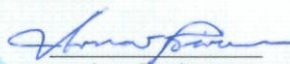


A photograph of two young people, a woman on the left and a man on the right, working on a stone wall. The woman is wearing sunglasses and a dark tank top, and the man is wearing a white t-shirt and blue gloves. They are in a mountainous region with green hills and a clear blue sky. The wall they are building is made of rough-hewn stones and has a window opening. The overall scene is bright and sunny.

The Annual General Meeting adopted the annual report on 27.04.2017

Chairman of the General Meeting


Arnar Thorisson

We make **DREAMS** happen!

CONTENT

FRONT PAGE

After the devastating earthquakes in Nepal, staff from the KILROY Group and international volunteers came together to purchase tools and building materials to begin reconstruction of the Sikdel School, one of many institutions that were destroyed.



The rebuilding of the Sikdel School is supported by the KILROY Foundation. Read more at kilroyfoundation.net

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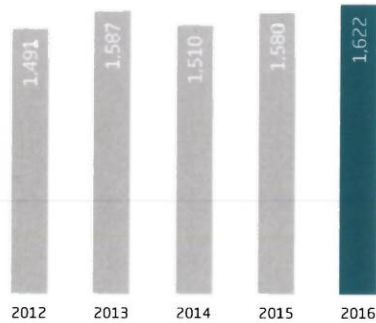
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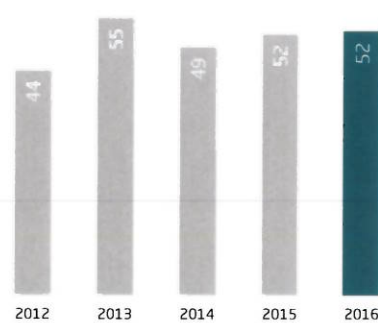
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THE KILROY GROUP - AN OVERVIEW

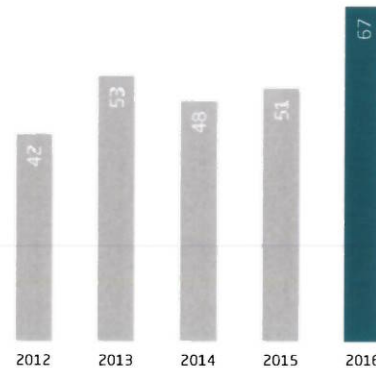
TURNOVER
(DKK MILLION)
1,622



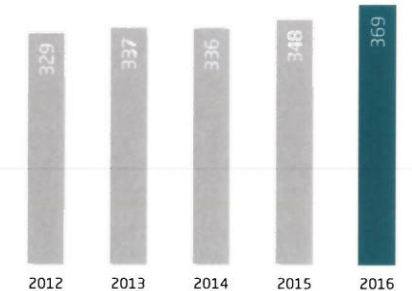
EBITDA
(DKK MILLION)
52



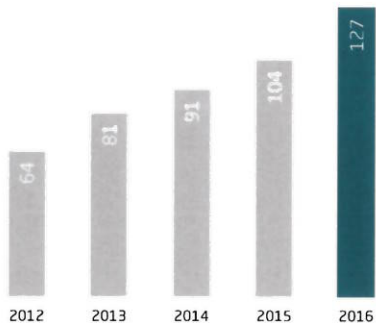
EBT
(DKK MILLION)
67



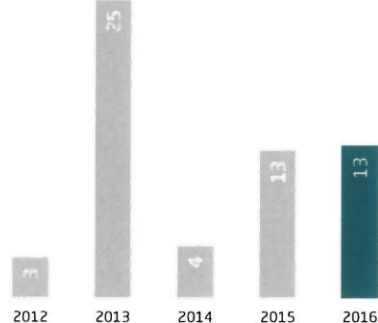
NUMBER OF STAFF
(FTE)
369



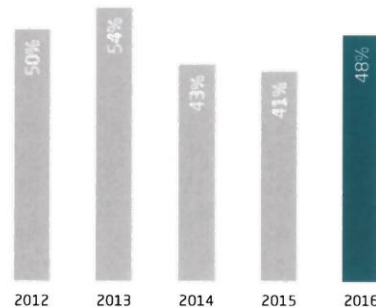
EQUITY
(DKK MILLION)
127



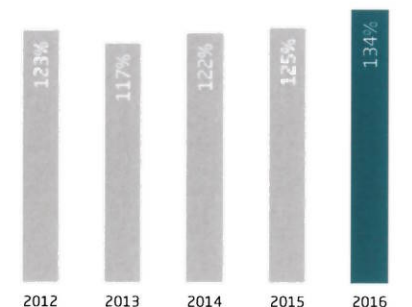
INVESTMENTS
(DKK MILLION)
13

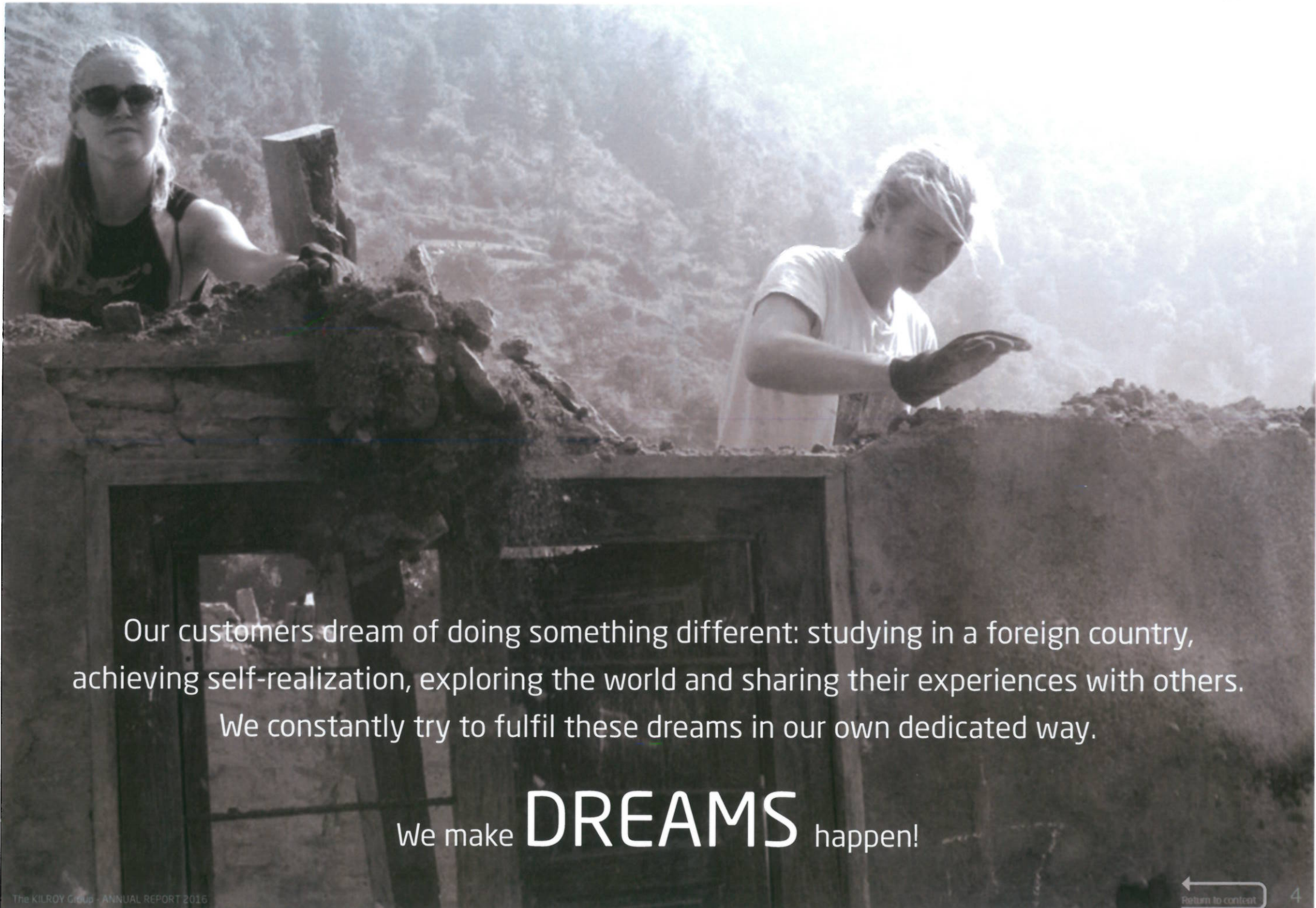


RETURN ON EQUITY
(%)
48



LIQUIDITY RATIO
(%)
134





Our customers dream of doing something different: studying in a foreign country, achieving self-realization, exploring the world and sharing their experiences with others. We constantly try to fulfil these dreams in our own dedicated way.

We make **DREAMS** happen!

THE GROUP

KILROY International A/S heads a European group of companies that are leaders within travel, educational counselling and student benefits.

The Group drives a number of brands in eight markets, and employs nearly 400 people.

Brands

The KILROY Group believes in the importance of strong brands to create long-term benefits for our customers, and for our company. We dedicate considerable resources to broadening our knowledge and building our competences to meet these customers' evolving needs. We want our brands to have a clear and unique position in their minds - so they value our brands as the ultimate authority.

Our responsibility

We strive to build the businesses of the KILROY Group for the benefit of our customers, the environment and other stakeholders. Long-term sustainability is imperative.

BRANDS OPERATED THROUGH SUBSIDIARIES

BENNS



**JYSK
REJSEBUREAU
MÆRK VERDEN**

KILROY

BRANDS VIA ASSOCIATED COMPANIES

frank


OURWORLD

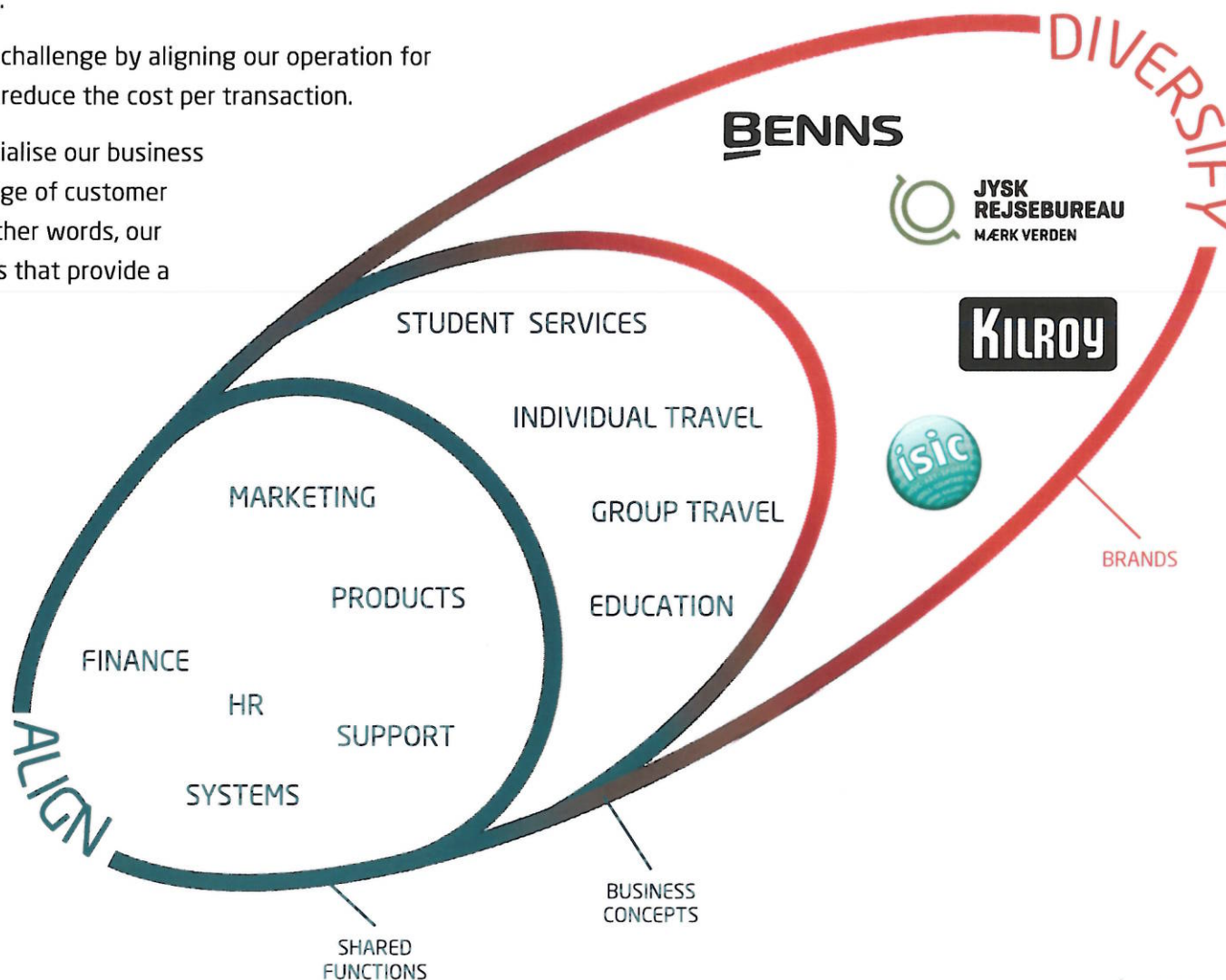
BUSINESS PHILOSOPHY

The key challenge for most businesses is to create high-value products and services, and to do it with affordable and competitive pricing.

In the KILROY Group we try to tackle this challenge by aligning our operation for the extensive use of shared resources to reduce the cost per transaction.

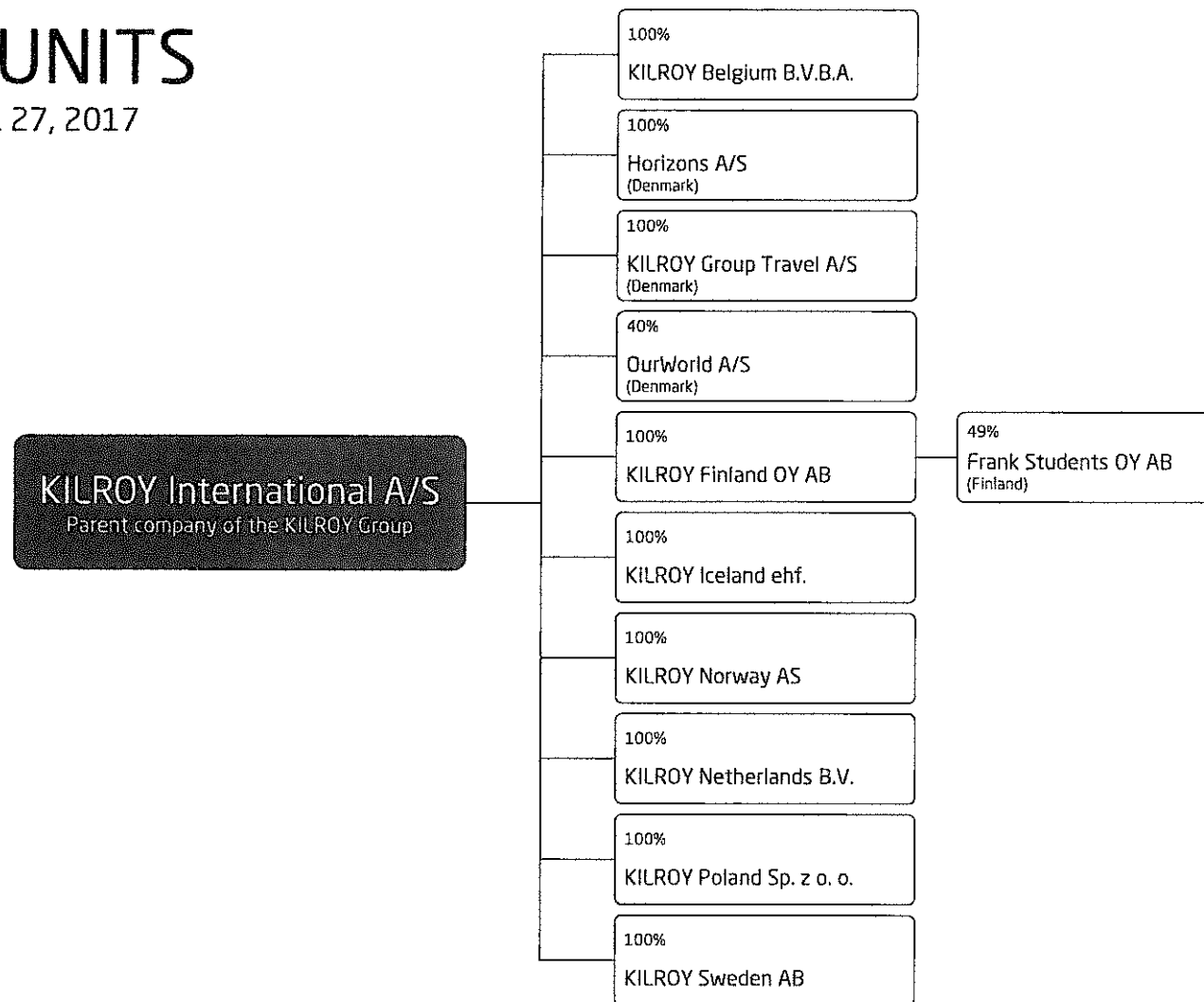
However, we must still diversify and specialise our business to be the invaluable expert for a wide range of customer segments and their individual needs. In other words, our customers will meet us in different brands that provide a selection of niche competencies.

To ensure an effective monitoring of our business performance, the Group's activities are separated into several business units that have full profit-and-loss responsibility.

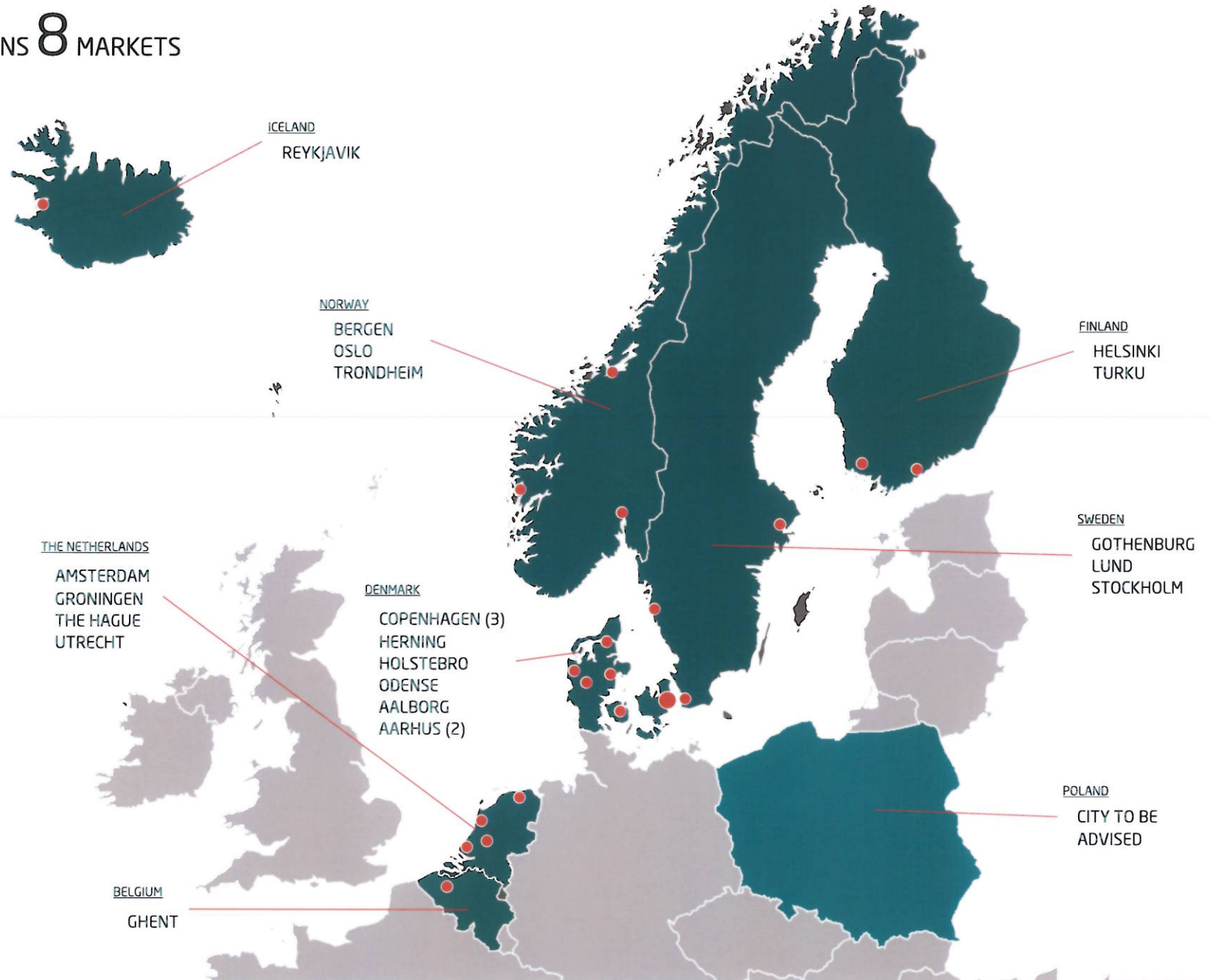


LEGAL UNITS

AS OF APRIL 27, 2017



23 LOCATIONS 8 MARKETS



HISTORY THE FUTURE IS BUILT ON THE STRENGTH OF THE PAST!

March 1946



1946

Student organisations in all the Nordic countries establish travel agencies:

- DIS Rejser, Denmark
- Travela, Finland
- Univers Reiser, Norway
- SFS Resebyrå, Sweden

1951

Scandinavian Student Travel Service, (SSTS) is established by the Scandinavian student travel agencies with the objective of purchasing flight seats jointly on behalf of all the companies



Over the years, SSTS develops into a travel organisation specialised in the production and wholesaling of student and youth tours. In addition to its founders, SSTS also serves other student and youth travel agencies in Europe and the USA, and becomes a major travel operator.

1953

The ISIC Association is established as a The International Student Identity Card (ISIC) Association is established as a non-profit organization, providing an internationally accepted proof of bona fide student status. ISIC is endorsed by UNESCO.

1973/74

The global oil crisis has a heavy impact on student and youth travel, and subsequently, on SSTS' operations.

1987

SSTS is reorganised into a limited company. The majority shareholder is HYY Group, which is owned by the Student Union of Helsinki University.

1990

A wholesale company is established in Spain.

1991

SSTS and the Nordic travel agencies are merged into one group with SSTS as the parent company. The group's name is changed to **KILROY travels**



The legend behind the name: **Young James Kilroy** worked on the docks of Boston back in the 1940s. His job was to load the great steamships of that day with cases of cargo bound for every corner of the world. One early November morning, the weather was grey and gloomy, and

Kilroy felt more like staying indoors, sheltered and under cover. "Hey Kilroy," his foreman yelled, "You're daydreaming again. Can't you ever get anything done?"

Kilroy was used to the foreman and his insults. And the cargo boxes were waiting to be loaded. There was no way around it: It had to be done, and he might as well get on with it.

But as Kilroy bent down to pick up one of the wooden boxes, he was struck by a great idea. With a piece of chalk, he wrote in big bold letters on each box:

KILROY WAS HERE!

As these cases turned up in foreign ports all around the world, Kilroy's spirit reached across the world as well - a really effective way of getting around! From that moment on, whenever the foreman shouted at Kilroy that he wasn't getting anything done, Kilroy just smiled. He knew better. In ports all over the world there were daily reminders that the foreman was wrong.

Kilroy knew that there's more than one way of crossing borders, and breaking through all kinds of barriers to be free and independent!

HISTORY

THE FUTURE IS BUILT ON THE STRENGTH OF THE PAST!

1994

The German youth travel agency ARTU is acquired

1996

A sales company is established in the Netherlands.

1999

Benns Rejser A/S in Denmark is acquired. Part of the company is later changed to MyPlanet.

BENNS

2001

The Danish group travel company Team Travel is acquired and merged with group travel activities from Benns Rejser. The merged unit is branded Team Benns.

KILROY Group Travel A/S is established as a new parent company for group travel activities.

KILROY travels Germany ARTU GmbH, is sold.

2003

The Danish ski group travel operator, Peer Gynt, is acquired.

2004

Trading in the Spanish market is ceased.

2005

MyPlanet is divested.

KILROY acquires the ski operator, Ski-experten.

2006

The Danish ski operator Qvistgaard Rejser is acquired.

2007

All educational activities of the International Education Centre (IEC) of Norway are acquired.

The ownership structure is changed. A group of Nordic investors acquires 100% of the shares in KILROY travels International A/S. The majority shareholder is Iceland Invest Ltd.

2008

All educational activities of IEC Online of Finland are acquired.

In addition, KILROY education is established in Denmark and the Netherlands.

2009

The name of the parent company of the Group is changed to KILROY International A/S.

KILROY

All educational activities of StudyWorld of the Netherlands are acquired.

2010

Horizons A/S is established as a merger of KILROY Denmark and Jysk Rejsebureau.

**JYSK
REJSEBUREAU
MÆRK VERDEN**

All travel activities of Wasteels Rejser of Denmark are acquired.

An ownership stake is acquired in OurWorld A/S of Denmark.

2011

An ownership stake is obtained in Ski Group A/S which is established as a merger between the skiing activities of Team Benns Ski and Højmark Rejser.

A KILROY sales company is established in Iceland.

2013

The KILROY Foundation is established. An ownership stake is acquired in Frank, a Finnish company in charge of national student benefits.

2014

ISIC (International Student identity Card) is launched as a separate brand within the KILROY Group



2015

A KILROY sales company is established in Belgium.

All activities within Team Benns and tur.no is merged and branded BENNS.

2016

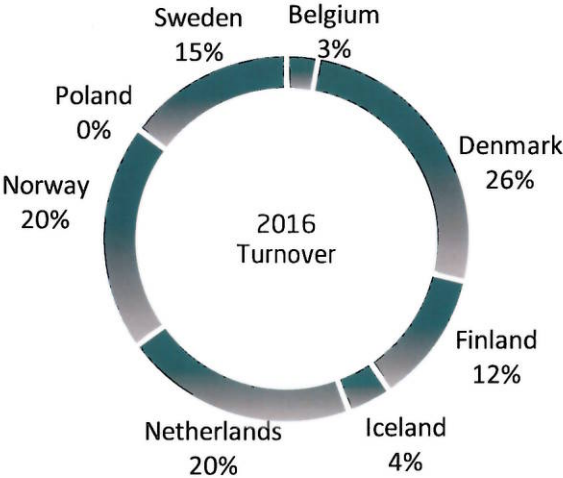
A KILROY sales company is established in Poland.

The ownership stake in Ski Group A/S is sold.

BRANDS & BUSINESS UNITS SUBSIDIARIES



INDIVIDUAL TRAVEL



KILROY has built a reputation as the leading specialist in youth and student travel.

For the individual traveller, KILROY specialises in tailor-made packages. Our sales consultants are trained in assembling complex flight itineraries and round-the-world tours. And just as importantly, these consultants themselves are passionate about travelling. KILROY offers customers the best of both worlds: expert personal service from our advisors, and self-service online.

Read more at kilroy.net

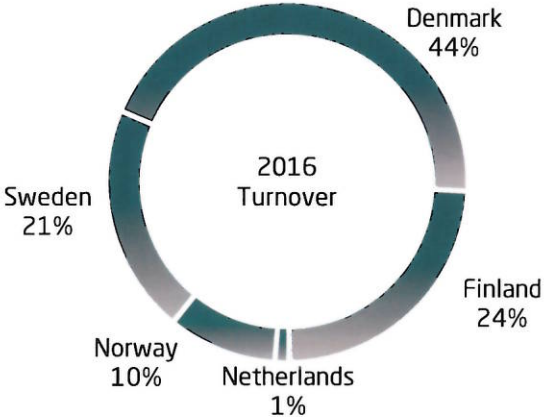


A movie spot from the KILROY image campaign ▶

BRANDS & BUSINESS UNITS SUBSIDIARIES



GROUP TRAVEL



KILROY maintains a leading position in the Nordic market, specialising in group travel with an educational purpose.

A special concept has been developed in collaboration with our customers, the teachers. The concept is to provide them with educational material to be used before and during their study trip, enabling them to save time on preparation and strengthen the educational content.

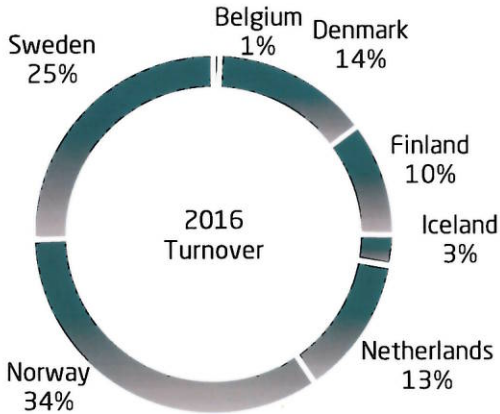
From 2016 the concept is also offered to Dutch schools.

Read more at kilroy.net

BRANDS & BUSINESS UNITS SUBSIDIARIES



EDUCATION



The KILROY brand is strong in the student market, also in terms of education abroad. KILROY offers counselling service for students seeking overseas study and internship opportunities. The current portfolio provides a range of destinations, fields of study and experience via universities and other education partners throughout the world.

Read more at kilroy.net

BRANDS & BUSINESS UNITS SUBSIDIARIES



STUDENT SERVICES



KILROY holds the license authority of the ISIC (International Student Identity Card) in six markets. The ISIC is the only internationally recognised proof of full-time student status.

In 2016 the ISIC Association launched the ISIC app, which will enable students in the future to manage their own ISIC membership. The KILROY Group will implement this in 2017.



Read more at isicdenmark.dk / isic.fi / isic.is / isic.no / isic.nl / isic.se

BRANDS & BUSINESS UNITS SUBSIDIARIES

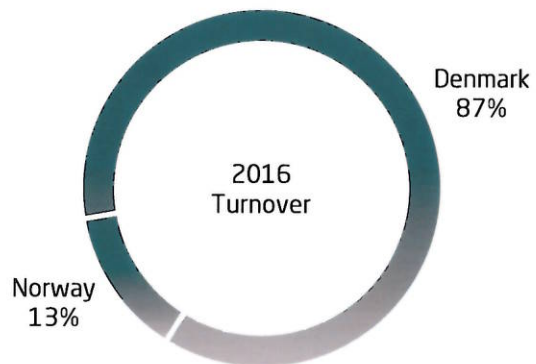


INDIVIDUAL & GROUP TRAVEL



BENNS is a travel agency specialising in a number of destinations and travel types including safaris, cruises, guided tours and comprehensive destination programmes in USA/Canada and Australia/New Zealand. It is aimed at the 55+ segment.

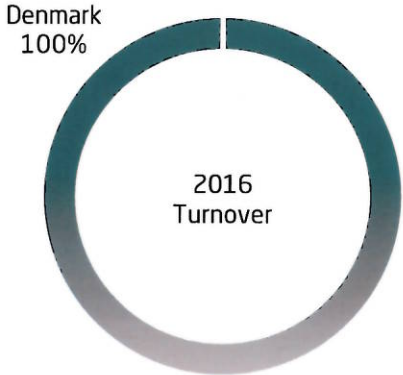
Read more at benns.com



BRANDS & BUSINESS UNITS SUBSIDIARIES



INDIVIDUAL & GROUP TRAVEL



Jysk Rejsebureau has been tailoring tours for the adventurous traveller for more than three decades.

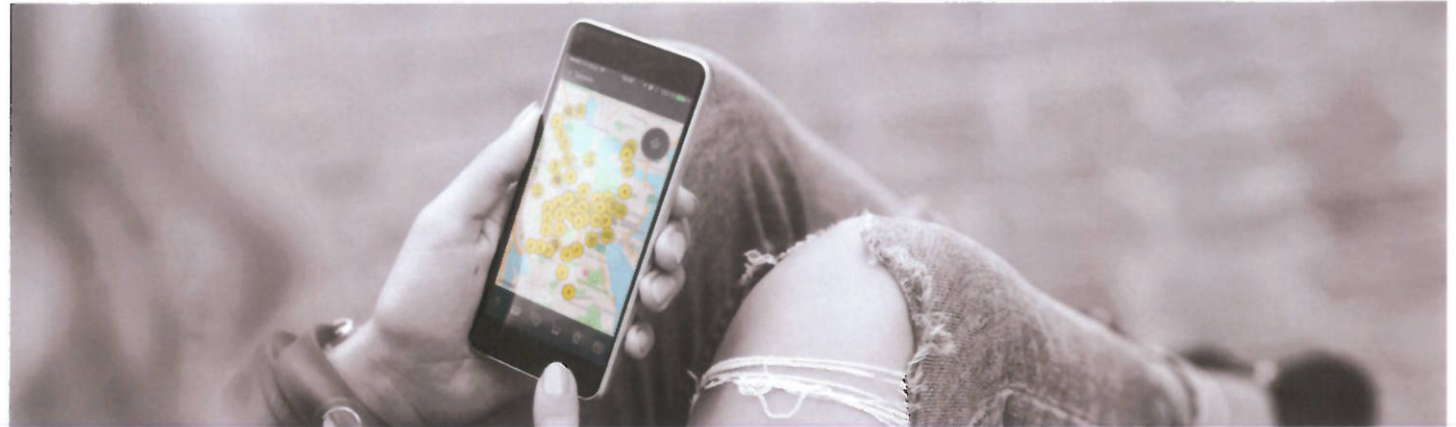
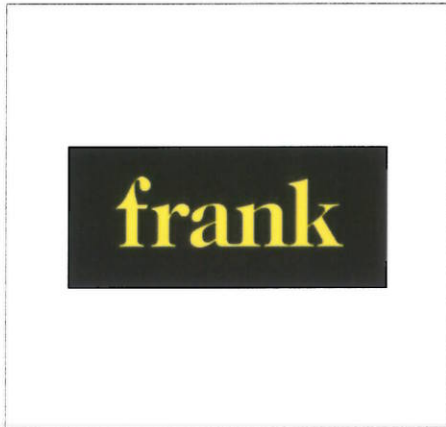
The sales consultants are experienced travellers themselves, and they focus on giving customers the opportunity to experience areas that are often found only where the asphalt ends and the roads turn into trails. The goal is always to compose trips with a high content of “feeling the world” - trips that are unique in experience yet affordable.

Read more at jr.dk

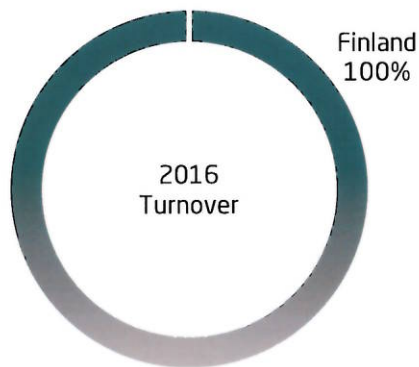
A movie spot from Jysk Rejsebureau image campaign ▶



BRANDS & BUSINESS UNITS ASSOCIATED COMPANIES



STUDENT SERVICES



Frank Students is the market leader of student identification solutions and student marketing. Coming from provider of student cards and student discounts, the vision is to become the service platform which will make students' lives better every day.

Read more at frank.fi

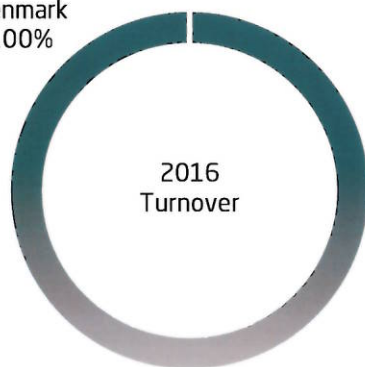
BRANDS & BUSINESS UNITS ASSOCIATED COMPANIES



GUIDED TOURS



Denmark
100%



The company specialises in guided group tours all over the world with a focus on serving companies and associations.

Read more at ourworld.dk



AID PROJECTS & STUDENT GRANTS

The KILROY Foundation took form in 2013, and the funding was provided by KILROY International.

The purpose of the foundation is to contribute to the development of international understanding by supporting educational activities throughout the world.

The Foundation will pursue activities related to aid projects in developing countries. It will also award grants to young people who wish to study abroad, do volunteer work or perform internships that aim to empower local communities through social development.

Read more at kilroyfoundation.net



A movie spot from the Foundation's first aid project in South Africa

DIRECTORS' REPORT

The KILROY Group delivered a positive result for 2016. Turnover reached DKK 1,622 million from DKK 1,580 million in 2015.

Operating profit (EBITDA) was DKK 52 million, matching the level in 2015.

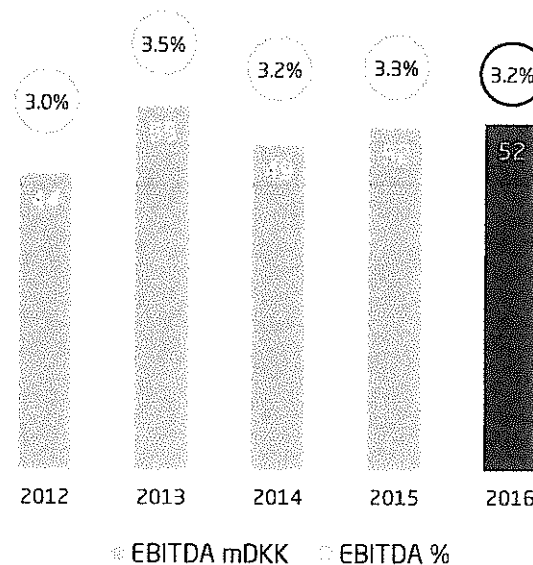
The KILROY Group closed 2016 with a profit before tax (EBT) of DKK 67 million, which equals a return on equity of 48%, compared with 41% in 2015.

The financial result of the KILROY Group met the targets set for 2016, both in terms of sales and profitability. The Board of Directors deems this result as satisfactory.

The 2016 result reflects our continued effort to ensure sustainable profitability within each of the business units that the Group operates. This profitability is clearly linked to the level of critical

mass achieved in the relevant business units. The EBT contains an income from divestment of shares. (See the chapter titled "Ownerships and M&A.")

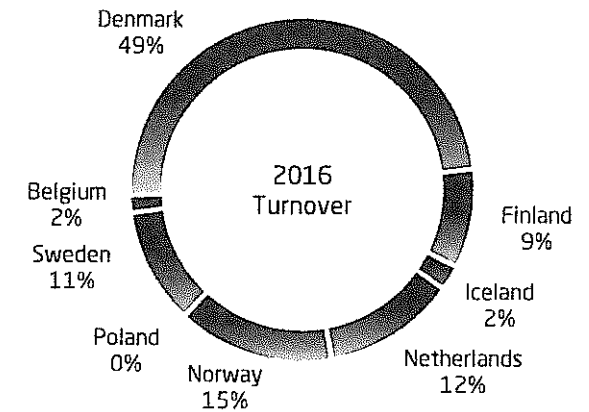
The EBITDA development for the KILROY Group is shown in the chart below.



Market environment

2016 presented the usual share of external events that affected the industry, and some of our main markets have faced intensified competition among dedicated online travel agencies who are fighting for market share. Still, the overall market environment

appeared to be positive. The Group's turnover per market is illustrated in the chart below.



Distribution

The conventional perception of online versus offline distribution is losing its relevance, as customers exhibit increasingly diversified behaviour when planning and executing a purchase. The future will dictate the offering of a wide range of contact and selling points for the customers' discretionary use.

The KILROY Group recognises this need when planning new developments. Despite our customers' quest for "any point of contact," personal counselling is still at the core.

Locations

The KILROY Group continues to invest in physical spaces where customers can meet their advisors face-to-face. The iconic KILROY sales shop on Skindergade in Copenhagen, which had been servicing students for half a century, was closed but reopened just around the corner in a more attractive and spacious location.

A similar upgrade took place for the Jysk Rejsebureau sales shop in Aalborg, Denmark.

Ownerships and M&A

In May 2016 KILROY Poland Sp. z o.o. was established as a 100% subsidiary of KILROY International A/S.

In November 2016, KILROY Group Travel A/S sold its 27.6% stake in Ski Group A/S to the majority shareholder, Højmark Holding ApS. Ski Group A/S was the result of a merger of Team Benns Ski and Højmark Rejser A/S back in 2011. As the parties have been unable to reach agreement on the purchase price, a court of arbitration will determine the principles for calculating the purchase price for the shares.

In December 2016 KILROY Group Travel A/S transferred its 40% stake in OurWorld A/S to KILROY International A/S. The original investment in

OurWorld A/S was made in 2011.

The KILROY Group will continue to explore M&A opportunities in regard to businesses and assets that could facilitate long-term growth and sustainable profitability.

The youth and student ticket

For decades, the KILROY Group has been active in the Student Air Travel Association (SATA), which facilitates travel opportunities for students and young people. Originally, this type of travel was conducted on the SATA member's own flight ticket stock, and settlement occurred after the ticket was flown. This is also known as the flown revenue concept. The SATA ticket met the demands of a special segment of students and other young people who often travel for longer periods. Those demands are affordable prices and a high degree of flexibility.

The KILROY Group strives to keep these demands in focus. However, the Group is also streamlining the business to meet our suppliers' demand for seamless integration. We are pursuing this via industry-standard settlement procedures to ensure cost-efficiency, both for KILROY and for the airlines.

The unique youth and student ticket has been the instrument for serving thousands of young people while en route. This service is provided primarily online from a central service team in Copenhagen.

Technology

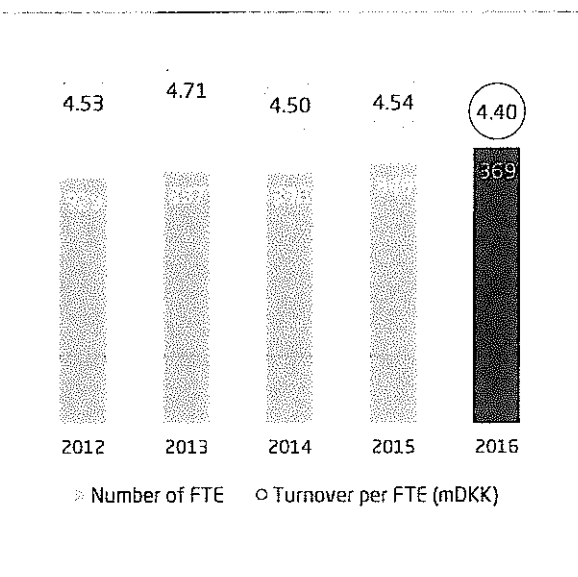
A precondition for the Group's continued positive development is reducing transaction costs so we can focus employees' time on creating more value for our customers. Investments in technology, aligning work processes and, not least, upgrading employees' competences are crucial for our long-term success.

In 2016, the enhancement of our own selling-point application continued, and was rolled out in remaining business units in the Group. The application focuses on the customer, and on seamless integration with the Group's main suppliers in order to ensure real-time products and prices, and optimised selling processes.

Having all sales units on the same platform also paved the way for a change and upgrade of the Group's back office (finance) system. This was planned during 2016 and implemented from January 2017.

The KILROY Group generally uses mainstream technology in all parts of its systems infrastructure. The majority of operational systems costs are based on long-term maintenance contracts, ensuring readiness and the adoption of the newest market trends and developments.

The chart below illustrates the development in the number of employees and sales per employee.



Organisation

The KILROY Group's sustainable profitability has many sources, not least of which is our employees. Their competence and dedication make for a vigorous organization. They deserve our thanks!

The average number of employees (fulltime equivalent or FTE) in 2016 was 369, compared with 348 in 2015.

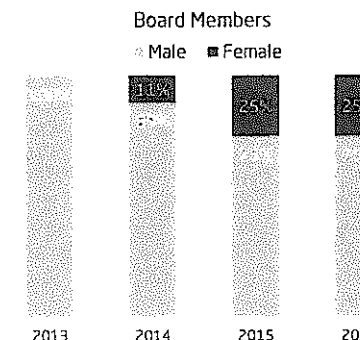
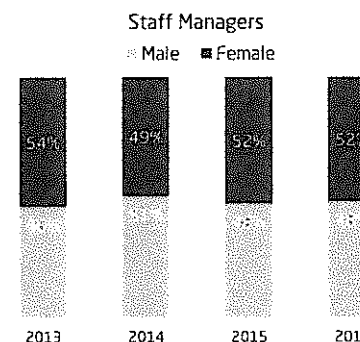
The sales per FTE decreased by 3% from 2015 to 2016, and is a result of expansion within our offline sales channels.

As for gender, the KILROY Group has always practised the policy of "best person for the job."

However, as an integrated part of our CSR activities, the KILROY Group in 2013 set targets for including more women in management positions, including representation in the Board of Directors. The policy can be found on kilroy.net/policies.

The targets have not been met, or are unlikely to be met, due to the inherent owner and management structure of the Group. Consequently, the Board of Directors in 2017 will review and set new targets with due consideration to the Group's structure.

The charts to the right illustrate the gender mix in various functions.



"Staff Managers" are all managerial positions ranging from team leaders to registered directors.

Equity

The share capital remains unchanged at DKK 18 million. Free reserves, including proposed dividends, total DKK 107 million, up from DKK 86 million in 2015.

At year-end 2016, total Group shareholders' equity was DKK 125 million. This compares with DKK 104 million at the end of 2015.

As an ordinary dividend to be decided at the Annual General Meeting, the Board proposes a payment of DKK 36.5 million. Future dividends will be proposed in accordance with the KILROY Group's expansion plans, continued consolidation and liquidity requirements.

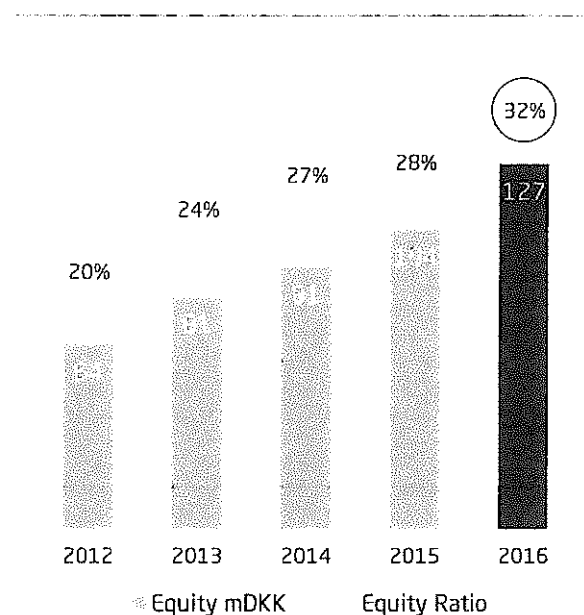
A number of the business segments in which the KILROY Group operates involve entrusted funds from customers. In the long term, such business concepts may require stricter financial covenants.

Consequently, the KILROY Group has adopted a policy for dividend payment that will allow the Group to meet these future challenges.

The development of equity and equity ratio for the KILROY Group is shown in the chart to the right.

Risk assessment

Operating globally, the travel industry is by nature affected by numerous risks. The vast majority of these are beyond our control, such as war, terror, natural disasters and political unrest.



Each year brings new and sometimes extraordinary challenges to the travel industry. Every link in the value chain is constantly challenged, either by traditional suppliers, new players or by the customers themselves. As in many other industries, the Internet has created an atmosphere of "direct trading is cheapest." We address this challenge by constantly focusing on internal training and customer service, and by making value-addition tangible and apparent to our customers.

The financial risk of doing business in multiple countries and currencies is reduced through cautious execution by the KILROY Group's cash management function, which has established policies to ensure that currency exposure is mitigated to the extent possible.

KILROY only hedges commercial exposures. The financial instruments used primarily include currency forward contracts.

Shareholder information & annual report

The ownership structure remained unchanged in 2016 as the Danish company, SSTS A/S, holds 100% of the shares in KILROY International A/S.

SSTS A/S currently has no other activities than the ownership of the KILROY Group. The company is owned by a group of Nordic investors who have, or have had, management positions within the Group.

The Annual Report of KILROY International A/S is included in the Annual Report of SSTS A/S.

The Annual Report of SSTS A/S can be obtained from: SSTS A/S, Nytorv 5, 1450 Copenhagen K, Denmark

Auditing

KPMG is the main auditor of the Group.

Expectations for 2017

No material events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2016.

The expectation for 2017 is that the KILROY Group will deliver a result close to that of 2016, except for any external events beyond the Group's control.

Corporate Social Responsibility (CSR)

It is a goal of the KILROY Group that employees, suppliers and customers all do their best to support the neighbouring community and, to the extent possible, limit any negative impact on the environment.

By its very nature, the KILROY Group business promotes understanding and respect among cultures. However, our business also involves a significant amount of air travel, and this carries an inevitable environmental impact. Our suppliers of hotel accommodation, cars and other ground products also make varying impact.

In 2013, the KILROY Group formalized a CSR strategy: "Walk-the-Talk" and a CSR policy that defines goals for climate, sourcing, suppliers, social

responsibility, human rights and, from 2016, animal welfare. These documents serve as our CSR framework, and they guide the direction, ambition and targets within CSR.

Highlights from the policy can be summarised as follows: We aim to ensure that all our companies and employees act as good corporate citizens with due respect for differences in culture, history and economy. We encourage climate-friendly yet profitable investments with necessary consideration of human and labour rights.

Due to other priorities, the focus areas of 2016 did not get the attention that was originally intended. Therefore the focus areas of 2017 will remain as those for the previous year.

The strategy and policy can be found on kilroy.net/policies

FINANCIAL STATEMENTS

FINANCIAL YEAR JANUARY 1 - DECEMBER 31, 2016

THE KILROY GROUP - CONSOLIDATED
KILROY INTERNATIONAL - PARENT COMPANY

GROUP KEY FIGURES - DKK

		2016	2015	2014	2013	2012
Profit & Loss Account (DKK million)						
Turnover		1,622	1,580	1,510	1,587	1,491
EBITDA		52	52	49	55	44
EBIT		41	42	40	47	38
Net financials		26	9	8	6	4
EBT		67	51	48	53	42
Net profit for the year		56	38	37	39	30
Balance Sheet (DKK million)						
Cash and bonds		235	241	222	216	229
Current assets		358	332	301	290	303
Total assets		397	372	337	331	325
Capital expenditure		13	13	4	25	3
Equity		127	104	91	81	64
Current liabilities		268	266	245	247	245
Cash flow from operating activities		30	53	34	40	54
Key Figures						
EBITDA - Margin (%)	EBITDA / turnover (excl. other operating income)	3.2	3.3	3.2	3.5	3.0
EBIT - Margin (%)	EBIT / turnover	2.5	2.7	2.7	3.0	2.5
Return on assets (%)	EBIT / total assets	10.4	11.3	11.9	14.3	11.6
Return on equity (%)	Net profit / average equity	48.3	41.3	42.6	53.9	49.5
Liquidity ratio (%)	Current assets / current liabilities	133.7	124.9	122.5	117.2	123.5
Equity ratio (%)	Equity (excl. minority interests) / total assets	31.9	27.9	26.9	24.3	19.6
Earnings per share (DKK)	Net profit / number of shares	312.1	213.5	204.7	217.9	166.2
Cash flow per share (DKK)	Cash flow from operating activities / number of shares	170.7	299.8	189.9	222.5	303.6
Proposed dividend (DKK million)		36.5	33.0	25.0	25.0	20.0
Average number of fulltime employees (FTE)		369	348	336	337	329

GROUP KEY FIGURES - EUR

		2016	2015	2014	2013	2012
Profit & Loss Account (EUR million)						
Turnover		218	212	202	213	200
EBITDA		7	7	7	7	6
EBIT		6	6	5	6	5
Net financials		3	1	1	1	1
EBT		9	7	6	7	6
Net profit for the year		7	5	5	5	4
Balance Sheet (EUR million)						
Cash and bonds		32	32	30	29	31
Current assets		48	44	40	39	41
Total assets		53	50	45	45	44
Capital expenditure		2	2	1	3	0
Equity		17	14	12	11	9
Current liabilities		36	36	33	33	33
Cash flow from operating activities		4	7	5	5	7
Key Figures						
EBITDA - Margin (%)	EBITDA / turnover (excl. other operating income)	3.2	3.3	3.2	3.5	3.0
EBIT - Margin (%)	EBIT / turnover	2.5	2.7	2.7	3.0	2.5
Return on assets (%)	EBIT / total assets	10.4	11.3	11.9	14.1	11.6
Return on equity (%)	Net profit / average equity	48.3	41.3	42.6	53.9	49.5
Liquidity ratio (%)	Current assets / current liabilities	133.7	124.9	122.5	118.5	123.5
Equity ratio (%)	Equity (excl. minority interests) / total assets	31.9	27.9	26.9	24.1	19.6
Earnings per share (EUR)	Net profit / number of shares	41.9	28.6	27.5	29.2	22.3
Cash flow per share (EUR)	Cash flow from operating activities / number of shares	23.0	40.2	25.5	29.8	40.8
Proposed dividend (EUR million)		4.9	4.4	3.4	3.4	2.7
Average number of fulltime employees (FTE)		369	348	336	337	329

PROFIT & LOSS ACCOUNT

January 1 - December 31

Note		Group		Parent	
		2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
1	Turnover	1,621,875	1,580,193	5,333	12,797
	Cost of products	-1,350,228	-1,315,688	668	-34
	Gross profit	271,647	264,505	6,001	12,763
	Other income	0	0	48,769	34,603
2	Sales and administration	-61,622	-63,104	-12,939	-15,057
3	Personnel	-157,922	-149,810	-38,629	-35,025
	EBITDA	52,103	51,591	3,202	-2,716
4	Depreciations and amortizations	-10,880	-9,458	-4,534	-3,351
	EBIT	41,223	42,133	-1,332	-6,067
5	Result from shares in subsidiaries	-	-	50,114	39,911
6	Financial income, net	25,839	8,709	8,357	3,672
	EBT	67,062	50,842	57,139	37,516
7	Tax	-11,399	-12,757	-1,476	574
8	Net profit for the year	55,663	38,090	55,663	38,090

BALANCE SHEET

December 31

Note	ASSETS	Group		Parent	
		2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
	FIXED ASSETS				
	Software	13,892	7,341	13,892	7,333
	Goodwill	14,206	18,453	0	0
4	Intangible fixed assets	28,098	25,794	13,892	7,333
	Land and buildings	776	862	-	-
	Leasehold improvements	3,884	4,180	18	27
	IT hardware and other equipment	3,952	3,959	2,870	2,799
4	Property, plant and equipment	8,612	9,001	2,888	2,826
5	Shares in subsidiaries	-	-	119,742	105,039
9	Shares in associated companies	2,389	5,754	559	-
10	Other financial assets	-	-	0	3,545
	Financial fixed assets	2,389	5,754	120,301	108,584
	TOTAL NON-CURRENT ASSETS	39,099	40,549	137,082	118,743
	CURRENT ASSETS				
	Inventories	1,251	1,937	-	-
	Trade debtors	57,716	52,660	1,616	2,722
	Amounts due from affiliated companies	12,366	13,219	12,736	13,804
	Other receivables	2,892	4,351	77	1,335
11	Prepaid expenses and accrued income	48,890	18,887	8,671	7,778
	Total receivables	121,864	89,112	23,100	25,639
	Bonds and securities	133,841	86,759	115,928	70,242
	Cash at bank and in hand	101,441	153,752	29,084	44,032
	TOTAL CURRENT ASSETS	358,397	331,560	168,112	139,913
	TOTAL ASSETS	397,496	372,109	305,194	258,656

BALANCE SHEET

December 31

Note	LIABILITIES	Group		Parent	
		2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
	EQUITY				
	Share capital	17,839	17,839	17,839	17,839
	Reserve for net revaluation under the equity method	-	-	25,213	15,727
	Proposed dividend	36,500	33,000	36,500	33,000
	Retained earnings	72,383	53,040	47,170	37,313
	TOTAL EQUITY	126,722	103,879	126,722	103,879
	PROVISIONS				
7	Deferred tax	2,804	2,694	2,860	1,376
	TOTAL PROVISIONS	2,804	2,694	2,860	1,376
	CURRENT LIABILITIES				
	Trade creditors	168,839	167,334	0	3,055
	Amounts owed to subsidiaries	-	-	164,369	140,539
	Other liabilities	24,405	23,425	6,321	6,963
	Accrued liabilities	18,290	15,546	4,922	2,844
12	Advance payments	56,436	59,231	-	-
	TOTAL CURRENT LIABILITIES	267,970	265,536	175,612	153,401
	TOTAL LIABILITIES	397,496	372,109	305,194	258,656
13	Contingent assets, liabilities and collaterals				
14	Subsidiaries				
15	Related parties				

STATEMENT OF CHANGES IN EQUITY

GROUP	Issued capital	Retained earnings	Proposed dividend	Shareholders' equity
	tDKK	tDKK	tDKK	2016 tDKK
Balance as at 1 January	17,839	53,040	33,000	103,879
Dividends paid	0	0	-33,000	-33,000
Proposed dividend	0	0	36,500	36,500
Value adjustment of hedging instruments	0	-225	0	-225
Tax on items under equity	0	-69	0	-69
Exchange rate adjustments	0	474	0	474
Result of the year	0	19,163	0	19,163
Balance as at 31 December	17,839	72,383	36,500	126,722

PARENT	Issued capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Shareholders' equity
	tDKK	tDKK	tDKK	tDKK	2016 tDKK
Balance as at 1 January	17,839	15,727	37,313	33,000	103,879
Dividends paid	0	0	0	-33,000	-33,000
Proposed dividend	0	0	0	36,500	36,500
Value adjustment of hedging instruments	0	0	-225	0	-225
Tax on items under equity	0	0	-69	0	-69
Exchange rate adjustments	0	474	0	0	474
Dividends from subsidiaries	0	-41,102	41,102	0	0
Result of the year	0	50,114	-30,951	0	19,163
Balance as at 31 December	17,839	25,213	47,170	36,500	126,722

The share capital comprises of 178.390 shares of DKK 100 each.
There has been no changes to issued capital during the past five years.

CASH FLOW STATEMENT

January 1 - December 31

	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
EBIT	41,224	42,133	-1,332	-6,067
Adjustments for non-cash items				
Depreciation	10,879	9,458	4,534	3,351
Exchange rate and other adjustments	-627	1,351	1,308	1,121
Working capital				
Change in inventories	686	79	0	0
Change in receivables	-15,065	12,275	1,312	-7,331
Change in trade creditors	1,505	19,682	-3,055	1,360
Change in other liabilities	1,049	1,326	25,743	1,646
Cash flow from operating activities before financial items	39,651	61,754	28,510	-5,920
Net interest income, etc.	4,360	3,213	3,549	2,549
Paid taxes	-13,554	-11,481	-1,025	730
Cash flow from operating activities	30,457	53,486	31,034	-2,641
Purchase/sale of shares	0	-878	0	0
Purchase/sale of bonds	-43,421	-1,774	-42,025	-2,634
Net purchase of plant, operating equipment etc.	-12,889	-12,516	-11,155	-8,733
Cash flow from investment activities	-56,310	-15,168	-53,180	-11,367
Contributions to subsidiaries	0	0	-1,756	-3,731
Loan to affiliated companies	852	-483	852	-483
Dividends paid/received	-27,310	-21,235	8,102	18,414
Cash flow from financial activities	-26,458	-21,718	7,198	14,200
Net cash flow from operating, investing and financing activities	-52,311	16,600	-14,948	192
Cash and cash equivalents at the beginning of the year	153,752	137,152	44,032	43,840
Cash and cash equivalents at the end of the year	101,441	153,752	29,084	44,032

Not all figures above can be found directly in the Annual Report.

ACCOUNTING POLICIES

General

The Annual Report for 2016 for KILROY International A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

The consolidated accounts are presented in Danish kroner (DKK thousand), which is the Parent Company's functional currency.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

This has entailed the following changes to recognition and measurement:

Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The accounting policies applied, as described below, are consistent with those applied in 2015.

Consolidated Accounts

The consolidated accounts comprise the parent company, KILROY International A/S, and all subsidiaries in which the parent company controls more than 50% of the voting rights, directly or indirectly.

The consolidated accounts are prepared by adding items of a similar nature in the accounts of KILROY International A/S and its subsidiaries.

Subsidiary accounts that are included in the consolidated accounts are prepared in accordance with the accounting policies of the parent company.

Profit and loss statements of foreign subsidiaries are translated into Danish kroner (DKK) using the average exchange rates for the year. Balance sheet items are translated at the exchange rate at the end of the year.

Exchange rate adjustments of the equity of foreign subsidiaries at the beginning of the year, and exchange rate adjustments of the profit and loss accounts from average rates to year-end rates, are posted against the Group shareholders' equity. In the consolidation of the accounts, intercompany income and expenses, intercompany accounts, and intercompany profits and losses are eliminated. The parent company's share in a subsidiary is calculated as its share of the subsidiary's net assets.

Companies in which the Group holds between 20% and 50% of the share capital without having obtained significant influence are considered as associated companies and are measured at cost.

Upon acquisition of a subsidiary, the share of the net assets is calculated according to the Group's accounting policies. If the purchase price deviates from the value of the net assets, the difference is, to the extent possible, allocated to the assets or liabilities that have a higher or lower value. In addition, provisions are made for the expenses incurred at the time of purchase.

Goodwill in connection to acquisitions is capitalised and amortised over a maximum 20-year period.

Newly acquired or established companies are included in the consolidated accounts from the date

when control is obtained.

Divested companies are included up to the date of disposal.

Profit and Loss Accounts

Turnover

Turnover includes the year's sales of travel products, other services and incentives from suppliers.

Revenues from individual-focused products are booked at the time of invoicing, regardless of departure date.

Revenues from group travel products are booked in the accounting period that coincides with the departure date of the trip.

Cost of products

Cost of products comprises invoiced and accrued cost of travel related products and other services incurred by generated revenue of the year.

Other income

Other income comprises items secondary to the activities of the entities and internal service deliveries.

Sales and administrative costs

These are costs incurred indirectly from distributing travel products and other services sold during the year. Also included are other overhead costs, e.g., office premises, office expenses, IT and all costs for web-technology with an assessed lifetime of less than 3 years.

ACCOUNTING POLICIES

Salaries and other personnel expenses

Personnel costs comprise expenses incurred during the year for all management, sales consultants and administrative staff.

Result from shares in subsidiaries

Net profits or losses in subsidiaries contain the proportionate share of net profits or losses in the subsidiaries and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax

KILROY International A/S is jointly taxed with Danish subsidiaries and the parent company, SSTS A/S, in accordance with the Danish rules on mandatory joint taxation. Danish subsidiaries are either included or excluded in the joint taxation at the same time as they are included or excluded in the consolidation.

KILROY International A/S' parent company, SSTS A/S, is the administrative company under the joint taxation scheme and, accordingly, pays all income taxes to the tax authorities. The jointly-taxed Danish companies are taxed under the on-account tax scheme.

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). Tax for the year

comprises current tax, joint taxation and changes in deferred tax for the year, including adjustments to tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Corporate tax on account is recognized in the balance sheet under current assets.

Deferred tax is provided under the liability method, and covers all temporary differences between accounting and tax values of the assets and liabilities. Deferred tax is, furthermore, provided for re-taxation of tax-deductible losses realised in non-Danish associated companies, if the re-taxation is expected to be realised by the associated companies' departure from the Danish joint taxation scheme.

The tax value of tax loss carry-forwards will be setoff against deferred tax liabilities to the extent that the tax losses and other tax assets are expected to be utilised in the future taxable income. Deferred tax is calculated according to applicable tax laws and according to the expected tax rate.

Balance Sheet

Intangible assets

Goodwill is initially recognised in the balance sheet at cost as described under consolidated accounts. Goodwill is amortised on a straight-line basis over the estimated useful life-time, determined on the basis of the Management's experience within the travel business.

Software comprises external development cost of substantial IT systems that are capitalised over their estimated useful life.

Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and impairment.

Assets are written down if their value has depreciated and cannot be seen as appreciating in the near future.

Depreciation is calculated on a straight-line basis of the cost according to the following guidelines, based on the estimated economic life of the asset:

- Software 3-5 years
- Goodwill 3-20 years
- Buildings 33-50 years
- Leasehold improvements 5 years
- IT and other equipment 3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Participating interests in subsidiaries

Participating interests in subsidiaries are valued according to the equity method at the proportionate share of the net assets and the residual value of goodwill calculated in accordance with the acquisition method.

Shares in associated companies

Are measured at cost. When the cost exceeds the recoverable amount, write-down is made to the lower amount.

Other financial assets include investments in non-controlled companies.

ACCOUNTING POLICIES

Other financial assets

Are recognised at amortised cost.

Inventories

Goods for resale are measured at cost price.

Write-downs are made according to obsolescence and other forms of value depreciation.

Receivables

Receivables are stated at amortized cost net of provisions for possible losses.

Prepaid expenses

Prepaid expenses are measured at cost.

Bonds and securities

Publicly traded bonds are stated at the market value at year-end. Investments hold-to-maturity are measured at amortised costs. Realised and unrealised gains and losses are included in the profit and loss account.

Dividend

Dividend is stated in the accounts at the time when the company at the Annual General Meeting, the company thereby having incurred a liability, decides it. The dividend that is proposed for distribution is included in the equity under the item "retained earnings."

Other provisions

Other provisions include an estimated liability, which will presumably lead to an outflow of resources.

Financial liabilities

These are stated at net realisable amortised cost, if not stated otherwise.

Rent and leasing

The parent company and the Group have entered into operational rental agreements for offices and equipment for multi-year periods.

Rental and leasing expenses are stated in the profit and loss account for the applicable period.

The aggregate rental and leasing liability is stated under contingent liabilities.

Currency conversion

Accounts in foreign currency are stated at the exchange rate at year-end. Gains and losses are included in financial items.

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

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities.

If the future transaction results in income or costs, amounts that were previously recognised in equity

are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in separate foreign subsidiaries or associates are recognised directly in equity; see above.

Cash Flow Statement

The cash flow statement is presented according to the indirect method, based on the operating profit.

The cash flow statement shows the Group's cash flow for the year and is divided into cash flow from operating, investing and financial activities.

Cash flow from operating activities covers cash flow from the year's operations, adjusted for operating items of a non-cash nature and changes in working capital.

Working capital includes current assets less liquid assets and current, non-interest bearing liabilities and dividends.

Cash flow from investing activities covers cash flow in connection with the purchase and sale of fixed assets, including participating interests and other long-term securities.

Cash flow from financing activities covers payments to and from shareholders, together with the raising of, and repayment of, interest-bearing liabilities.

Cash and cash equivalents are cash holdings, money market deposits in banks, and marketable securities stated under current assets.

NOTES 1-3

	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
1. TURNOVER				
Belgium	26,774	5,199	-	-
Denmark	787,808	767,685	5,333	12,797
Finland	151,256	145,386	-	-
Iceland	38,205	30,842	-	-
Netherlands	202,403	186,551	-	-
Norway	238,223	249,996	-	-
Poland	327	0	-	-
Sweden	176,879	194,534	-	-
Total turnover	1,621,875	1,580,193	5,333	12,797
	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
2. FEES TO AUDITORS APPOINTED AT THE GENERAL MEETING				
Audit services	883	791	190	190
Tax assistance	72	72	50	50
Other assistance	0	0	8	2
Total auditor fees	955	863	248	242
	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
3. PERSONNEL COSTS				
Salaries and wages	135,121	127,431	35,876	32,381
Social security contributions	5,524	5,617	271	241
Pensions	7,953	7,810	1,483	1,361
Other personnel costs	9,324	8,952	999	1,042
Total personnel costs	157,922	149,810	38,629	35,025
Average number of employees (full time equivalent)	369	348	76	67

NOTE 4

	Software tDKK	Goodwill tDKK	Land & buildings tDKK	Leasehold improvements tDKK	IT and other equipment tDKK	Total tDKK
GROUP						
Cost at the beginning of 2016	18,268	39,626	1,945	12,863	28,554	101,256
Reclassification	0	0	0	0	1,069	1,069
Exchange rate adjustments	-1	160	0	63	-38	184
Additions in year	10,091	0	0	1,327	1,472	12,890
Disposals in year	-1,633	0	0	-6,150	-7,218	-15,001
Cost at the end of 2016	26,725	39,786	1,945	8,103	23,839	100,398
Depreciations and amortizations at the beginning of 2016	-10,927	-21,173	-1,083	-8,683	-24,595	-66,461
Reclassification	0	0	0	0	-1,069	-1,069
Exchange rate adjustments	0	-150	0	-52	37	-165
Disposals in year	1,633	0	0	6,035	7,219	14,887
Depreciations and amortizations in year	-3,539	-4,257	-86	-1,519	-1,479	-10,880
Depreciations and amortizations at the end of 2016	-12,833	-25,580	-1,169	-4,219	-19,887	-63,688
Carrying amount at the end of 2016	13,892	14,206	776	3,884	3,952	36,710
Carrying amount at the end of 2015	7,341	18,453	862	4,180	3,959	34,795
PARENT						
Cost at the beginning of 2016	16,851	0	0	350	6,106	23,307
Additions in year	10,091	0	0	0	1,064	11,155
Disposals in year	-399	0	0	-303	-796	-1,498
Cost at the end of 2016	26,543	0	0	47	6,374	32,964
Depreciations and amortizations at the beginning of 2016	-9,518	0	0	-323	-3,307	-13,148
Depreciations and amortizations in year	-3,532	0	0	-9	-992	-4,534
Disposals in year	399	0	0	303	795	1,497
Depreciations and amortizations at the end of 2016	-12,651	0	0	-29	-3,504	-16,184
Carrying amount at the end of 2016	13,892	0	0	18	2,870	16,780
Carrying amount at the end of 2015	7,333	0	0	27	2,799	10,159

NOTES 5-6

5. SHARES IN SUBSIDIARIES

Cost at the beginning of the year

Capital contributions

Cost at the end of the year

Adjustments at the beginning of the year

Exchange rate adjustments

Profit after tax

Dividends from subsidiaries

Adjustments at the end of the year

Book value at the end of the year

Profit after tax in subsidiaries

Amortization of goodwill

Result from shares in subsidiaries

A list of subsidiaries is shown in note 14

Subsidiaries

	2016	2015
	tDKK	tDKK
	69,173	68,986
	5,217	187
	74,390	69,173
	35,866	39,630
	474	261
	50,114	39,911
	-41,102	-43,414
	45,352	35,866
	119,742	105,039
	52,660	42,457
	-2,546	-2,546
	50,114	39,911

6. FINANCIAL INCOME, NET

Financial income, external

Financial income, internal

Financial expenses, external

Financial expenses, internal

Sale of shares in associated companies

Currency gain/loss

Financial income, net

	Group		Parent	
	2016	2015	2016	2015
	tDKK	tDKK	tDKK	tDKK
	2,630	2,682	3,205	2,015
	439	534	439	534
	-64	-3	-18	0
	-	-	-77	0
	13,484	0	0	0
	9,351	5,495	4,808	1,123
	25,839	8,709	8,357	3,672

NOTES 7-8

7. TAX

	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
Current tax charge	11,294	11,130	0	0
Joint taxation contributions	0	0	-4	-1,673
Adjustments to previous year's tax charge	-37	2	-4	0
Change in deferred tax and other changes	142	1,620	1,484	1,099
	11,399	12,752	1,476	-574
Tax related to financial instruments included in equity	-69	69	0	69
Total tax	11,330	12,821	1,476	-505
Deferred tax primo	2,694	1,026	1,376	277
Exchange rate and other adjustments	-32	48	0	0
Change in deferred tax, net	142	1,620	1,484	1,099
Deferred tax ultimo	2,804	2,694	2,860	1,376
Paid corporate taxes	13,554	11,481	1,025	-730

The deferred tax liability is based on the temporary difference between the book value and the statutory value of assets and liabilities.
The parent company is taxed jointly with the Danish subsidiaries. The Danish companies are jointly and severally liable for the joint taxation.

8. PROPOSED APPROPRIATION OF NET RESULT

	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
Transfer to/from retained earnings	19,163	5,090	-30,951	-34,821
Proposed dividends	36,500	33,000	36,500	33,000
Transfer to reserve for net revaluation under the equity method	0	0	50,114	39,911
	55,663	38,090	55,663	38,090

NOTES 9-13

9. SHARES IN ASSOCIATED COMPANIES	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
Cost at the beginning of the year	5,754	4,876	0	0
Exchange rate adjustments	-12	0	0	0
Purchase of shares in associated companies	0	878	559	0
Sale of shares in associated companies	-3,353	0	0	0
Cost at the end of the year	2,389	5,754	559	0

10. OTHER FINANCIAL ASSETS	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
Value at the beginning of the year	0	0	3,545	0
Additions	0	0	0	3,545
Disposals	0	0	-3,545	0
Value at the end of the year	0	0	0	3,545

11. PREPAID EXPENSES AND ACCRUED INCOME

Deferred expenses and earned, but not paid incentives.

12. ADVANCE PAYMENTS

Primarily prepayments from travel ordered for 2017.

13. CONTINGENT ASSETS, LIABILITIES AND SECURED DEBT

13. CONTINGENT ASSETS, LIABILITIES AND SECURED DEBT	Group		Parent	
	2016 tDKK	2015 tDKK	2016 tDKK	2015 tDKK
Rent and lease obligations within one year	12,929	11,321	2,189	2,934
Rent and lease obligations between one and five years	39,828	22,190	5,065	7,111
The KILROY Group has issued guarantees/letters of credit, which are secured by an equal cash pledge of deposits	46,587	40,046	44,283	39,337

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

NOTES 14-15

14. COMPANY OVERVIEW	Country of Incorporation	Currency	Share Capital	Capital Share	Net Profit 2016	Dividend 2016
Subsidiaries:						
KILROY Belgium B.V.B.A.	Belgium	tEUR	25	100%	-159	0
Horizons A/S	Denmark	tDKK	5,177	100%	14,516	15,000
KILROY Group Travel A/S	Denmark	tDKK	1,100	100%	31,851	18,000
KILROY Finland OY AB	Finland	tEUR	336	100%	-18	0
KILROY Iceland ehf.	Iceland	tISK	500	100%	4,359	0
KILROY Norway AS	Norway	tNOK	4,000	100%	6,613	8,500
KILROY Poland Sp. Z o.o.	Poland	tPLN	1,000	100%	-107	0
KILROY Sweden AB	Sweden	tSEK	2,500	100%	604	1,000
KILROY Netherlands B.V.	The Netherlands	tEUR	2,147	100%	238	250
Associated Companies:						
OurWorld A/S	Denmark	tDKK	500	40%	197	0
Frank Students OY AB	Finland	tEUR	241	49%	-11	0

The dividend listed for the subsidiaries embrace dividend approved for payment to the parent company during 2017. The dividend listed for the associated companies embrace dividend received by the KILROY Group during 2016.

15. RELATED PARTIES

Related parties are SSTS A/S, Nytorv 5, DK-1450 Copenhagen, which owns 100% of the shares in KILROY International A/S. The owners of SSTS A/S are as follows:

73.1%	Eignarhaldsfélagið KILROY ehf, Iceland
6.9%	Tapio Kiiskinen, Finland
1.0%	AK Invest Holding ApS, Denmark
19.0%	HC Invest Holding ApS, Denmark

KILROY International A/S is a part of the consolidated annual report for SSTS A/S, which is the smallest group in which the Company is included as a subsidiary. The consolidated financial statements of SSTS A/S can be obtained by contacting the company.

KILROY International A/S is a part of the consolidated annual report of Islensk Fjarfesting ehf., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Islensk Fjarfesting ehf. can be obtained by contacting the company.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act:

Membership of the Board of Directors in one or more of the Group's subsidiaries is not remunerated separately but considered as part of senior management responsibilities, thus part of their ordinary remuneration.

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT

Statement by the Board of Directors and Management

Today, the Board of Directors and the Management have today discussed and approved the annual report of KILROY International A/S for the financial year 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at December 31, 2016 and of the results of the Group's and the Company's operations and cash flows for the financial year 2016.

Further, in our opinion, the report of the Board of Directors gives a fair review of the development

in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position. We recommend that the annual report be approved at the annual general meeting.

Copenhagen, April 27, 2017

Management



Claus H. Hejlesen
Managing Director & CEO

Board of Directors



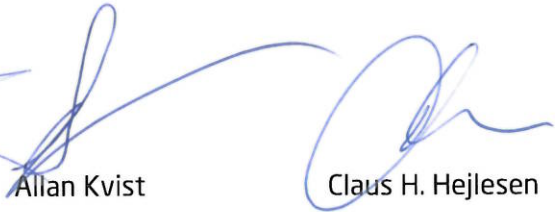
Arnar Thorisson
Chairman



Tapio Kiiskinen
Vice Chairman



Sigurdur Kiernan



Allan Kvist



Claus H. Hejlesen



Maria Højlund Jensen
(elected by staff)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of KILROY International A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KILROY International A/S for the financial year 1 January - 31 December 2016 comprising income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes, for the Group as well as for the Parent. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we

INDEPENDENT AUDITOR'S REPORT

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Directors' Report

Management is responsible for the Director's report.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Director's report, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Director's report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Director's report is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Director's report.

Copenhagen, April 27, 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Jacob Lehman

State Authorised Public Accountant

BOARD OF DIRECTORS & MANAGEMENT AS OF APRIL 27, 2017

The Board of Directors' and Management's executive positions outside KILROY International A/S as disclosed in accordance with the Danish Financial Statements Act.

Board of Directors

Arnar Thorisson

Chairman

Islandic and born 1964. Chairman since 2007.

Executive positions: Chairman, Iceland Invest Ltd., Board Member, Iceland Properties Ltd., Oldungur Plc. and Eldey TLH Plc.

Tapio Kiiskinen

Vice Chairman

Finnish and born 1947. Board Member since 2007 and Chairman during 1987-2007.

Executive positions: Chairman, Destination Lapland Ltd. and Member of Directors' Institute Finland.

Sigurður Kiernan

Islandic and born 1969. Board Member since 2007.

Executive positions: CEO and founder, Investum Holding Ltd.

Allan Kvist

Danish and born 1970. Board Member since 2015.

Executive positions: Chairman MCB A/S and Cetera A/S. Board member, Chopar Sport A/S, Team Tvis Holstebro Damer A/S, Team Tvis Holstebro Herrer A/S, Holstebro Sport + Event A/S, Bräuner A/S, Bräuner Holding Ringkøbing A/S and Master Innovation ApS

Maria Højlund Jensen (elected by staff)

Danish and born 1980. Board Member since 2015. Product Manager, KILROY International A/S.

Claus H. Hejlesen

Danish and born 1962. Board Member since 2007. Managing Director & CEO, KILROY International A/S.

Executive positions: Chairman, Student Air Travel Association (SATA).

Registered Management

Claus H. Hejlesen

Danish and born 1962

Managing Director & CEO, KILROY International A/S

Henrik Kaltoft

Danish and born 1968

CFO, KILROY International A/S,

Managing Director:

Horizons A/S

KILROY Belgium B.V.B.A.

KILROY Finland OY AB

KILROY Group Travel A/S

KILROY Iceland ehf.

KILROY Netherlands B.V.

KILROY Norway AS

KILROY Poland Sp. z o.o.

KILROY Sweden AB

Member of World Youth Student & Educational Travel Confederation



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KILROY

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