Admiral Strand Feriehuse ApS

Houstrupvej 170,
6830 Nørre Nebel

CVR no. 27 23 39 10

Annual report 2017

Approved at the Company's annual general meeting on 15 June 2018

Chairman:

....

Steen Seitner

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Admiral Strand Feriehuse ApS for the financial year 1 January – 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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

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

Copenhagen, 15 June 2018
Executive Board:

Steen Seitner

Kim Stengaard Holmsted

Independent auditor's report

To the shareholders of Admiral Strand Feriehuse ApS

Opinion

We have audited the financial statements of Admiral Strand Feriehuse ApS for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and 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 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.

Independent auditor's report

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen 15 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath State Authorised Public Accountant MNE no.: mne19718	Kim Thomsen State Authorised Public Accountant MNE no.: mne26736

Management's review

Company details

Admiral Strand Feriehuse ApS
Houstrupvej 170
6830 Nørre Nebel
Telephone: 70204606

CVR no.: 27 23 39 10

Established: 25.06.2003
Registered office: Varde
Financial period: 1 January - 31 December

Executive Board

Steen Seitner

Kim Stengaard Holmsted

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
P.O.Box 250
2000 Frederiksberg

CVR no. 30 70 02 28

Management's review

Operating review

Principal activities

The Company's principal activities comprise arranging rental of holiday accommodation.

Development in activities and financial position

The profit for the year after tax amount to DKK 5,035 thousand compared to DKK 5,525 thousand in 2016.

Change in accounting policies

In January 2018, all shares in Admiral Strand Feriehuse ApS, were acquired by DanCenter A/S. The accounting policies have been adjusted to those of the DanCenter A/S which implies the following changes in the recognition and measurement:

1. Revenue from vacation rental management activities are measured at the rental income received or receivable less relating accommodation fees payable. Revenue is recognised in the income statement when the rental commitment has been established, and the first instalment has been received. Agent agreements where credit lines are provided revenue is recognised when the rental commitment has been established. Previously, revenue from agency commission and insurance has been recognised in accordance with the method of recognising income at the time of occupancy of the rental home. This means when the lease begins.

   This has resulted in an increase in profit before tax of DKK 1.129 thousand (2016: DKK + 1.127 thousand), an increase in tax for the year of DKK 248 thousand (2016: DKK + 248 thousand) and an increase in equity of DKK + 7.401 thousand (2016: DKK + 6.520 thousand).

2. Trade receivables and trade payables from rental activities are recognised when the rental commitment has been established, and the first instalment has been received. Previously, trade receivables and trade payables from rental activities were recognised at the time of occupancy of the rental home.

   When measuring these gross it has resulted in an increase of total assets of DKK 17.521 thousand (2016: DKK 18.546).

The accounting effect of the transition to the accounting policies used by DanCenter A/S can be specified as follows:

DKK'000	2017	2016
Effect on:		
Result before tax	1.129	1.127
Tax for the year	248	248
Profit/loss	881	879
Total Assets	17.521	18.546
Equity	7.401	6.520

The comparative figures have been restated to reflect the change in accounting policies.

Apart from the above, the accounting policies used in preparation of the financial statements are consistent with those of last year.

Expected development

The expectation for the coming year, is that Admiral Strand Feriehuse ApS will provide a similar result as in 2017. The development in the current season looks promising.

Events after the balance sheet date

Late 2017 DanCenter A/S agreed with the owners of Admiral Strand Feriehuse ApS to acquire their shares of that rental business company. The company and brand will continue their business unchanged within the ownership of DanCenter A/S.

Besides the above, no events have occurred after the balance sheet date that may significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2017	2016
	Gross profit	**26,096**	**23,829**
2	Staff costs	-18,354	-15,799
3	Depreciation, amortisation and impairment losses	-1,145	-888
	Operating profit	**6,597**	**7,142**
	Financial income	22	192
	Financial expenses	0	-81
	Profit before tax	**6,619**	**7,253**
4	Tax for the year	-1,584	-1,728
	Profit for the year	5,035	5,525

Recommended appropriation of profit		
Proposed dividend recognised under equity	0	4.650
Retained earnings	5.035	875
	5.035	5.525

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
5	**Intangible assets**		
	Software	388	500
	Goodwill	1,265	1,782
		1,653	2,282
6	**Property, plant and equipment**		
	Land and buildings	0	5,139
	Fixtures and fittings, plant and equipment	1,023	1,547
	Leasehold improvements	18	30
		1,041	6,716
	Financial assets		
	Deposits	169	169
	Total non-current assets	2,863	9,167
	Current assets		
	Receivables		
	Trade receivables	22,681	19,729
	Prepayments	146	541
		22,827	20,270
	Securities		
	Other securities and investments	21	4,041
	Cash	22,382	10,438
	Total current assets	45,230	34,749
	TOTAL ASSETS	48,093	43,916

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	132	132
	Retained earnings	16,010	10,975
	Dividend proposed for the year	0	4,650
	Total equity	16,142	15,757
	Non-current liabilities		
8	Deferred tax	107	2,006
	Total non-current liabilities	107	2,006
	Current liabilities		
	Trade payables	27,381	24,255
	Corporate taxes	1,977	91
	Other payables	2,033	1,370
	Deferred income	453	437
	Total current liabilities	31,844	26,153
	Total liabilities	31,951	28,159
	TOTAL EQUITY AND LIABILITIES	48,093	43,916

1 Accounting policies
9 Contractual obligations and contingencies, etc.

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 31 December 2015	**132**	**4,459**	**3,500**	**8,091**
	Change in accounting policy 2015	0	5,641	0	5,641
	Equity at 31 December 2015	**132**	**10,100**	**3,500**	**13,732**
	Equity at 1 January 2016	**132**	**10,100**	**3,500**	**13,732**
	Dividend distribution	0	0	-3,500	-3,500
	Change in accounting policy 2016	0	879	0	879
	Retained earnings	0	-4	4,650	4,646
	Equity at 1 January 2017	**132**	**10,975**	**4,650**	**15,757**
	Dividend distribution	0	0	-4,650	-4,650
	Retained earnings	0	5,035	0	5,035
	Equity at 31 December 2017	132	16,010	0	16,142

Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Admiral Strand Feriehuse ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Minor reclassifications to the comparison figures has been incorporated in the financial statements.

Change in accounting policies

In January 2018, all shares in Admiral Strand Feriehuse ApS, were acquired by DanCenter A/S. The accounting policies have been adjusted to those of the DanCenter A/S which implies the following changes in the recognition and measurement:

3. Revenue from vacation rental management activities are measured at the rental income received or receivable less relating accommodation fees payable. Revenue is recognised in the income statement when the rental commitment has been established, and the first instalment has been received. Agent agreements where credit lines are provided revenue is recognised when the rental commitment has been established. Previously, revenue from agency commission and insurance has been recognised in accordance with the method of recognising income at the time of occupancy of the rental home. This means when the lease begins.

   This has resulted in an increase in profit before tax of DKK 1.129 thousand (2016: DKK + 1.127 thousand), an increase in tax for the year of DKK 248 thousand (2016: DKK + 248 thousand) and an increase in equity of DKK + 7.401 thousand (2016: DKK + 6.520 thousand).

4. Trade receivables and trade payables from rental activities are recognised when the rental commitment has been established, and the first instalment has been received. Previously, trade receivables and trade payables from rental activities were recognised at the time of occupancy of the rental home.

   When measuring these gross it has resulted in an increase of total assets of DKK 17.521 thousand (2016: DKK 18.546).

The accounting effect of the transition to the accounting policies used by DanCenter A/S can be specified as follows:

DKK'000	2017	2016
Effect on:		
Result before tax	1.129	1.127
Tax for the year	248	248
Profit/loss	881	879
Total Assets	17.521	18.546
Equity	7.401	6.520

The comparative figures have been restated to reflect the change in accounting policies.

Apart from the above, the accounting policies used in preparation of the financial statements are consistent with those of last year.

Measurement and recognition

Income is recognised in the income statement as earned, including adjustments of financial assets and liabilities. Moreover, all costs, including amortisation, depreciation and impairment losses, are recognised in the income statement.

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

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continues)**

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

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

Certain financial assets and liabilities are measured at amortised cost, and thus, constant effective interest is recognised over the term. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Foreign currency translation

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

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

Income statement

Revenue

When entering into rental agreements consisting of multiple performance obligations, the contract price is divided into the individual performance obligations according to the relative fair value method. The performance obligations are recognised as service revenue when service is delivered.

A sales contract is divided into multiple performance obligations when the fair value of individual sales transactions can be reliably calculated and the sales transactions each have independent value for the buyer.

Revenue includes agency commission and additional services such as sale of insurance, cleaning, linen, etc.

Revenue from vacation rental management activities are measured at the rental income received or receivable less relating accommodation fees payable. Revenue is recognised in the income statement when the rental commitment has been established, and the first instalment has been received. Agent agreements where credit lines are provided revenue is recognised when the rental commitment has been established.

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

The Company is not liable for cancelled leases to houseowners and it should also be noted that the Company solely receives commission from the amount settled with the houseowner. In case of cancellation, a fee is received from customers instead.

Gross Profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continues)**

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, 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.

Tax for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in 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 amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continues)**

Balance sheet

Intangible assets

Software

Software is recognised when certain criteria have been met and is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis based on an economic life of 3 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period used is 5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

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

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

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

Land and buildings	50 years
Fixtures and fittings, plant and equipment	3-7 years
Leasehold improvements	5 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continues)**

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

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

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Other securities and investments

Other securities and investments, recognised under "Non-current assets", comprise unlisted securities measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term to maturity of three months or less, which are subject to only minor risks of changes in value.

Equity

Proposed Dividends

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

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

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

	DKK'000	2017	2016
2	**Staff costs**		
	Wages and salaries	17,189	14,787
	Pensions	173	173
	Other social security costs	142	102
	Other staff costs	850	737
		18,354	15,799
	Average number of full-time employees	19	20

		2017	2016
3	**Amortisation/depreciation and impairment losses**		
	Amortization of Intangible assets	712	518
	Depreciation of property, plant and equipment	433	370
		1,145	888

		2017	2016
4	**Tax for the year**		
	Estimated tax change for the year	3,483	1,345
	Adjustment of the deferred tax charge for the year	-1,899	383
		1,584	1,728

	Intangible assets DKK'000	Goodwill	Software	Total
5	Cost at 1 January 2017	2,658	905	3.563
	Additions	0	81	81
	Disposals	0	-404	-404
	Cost at 31 December 2017	2,658	582	3.240
	Amortisation and impairment losses at 1 January 2017	-876	-405	-1,281
	Amortisation	-517	-195	-712
	Disposals	0	406	406
	Amortisation and impairment losses at 31 December 2017	-1,393	-194	-1,587
	Carrying amount at 31 December 2017	1,265	388	1,653

Financial statements 1 January – 31 December

Notes

6 **Property, plant and equipment**

DKK'000	Land and buildings	Fixtures and fittings, plant and equipment	Leasehold improvements	Total
Cost at 1 January 2017	5.438	3.196	110	8,744
Additions	342	565	0	907
Disposals	-5.780	-1,068	0	-6.848
Cost at 31 December 2017	0	2.693	110	2,803
Depreciation and impairment losses at 1 January 2017	-299	-1,650	-79	-2,028
Depreciation	-55	-365	-13	-433
Disposals	354	345	0	699
Depreciation and impairment losses at 31 December 2017	0	-1,670	-92	-1,762
Carrying amount at 31 December 2017	0	1,023	18	1.041

7 **Share capital**

The share capital comprises 132,000 shares of DKK 1 nominal value each.

DKK'000	2017	2016
8 **Deferred tax**		
Deferred tax at 1 January	2,006	32
Change in accounting policy, prior years	0	1,591
Adjustment of the deferred tax charge for the year	-1,899	383
Deferred tax at 31 December	107	2,006

9 **Contractual obligations and contingencies, etc.**

Operating lease liabilities
The Company has rental contracts with an annual cost of approximately 409,000 DKK (2016: 480,000 DKK)