

# **Copenhagen Airports Denmark Holdings ApS**

c/o Azets Insight A/S  
Lyskær 3 CD  
2730 Herlev

CVR No. 29144257

## **Annual Report 2016**

11. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 31 May 2017

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Morten Eriksen  
Chairman

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Copenhagen Airports Denmark Holdings ApS for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

Copenhagen, 31 May 2017

### **Executive Board**

Peter Søgaard

Ulf Høyen

Simon Boyd Geere

David Mark Stanton

Richard Greenleaf

Maria Morsillo

## Independent Auditor's Report

### To the shareholders of Copenhagen Airports Denmark Holdings ApS

#### Opinion

We have audited the financial statements of Copenhagen Airports Denmark Holdings ApS for the financial year 1 January 2016 - 31 December 2016, which comprise an income statement, balance sheet and notes. 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 Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January 2016 - 31 December 2016 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

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

#### Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 Company's internal control.

## **Independent Auditor's Report**

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

### **Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 31 May 2017

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Søren Ørjan Jensen  
State Authorised Public Accountant

## Copenhagen Airports Denmark Holdings ApS

### Company details

<b>Company</b>	Copenhagen Airports Denmark Holdings ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
CVR No.	29144257
Date of formation	18 October 2005
Registered office	Herlev
Financial year	1 January 2016 - 31 December 2016
<b>Executive Board</b>	Peter Søgaard Ulf Høyen David Mark Stanton Richard Greenleaf Maria Morsillo Simon Boyd Geere
<b>Parent Company</b>	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
<b>Administration Company</b>	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

## Management's Review

### The Company's principal activities

The objective of the Company is holding shares in other companies. The Company's current primary activity is the holding of shares in other companies and the funding of these shareholdings.

### Development in activities and finances

The result of the fiscal year 2016 is a positive net income of DKK 284.727.682. Shareholder's equity is positive with DKK 4.837.149.896 as per 31. December 2016.

### Post financial year events

CADH deferral for the payment relating to the interest case for 2006/2007 has expired in March 2017 for the amount of kDKK 192.272 exclusive of late payment interest. CADH has requested a deferral for the payment relating to the interest case for 2008-2010 for the amount of kDKK 278.575 exclusive of late payment interest with the response pending.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.

### Expectations for the future

The Company expects its operations to develop positively next year.

### Risks

A key risk faced by the Company relates to uncertainty surrounding the claims made by the Danish tax authorities regarding the collection of withholding taxes on interest and dividends between 2006 and 2010.

The Danish Tax Authority (SKAT) has made various tax claims against Copenhagen Airports Denmark Holdings ApS (CADH) regarding the collection of withholding tax. CADH has disputed all the claims made against it.

Following the outcome from the National Tax Tribunal, some cases have been appealed to the Danish High Court where they are on hold, pending guidance on other related cases from the European Court of Justice.

While these cases have been ongoing, CADH has applied for and received payment deferrals from SKAT. However, there is now a risk that SKAT could change its approach and request payments prior to finalisation of the cases. The advisors of CADH continue to consider that CADH is more likely than not to win these cases in the courts. CADH continues to work closely with its advisors to progress the appeals process.

### Report on Corporate Social Responsibility and the Gender Composition in Management, cf. Sections 99 a & 99 b of the Danish Financial Statements Act

CADH is part of the KAP group. The KAP group reports on the work carried out in relation to corporate social responsibility and increasing the underrepresented gender in management at group level. For information on this work, please refer to Management's Review in KAP.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

*Numbers appear in thousands*

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Operating profit/loss	-1.315	-1.980	-1.300	-1.840	-1.695
Financial income	368.824	367.816	368.005	367.816	372.021
Financial expenses	-2.473	-2.236	-54	-4.478	-1.045
Profit/loss before tax and extraordinary items	365.035	363.600	366.651	361.498	369.282
Profit/loss for the year	284.728	278.154	276.822	270.004	278.796
Total equity	4.837.150	4.727.794	4.763.178	4.798.120	4.633.017
Total fixed assets	4.333.101	4.333.101	4.333.101	4.333.101	4.333.101
Return on capital employed (%)	7	7	7	7	8
Return on equity (ROE) (%)	6	6	6	6	6
Solvency ratio (%)	91	92	94	95	95

For definitions of key ratios, see Accounting and Valuation Principles



## Accounting Policies

### Reporting Class

The Annual Report of Copenhagen Airports Denmark Holdings ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

### Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. However the accounting policies are consistent with those of last year.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

## General Information

### Basis of recognition and measurement

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

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

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Uncertain tax positions are assessed on an individual basis and where relevant, a provision is recognised for the amount that the Group is anticipated to be required to pay.

The accounting value of intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment. If this is the case, an impairment will be made to reduce the carrying amount of the asset to its recoverable amount.

## Accounting Policies

### Income Statement

#### Other external expenses

Other operating expenses comprise items of a secondary nature to the core activities of the enterprises, e.g. administration, audit etc.

#### Income from equity investments in group enterprises

Income from equity investments comprises dividends received from group enterprises in so far as they do not exceed the accumulated earnings in the group enterprise during the ownership period.

#### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments and amortisation of loans.

#### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

### Balance Sheet

#### Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. Dividends that exceed accumulated earnings of the group enterprise during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

#### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities with insignificant risk of changes in value.

#### Equity

Proposed dividend for the year is recognised as a separate item in equity.

#### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

## Accounting Policies

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Other paybles

Other paybles are measured at amortised cost which usually corresponds to the nominal value.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Accounting policies Cash Flow Statement

According to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

The cash flow statement is part of the cash flow statement in the consolidated financial statements for Kastrup Airport Parent ApS, Denmark.

## Explanation of financial ratios

Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$
Equity interest (equity ratio) (%)	=	$\frac{\text{Total equity} \times 100}{\text{Total liabilities}}$

**Income Statement**

	<b>Note</b>	<b>2016 kr.</b>	<b>2015 kr.</b>
Other external expenses	1	-1.315.242	-1.979.989
<b>Profit from ordinary operating activities</b>		<b>-1.315.242</b>	<b>-1.979.989</b>
Other finance income from group enterprises	2	368.824.032	367.816.316
Finance expenses		-2.473.308	-2.235.915
<b>Profit from ordinary activities before tax</b>		<b>365.035.482</b>	<b>363.600.412</b>
Tax expense on ordinary activities	3	-80.307.800	-85.446.120
<b>Profit</b>	4	<b>284.727.682</b>	<b>278.154.292</b>

## Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
<b>Assets</b>			
Long-term investments in group enterprises	5	1.309.941.053	1.309.941.053
Long-term receivables from group enterprises	6	3.023.147.800	3.023.147.800
Deposits, investments		12.500	12.500
<b>Investments</b>		<b>4.333.101.353</b>	<b>4.333.101.353</b>
<b>Fixed assets</b>		<b>4.333.101.353</b>	<b>4.333.101.353</b>
Short-term receivables from group enterprises	7	325.119.831	348.105.155
Deferred income		93.142	46.571
<b>Receivables</b>		<b>325.212.973</b>	<b>348.151.726</b>
<b>Cash and cash equivalents</b>		<b>652.976.360</b>	<b>441.534.352</b>
<b>Current assets</b>		<b>978.189.333</b>	<b>789.686.078</b>
<b>Assets</b>		<b>5.311.290.686</b>	<b>5.122.787.431</b>

Copenhagen Airports Denmark Holdings ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
<b>Liabilities and equity</b>			
Contributed capital		12.010.000	12.010.000
Retained earnings		4.825.139.896	4.715.783.533
<b>Equity</b>		<b>4.837.149.896</b>	<b>4.727.793.533</b>
Trade payables		343.526	1.504.435
Payables to group enterprises		393.489.464	308.043.343
Tax payables to group enterprises		80.307.800	85.446.120
<b>Short-term liabilities other than provisions</b>		<b>474.140.790</b>	<b>394.993.898</b>
<b>Liabilities other than provisions within the business</b>		<b>474.140.790</b>	<b>394.993.898</b>
<b>Liabilities and equity</b>		<b>5.311.290.686</b>	<b>5.122.787.431</b>
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## Copenhagen Airports Denmark Holdings ApS

### Statement of changes in Equity

	<b>Contributed capital</b>	<b>Retained earnings</b>
Equity 1 January 2016	12.010.000	4.715.783.533
Dividend paid		-175.371.391
Profit (loss)		284.727.754
<b>Equity 31 December 2016</b>	<b>12.010.000</b>	<b>4.825.139.896</b>

The share capital has remained unchanged for the last 5 years.

## Notes

**1. Executive board fee**

The executive board of the Group have received DKK 0.1 million (2015: DKK 0.1 Million).

**2. Other finance income from group enterprises**

	2016	2015
Other finance income from group enterprises	368.824.032	367.816.316
	<b>368.824.032</b>	<b>367.816.316</b>

**3. Tax expense**

	2016	2015
Tax expense for the year	80.307.800	85.446.120
	<b>80.307.800</b>	<b>85.446.120</b>

**4. Proposed distribution of results**

Proposed dividend recognised in equity	175.371.319	175.371.319
Proposed extraordinary dividend recognised in equity	0	145.633.414
Retained earnings	109.356.363	-42.850.441
<b>Distribution of profit</b>	<b>284.727.682</b>	<b>278.154.292</b>

**5. Long-term investments in group enterprises***Group enterprises*

Name	Registered office	Share held in %	Equity	Profit
Copenhagen Airports Denmark ApS	Copenhagen	100,00	252.535.028	74.171.849
			<b>252.535.028</b>	<b>74.171.849</b>

**6. Long-term receivables from group enterprises**

Loan to subsidiary	3.023.147.800	3.023.147.800
	<b>3.023.147.800</b>	<b>3.023.147.800</b>

All loans are due after 5 years.

The Company has given a letter of subordination to its subsidiary regarding interest and repayment (cf. note 6) on loans until the subsidiary has sufficient liquidity.

**7. Short-term receivables from group enterprises**

Receivables interest	325.119.831	348.105.155
	<b>325.119.831</b>	<b>348.105.155</b>



## Notes

### 8. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The Company is jointly and severally liable for the tax liabilities of its subsidiaries and has a subsidiary liability for the tax liabilities of its parent, Kastrup Airports Parent ApS, which holds 100% of the shares of the Company.

The total amount appears from the annual report of Kastrup Airports Parent ApS which is the administration company in the joint taxation.

The Danish tax authorities have made decisions on collection of withholding taxes on interest and dividends for 2006 and 2007. The tax dispute is expected to be concluded in the coming years. While the court process continues, the Danish National Tax Tribunal in October 2012 issued a decision in favour of Copenhagen Airports Denmark Holdings ApS in relation to dividend withholding taxes, and in favour of the Danish tax authorities in relation to interest withholding tax. This has not altered management's assessment that it does not expect that it is likely that the tax dispute will result in a change in the tax assessments for 2006 and 2007. In 2013, an additional claim was received from the Danish tax authorities regarding withholding tax on dividends paid in 2008. In 2014 an additional claim was received from the Danish tax authorities regarding withholding tax on interest in 2008-2010. The Company has appealed against both claims. There is a risk that further claims could be made by the Danish tax authorities. In May 2016, the Danish National Tax Tribunal issued a decision which upheld the Danish tax authorities' decision on 2008 interest payments but stated that there should be no withholding tax on the 2008 dividends. Copenhagen Airports Denmark Holding ApS intends to appeal the interest decision. The maximum liability exclusive of late payment interest is DKK 658 million.

In May 2017 the company received a draft notice from the Danish tax authorities regarding withholding taxes on interest for the income year 2011. The total liability exclusive late payment is DKK 44 million.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH – expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.

CADH and its tax adviser still believes that it is more likely than not that CADH will win all withholding tax cases currently outstanding.

### 9. Collaterals and securities

The Company has pledged its shares in Copenhagen Airports Denmark ApS as security for the bank debt held by Copenhagen Airports Denmark ApS. The book value of the shares is DKK 1.309.941.053.

## **Notes**

### **10. Related parties**

CADH's related parties are the Ontario Teachers' Pension Plan (OTPP) and Macquarie European Infrastructure Fund III (MEIF3), cf. their controlling ownership interests in CADH and associates, and the Board of Directors and Executive Management.

OTPP and MEIF3 (via their respective underlying holding companies) jointly own Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903, which is owned by OTPP and MEIF3.

KAP is thereby the ultimate holding company of CADH. The consolidated annual report of KAP, in which CADH is included as a subsidiary, may be obtained from KAP through Visma Service Denmark A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD owns 57.7% of both the shares and voting rights in CPH.

All transactions between the company and its related parties have been on general market conditions. OTPP and MEIF3 (through their respective underlying holding companies) have signed a shareholders' agreement providing for agreement between the two parties on all material resolutions. The agreement also stipulates rules for the nomination of members of the Board of Directors of CPH.

For additional information on OTPP and MEIF3, see [www.otpp.com](http://www.otpp.com) and [www.macquarie.co.uk/mgl/uk/meif/meif-3](http://www.macquarie.co.uk/mgl/uk/meif/meif-3).

### **11. Fees for auditors elected on the general meeting**

Refer to the audit cost in the consolidated annual report.

### **12. Post financial year events**

CADH deferral for the payment relating to the interest case for 2006/2007 has expired in March 2017 for the amount of tDKK 192.272 exclusive of late payment interest. CADH has requested a deferral for the payment relating to the interest case for 2008-2010 for the amount of tDKK 278.575 exclusive of late payment interest with the response pending.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH— expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.