one-quarter less (25.4 percent) than in November 2020, when 38,800 establishments were open.

CHANGE IN ROOM NIGHTS SOLD TO GUESTS AT GERMAN HOTELS IN JUNE 2019
(compared with the same month of the previous year or 2019)



Source: Statistisches Bundesamt, © Statista 2021

Summary of the year 2020
Since March 2020 the hotel market has been severely affected by the COVID-19 pandemic, especially during the lockdown months of March and April. The impact of large-scale event cancellations and travel restrictions has significantly depressed results in the entire industry.

In 2019 a new room nights sold record was set in Germany at 496 million. In the period January to September 2020 the number of room nights sold was 35 percent lower than in the same period of 2019 at 253 million. It will be impossible to compensate the resulting revenue losses because a return to normality is still a long way off. Hotel revenue is not expected to return to the pre-crisis level until after 2024. The availability of a vaccine played an important role in market recovery.

During the first nine months of 2020 hotel occupancy throughout Germany was at half the previous year's level as a result of the COVID-19 crisis. The average daily rate fell by almost 11 percent, depressing revenue per available room (RevPAR) to 56 percent which was slightly below the European average (59 percent).

The hotel financing situation is problematic due to the fact that most banks are erring on the side of caution. Positive experiences with digital events over the past months, as well as the associated cost savings and sustainability aspects, are affecting business travel practices. It will take some time for the market to recover to the 2019 level. The experts' general forecasts anticipate this happening sometime between 2024 and 2026.


PARKHOTEL

HIGHLIGHTS OF 020

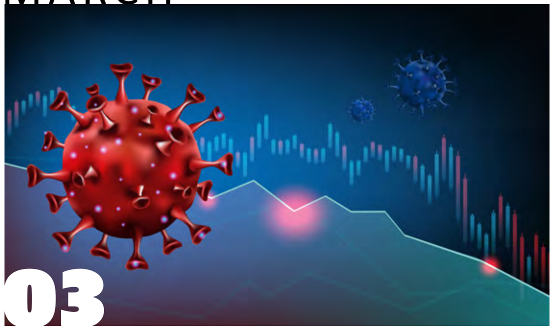
JANUARY

- On 1 January 2020 the Accor hotel in Remscheid was taken over and rebranded as **Essential by Dorint Remscheid**.
- The take-over of the **Dorint City-Hotel Salzburg** also took place on 1 January 2020.

FEBRUARY

- The contract for the **Dorint Seehotel & Resort Klink/Müritz** was signed with Avila Group.
- The **Dorint Charlottenhof Halle (Saale)** received the coveted HolidayCheck Award certifying it as one of the most popular hotels in its region.

MARCH



- **ITB Berlin** was cancelled on 4 March 2020 as businesses rapidly prepared for the COVID-19 crisis.
- When the **coronavirus broke out** occupancy fell from 55 percent in mid-March 2020 to 2 percent on 16 March 2020, the first day of lockdown.

APRIL

- Propagation of the **'myoffice@dorint'** concept developed for the Dorint Hotel am Heumarkt Köln.
- **Steffen Eisermann** was appointed as the new General Manager of Hommage Parkhotel Bremen.
- The renovated gym and spa opened next to the Dorint Hotel Dresden for health and fitness-conscious travellers.

MAY

- The coherent concept: **'StaySafe by Dorint'** – certified health and hygiene standards to protect guests, employees and business partners were introduced.
- The **1. FC Köln** football team moved into the Dorint Hotel am Heumarkt Köln as their **quarantine quarters**. From then on the hotel was used as the team hotel for home fixtures.

JUNE

- **Dorint Hotel Frankfurt/Hochheim**: The cornerstone was laid for the new Dorint First Class Hotel with Boris Becker International Tennis Academy
- The Dorint Hotel Group became **the first German hotel company** to switch over to sustainable textiles with the **Green Button** seal of approval.

HIGHLIGHTS OF 2020

JULY

- Development of the **'active by Dorint'** summer bookings promotion:
- Dorint Resort & Spa Bad Brückenau – running with the **successful extreme sports athlete Sascha Gramm**.

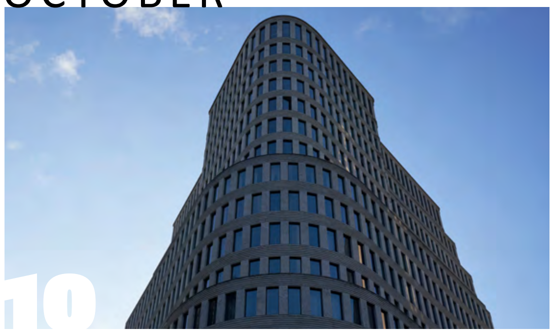
AUGUST

- Dorint Supervisory Board Chairman Iserlohe lobbied strongly for equal and adequate subsidies and grants during the COVID-19 crisis, as well as for clarification of section 313 of the German Civil Code (BGB).

SEPTEMBER

- Completion of renovation work: Hommage Parkhotel Bremen's public areas and rooms looked fabulous after the refurbishment.
- The **Neighbours by Dorint** Foundation had been operating for a year and published its first report.

OCTOBER

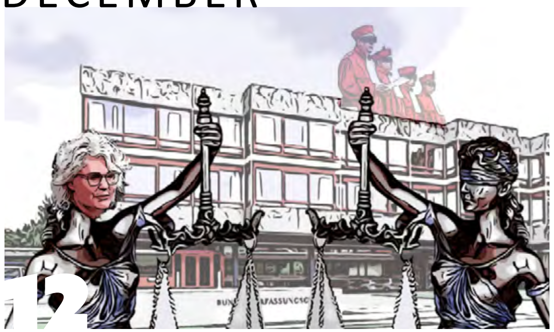


- The former SOFITEL hotel was taken over under a lease contract as **Dorint Kurfürstendamm Berlin**. DHI is proud to have a hotel in central Berlin again.
- Accommodation bans restricted business operations.

NOVEMBER

- 'Now more than ever! Children in need around the world need our help!' Those were the words of Dorint Supervisory Board Chairman Dirk Iserlohe after his decision to participate in this year's 'Joey Kelly Challenge' at the **RTL Fund-Raising Marathon.**
- The second lockdown began on 2 November 2020. Occupancy fell to 2 percent.

DECEMBER



- The DHI Group lodged a **constitutional appeal** in connection with unequal and inadequate state aid. It believes that the state aid scheme is discriminating anti-competitive by design.
- Hotel employees had to go back on short-time work benefits and were concerned about their future.

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- Hommage Luxury Hotels Collection
- coming soon

2020

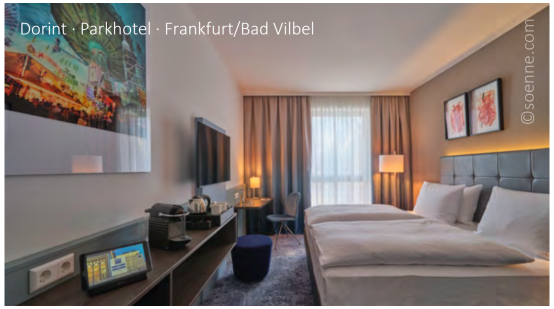
STRATEGY DORINT2020

GROWTH, #HotelHelden, EQUITY and OUTLOOK

DHI GROUP HOTEL CHANGES DURING THE COVID-19 CRISIS

Changes in the form of additions and disposals also took place in the DHI Group portfolio during the COVID-19 crisis, and the controlled expansion strategy slowed down.

Specifically:



Dorint · Parkhotel · Frankfurt/Bad Vilbel

Dorint · Hotel · München/Garching

- The hotels Dorint Parkhotel Frankfurt/Bad Vilbel and Dorint Hotel München/Garching are still under construction and scheduled to open before the end of the year (Garching in 2022). The contracts were closed before the crisis and contractual obligations have to be met. Luckily, the hotels will be opening at the latter end of the crisis and should not generate any additional or significant losses.
- The lease contract for the hotel in Nuremberg (which is strongly dependent on MICE business) was terminated within the time limits and, as a result, there will be no pre-opening risk for this hotel in 2022.
- The Dorint Seehotel & Resort Klink/Müritz, which mainly caters to tourists, will not open until 2024 and therefore no COVID-19 crisis impacts are expected.
- The lease contract for the hotel in Bremen-Vahr was terminated for cause as a result of fire hazards and the operation of the hotel was transferred to the owner.
- The hotel in Mönchengladbach, which was incurring heavy losses, was transferred to the owner after termination of the lease contract. As of 31 January 2021 the DHI Group will no longer be burdened by this hotel's annual losses.
- The Zwickau and Hanover projects (both Group interests which can be reinstated when the results and markets have recovered) are currently 'on ice' and due to be reactivated again in 2022.
- One of the most impressive changes is the addition of the Dorint Kurfürstendamm Berlin. The former SOFITEL hotel became part of the Dorint Group on 1 November 2020. The Supervisory Board decided to enter into a lease contract despite the problematic market situation during the coronavirus pandemic and a staggered lease arrangement was agreed with the owner. The Berlin hotel is an extraordinarily important step for Dorint in the process of increasing its hotel portfolio's depth and significance.

MODULES OF THE COVID-19 CRISIS PACKAGE

In order to develop the most efficient possible response to the financial impacts of the COVID-19 crisis the Management Board and the CEO designed a modular package of measures in February 2020 which has facilitated substantial cost reductions (e.g. rent waivers), improvements and generated equity capital inflows.

Two elements were instrumental in enabling DHI to survive the crisis to date: the capital measures and the € 47.5m loan from Kreissparkasse Köln. The individual modules and their effects are described below in more detail:

Cost reduction programmes, capital investment freeze and short-time work

The cost-saving measures which have been in place since 28 February 2020 were optimised month by month, creating efficient audit modules that will retain their importance in future – even after the COVID-19 crisis.

The management and the works council signed an agreement on short-time work without contributory payment on 17 March 2020 which is still in force today with positive changes for employees. On the balance sheet reporting date approximately 35 percent of employees were still participating in the short-time work scheme. Throughout the pandemic from March 2020 to date an average of 58 percent of personnel have participated in the short-time work scheme.

The property owners who allow us to use their hotels on the basis of lease agreements are still important partners for DHI. Fixed costs for lease and rent payments are approx. € 51m per year. Lease payment waivers and deferments in the region of € 28m in have been negotiated for the two crisis years in the form of bilateral agreements.

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STRATEGY DORINT2020

GROWTH, #HotelHelden, EQUITY and OUTLOOK

HONESTIS AG equity/ Kreissparkasse loan
At the 4th Annual General Meeting HONESTIS AG decided to implement a capital increase of € 16m, € 14m of which has in the meantime been contributed. € 11m was transferred directly to the DHI Group to provide an equity boost. HONESTIS AG has pledged to contribute the remaining € 2m in December 2021.

The KSK Köln bank provided a pandemic-related bridging loan of € 47.5m on 26 May 2020. 90 percent of that amount is guaranteed by the State of North Rhine-Westphalia. This bridging loan is linked to mandatory repayment milestones. The Management Board can confirm that these requirements have been met; both those relating to equity investment and those relating to lease payment reductions.

In the second lockdown it soon became evident that future milestones (including repayments) cannot be met, so an addendum was negotiated with the State of North Rhine-Westphalia and the KSK Köln bank deferring repayment until the non-refundable grants overcompensate the difference between the loss of revenue the second lockdown and the loss of revenue in the first lockdown. At the current time repayment is not expected.

FORECAST UP TO 2025

The management has prepared a forecast of future business developments based on the following assumptions:

- Tourism business returns to normal (base year 2019). Room rates rise above the 2019 level.
- Domestic trade fair and business travel normalises during 2022 and prices return to the 2019 level from the third quarter onwards.
- International guest occupancy (particularly guests from the USA, China, Australia and India etc.) successively returns to the 2019 level in the years 2023 and 2024.
- The new hotels Dorint Parkhotel Frankfurt/Bad Vilbel, Dorint Hotel München/Garching, as well as the new affiliated Essential by Dorint Art Cologne, are not yet included in the revenue figures.
- It is estimated that approximately € 77m in state aid will be received, and that the total loss during the pandemic phase between 2020 and 2023 will be approx. € 120m, plus € 10m in interest. A lawsuit has been filed to recover the remaining losses due to restrictions which are not covered, a complaint has been lodged with the constitutional court, and the government has been lobbied. However, their recovery is not included in the forecast.

The following forecast shows that despite the above assumptions the Group will still report positive equity of approx. € 17.5m in the worst year it has ever experienced. The liquidity position is also adequate combined with the funds from HONESTIS AG, KSK Köln and the State of North Rhine-Westphalia, provided that the partnership-based business relationship continues up to the time of repayment of the public sector loan.

Summary:
Thanks to its sound equity position DHI Dorint Hospitality & Innovation GmbH is not at risk of overindebtedness – despite the discriminatory and distortive aid policy.

DHI Dorint Hospitality & Innovation GmbH	Actual **2020**	Forecast **2021**	Forecast **2022**	Forecast **2023**	Forecast **2024**	Forecast **2025**
Room occupancy	30,4%	65,0%	65,5%	66,0%	66,5%	67,0%
Net average daily rate (ADR)	€ 96,3	€ 100,0	€ 101,0	€ 102,0	€ 103,0	€ 104,0
Revenue per available room (RevPAR)	€ 29,3	€ 65,0	€ 66,2	€ 67,3	€ 68,5	€ 69,7
Group hotels **TOTAL**	€ 107.820k	€ 233.770k	€ 256.379k	€ 265.124k	€ 270.255k	€ 274.737k
Income before fixed charges (IBFC)	€ -33.647k	€ -50.516k	€ -10.488k	€ -1.262k	€ 6.503k	€ 7.296k
Consolidated net (operating) profit/loss for the year	€ -32.850k	€ -10.906k	€ -13.304k	€ -4.391k	€ 4.714k	€ 5.651k
Consolidated equity	€ 50.681k	€ 41.575k	€ 25.071k	€ 17.480k	€ 18.994k	€ 21.445k

FOUNDATION ACTIVITIES

FOUNDATION ACTIVITIES IN THE FIRST YEAR

DHI Dorint Hospitality & Innovation GmbH established the **Neighbours by Dorint** Foundation to support charity causes in the local neighbourhood deemed to be worthy of support by the relevant hotel establishments and their affiliates. The foundation was established on 25 September 2019 as part of the 60th anniversary celebrations.

It supports individual people, families, non-profit organisations, non-profit foundations, non-profit companies and other natural persons or legal entities eligible to receive funding in accordance with the purpose of the foundation and the statutes. The hotel infrastructures are also being used to support and promote 'neighbours' at regional and individual level. Another aim is to allow regional and local initiatives profit from the hotels' infrastructures and facilities.

One of the primary objectives is for the Dorint hotels to become established as partners to local residents, local associations, and the regional societal and business communities. This will help to encourage community solidarity and cohesion, and to strengthen regional structures.

The foundation has permanent endowment capital of 100 thousand euros and the Dorint Group ensures that administrative costs do not deplete the foundation's assets. Some hotels fund local non-profit projects out of their disposable assets.

A few examples of those projects are listed below:

- The Dorint An den Westfalenhallen Dortmund donated € 1,000.00 to the 'Gast-Haus' initiative, which provides food and a safe place to stay the night to the homeless. www.gast-haus.org
- The Dorint Hotel am Dom Erfurt donated € 1,000.00 to 'Aktion Pausi', an organisation providing school breakfasts to poor children: www.diebuntenschafe.de
- The Dorint City-Hotel Salzburg helped the 'Kinder haben Zukunft' foundation, which assists children in acute emergency situations, with a donation of € 2,000.00 · www.kinder-haben-zukunft.at
- The Essential by Dorint Stuttgart/Airport supported the 'Frauen helfen Frauen e.V.' women's shelter with a € 2,000.00 donation. www.frauenhelfenfrauenfilder.de
- The Hommage Maison Messmer Baden-Baden handed over a check for € 1,000.00 to the local 'Die Tafel' organisation.

The DHI Dorint Hospitality & Innovation GmbH is interested in supporting both national causes and, in particular, regional neighbours. It will do this by implementing regular events and activities (sports events, galas, guest speakers, own endowments etc.) to generate funds for the neighbourhood.

Anyone who is interested in getting involved can check out the foundation's website at
www.neighbours-by-dorint.de

Account holder:	Neighbours by Dorint
Konto Nr. (IBAN):	DE78 3705 0299 0000 6489 09
BIC (Bankcode):	COKSDE33XXX
Bank:	Kreissparkasse Köln

Management Board
(with authority to represent 2020):
Karl-Heinz Pawlizki (Wiesbaden)
Jörg T. Böckeler (Cologne)

Foundation Council:
Heike Iserlohe, artist (Cologne)
Ingolf Lück, comedian (Cologne)
Dirk Iserlohe, Chairman, entrepreneur (Cologne)
Wolfgang Gruntkowski, notary public (Cologne)

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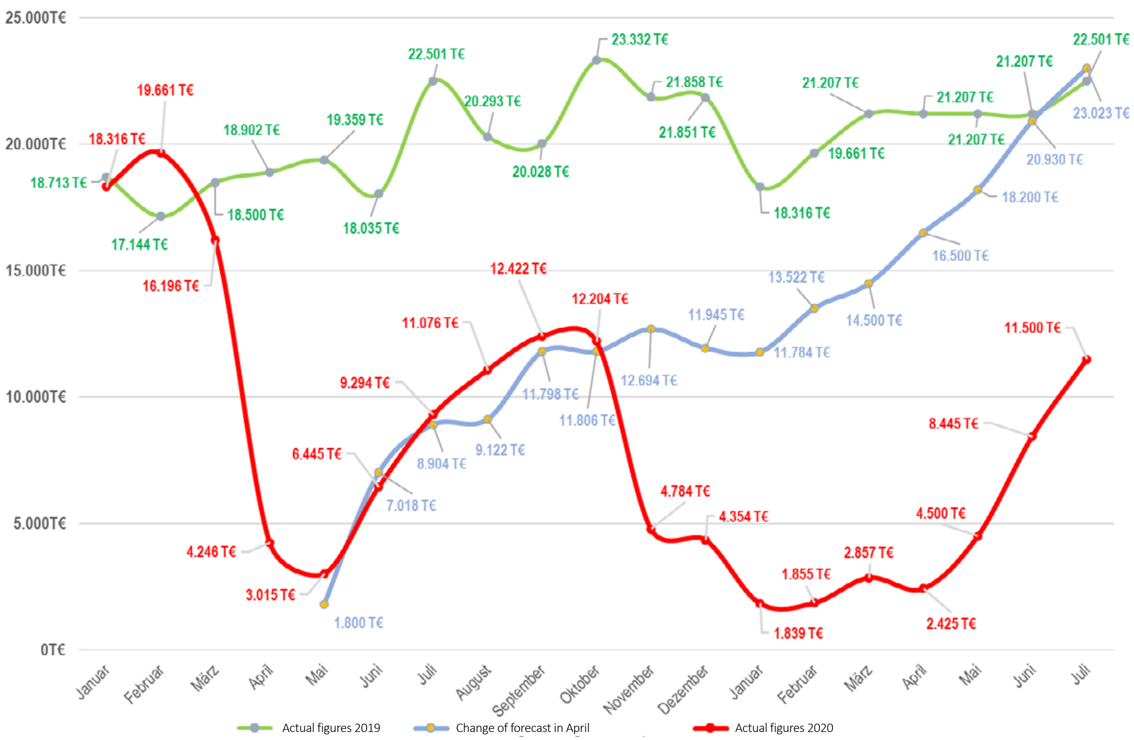
IMPACTS OF THE COVID-19 CRISIS

EFFECTS AND OUTLOOK

The DHI Group was one of the companies most severely affected by the COVID-19 crisis. Occupancy plummeted after the outbreak of the pandemic. **Average occupancy rates** in each lockdown phase (L1 and L2) are shown below:

- First Lockdown from 18.3.2020 to 30.5.2020: **7,1%**
- Restrictions eased between 1.6. and 1.11.2020 **37,3%**
- Second Lockdown from 2.11.2020 to 31.5.2021: **10,1%**
- Restrictions eased between 1.6. and 15.7.2020 **32,6%**
- From 18.03.2020 to 30.06.2021: **20,5%**



The legislators declared an epidemic situation of national significance in accordance with section 5 (1) of the German Protection against Infectious Diseases Act (IfSG) on 23 March 2020. The Bundestag is planning to declare it ended on 30.9.2021. Further information can be found in section 5 (4) IfSG.

The development to date based on a comparison of the revenue curves from 2019 to 2021, as well as the first lockdown forecast in April 2020, is both impressive and sobering:

The **green** curve represents actual revenue in 2019 and projected revenue for 2020 and thereafter (the budget was prepared in November 2019). The **red** curve represents the actual revenue after the impact of the coronavirus restrictions. The **blue** curve represents the revised revenue forecast during the first lockdown in April 2020; at the time the government stated that there would be no second lockdown. Nevertheless, a second, chaotically organised lockdown was imposed with diverse accommodation bans in October 2020, and the most stringent restrictions to date were introduced from 2 November 2020 onwards. On the contrary: before the second lockdown the Protection Against Infection Act was supplemented with section 28a (expropriation-like acts) and subsequently with section 28b (nationwide emergency brake) with detrimental impacts for the affected businesses. The phases described above can be broken down as follows:

- **Phase 1**
  (01.01.2020 to 08.03.2020
  – nomal phase with growth)

Occupancy in the first phase was almost identical to the same period in the previous year at 50 percent. Approx. 50 percent occupancy is very good in the first two-and-a-half months of the year for a hotel group with many city hotels.

- **Phase 2**
  (08.03.2020 bis 18.05.2020
  – First Lockdown)

The second phase is characterised by the north-to-south impact of the first lockdown measures. Average occupancy fell rapidly from approx. 50 percent in the first phase to 2.6 percent (18 March 2020, the last day of north-to-south lockdown implementation in Germany). Average occupancy fluctuated during the lockdown phase, which ended on 18 May 2020, by 12.5 percent. During the same period of 2019 average occupancy was 59.4 percent. This represents a decline of approx. 80 percent.

IMPACTS OF THE COVID-19 CRISIS

EFFECTS AND OUTLOOK

Phase 3 (18.05.2020 to 31.05.2020, easing of lockdown restrictions in the federal states)
The third phase is characterised by lockdown restrictions being eased from north to south until 31 May 2020. In this phase the occupancy rate recovered from approx. 6.4 percent to 19.3 percent. It is necessary to take into account that the DHI Group operates trade fair hotels in several cities where occupancy rates have not significantly improved due to fairs and congresses not taking place in Germany since 8 March 2020. For example, the average occupancy of the trade fair hotel in Cologne in the period 8 March 2020 to 31 May 2020 was only 16 percent.

Phase 4 (01.06.2020 bis 30.09.2020, In this phase there were no accommodation bans, but some restrictions remained in place)
Business recovered at holiday destinations as well as in cities that are visited for city breaks and cultural tours in the fourth phase, but not at hotels in pure trade fair locations. The DHI Group's occupancy increased in this phase to 36 percent on average, which is around 50 percent lower than in the same phase of 2019, when occupancy was approx. 70.6 percent. In phase 4 occupancy peaked at approx. 55 percent. It is evident that near maximum occupancy was achieved despite restrictions (mask, distancing etc. in the areas of the hotel serving food and beverages) at the hotels in holiday destinations – e.g. Dorint Strandresort & Spa Sylt/Westerland. However, the Group's average occupancy was depressed by the lack of business at hotels in pure trade fair locations (which generate around 70 percent of their revenue with direct MICE business, meetings, incentives, conventions and exhibitions). This makes it clear that the lower average occupancy versus the same period in the previous year is only a result of the restrictions that were in place, not due to a change in consumer behaviour. It is also necessary to take into account that demand was exclusively domestic, and business was lost as a result of the decline in international travel which will remain low throughout 2021.

Phase 5 (01.10.2020 to 01.11.2020, chaotic accommodation bans)
The above conclusion is supported by the on-off accommodation bans, which caused further negative impacts. In this phase the confusing imposition and lifting of accommodation bans caused average hotel occupancy to decline from 47 percent in October 2020 to 36 percent in November 2020. This 11 percent decline also reflects cancellations or deferred bookings as a result of the restrictions of various forms imposed in October 2020 rather than a change in consumer behaviour.

Phase 6 (02.11.2020 to mid-May 2021, 2. Lockdown)
On 2 November 2020 the second lockdown began. It drastically reduced hotel occupancy, as the first lockdown did, by another 72 percent to approx. 10 percent in the first week of November. Occupancy barely changed until mid-May. On 1 May 2021 it was approx. 10.4 percent. Average occupancy in the period 2 November 2018 to 1 May 2019 was 63.8 percent. Revenue was therefore approximately 84 percent lower than in the same period of the previous year. The absolute figures also speak for themselves. In the period 2 November 2018 to 1 May 2019 the DHI Group generated approx. € 98.3m in revenue. In the second lockdown from 2 November 2020 to 15 May 2021 revenue fell to just € 15m.

Phase 7 (mid-May 2021 to 15.07.2021 and beyond)
The rapid lifting of restrictions since mid-May has taken place in increments depending on when each district fell below an incidence of 100. Restrictions are still in place for events, and on the number of people permitted in gym and spa areas. As you can see from the curve, revenue for the month of July (projected as € 11.5m) will have increased fivefold in comparison to the lockdown month of April (approx. € 2.5m).

Future development forecast
Business in the event and trade fair segment (MICE business), which is a very important segment for the DHI Group, is not expected to pick up again until 2022 because companies are not planning to reinstate the events that were cancelled in 2021, and it will be impossible to implement trade fairs which require substantial organisational effort in 2021. It is not currently known what effect the rapid lifting of restrictions will have on incidence figures. The most important development for the hotel industry would be for the vaccination rate to reach around 80 percent very quickly, although this may be thwarted by the current anti-vaccination sentiment. It is not possible to predict whether and what restrictions the government will impose if this problem is not resolved by autumn. In the summer of 2020 the government clearly stated that there would be no second lockdown.

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IMPACTS OF THE COVID-19 CRISIS

CASH FLOW FORECAST ON THE BASIS OF MEDIUM-TERM ASSUMPTIONS

Cash development

The DHI Group's cash flow forecast has a horizon extending to at least the end of 2023. This shows, on the one hand, that the company has adequate liquidity to meet its obligations, but also that there will be no scope for the repayment of the bridging loans.

The management's liquidity forecast takes the impacts of the second lockdown from 2 November 2020 to the closing date for the preparation of the financial statements and the phase in which restrictions were lifted after 16 May 2021 into account. It is not possible to predict the developments in autumn. No significant improvements are expected in the business segment until 2022.

The following restrictions are currently still in place in the federal states even though the accommodation bans for tourists have been lifted:

- Some restrictions in spa and gym areas
- At conferences (distancing, mandatory mask wearing, hygiene regulations and restrictions on the number of participants)
- Check-in procedures with mandatory mask wearing and proof of full vaccination, negative test or having recovered
- In restaurants (distancing, hygiene & mask regulations, packaged food, Plexiglas screens, limited buffets)

The meticulously planned business restart will permit the maintenance of the existing credit line if the government funding that we can still apply for of between € 34m and approx. € 40m (i.e. a total of approx. € 77m) is received. The assumptions underlying the forecast also include moderate growth in revenue, the normalisation of trade fairs, events and tourism after the second/third quarter of 2022, and no third lockdown.

Business development

2020 was overshadowed by the COVID-19 crisis and projects had to be postponed as a result. The projects in Zwickau, the Dorint An der Messe Hannover, the Dorint Parkhotel Frankfurt/Bad Vilbel, the Dorint Hotel München/Garching, the Hotel in Hamburg and the Seehotel & Resort Klink/Müritz were affected.

- Deviating from previous forecasts, the management is anticipating a – COVID-related – loss of approx. € 130m in the period 2020 to 2025. The consolidated loss for FY 2020 alone, on the basis of the aforementioned assumptions, is € 42.3m. This loss can only be compensated by appropriate capital measures, compensation claims and arrangements with landlords (the recognition of re-allocations of lease payments in earnings and the postponement of investments).
- The management is assuming that previous forecasts will be deferred by approximately four years, which means that the projected revenue for 2022 of € 247.3million will not be achieved until 2025. The same applies to the average daily rate of € 104 which was projected for 2021. The management does not expect to achieve this ADR until 2025/2026.
- The Dorint Group is also anticipating franchise fees to halve because the franchise partners face similar problems to those faced by the Dorint Group in the restart process.

The resulting medium-term forecast is based on the essential re-allocations of leases, compensation payments, loans and own funds of HONESTIS AG, and all projections are subject to change if further official regulations or restrictions are imposed. The table on page 18 shows that although equity remains positive, it does not cover a major portion of the € 47.5m repayment obligation (repayment of the KSK loan guaranteed by the State of North Rhine-Westphalia). Shareholders, landlords, market recovery, policymakers, courts and the management will all contribute to eliminating this bottleneck in the next few years, and we are confident that the government will have the common sense and everyone involved will have the commitment to make this possible.

Cologne, 02.07.2021

Karl-Heinz Pawlizki
Chief Executive Officer (CEO)
and Spokesperson

Jörg T. Böckeler
Geschäftsführung (COO)


Dorint · Blüemlisalp · Beatenberg/Interlaken, Schweiz

Dorint · Kongresshotel · Mannheim

CONSOLIDATED BALANCE SHEET AS AT 31.12.2020

Dorint Hospitality & Innovation GmbH

ASSETS

A	Fixed assets		€	€
	I.	Intangible assets		
	1.	Concessions, industrial and similar rights and assets, and licenses thereto	256,281.00	
	2.	Goodwill	74,668,485.08	74,924,766.08
	II.	Property, plant and equipment		
	1.	Land, land rights and buildings, including buildings on third-party land	513,774.00	
	2.	Other equipment, operating and office fittings	8,151,149.53	
	3.	Prepayments and assets under construction	252,319.09	8,917,242.62
	III.	Financial assets		
	1.	Shares in joint ventures	197,522.92	
	2.	Investment securities	3,549,457.00	
	3.	Other loans	1.00	3,746,980.92
				87,588,989.62
B	**Umlaufvermögen**			
	I.	Inventories		
	1.	Raw materials, consumables and supplies	2,075,441.34	
	2.	Unfinished goods and work in progress	0.00	
	3.	Finished goods and products	111,565.43	2,187,006.77
	II.	Receivables and other assets		
	1.	Trade receivables	5,406,683.22	
	2.	Receivables from companies in which a participating interest is held	2,055.95	
	3.	Other assets	38,122,918.75	43,531,657.92
	III.	Cash-in-hand and bank balances		6,352,762.50
				52,071,427.19
C	**Prepaid expenses**			1,778,848.18
D	**Deferred tax assets**			181.66
				141,439,446.65

EQUITY AND LIABILITIES

A	Equity		€	€
	I.	Subscribed capital		200,100.00
	II.	Capital reserve		84,263,604.31
	III.	Total assets (- = liabilities)		-33,782,803.24
				50,680,901.07
B	**Provisions**			
	1.	Provisions for taxes	94,984.85	
	2.	Other provisions	28,781,396.56	
				28,876,381.41
C	**Liabilities**			
	1.	Liabilities to banks (COVID-19)	25,427,794.77	
	2.	Payments received on account	4,065,901.32	
	3.	Liabilities to supply associations	28,530,748.31	
	4.	Liabilities to joint ventures	0.00	
	5.	Other liabilities	3,101,628.98	
				61,126,073.38
D	**Deferred income**			756090.79
				141,439,446.65

CONSOLIDATED INCOME STATEMENT
for the financial year ended 31.12.2020

DHI
Dorint Hospitality & Innovation GmbH

	in €			2020	26.07. to 31.12.2019*
1.	Revenue			106,915,404.18	106,223,676.06
2.	**Aggregate operating performance**			**106,915,404.18**	**106,223,676.06**
3.	Other operating income (including state aid)			32,426,135.42	4,246,333.45
4.	Cost of materials				
	a) Cost of raw materials, consumables, supplies and of purchased goods		-6,328,530.53		
	b) Cost of purchased services		-8,180,979.34	-14,509,509,87	-14,488,874.09
5.	**Gross profit**			**124,832,029.73**	**95,981,135.42**
6.	Personnel expenses				
	a) Wages and salaries	-43,946,617.14			
	b) Social security, post-employment and other employee benefit costs – thereof for retirement pensions € 181,367.25	-9,297,769.17	-53,244,386.31		
7.	Amortisation and write-downs of intangible fixed assets, as well as depreciation and write-downs of property, plant and equipment		-8,140,914.31		
8.	Other operating expenses		-99,387,751.93	-160,773,052.55	-93,669,933.17
9.	**Operating result**			**-35,941,022.82**	**2,311,202.25**
10.	Income from joint ventures			96,340.80	77,733.60
11.	Interest and similar income			381.442,35	179,713.88
12.	Expenses for assumption of losses from joint ventures			-90,232.60	-57,196.64
13.	Interest and similar expenses			-849,303.69	-13,688.29
14.	**Earnings before tax**			**-36,402,775.96**	**2,497,764.80**
15.	Taxes on income			251,260.52	-92,638.06
16.	**Earnings after tax**			**-36,151,515.44**	**2,405,126.74**
17.	Other taxes			-22,288.00	-14,126.54
18.	**Net income/loss for the period**			**-36,173,803.44**	**2,391,000.20****

* The comparative values correspond to the revenue figures excluding franchise hotels and represent approx. 42 percent of the year.
** ‘Consolidated’ with the Dorint GmbH Group result of approx. € 5m.

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GROUP MANAGEMENT REPORT

for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH

I. Overview of the financial year

DHI Dorint Hospitality & Innovation GmbH ('DHI') was established in July 2019 as the DHI Group's holding company. It manages and controls the operations of the companies in the Dorint Group. These companies operate the hotel brands 'Dorint Hotels & Resorts', 'Hommage Luxury Hotels Collection' and 'Essential by Dorint' in Germany.

The Group's average occupancy between the beginning of the year and 15 March 2020 was around 55 percent and the revenue and hotel results planned at the end of 2019 were achieved. However, since then, the entire hotel industry has been transformed by the coronavirus pandemic. The cancellation of major trade fairs that are important for the hotel industry such as the ITB Berlin tourism fair and the fairs that were scheduled to take place after that (Internorga, ProWein, International Hardware Fair, Leipzig Book Fair, etc.), triggered an immediate hotel market slump. In mid-March many of our hotels, e.g. those on the North and Baltic Sea coasts, in Salzburg, Weimar and Cologne, were closed by government order.

The first emergency cost cutting programmes, including an investment freeze, a recruitment stop and many other stand-alone measures were promptly implemented. In mid-March 2020 the decision was taken to transfer employees at the majority of hotels into the short-time work scheme. Negotiations with the property owners on lease payment deferments and waivers also commenced straight away.

Despite these measures DHI was unable to avert a revenue decline of around 50 percent at the hotels versus 2019, and a net loss for the year of € 36.4m was incurred in 2020. Without the income from state aid the net loss for the year before profit transfer would have been € 62m following a net profit of € 2.4m in the abridged financial year 2019. It is important to remember that the following figures for 2020 are not directly comparable with the figures for DHI's abridged financial year in 2019, which only covered the period 26 July to 31 December 2019 (i.e. around 42 percent of the previous year's result).

II. The brands

The 56 lease, management and franchise agreements in the hotel portfolio as at 31 December 2020 are broken down as follows:

- 26 lease contracts (previous year 23) for hotels which are marketed under the 'Dorint Hotels & Resorts' brand. These hotels are operated by Dorint GmbH, as well as its subsidiaries and sub-subsidiaries.
- 2 lease contracts (previous year 2) for hotels which are marketed under the 'Hommage Luxury Hotels Collection' brand. These hotels are operated by subsidiaries of 5HALLS HOMMAGE GmbH.
- 6 lease contracts (previous year 6) for hotels which are marketed under the 'Essential by Dorint' brand. These hotels are operated by Essential by Dorint GmbH and a subsidiary.
- 4 management contracts (previous year 6) for hotels which are managed by Dorint GmbH in the name of and for account of the respective operating company under the 'Dorint Hotels & Resorts' brand.
- 16 franchise contracts (previous year 14) for hotels which are managed by the respective operating company under the 'Dorint Hotels & Resorts' brand.
- 1 franchise contract for a hotel managed by the operating company itself under the 'Hommage Luxury Hotels Collection' brand.
- 1 franchise contract for a hotel managed by the operating company itself under the 'Essential by Dorint' brand.

On 31 December 2020 there were 34 hotels (previous year 31) operated under lease contacts in the DHI Group. They are either assigned to the Resort Hotels division or the Business Hotels division.

2020	Dorint	Hommage	Essential	Group total
Business Hotels	20	2	6	25
Resort Hotels	6	0	0	6
Total	26	2	6	34

III. Economic framework/hotel market situation in Germany

In the first six months of 2020 the COVID-19 pandemic triggered a global recession of epic dimensions. Gross domestic product fell by four percent in the first quarter, followed by another global production shrinkage of five percent between the first and second quarters. Almost all of the national economies suffered substantial losses in the second quarter and world trade fell by around twelve percent. The global restrictions brought international travel to a near standstill between the months of April and June 2020. Severe restrictions and in some cases bans were imposed on services involving personal contact, such as those provided by the hotel and catering sectors. After a slight recovery in the second half of the year global output declined by a total of 3.6 percent for the year as a whole. In Germany real gross domestic product shrank by 4.9 percent year-over-year as a result of the coronavirus pandemic. The German hotel market was particularly hard hit by COVID-19, especially during the spring 2020 lockdown, and the second lockdown in November 2020.

It has been particularly adversely affected by large-scale event cancellations and travel restrictions. The occupancy rate fell from 72.1 percent in the previous year to 31.8 percent. In 2020 the average daily rate in Germany was

€ 89.40, which represents an 8.8 percent decline over the previous year. Revenue per available room (RevPAR) declined year-over-year by 60.0 percent from € 71 to € 28.40.

Infection rates continued to rise until April 2021, which meant that the gradual lifting of restrictions and re-openings were not possible until after the infection rates had slowed down and begun to decline in early/mid-May 2021, and stable 7-day incidence figures were achieved from June 2021 onwards. As a result, 2021 will be another year strongly impacted by the pandemic.

IV. Results of operations
As a result of the pandemic revenue for the entire financial year 2020 was only 692 thousand euros higher than revenue for the abridged financial year 2019, which only covered the period 26 July to 31 December 2019. This comparison clearly shows that revenue for the entire year 2020 was only equal to revenue in the last five months of 2019. The net loss for the year in 2020 was -36,174 thousand euros (previous year: net profit of 2,391 thousand euros).

The following changes have taken place in the income statement since the forecast which was prepared at the end of 2019: No comparison with 2019 has been made because 2019 was an abridged financial year.

Revenue is significantly lower than forecast as a result of the pandemic, both from guest accommodation business and from other lines of business.

The decline in lodging revenue was 85,895 thousand euros (56.1 percent) and the decline in restaurant revenue was 37,696 thousand euros (58.4 percent). Revenue declined to a similar extent in all other business segments, e.g. conference room rental (-55.7 percent).

Other operating income in 2020 includes state aid of 25,609 thousand euros applied for under the November and December 2020 assistance scheme for businesses and individuals affected by the temporary closures linked to the crisis.

Stringent cost management brought about a significant reduction in cost of materials and, as a result, the cost of materials ratio was exactly in line with the forecast at 13.6 percent. It was also possible to reduce personnel expenses by 27,896 thousand euros, primarily taking advantage of the short-time work scheme. (This corresponds to a downward deviation from the budget of around 34.4 percent). The personnel cost to revenue ratio was still around 49.8 percent in 2020 (a ratio of 32.8 percent was forecast) because despite the periods in which almost zero revenue was being generated, the administrative staff at the hotels (senior management, technicians, accounting staff etc.) only had limited access to the short-time work benefits.

Amortisation and write-downs of intangible assets, as well as depreciation and write-downs of property, plant and equipment for hotel operations increased in 2020 as expected due to the first full year of depreciation on the amounts capitalised in connection with the major renovation project at the Dorint Hotel Dresden. As a result of the losses incurred before the pandemic by two companies, and the expectation of further negative results in future years, unscheduled write-downs in the amount of 2,890 thousand euros was made in addition to the regular goodwill amortisation of 3,324 thousand euros in 2020. Other operating expenses of 30,540 thousand euros (-23.5 percent) were lower than budgeted.

This decline can also be attributed to consistent cost management (e.g. advertising costs) and the reduction of revenue-dependent costs (e.g. credit card and travel agency commission payments). In addition to the lease payment deferments which were arranged at short notice, it was also possible to agree concessions in the form of lease payment waivers totalling 5,868 thousand euros with property owners in 2020.

The operating result in 2020 was -36,174 thousand euros, which is 36,160 thousand euros higher than the loss forecast of 14 thousand euros. In contrast, a net profit of 2,391 thousand euros was achieved in the abridged financial year 2019.

The development of the Group's results of operations is shown below:

2020	**€k**
Revenue	106.915,4
Operating result	-35.974,4
Net income/loss	-36.350,2

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DEVELOPMENT OF REVENUE

Hotel revenue in the divisions of Business Hotels and Resort Hotels is broken down as follows:

2020	Hotel revenue* in €k
Business Hotels	84,017.2
Resort Hotels	19,091.8
Total revenue	104,109.0

* Deviations between the commercial revenue and income according to the German GAAP-compliant income statement are relatively insignificant or the result of non-recurring effects which are unrelated to the operation of hotels. Deviating from the income statement, income from payments in kind etc. are netted against costs in the revenues by business segment, and income from headquarters is not included.

The Dorint brand hotels reported revenue of € 88,599.6k (previous year: € 84,723.3k), the Essential by Dorint hotels contributed € 8,864.1k (previous year: € 9,715.4k) and the HOMMAGE Hotels generated revenue of € 6,645.3k (previous year: € 7,585.6k).

ROOM NIGHTS SOLD, AVERAGE DAILY RATE AND REVENUE PER AVAILABLE ROOM

The hotels in the DHI Group achieved RevPAR of € 28.94 in 2020. In the period 1 August to 31 December 2019 RevPAR was still as high as € 74.31.

The total occupancy rate of all operational hotels on 31 December 2020 was 29.7 percent, down from 69.9 percent in 2019. The occupancy rate in the Business Hotels segment was 28.4 percent (previous year: 70.4 percent), and in the Resort Hotels segment it was 40.2 percent (previous year: 66.5 percent)

Compared to the significant negative development of other KPIs, the average daily rate for all hotels only declined between 2019 and 2020 by 8.3 percent to € 97.52. In the Business Hotels segment the average daily rate was down from € 103.58 in the previous year to € 89.49. In the Resort Hotels segment, the reduction in foreign holidays taken during the pandemic and the associated higher demand for accommodation in the holiday regions on the German North and Baltic Sea coasts led to a € 17.10 increase in ADR to € 145.03 compared to 2019.

Breakdown by brand

2020	RevPAR	Occupancy	ADR
Dorint	€ 30.69	31.1 %	€ 98.20
Hommage	€ 35.12	24.6 %	€ 142.64
Essential	€ 17.75	23.4 %	€ 75.75
Total	**€ 28.94**	**29.7 %**	**€ 97.52**

INVESTITIONEN

Expenditure on renovations has declined significantly during the pandemic. This is partly due to contractual agreements on the maximum amount of expenditure (e.g. 3 percent of revenue) and partly to agreements with the owners relating to the postponement of renovation obligations during the pandemic.

Nevertheless, the renovation projects at the hotels Dorint Resort Baltic Hills Usedom, Dorint Seehotel Binz-Therme Binz/Rügen, Dorint Hotel & Sportresort Arnsberg/Sauerland and Stadt-Haus Dorint Hotel am Heumarkt Köln continued.

INCOME BEFORE FIXED CHARGES

IBFC, the KPI used by the national and international hotel industry to measure gross operating profit, declined by 32.3 percent to 29.4 percent (of revenue) in 2020. This is primarily due to the impacts of the coronavirus pandemic. IBFC plus expenditure on rents and leases, depreciation, major renovation projects, insurance premiums, license fees and other non-direct operating expenses represents the net annual profit or loss according to German GAAP (before profit transfer).

2020	€k	As a % of revenue
Business Hotels	26,524.0	31.2
Resort Hotels	4,062.8	21.3
Total-IBFC	30,586.8	29.4

The Dorint brand hotels' IBFC was € 26.985k (previous year: € 28,778k), Essential by Dorint hotels reported an IBFC of € 2,892k (previous year: € 3,224k) and the IBFC for the HOMMAGE hotels was € 709k, down from € 979k in 2019.

NET OPERATING PROFIT/LOSS

The net operating loss for all hotels in 2020 was € -24,804k after a net operating profit of € 5,468k in the period 1 August to 31 December 2019. € -16,533k (previous year: € +6,560k) was accounted for by the brand Dorint Hotels & Resorts and € -2,808k (previous year: € +342k) by the Essential by Dorint hotels. The Hommage Luxury Hotels Collection brand hotels incurred a loss of €-5,462k after a loss of €-1,434k in the previous year.

2020	Net operating loss (NOL) in €k
Business Hotels	-24,619.0
Resort Hotels	-184.6
Total adjusted NOL	-24,803.6

GROUP MANAGEMENT REPORT

for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH

Based on an NOL from hotel operations of € -24,804k (previous year NOP: € 5,495k) after adjustment for state aid of approximately € 25.7m and taking further charges relating to additional expenditure at the companies' headquarters, as well as goodwill amortisation into account, the consolidated net loss for the year was € -36,350k. In the abridged financial year 2019 a net operating profit of € 2,391k was realised.

V. Net assets and financial position

FIXED ASSETS, FINANCIAL ASSETS, RECEIVABLES & NET CASH

Additions to intangible assets included the acquisition costs for hotel software licenses, inter alia.

The goodwill resulting from the take-over of the former Dorint Group will be amortised over the average term of the existing hotel lease contracts (including the periods in which the leaseholder has a unilateral right of renewal), which is 297 months (24 years and 9 months). In the year under review € 3,324k was written down. A further unscheduled write-down of € 2,890k was also implemented in connection with the net operating losses of two group companies.

Another € 1,201.1k (before amortisation and write-downs) were invested in property, plant and equipment (including prepayments and assets under construction).

Amortisation and write-downs of fixed assets (not including goodwill amortisation) amounted to € 1,926.50k in 2020 after € 722.90k in 2019. The addition to the financial assets primarily relates to the acquisition of securities to cover sureties and guarantees.

Since the previous year the share of total assets accounted for by current assets has increased from 29.2 percent to 36.9 percent. The increase since the previous year is mainly due to the inclusion of the state aid received in November and December in the amount of € 25,609k in the balance sheet under other assets. The decline in revenue between 2019 and 2020 is the main reason for the nominal change in trade receivables.

Current assets reported in the balance sheet

2020	€k	%
Inventories	2,187.0	1.5
Trade receivables	5,406.7	3.8
Receivables from companies in which a participating interest is held	2.1	0.1
Other assets	38,122.9	27.0
Bank/cash-in-hand	6,352.8	4.5

The prepaid expenses of € 1,778k include long-term advance lease payments of € 600k.

EQUITY

The absolute value of equity on 31 December 2020 was € 50,504.5k. Equity of € 78,854.7k was reported on 31 December 2019. This difference was caused by the net loss for the year of € -36,350k and the € 8,000k contribution to the capital reserve by the sole shareholder in December 2020. The equity ratio declined from 58.0 percent on 31 December 2019 to 35.7 percent on 31 December 2020.

PROVISIONS

The total amount of provisions for taxes of € 95.0k (previous year: € 525.4k) consists of provisions for trade tax of € 69.3k and provisions for corporation tax of € 25.7k.

The other provisions have declined versus 2019 by € 5,621.8k to € 28,781.4k. The following amounts are included in this item:

Excerpt from the balance sheet item of provisions

2020	€k
Provisions for FF&E and lease renewal	8,856.6
Provisions for anticipated losses	950.0
Provision for maintenance	7,143.0
Provisions for payroll and personnel	858.2
Provision for accommodation vouchers issued	2,865.6
Provisions for process risks	2,100.0

The increase in provisions for FF&E and lease renewals is due to contract amendments, as well as annual forward projection and/or development of hotel maintenance measures.

The provision for maintenance relates to contractual obligations to hotel owners for future renovation measures. The decline since the previous year reflects the modified obligations which were negotiated as amendments to existing lease contracts in 2020 due to the pandemic.

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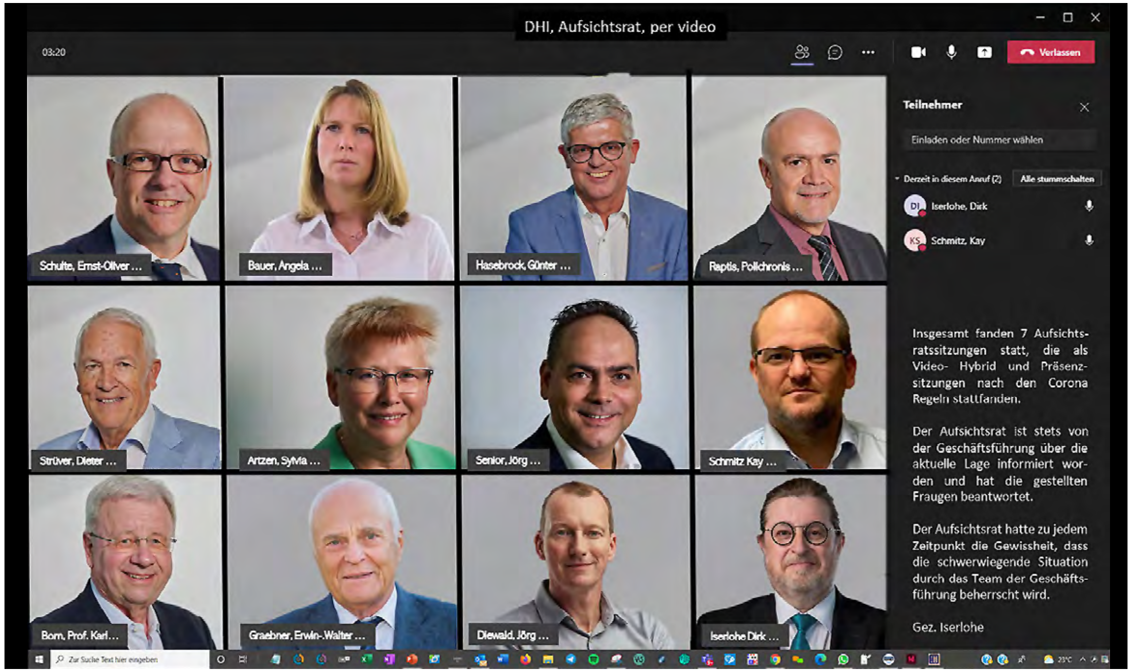
for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH



The DHI Dorint Hospitality & Innovation GmbH Supervisory Board at a team meeting in 2020

ASSET AND CAPITAL STRUCTURE

The asset and capital structure on 31 December 2020 was different to the asset and capital structure on 31 December 2019, as shown in the following table. Total assets increased by € 5.4m to € 141.3m.

The equity ratio declined due to the high net loss for the year to 35.7 percent on 31 December 2020 (previous year: 58.0 percent). The absolute value of equity has declined from € 78.9m to € 50.7m.

The main reason for the decline in the share of provisions from 24.7 percent to 20.4 percent was the reduction in investment obligations. In contrast, liabilities rose from 15.0 percent of the balance sheet total to 43.2 percent.

ASSETS	€k	%
Fixed assets	87,589.0	69.9
Current assets	52,071.4	36.8
Deferred income	1,778.8	1.3
Deferred tax assets	0.2	0.0
	141,439.4	

EQUITY AND LIABILITIES	€k	%
Eigenkapital	50,680.9	38.8
Rückstellungen	28,876	20.4
Verbindlichkeiten	61,126.0	43.2
Passiver RAP	756.1	0.5
	141,439.4	

DEVELOPMENT OF CASH FLOWS

Despite the positive results in recent years, the DHI Group (formerly: Dorint Group) had no opportunity to form liquidity reserves in the past. For this reason the parent company DHI Dorint Hospitality & Innovation GmbH had no option but to apply for a line of credit running into the mid double-digit millions in spring 2020 when the impacts of the COVID-19 pandemic hit. The credit line was approved at the beginning of May 2020 and successively made available up to the total amount of € 47,500k, enabling the Group to remain solvent last year. Please refer to section 'VIII. Opportunities, Risks and Outlook' for information about the future development of cash flows.

VI. Employees and social issues

DHI-Dorint Hospitality & Innovation GmbH is a company which operates according to the principle of co-determination. Both the employee representatives on the Supervisory Board and the executive bodies pursuant to the German Works Constitution Act (Betriebsverfassungsgesetz) are regularly updated on business developments by the Management Board and the personnel management.

The DHI Group only employs personnel on the basis of open-ended contracts. Wages and salaries are in accordance with the applicable collective wage agreements and no gender-based differentiations are made.

DHI
Dorint Hospitality & Innovation GmbH

In 2020 fluctuation was down to just 22.1 percent as a result of the pandemic after 30.1 percent in the previous year.

The number of workdays lost due to illness is below the sector average of 17 days (2019) at just over 9 days. The introduction of post-sick leave interviews and operational integration management (OIM) measures in collaboration with the central works council, as well as a commitment to perform psychological stress risk assessments, have resulted in diverse measures being regularly implemented to bring about further improvements for employees and for DHI in the near future. Health promotion is another key issue addressed, for example with yoga courses for employees, spine exercise courses, jogging with guests etc.

Initiatives including the Trainee Programme and the Dorint Oscar were rolled out as planned in the first two months of 2020 with the objectives of nurturing our young employees and encouraging their loyalty. However, everything changed when the coronavirus pandemic broke out at the end of March 2020. The entire DHI Group was severely impacted by COVID-19. The shutdowns affecting a number of hotels and the lack of guests meant that some employees were put on 100 percent short-time.

The DHI Group is aware of its responsibilities, both to protect its employees' health and to ensure their financial security, and it exploits all options available to provide that protection and security. At the beginning of the pandemic various measures were implemented to contain the spread of infections, such as shift work, home working, the modification of various workflows and all necessary structural changes. Employees who were experiencing financial difficulties were supported by benefit payments from a hardship fund and other measures. The central works council also shouldered its share of the responsibility by approving necessary measures to protect jobs such as the deferment of employee anniversary bonuses and a temporary suspension of post-apprenticeship job guarantees.

We would like to thank all our employees at this point for their remarkable cooperation in what has been a very difficult year, and for their commitment and loyalty to the Group. The active and constructive dialogue between the works council and the management that already existed before the pandemic has been conducted in further depth so that all available options can be exploited to ensure the swiftest possible return to normality in the work environment when this difficult period ends.

VII. The DHI Group and the environment

The DHI Management Board and the hotel managers are committed to respecting the environment, natural resources and our climate. All hotels are regularly inspected to identify new ways of conserving environmental resources. DHI believes in the optimum utilisation of natural resources to protect the environment for our own and future generations, and it takes particular care to ensure that suppliers and service providers use sustainable and/or recycled materials. Our suppliers are nearly all regional and decentrally organised to minimise the distances covered in the supply chain. In 2019 the strategic purchasing team implemented the centralisation of further suppliers to achieve that objective.

Regular inspections of all technical systems ensure trouble-free operation and thus optimum energy utilisation. Modern and eco-friendly technical installations are permanently installed and all hotels continuously monitor their consumption and facility data to optimise energy efficiency and consumption. We are participating in the BAFA (Federal Office of Economics and Export Control) pilot programme, which involves the use of energy efficiency meters to reduce energy consumption in the technical equipment rooms.

Dorint · An der Kongresshalle · Augsburg

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Dorint · Resort Baltic Hills · Usedom

The DHI Group works with Kaya & Kato as its hotel workwear supplier. Kaya & Kato is one of the first companies to receive the 'Green Button' seal for garment sustainability. This shows our commitment to using fair manufactured workwear and we are successively introducing it at all of our hotels.

DHI and its subsidiaries joined other major hotel operators around the world by becoming a member of the International Tourism Partnership (ITP) this year. The ITP is a global initiative working towards reducing water consumption, carbon emissions and youth unemployment, and to improving workers' rights. DHI is a proactive member and its management is represented on the ITP board.

VIII. Opportunities, risks and outlook

The financial assets held by the Group companies to cover guarantees can be exposed to the risk of price fluctuation. However, this risk is assessed as low due to the nature of the investment vehicle.

The customer portfolio is so diverse that there is no significant direct dependency on a few major customers or specific business sectors.

Until the outbreak of the COVID-19 pandemic at the beginning of March 2020 the Group's management did not envisage any risks with potentially negative impacts on business development. It based this assessment on the company's past results and the detailed operating result forecasts for future years. Unfortunately, however, the pandemic waves have rendered all forecasts invalid.

The hotel industry was most severely affected by the second economic shutdown, which began in November 2020. After last year's experiences it is expected that our industry will be one of the last to return to normal business operations again. The infection rates in Germany rose sharply in the first months of 2021 at a time when the vaccination programme was making very slow progress. However, since the beginning of May 2021, infection rates have been continuously falling. This, in conjunction with the availability of more vaccine doses, has led to the step-by-step lifting of the restrictions on retailers, bars, restaurants and hotels in some districts.

In 2021, both the revenue and the operating result will be substantially below the level of the pre-COVID years. Current forecasts assume that revenue in 2021 will be slightly higher than 2020 – depending on the government's decisions on the step-by-step restoration of regular business activities in the hotel sector. A delay in permission to hold large-scale events (including trade fairs) or restrictions being imposed on large-scale conferences, would seriously jeopardise the current outlook.

Potential cost savings, e.g. through short-time work, lease payment reductions etc. will only partially compensate the expected revenue losses. At the time of the management report's preparation hotels at many locations were still in a state of a lockdown that had been far longer in duration than the first lockdown in 2020. The management is therefore expecting to report another net loss for year in 2021. Taking into account the funding from bridging aid III (see below), which has already been approved, the management anticipates a net loss for the year in the region of € 30m.

GROUP MANAGEMENT REPORT

for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH

Various measures to reduce costs were implemented on a Group-wide basis last year as soon as the serious implications of COVID-19 became evident. These measures include:

- Short-time work
- Negotiation of a salary sacrifice scheme to create a hardship fund for employees
- Applications for the deferment of social security contributions, taxes etc.
- Negotiations with landlords on the suspension, deferment and waiver of lease payments
- Agreements with suppliers on extended payment deadlines
- More stringent receivables management
- Targeted marketing activities such as 'myoffice@dorint'

To prepare for the restart and be ready for changes in consumer behaviour substantial investments were made throughout the Group to establish hygiene standards. In addition to that, new concepts such as 'MeetSafe by Dorint' and 'StaySafe by Dorint' were developed. Dorint also collaborated with Certified GmbH & Co. KG to develop a certified hygiene concept (Certified Hygiene Check).

Unfortunately, the pandemic has resulted in a 22 percent reduction of Group employees. A decline in the number of the new apprenticeship contracts concluded from summer 2021 onwards is also expected. To counteract any further workforce shrinkage a programme was developed to retain staff during the pandemic despite the uncertainties associated with the work environment, and we topped up the short-time benefit to 80 percent of the regular wages and salaries. The hotel managers also remain in regular contact with their staff during periods of short-time work. Dorint's mission statement ('The Blue Way') is being relaunched in workshops at all hotels and staff are being given the opportunity to work at other hotels.

To prevent the decline in apprenticeship contracts the Group will be attending a higher number of graduate congresses and apprenticeship fairs.

The management of the parent company DHI Dorint Hospitality & Innovation GmbH applied to the North Rhine-Westphalian state government for financial aid in the mid double-digit millions to support the group companies' cash flow situation. It was approved and provided in the form of a loan guaranteed by the State of North Rhine-Westphalia from the Kreissparkasse Köln bank. The liquid funds have been available to the DHI Group since the end of June 2020. The Group's business outlook assumes that this liquidity bridge will be necessary over coming months and the funds will be disbursed by the central cash management department to the Group companies in order that they can settle their liabilities and continue operating on a going concern basis.

Certain obligations were entered into in connection with the provision of the guarantee and loan. In the opinion of the sole shareholder and the management, these obligations can be met. In some cases they have already been fulfilled or are in the process of being implemented. Since central cash management operations have been handled by DHI Dorint Hospitality & Innovation GmbH since the loan was granted in June 2020, there is a future risk of the Group's liquidity reserves not being sufficient to cover the due liabilities of the individual companies at any time. Daily Group-wide liquidity forecasts allow the parent company to analyse and evaluate cash flows. As a result, any necessary actions to safeguard or improve liquidity at the individual Group companies can be promptly implemented.

According to the current Group forecast, the existing liquid funds are sufficient to meet liquidity requirements and the continued operation of the hotels.

At the end of 2020 HONESTIS AG, the parent company, applied for the exceptional economic assistance provided by the German government (so-called 'November and December assistance') for businesses and individuals affected by the temporary closures linked to the crisis. The total amount applied for with regard to the DHI Group was around € 25.6m. At the time of the management report's publication, both the November assistance and the December assistance applied for had been approved and paid out. HONESTIS AG also applied for the so-called 'bridging assistance III' for the period January to June 2021. The application was also approved and the current maximum amount of € 12m has been paid out. As a result of the extension of the current lockdown, the German government is currently revising its policy for bridging assistance III applications.

As soon as clarity prevails, HONESTIS AG will apply for further state aid for 2021. However, if restrictions on tourist accommodation, restaurant and trade fair services remain in place for an extended period of months, the associated revenue losses and necessary expenditure may jeopardise Group companies' going concern status, even with the funding which has been provided.

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GROUP MANAGEMENT REPORT

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Dorint Hospitality & Innovation GmbH

The general economic development over coming months will therefore have a significant influence on the recovery and the future of the hotel industry. The management assumes that revenue will gradually pick up again from summer 2021 onwards and that business will return to normal in the medium term. In this case, the Group companies will be in a position to generate revenues and positive operating results at a similar level to before the pandemic from 2022 onwards.

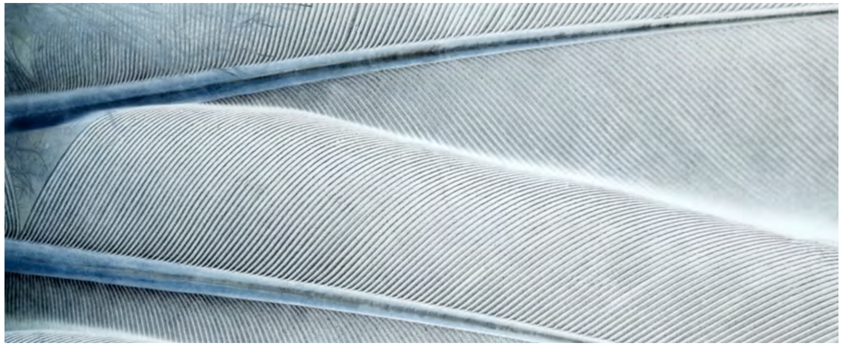
Cologne, 02.07.2021

Karl-Heinz Pawlizki
Chief Executive Officer (CEO)
and Spokesperson

Jörg T. Böckeler
Geschäftsführung (COO)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH



I. General information about the parent company

DHI Dorint Hospitality & Innovation GmbH (also referred to in the following as: DHI GmbH) was established in July 2019 and is headquartered in Cologne. It is entered in the Commercial Register at Cologne Local Court under number HRB 98792. DHI GmbH manages and controls the operations of the companies in the Dorint Group. These companies operate the hotel brands 'Dorint Hotels & Resorts', 'Hommage Luxury Hotels Collection' and 'Essential by Dorint' in Germany.

II. General information about Group accounting

DHI GmbH is required to prepare consolidated financial statements pursuant to section 290 of the German Commercial Code (Handelsgesetzbuch, HGB). The consolidated financial statements of DHI GmbH were prepared in accordance with the requirements of sections 290, 297 ff. of the German Commercial Code (HGB).

The consolidated financial statements were prepared in accordance with the general recognition and measurement principles set out in section 298, paragraph 1 and sections 246 to 256 HGB, as well as the supplementary provisions on corporations in (section 264 ff. HGB).

The balance sheet and income statement format are in compliance with section 298, paragraph 1, as well as sections 266 and 275 HGB. The income statement was prepared using the total cost method in accordance with section 275, paragraph 2, HGB.

III. Basis of consolidation

The consolidated financial statements include all companies on which DHI GmbH has the right to exert a direct or indirect controlling influence (full consolidation).

The following companies are fully consolidated:

Company & registered place of business	Share of capital on 31.12.2020
Dorint Hotels International B.V., Badhoevedorp (Netherlands)	100%
Dorint Hotels & Resorts Espana S.L., Palma de Mallorca (Spain)	100%
Dorint Hotel in Halle (Saale) Betriebs GmbH, Cologne	100%
Dorint Hotel an der Messe Köln GmbH, Cologne	100%
Essential by Dorint in Stuttgart Betriebs GmbH, Cologne	100%
Dorint Hotel in Potsdam GmbH, Cologne	100%
Dorint Hotel in Mannheim GmbH, Cologne	100%
Dorint Hotel in Neuss GmbH, Cologne	100%
Hotel Maison Messmer GmbH, Cologne	100%
Dorint Beteiligungs GmbH, Cologne	100%
HOMMAGE Hotel in Bremen Betriebs GmbH, Cologne	100%
Dorint Hotel in Magdeburg GmbH, Cologne	100%
Dorint GmbH, Cologne	100%
5HALLS HOMMAGE HOTELS GmbH, Cologne	100%
Essential by Dorint GmbH, Cologne	100%

DHI GmbH has a 50 percent holding in the following companies:

Company & registered place of business	Share of capital on 31.12.2020	Share of equity on 31.12.2020	Share of NOP in the 2020 financial year
HON-Service GmbH, Cologne*	50%	€ 151,451.82	€ 98,434.90
Söl'ring Hof Betriebs GmbH, Rantum	50%	€ 66,877.32	€-113,341.91

* The audited financial statements for 2020 are not yet available.

DHI GmbH has over 50 percent of the voting rights at both subsidiaries. Both companies were recognised in the consolidated financial statements in accordance with the proportionate consolidation principle for jointly managed companies pursuant to section 310 HGB using the equity method.

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IV. Information about consolidation methods

CAPITAL CONSOLIDATION

The carrying amounts of the shares held by DHI GmbH in its subsidiaries to be included in the consolidated financial statements were eliminated against the proportionate amounts that these shares represented in the equity of the subsidiary in accordance with the acquisition accounting method pursuant to section 301, paragraph 1, clause 1 HGB. In line with section 301, paragraph 1, clause 2 HGB equity was measured at the fair value of the assets and liabilities of the subsidiaries.

The amount by which the value of the interest in the subsidiary exceeded the relevant equity was reported as goodwill. Goodwill is amortised using the straight line method over the average residual term of all lease contracts concluded in the DHI Group (24 years and 9 months).

EQUITY METHOD

HON-Service GmbH and Söl'ring Hof Betriebs GmbH, Rantum, are included in the consolidated balance sheet as jointly managed companies pursuant to section 310, paragraph 1 HGB. The following disclosures are pursuant to section 312, para. 1, clause 2 HGB:

Company & registered place of business	Carrying value	Share of equity on 31.12.2020	Difference	Goodwill or negative consolida-tion difference
HON-Service GmbH, Cologne*	€ 198k	€ 151k	€ 47k	€ 46k
Söl'ring Hof Betriebs GmbH, Rantum	€ 0k	€ 67k	€-67k	€-86k

OTHER CONSOLIDATION PROCEDURES

Receivables and liabilities between companies included in the consolidated financial statements are eliminated by way of the consolidation of intercompany balances pursuant to section 303 HGB.

Income from deliveries and services between Group companies are eliminated against related expenses by way of income and expenses consolidation pursuant to section 305 HGB. The elimination of intercompany profits was not necessary in the year under review.

DEFERRED TAXATION

Tax assets were deferred in accordance with section 306 HGB. The deferred tax assets at consolidated financial statement level are essentially due to the measurement of non-current provisions which, after adjustment for deferred tax liabilities, resulted in an asset surplus. The deferred taxes were measured on the simplistic basis of a 30 percent tax rate.

V. Accounting and valuation principles

GENERAL INFORMATION

The single entity financial statements included in the consolidated financial statements were all prepared in accordance with the statutory provisions of sections 300 and 308 HGB, and the accounting and valuation principles used by DHI GmbH, Cologne. Reconcilements for the purpose of uniform reporting were made before consolidation in the commercial balance sheet II.

The going concern principle pursuant to section 298, paragraph 1 in conjunction with section 252, paragraph 1, no. 2 HGB was applied for the measurement of assets and liabilities.

INTANGIBLE ASSETS

Purchased intangible assets are recognised at cost, less scheduled depreciation. Scheduled depreciation is undertaken on a straight-line basis. The estimated useful life of intangible assets is between 3 and 5 years.

Goodwill arising from the first-time consolidation of Dorint GmbH, Essential by Dorint GmbH and 5HALLS HOMMAGE HOTELS GmbH and their subsidiaries and sub-subsidiaries is amortised over the average residual term of all underlying lease contracts (24 years and 9 months). Due to the anticipated future losses of two sub-subsidiaries, additional unscheduled goodwill amortisation was implemented.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less scheduled depreciation and write-downs. The individual assets are depreciated in accordance with their normal useful lives. Buildings on third party property are written-down over a 25-year period or over the residual term of the respective lease contract. Other equipment, operating and office fittings are assigned useful lives of between 3 and 10 years. Movable fixed assets are depreciated using the straight-line method.

Some low-value assets costing € 800.00 or less are immediately written off. When the acquisition cost is between € 250.01 and € 1,000.00 the assets are included in a compound item as 'operating equipment and office fittings' for simplification purposes. They are capitalised and written down in accordance with statutory provisions over a 5-year period.

Small-item inventories (laundry, crockery and the like) are carried at a constant value pursuant to section 240, paragraph 3 HGB.

Prepayments and assets under construction are reported at nominal value.

FINANCIAL ASSETS

The shares in joint ventures, investments in securities and other loans are measured at cost. Unscheduled write-downs to the lower fair value are made where long-term impairment seems probable in accordance with section 253, paragraph 3 HGB.

CURRENT ASSETS

Inventories are reported at cost.

Receivables and other assets are reported at the lower of nominal value (cost) or fair value on the reporting date. A general bad debt allowance was formed and individual adjustments were made to account for risks associated with accounts receivable.

Cash and bank balances are stated at their nominal amount.

PREPAID EXPENSES

Prepaid expenses are reported for outlays prior to the reporting date pertaining to future periods.

PROVISIONS

Provisions are formed for all identifiable risks and contingent liabilities based on prudent business judgement and they are recognised at their settlement amount. The interest rates for the discounting of the provision for lease renewal were ascertained in accordance with section 253, paragraph 2 HGB. Provisions with a term of up to one year were not discounted. Gains resulting from changes to the discounting rate and interest effects of changes to the estimate of residual term between two reporting dates are uniformly disclosed in the financial result.

When ascertaining the interest cost on discounted provisions it was assumed that a change to the discounting rate and the scope of obligation would not occur before the end of the period. Annual inflation was forecasted at 1.00 percent.

LIABILITIES

Liabilities are measured at their settlement amounts. The terms of the liabilities are shown in the following schedule of liabilities.

PAYMENTS RECEIVED ON ACCOUNT

Payments received on account are reported in the balance sheet at their nominal amounts.

PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses and deferred income are measured at their nominal value.

CURRENCY TRANSLATION

The parent company's functional currency is euro. Since all Group companies prepare their balance sheets in euros, there is no currency translation.

VI. Notes to the balance sheet

FIXED ASSETS

The development of the fixed asset items reported in the balance sheet is shown on the last page of these notes.

RECEIVABLES AND OTHER ASSETS

		RESIDUAL TERM		
	Total €k	**< 1 year €k**	**1 - 5 years €k**	**> 5 years €k**
Trade receivables	5,407 (13,843)	5,407 (13,843)	0 (0)	0 (0)
Receivables from companies in which a participating interest is held	2 (0)	2 (0)	0 (0)	0 (0)
Other assets	38,123 (12,632)	35,528 (9,736)	170 (311)	2,425 (2,585)
Total	**43,532 (26,475)**	**40,937 (23,579)**	**170 (311)**	**2.425 (2,585)**

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DEFERRED TAX ASSETS

The deferred tax assets are the result of debt consolidation. The deferred taxes were ascertained at Group level assuming an average taxation rate for all consolidated entities of 30 percent.

At single entity financial statement level, company specific tax rates of 15.83 percent for corporation tax and 15.23 percent for trade tax were assumed. The recognition option in section 274, paragraph 1, clause 2 HGB was applied and no deferred tax assets were reported in the annual financial statements.

EQUITY

On 3 December 2020 HONESTIS AG contributed € 8,000k to DHI GmbH's revenue reserves.

The terms of the liabilities are shown in the following schedule of liabilities.

		RESIDUAL TERM		
	Total €k	< 1 year €k	1 - 5 years €k	> 5 years €k
Liabilities due to banks (COVID loan with 90% NRW guarantee)	25,428 (0)	0 (0)	25,428 (0)	0 (0)
Payments received on account	4,066 (6,797)	4,066 (6,797)	0 (0)	0 (0)
Trade payables	28,531 (12,822)	28,531 (12,822)	936 (0)	2,212 (0)
Liabilities to joint ventures	0 (105)	0 (105)	0 (0)	0 (0)
Other liabilities	3,112 (1,496)	3,112 (1,496)	0 (0)	0 (0)
Total	**61,136 (21,220)**	**32,561 (21,220)**	**26,364 (0)**	**2,112 (0)**

The liabilities due to banks are secured, inter alia, by the following rights:

- Pledging of all rights to the 'Dorint Hotels & Resorts' and 'Essential by Dorint' brands
- Assignment of all receivables from credit card revenue
- Assignment of all receivables from franchise contracts
- Guarantees provided by HONESTIS AG and Dirk Iserlohe

VII. Notes to the income statement

REVENUE

Revenue is broken down by segment as follows.

	01.01.2020 to 31.12.2020	
Lodging	€ 67,235k	62.9 %
F&B	€ 26,888k	25.1 %
Hotel services	€ 9,298k	8.7 %
Other revenue	€ 3,494k	3.3 %
Total	**€ 106,915k**	**100.0 %**

OTHER OPERATING INCOME

The item of other operating income includes extraordinary income of € 25,609k in connection with the provision of state aid in the form of exceptional economic assistance. Please refer to the information provided in the 'Notes to the balance sheet' section.

TAXES ON INCOME

The taxes on income are due to the reversal of provisions made in prior years.

VIII. Impacts of the COVID-19 pandemic/post-reporting date events

Due to the spread of the coronavirus pandemic in 2020 and the associated impacts on hotel operations, the DHI Group's revenue and operating result will remain below the level of the prior years in 2021. The current forecasts assume that revenue at the subsidiaries and sub-subsidiaries in 2021 will be approximately at the same level as 2020 revenue. Potential cost savings, e.g. through the introduction of short-time working, lease payment reductions etc. will only partially compensate these revenue shortfalls. The management therefore assumes a net loss before state aid in the mid double-digit millions for the year 2021.

Dorint Hospitality & Innovation GmbH

The Group companies have not and will not be able to generate the necessary liquid funds to bridge the revenue shortfall as a result of the pandemic. To provide financial support to the Group companies the management arranged an overdraft facility in the mid double-digit millions with the Kreissparkasse Köln bank in May 2020. It provided the company with additional liquid funds. The Group's business plan assumes the necessity of this liquidity bridge in the next months and the central cash management department will disburse the funds to the companies in order that they are in a position to settle their liabilities and continue operating on a going concern basis. The overdraft facility is linked to certain obligations. In the opinion of the sole shareholder and the Management Board these obligations can be met and have already been partially implemented. Current developments give rise to optimism that hotel operations can recommence by the second half of 2021 at the latest and that revenues will rise again.

Since the subsidiaries and sub-subsidiaries of DHI Dorint Hospitality & Innovation GmbH are not able to generate the necessary liquid funds for bridging purposes, as in the previous year, the going concern status of the company, its subsidiaries and it sub-subsidiaries is at risk. DHI Dorint Hospitality & Innovation GmbH, Cologne, has assured its subsidiaries and sub-subsidiaries that it can make the necessary liquid funds available and that it can compensate any losses incurred under the concluded profit sharing agreement. In light of current developments it is impossible to rule out the possibility the liquid funds to repay the overdraft will not be generated and/or the terms and conditions of the loan agreement will not be met.

The actions taken by the management to date have ensured the solvency of the DHI Group companies. Current forecasts assume that the Group companies will remain solvent in the coming months. The management has therefore prepared the financial statements under the assumption that the company is a going concern.

After the reporting date a number of new mutations of the coronavirus emerged. This situation, in conjunction with the unexpected slow progress of the national vaccination campaign, has led to uncertainty as regards when restrictions on the hotel industry will be lifted. Nevertheless, since the beginning of May 2021, the infection rates have been continuously falling. This, in conjunction with the availability of more vaccine doses, has led to the step-by-step lifting of the restrictions on retailers, bars and restaurants and hotels in some districts.

If the forecast is not accurate as a result of the above-described scenario, it is not certain whether the Group's liquid funds will suffice to continue operating in the medium term.

Please refer to the Management Report for further information about the impacts on the company.

POST-REPORTING DATE EVENTS

The lease contract for the hotel in Mönchengladbach was dissolved by mutual agreement on 31 January 2021 and the hotel is no longer operated under the Dorint brand.

IX. Other disclosures

OTHER FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

DHI GmbH has issued letters of comfort to hotel owners or lending banks in respect of a number of hotels leased by subsidiaries to the extent that they will provide the management and financial resources necessary to ensure that the subsidiaries are always in a position to pay all current and future liabilities in due time. To cover the risk of DHI being called upon to meet the obligations under the above letters of comfort a provision of € 100k has been formed in the consolidated financial statements. Further claims under the issued letters of comfort are not expected.

On the reporting date the nominal value of financial obligations from lease contracts was € 48,357k per financial year. This figure does not include revenue and profit-dependent lease components. Under the current circumstances the nominal amount of the total financial obligation in respect of residual lease terms, some of which are 25 years in length, is € 1,078,135k.

Leasehold contracts and other long-term rent contracts are secured by counter guarantees in the amount of € 994k (previous year € 951k). A total of € 4,344k in leasing charges (previous abridged financial year € 2,772k) were paid in 2020. Assuming an average contract term of two to three years, the nominal amount of the financial obligation is € 10,860k.

Other financial obligations in the amount of € 800k exist in respect of marketing subsidy instalments. An obligation to contribute to guaranteed results also exists for the years 2021 to 2023 in the amount of CHF 2,700k.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH

TRANSACTIONS WITH RELATED PARTIES

There were no non-arm's length transactions pursuant to section 314, paragraph 1, no. 13 HGB with related parties in 2020.

EMPLOYEES

The average number of employees in 2020 was 2,158 (not including trainees and employees who are not entitled to receive continued remuneration).

CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is appended to the consolidated financial statements.

Cash and cash equivalents include cash on hand and bank balances, and liabilities to banks.

The bank balances shown under the item of cash and cash equivalents included an amount of € 3,351k (previous year: € 2,018k) which was subject to disposal restrictions on 31.12.2020.

EXECUTIVE BODIES

Management Board

- Pawlizki, Karl-Heinz · Wiesbaden
  CEO (Chief Executive Officer, Spokesperson)
- Jörg T. Böckeler · Cologne
  COO (Chief Operating Officer)

The parent company, DHI GmbH, is subject to the provisions of the German Co-Determination Act (Gesetz über die Mitbestimmung der Arbeitnehmer, MitbestG).

Supervisory Board

- Iserlohe, Dirk · Cologne
  Managing Partner (Chairman)
- Schulte, Ernst-Oliver* · Hamburg
  NGG, Board Coordinator (Deputy Chairman)
- Artzen, Sylvia* · Wehrheim
  Secretary
- Bauer, Angelika* · Würzburg
  Dipl. Betriebswirt (MBA) since 25.6.2020, newly elected
- Born, Prof. Karl · Wedemark
  Dipl. Betriebswirt (MBA) and university lecturer in tourism
- Diewald, Jörg · Falkensee
  Board Member
- Graebner, Erwin-Walter · Cologne
  Diplomkaufmann (MBA)
- Hasebrock, Günter · Bad Bentheim
  Prokurist
- Menner, Georg* · Wiesbaden
  Technician until 25.6.2020
- Raptis, Polichronis* · Taunusstein
  Deputy Banquet Coordinator
- Schmitz, Kay* · Köln
  Deputy IT Manager HQ since 25.6.2020, newly elected
- Senior, Jörg* · Kerpen
  Hotel Manager
- Stolle, Kirsten* · Pfinztal-Wöschbach
  Hotel Manager until 25.6.2020
- Strüver, Dieter · Cologne
  ManagingDirector

* Employee representatives

TOTAL REMUNERATION PAID TO THE FINANCIAL STATEMENTS AUDITOR

The financial statements auditor received the following remuneration for services rendered in 2020: € 258k for services relating to the audit of the financial statements und € 56k for tax consultancy services.

PROPOSAL FOR THE APPROPRIATION OF THE NET LOSS

The parent company's management proposed to the shareholder that the net loss of € 39,036,197.01 be carried forward to new account.

STATEMENT OF ASSET ADDITIONS AND DISPOSALS
for the financial year ended 31.12.2020

Dorint Hospitality & Innovation GmbH

		COST OF ACQUISITION/PRODUCTION					ACCUMULATED DEPRECIATION				CARRYING AMOUNTS	
		1.1.2020	Additions	Transfers	Disposals	31.12.2020	31.12.2019	Additions	Transfers	31.12.2020	31.12.2020	31.12.2019
I.	**Intangible assets**	€	€	€	€	€	€	€	€	€	€	€
1.	Paid concessions, industrial property rights and similar rights and licenses thereto	372,146.57	164,654.72	0.00	0.00	536,801.29	75,881.57	204,638.72	0.00	280,520.29	256,281.00	296,265.00
2.	Goodwill	82,273,718.23	0.00	0.00	0.00	82,273,718.23	1,390,857.05	6,214,376.10	0.00	7,605,233.15	74,668,485.08	80,882,861.18
		82,645,864.80	**164,654.72**	**0.00**	**0.00**	**82,810,519.52**	**1,466,738.62**	**6,419,014.82**	**0.00**	**7,885,753.44**	**74,924,766.08**	**81,179,126.18**
II.	**Property, plant and equipment**											
1.	Land, land rights and buildings, including buildings on third-party land	424,557.22	215,506.59	0.00	0.00	640,063.81	34,527.22	91,762.59	0.00	126,289.81	513,774.00	390,030.00
2.	Other fixtures tools and equipment	9,557,003.55	829,555.45	0.00	0.00	10,386,559.00	605,272.57	1,630,136.90	0.00	2,235,409.47	8,151,149.53	8,951,730.98
3.	Prepayments and assets under construction	661,042.43	155,997.82	0.00	564,721.16	252,319.09	0.00	0.00	0.00	0.00	252,319.09	661,042.43
		10,642,603.20	**1,201,059.86**	**0.00**	**564,721.16**	**11,278,941.90**	**639,799.79**	**1,721,899.49**	**0.00**	**2,361,699.28**	**8,917,242.62**	**10,002,803.41**
III.	**Financial assets**											
1.	Shares or participations in joint ventures	158,036.96	129,718.56	0.00	90,232.60	197,522.92	0.00	0.00	0.00	0.00	197,522.92	158,036.96
2.	Investment securities	2,874,457.00	675,000.00	0.00	0.00	3,549,457.00	0.00	0.00	0.00	0.00	3,549,457.00	2,874,457.00
3.	Other loans	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00
		3,032,494.96	**804,718.56**	**0.00**	**90,232.60**	**3,746,980.92**	**0.00**	**0.00**	**0.00**	**0.00**	**3,746,980.92**	**3,032,494.96**
		96,320,962.96	**2,170,433.14**	**0.00**	**854,953.76**	**97,836,442.34**	**2,106,538.41**	**8,140,914.31**	**0.00**	**10,247,452.72**	**87,588,989.62**	**94,214,424.55**

AUDIT OPINION

OF THE INDEPENDENT FINANCIAL STATEMENTS AUDITOR


Torsten Schweikert
Certified Public Accountant


Maximilian Herrmens
Certified Public Accountant

To DHI Dorint Hospitality & Innnovation GmbH, Cologne

AUDIT OPINION

We have audited the consolidated financial statements of DHI Dorint Hospitality & Innovation GmbH and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of asset additions and disposals and the consolidated cash flow statement for the financial year ended 31 December 2020, and the notes, including the presentation of the accounting and valuation methods. We also audited the management report of Dorint Hospitality & Innnovation GmbH, Cologne, for the financial year ended 31 December 2020. In compliance with German statutory provisions we did not audit the components of the Group management report stated in the appendix.

In our opinion, based on the audit findings

- the annual financial statements conform in all material respects to German commercial law provisions and, in compliance with generally accepted accounting principles, provide a true and fair view of the Group's net assets and financial position at 31 December 2020 and its results from operations in the financial year ended 31 December 2020 and
- the Group management report presents an accurate picture of the Group's position. In all material respects the Group management report is consistent with the annual financial statements, conforms to German statutory requirements and accurately conveys the opportunities and risks of future development.

  Our audit opinion on the Group management report does not extend to the components of the Group management report stated in the appendix.

Pursuant to section 322, paragraph 3, clause 1 HGB we state that the audit we have conducted has not led to any reservations about the correctness and regularity of the annual financial statements and the management report.

BASIS FOR THE AUDIT OPIONION

Our audit of the consolidated annual financial statements and the Group management report was in accordance with section 317 HGB and the generally accepted standards of auditing as defined by the Institute of

AUDIT OPINION

OF THE INDEPENDENT FINANCIAL STATEMENTS AUDITOR

Public Auditors in Germany (IDW). Our responsibility under these statutory provisions and guidelines is set out in greaterdetail in the section of our audit opinion entitled 'Responsibility of the auditor for the audit of the annual financial statements and the management report'. We are independent of the Group companies as required by German commercial laws and professional codes of conduct, and we performed our other professional obligations in accordance with these requirements. We believe that the audit evidence obtained by us was sufficient and suitable as the basis for our audit opinion on the consolidated financial statements and the Group management report.

SIGNIFICANT UNCERTAINTY REGARDING THE COMPANY'S GOING CONCERN STATUS

Please refer to the information provided in section 'VIII. Impacts of the COVID-19 pandemic/post-reporting date events and the information provided in section 'VIII. Opportunities, risks and outlook' in the management report, where the legal representatives explain the company's tight liquidity and revenue situation. The Group arranged an overdraft facility in the amount of € 47,500k in this connection. The company's future inability to meet obligations linked to the overdraft facility in full cannot be ruled out at the present time.

As stated in the notes and the management report, the situation is associated with serious uncertainties leading to significant concerns regarding the company's ability to continue operating and risks which pose an existential threat to its going concern status as defined in section 322, paragraph 2, sentence 3 HGB. Our audit opinion has not been modified to take these circumstances into account.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for conformity of the preparation of the consolidated financial statements in all material respects to the German commercial law provisions, and that generally accepted German accounting principles are applied to ensure that the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations. Furthermore, the legal representatives are responsible for establishing the internal controls which generally accepted accounting principles in Germany deem necessary for the preparation of consolidated financial statements that are free from – intentional or unintentional – material misstatement.

When the consolidated financial statements are prepared the legal representatives are responsible for making an accurate assessment of the Group's going concern status. Furthermore, they are responsible for the disclosure of pertinent facts relating to the Group's going concern status. In addition, they are responsible for ensuring that the balance sheet is prepared on the basis of the going concern accounting principle unless this is not possible due to conflicting matters of fact or law.

The legal representatives are also responsible for the preparation of the Group management report, which provides an accurate picture of the Group's position, and for ensuring it is consistent in all material respects with the consolidated financial statements, conforms to German statutory requirements and accurately conveys the opportunities and risks of future development. Furthermore, the legal representatives are responsible for taking precautions and measures (systems) which they deem necessary for the preparation of the Group management report in conformity with German statutory requirements and for providing sufficient evidence to support the statements made in the Group management report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance that the consolidated financial statements are free of – intentional or unintentional – material misstatements and that the Group management report provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements and the audit findings, conforms to German statutory requirements and accurately conveys the opportunities and risks of future development, and to issue an audit opinion on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance but not a guarantee that a material misstatement will be detected during the audit in accordance with section 317 HGB and the generally accepted standards of auditing as defined by the Institute of Public Auditors in Germany (IDW).

Misstatements can result from infringements or inaccuracies and are deemed to be material if it can be reasonably expected that they will individually or collectively affect the commercial decisions of the recipients of these consolidated financial statements and the Group management report.

During the audit we exercise professional judgement and scepticism.

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AUDIT OPINION

OF THE INDEPENDENT FINANCIAL STATEMENTS AUDITOR

Furthermore, we

- identify and assess the risks of – intentional or unintentional – material misstatements in the annual financial statements and the management report, plan and perform our audit as a reaction to these risks and obtain audit evidence which is sufficient and suitable as the basis for our audit opinion. The risk of not discovering material misstatements is higher in the case of violations than in the case of inaccuracies since violations can be associated with fraudulent conduct, falsification, deliberate omissions, misleading presentations and/or the suspension of internal controls.
- obtain an understanding of the internal monitoring system which is relevant for the audit of the annual financial statements, and the precautions and measures taken which are relevant for the audit of the management report, in order to plan appropriate audit procedures under the given circumstances, however not with the objective of issuing an audit opinion on the effectiveness of the systems, precautions and measures.
- assess the appropriateness of the accounting methods used by the legal representatives and the plausibility of the estimates and related statements provided by the legal representatives.
- draw conclusions with regard to the appropriateness of the going concern accounting principle used by the legal representatives and, on the basis of the obtained audit evidence, with regard to whether material uncertainty exists in connection with events or circumstances which casts significant doubt on the Company's going concern status. If we conclude that material uncertainty exists, we are legally required to make reference to the pertinent disclosures in the consolidated financial statements and the Group management report and, if disclosures are inappropriate, to modify our audit opinion. We base our conclusions on the audit evidence obtained up to the date of our audit opinion. Future events or circumstances can, however, affect the Group's ability to continue operating as a going concern.
- assess the overall presentation, structure and content of the consolidated financial statements and the notes, and whether the consolidated financial statements present the underlying transactions and events in such a way that, taking generally accepted German accounting principles into account, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations.
- obtain sufficient and appropriate evidence pertaining to the accounts or business activities of the companies within the Group to enable us to form an opinion on the consolidated financial statements and Group management report. We are responsible for the direction, monitoring and implementation of the consolidated financial statements audit. We bear sole responsibility for our audit opinions.
- assess the Group management report's consistency with the consolidated financial statements, its legal compliance and the accuracy of the conveyed picture of the Group's position.
- audit the forward-looking statements made by the legal representatives in the Group management report. In particular, on the basis of sufficient and appropriate audit evidence, we evaluate whether the significant assumptions made by the legal representatives on which the forward-looking statements are based are reasonable, and assess whether the forward-looking statements are realistic. We do not provide a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a high and inevitable risk that future events will deviate significantly from the forward-looking assumptions.

We discuss the planned scope and timeframe for the audit and important audit findings, including any deficiencies in the internal monitoring system which we ascertain during our audit, with the persons responsible for monitoring.

Cologne, 02.07.2021

AKKURATA Treuhand GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schweikert	Hermenns
Certified Public Accountant	Certified Public Accountant

GROUP
STRUCTURE 12|2020

DHI
Dorint Hospitality & Innovation GmbH

50 % HON-Service GmbH

100 % Essential by Dorint

100 % Dorint Hotels & Resorts

100 % HOMMAGE LUXURY HOTELS COLLECTION

Essential by Dorint GmbH

Essential by Dorint Berlin-Adlershof	Essential by Dorint Frankfurt-Niederrad
Essential by Dorint Essen	Essential by Dorint Köln-Junkersdorf

100 % **Essential by Dorint in Stuttgart Betriebs GmbH**
Essential by Dorint Stuttgart/Airport

Dorint GmbH

Dorint Hotel & Sportresort Arnsberg/Sauerland	Dorint Hotel Hamburg-Eppendorf
Dorint Resort & Spa Bad Brückenau	Dorint Hotel Am Heumarkt Köln
Dorint Kurfürstendamm Berlin	Dorint Hotel Leipzig
Dorint Seehotel Binz-Therme Binz/Rügen	Dorint Parkhotel Mönchengladbach
Dorint Strandhotel Binz/Rügen	Dorint City-Hotel Salzburg
Dorint Seehotel & Resort Bitburg/Südeifel	Dorint Strandhotel & Spa Sylt/Westerland
Dorint City-Hotel Bremen	Dorint Am Goethepark Weimar
Dorint Hotel Dresden	Dorint Pallas Wiesbaden
Dorint Hotel Düren	Dorint Hotel Würzburg
Dorint Hotel Frankfurt/Oberursel	Essential by Dorint Remscheid

100 % **Dorint Hotel in Potsdam GmbH**
Dorint Sanssouci Berlin/Potsdam

100 % **Dorint Hotel in Neuss GmbH**
Dorint Kongresshotel Düsseldorf/Neuss

100 % **Dorint Hotel in Magdeburg GmbH**
Dorint Herrenkrug Parkhotel Magdeburg

100 % **Dorint Hotel in Mannheim GmbH**
Dorint Kongresshotel Mannheim

100 % **Dorint Beteiligungs GmbH**

- 100 % **Dorint Hotel in Halle (Saale) Betriebs GmbH**
  Dorint Charlottenhof Halle (Saale)
- 100 % **Dorint Hotel an der Messe Köln GmbH**
  Dorint An der Messe Köln

100 % **Dorint Hotels International B.V. (Niederlande)**

100 % **Dorint Hotels & Resorts Espana S.L. (Spanien)**

5HALLS HOMMAGE HOTELS GmbH

100 % **Hotel Maison Messmer GmbH**
Maison Messmer Baden-Baden

100 % **HOMMAGE Hotel in Bremen Betriebs GmbH**
Parkhotel Bremen

50 % **Söl'ring Hof Betriebs GmbH**
Söl'ring Hof Sylt

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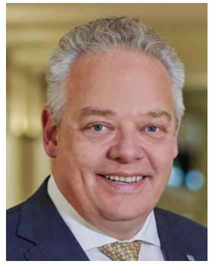
GROUP OF COMPANIES

EXECUTIVE BODIES

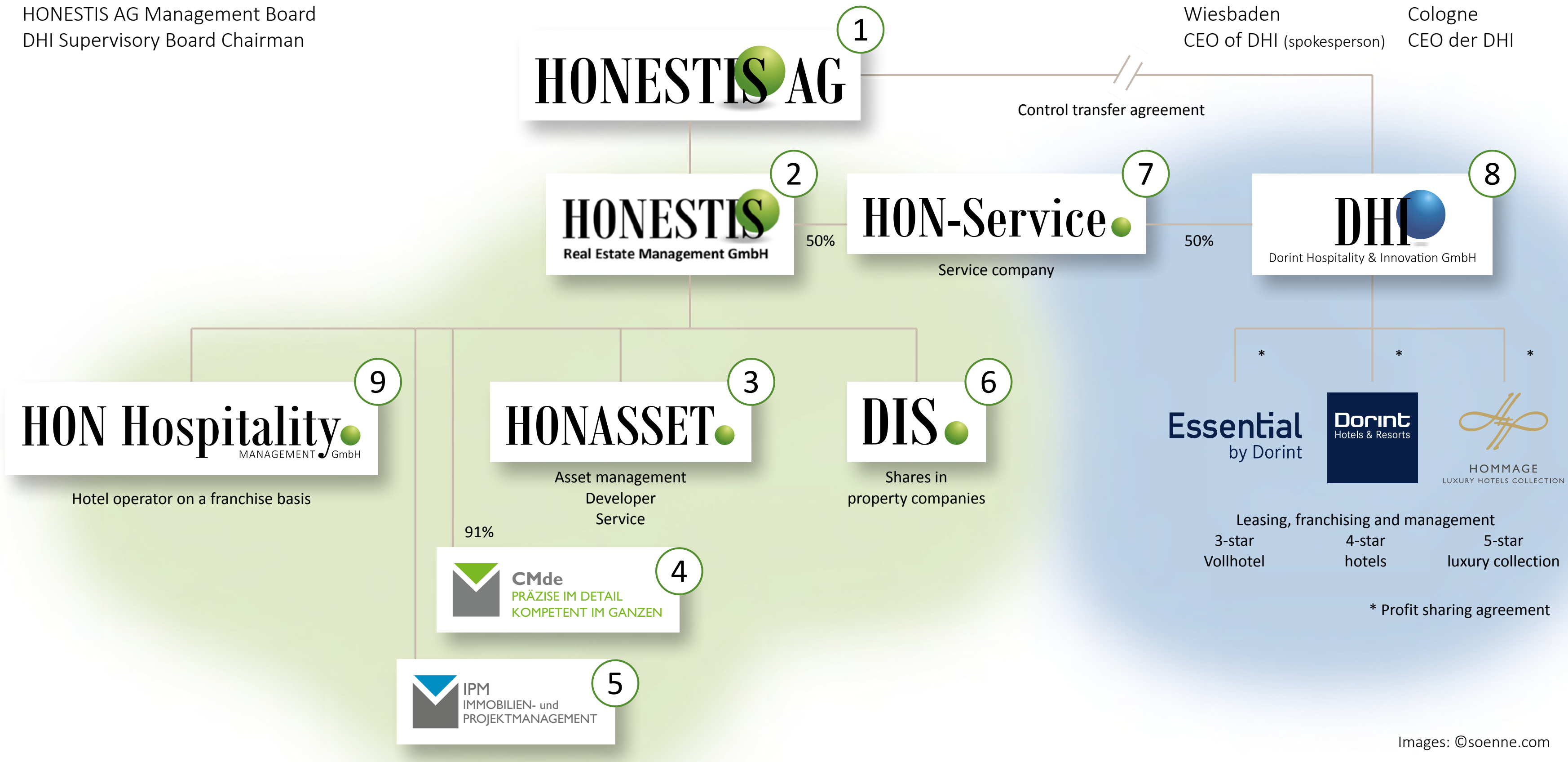
Iserlohe, Dirk
Cologne
HONESTIS AG Management Board
DHI Supervisory Board Chairman



MANAGEMENT BOARD

Pawlizki, Karl-Heinz
Wiesbaden
CEO of DHI (spokesperson)

Jörg T. Böckeler
Cologne
CEO der DHI



Images: ©soenne.com

COMPANY FUNCTIONS

1 HONESTIS AG
- Financial holding company (not operational)
- Capitalisation € 126m share capital and
- € 20m bonded loan from *ideal*

2 HONESTIS Real Estate Management GmbH
- Non-operational intermediate holding company

3 HONASSET GmbH
- Real estate service company/ management
- Project management and development

4 CMde CENTERMANAGER und IMMOBILIEN GmbH
- Shopping centre & office building management
- Development, letting & architecture

5 IPM Immobilien und Projektmanagement GmbH
- Maintenance and refurbishment measures
- Facility management

6 DIS Deutsche Immobilien & Sachwerte GmbH
- Property company for real estate assets
- Direct and indirect shareholdings in property companies

7 HON-Service GmbH
- HONESTIS Group service provider
- Accounting, legal, finance, business intelligence, purchasing, IT etc.

8 DHI Dorint Hospitality & Innovation GmbH
- Leasing, management and franchising
- Corporate brands (diversification) 5HALLS HOMMAGE HOTELS GmbH, Dorint GmbH and Essential by Dorint GmbH

NEW
9 HON HOSPITALITY Management GmbH
- Hotel operator
- Franchisee

Dorint · Hotel · Dresden


Dorint · Kurfürstendamm · Berlin