
BC Hospitality Group A/S

Center Boulevard 5, DK-2300 København S

Annual Report for 18 August 2016 - 30 October 2017

CVR No 37 93 98 38

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/3 2018

Mette Kapsch
Chairman



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BC Hospitality Group A/S for the financial year 18 August 2016 - 30 October 2017.

The Annual Report is 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 at 30 October 2017 of the Company and of the results of the Company operations and cash flows for the financial year.

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

København, 28 March 2018

Executive Board

Allan Linneberg-Agerholm
CEO

Pernille Damm Nielsen
CFO

Board of Directors

David Robson Overby
Chairman

Mette Kapsch

Johan Ewald Lorentzen

Malina Lebrecht Hye
Staff Representative

Jimmi Smidt
Staff Representative

Independent Auditor's Report

To the Shareholder of BC Hospitality Group A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 October 2017 and of the results of the Company's operations and cash flows for the financial year 18 August 2016 - 30 October 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BC Hospitality Group A/S for the financial year 18 August 2016 - 30 October 2017, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. 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 the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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 misstate-

Independent Auditor's Report

ment, 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 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 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

Independent Auditor's Report

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.

Hellerup, 28 March 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Claus Carlsson
statsautoriseret revisor
mne29461

Company Information

The Company

BC Hospitality Group A/S
Center Boulevard 5
DK-2300 København S

CVR No: 37 93 98 38

Financial period: 18 August - 30 October

Municipality of reg. office: København

Board of Directors

David Robson Overby, Chairman

Mette Kapsch

Johan Ewald Lorentzen

Malina Lebrecht Hye

Jimmi Smidt

Executive Board

Allan Linneberg-Agerholm

Pernille Damm Nielsen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

Financial Highlights

Seen over a one-year period, the development of the Company is described by the following financial highlights:

	<u>2016/17*</u> TDKK
Key figures	
Profit/loss	
Revenue	941.803
Profit/loss before financial income and expenses	-3.548
Net financials	-8.239
Net profit/loss for the year	-10.462
Balance sheet	
Balance sheet total	397.126
Equity	7.054
Cash flows	
Cash flows from:	
- operating activities	27.044
- investing activities	-97.497
including investment in property, plant and equipment	-34.435
- financing activities	96.342
Change in cash and cash equivalents for the year	25.889
Number of employees	669
Ratios	
Gross margin	38,0%
Solvency ratio	1,8%
Return on equity	-296,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

*The financial period covers 18 August 2016 - 30 October 2017.

Management's Review

Financial Statements of BC Hospitality Group A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

It is the first Annual Report for the Company, and the financial period covers 12 month of operation. The activities of the Company was contributed in kind at 31 October 2016.

Results for the financial period

BC Hospitality Group recorded satisfactory revenue of DKK 942 million for the financial period. The Group thus consolidated the turnaround which began back in 2014, and further affirmed its position as the leading hospitality operator in Northern Europe. In 2017, the Group also continued its efforts to update, develop and market the various brands in the portfolio.

EBIT showed a loss of DKK 3.5 million for 2016/17. Consolidated revenue for 2016/17 amounted to DKK 941.8 million.

Gross operating profit for 2016/17 ended at DKK 357.7 million. This is primarily due to an increase in the number of sold rooms and significant operational efficiency measures in organising congresses and exhibitions. Moreover, the Group is seeing good progress in recurring major trade shows and international congresses, and recent years' establishment of shared services within the Group continues to realise good synergies in the support and back-office functions.

As the Financial Statements are presented for a non-calendar financial year, reference is made to the consolidated financial statements prepared for BCHG Holding A/S at 31 December 2017. These consolidated financial statements provide a real view of developments in the Group's total activities and financial circumstances.

Hosting moments that matter

Focus continued in 2017 on creating ultimate guest experiences based on the BC Hospitality Group's all-round 'Hosting Moments That Matter' strategy, and, combined with a focused 'One Team' effort, this resulted in very satisfied guests and employees across the Group's business areas.

Thus, guest satisfaction at the Group's three hotels remained in the top with impressive rankings on the TripAdvisor Top-30, Crowne Plaza Copenhagen Tower being in top 10, the Copenhagen Marriott Hotel in top 15 and AC Hotel Bella Sky Copenhagen in top 25 (among 119 Copenhagen hotels).

In 2017, the BC Hospitality Group moreover participated in the 'Great Place to Work' initiative, and for the first time saw all three hotels in the portfolio - AC Hotel Bella Sky Copenhagen, Crowne Plaza Copenhagen Towers and the Copenhagen Marriott Hotel – being ranked among the 30 most attractive and versatile medium-sized workplaces in Denmark.

Management's Review

Awards and nominations

2016/17 also saw the Copenhagen Marriott Hotel being selected as the best hotel in the Copenhagen area in 2017 ('Bedste Hotel i København & Omegn 2017') at the annual Danish Travel Awards organised by the Danish travel industry. Moreover, in June 2017, Bella Center Copenhagen was nominated by the International Association of Convention Centres (AIPC) for its comprehensive implementation of the new wireless network service 'Tomorrow's Wi-Fi Today', and the Group as a whole was nominated for the Copenhagen Business Award 2017 in the 'Environment and Social Responsibility' category. The latter due to its focused efforts on the inclusion of vulnerable groups (in this case specifically refugees) on the Danish labour market.

Investments and divestments

At the end of 2016, the Copenhagen Marriott building at Kalvebod Brygge was sold to ATP Ejendomme and PensionDanmark, and BC Hospitality Group A/S acquired CPHM A/S from which the hotel was operated; CPHM A/S subsequently merged with BC Hospitality Group A/S on 30 September 2017. In July 2017, our distinctive building housing AC Hotel Bella Sky Copenhagen was sold to the Norwegian investor Wenaasgruppen. Long-term leases have been concluded for both hotels, and both hotels are thus still operated by the BC Hospitality Group as the divestments have had no influence on the day-to-day management and operation of the hotels.

At the Copenhagen Marriott Hotel, a DKK 4.9 million investment was made in The Royal Suite in 2016/17, allowing the hotel to welcome guests to the luxury suite again. Furthermore, the reconstruction and upgrading of the Sky Bar at AC Hotel Bella Sky Copenhagen were commenced and are expected to be completed in the early summer of 2018. The new Cruise Shuttle Bus Service for the many cruise passengers staying at the hotels was very successfully launched.

Statement on Corporate Social Responsibility in accordance with section 99a of the Danish Financial Statements Act.

For compliance with section 99a of the Danish Financial Statements Act, please, refer to our 2017 UN Global Compact Report, which can be found at <http://www.responsiblehospitality.dk>

Focus on sustainability

The Group has committed to integrating sustainability as a key element of its business strategy and therefore always chooses the most sustainable solution where it makes sense and adds value. This 360 holistic approach – Responsible Hospitality – still implies that – besides providing the best service to our guests and customers – everyone takes responsibility for the impact of our business on society, the environment and our surroundings – this is part of the Group's DNA.

In 2017, the BC Hospitality Group continued endorsing the UN global goal for sustainable development, and, among other things, became an active member of Global Compact Denmark. The many sustainable initiatives during the year included the efforts to introduce sustainable procedures through eg significant reduction of especially the Bella Center's energy consumption in close cooperation with Schneider

Management's Review

Electric as well as the implementation of new food waste management tools. Thus, all chefs in our kitchens are now using a mobile food waste management App, which already in 2017 resulted in significant reduction of food waste.

At the BARK restaurant at Crowne Plaza Copenhagen Towers, the Group launched the so-called 'Treatbox' in close cooperation with Unilever Food Solutions in 2017 as the first restaurant in Denmark. A to-go box for guests who want to take home their good left-overs.

The Group also unabatedly continued its efforts to increase diversity at the workplace. In 2017, the Group thus employed 79 different nationalities and made active contribution through; the integration of vulnerable groups – particularly refugees – on the Danish labour market, and successful local cooperation with the Municipality of Roskilde in connection with the insourcing of housekeeping at the Copenhagen Marriott Hotel.

Read more about all of this and much more in the supplementary report 'Responsible Hospitality Report 2017' of the BC Hospitality Group available at the site www.responsiblehospitality.dk, which was also launched by the Group in 2017.

Outlook

Against the backdrop of strong financial results and consolidation of the position as market leading in Northern Europe, the BC Hospitality Group is facing 2018 well-prepared and with continued focus on outstanding service, sustainable business solutions and future growth potential.

It is evident that Bella Center Copenhagen can expect fewer – but very highly profiled – international and local congresses and events during 2018 with an estimated attendance figure of 73,000; therefore, the revenue of the congress centre is expected to increase by some DKK 18 million, and three internationally recognised hotel brands with a total of 1,584 rooms are expecting to generate growing activity from both business and leisure customers. Therefore, focus will be directed, also going forward, at generating further synergies between the multi-faceted business areas of the Group, and despite increased competition and hotel capacity in the Copenhagen area, the hotels are expected to continue delivering good results, in terms of revenue as well as earnings, in 2018. Among other things, the relaunch of the Sky Bar on the 23rd floor of AC Hotel Bella Sky Copenhagen under a new name and concept is expected to attract more customers; moreover, the Group will commence work on further implementation and development of the future Hilton Hotel, which will be added to the Group's strong portfolio of international hotel brands in 2020.

In conclusion, other initiatives in 2018 will include the trendsetting food fair 'Bite Copenhagen' as well as parts of the 'World Food Summit', which will in 2018 move to Bella Center Copenhagen. Generally, trade fairs will continue to have high priority, the Copenhagen Book Fair ('BogForum') and CIFF being among the key players. Organisationally and in terms of investments, focus will continue in 2018 on reaping economies of scale from fully integrated operations with optimised business processes and more efficient production planning in order thus to compensate for expected reduced revenue from the congress business, among other things. Finally, the BC Hospitality Group will launch a new 'Employment

Management's Review

Branding' initiative as well as an internal 'BC Academy' module that is to contribute towards attracting and retaining highly qualified manpower in the Group.

Based on the above as well as the annual results, the Group's expected EBITDAR for 2018 has been estimated at DKK 245 million.

Statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act.

BC Hospitality Group are required to report on diversity with respect to Board composition and gender split on other management levels within the Group.

BC Hospitality Group have obtained equal representation on its Board of Directors (1 woman and 2 men).

BC Hospitality Group have obtained equal representation on other management levels (Group Executive Directors).

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 October 2017 of the Company and the results of the activities and cash flows of the Company for the financial year for 2016/17 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 18 August - 30 October

	Note	2016/17 TDKK
Revenue	2	941.803
Expenses for raw materials and consumables		-169.759
Other external expenses		-414.321
Gross profit/loss		357.723
Staff expenses	3	-314.711
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-43.999
Other operating expenses		-2.561
Profit/loss before financial income and expenses		-3.548
Financial income	5	395
Financial expenses	6	-8.634
Profit/loss before tax		-11.787
Tax on profit/loss for the year	7	1.325
Net profit/loss for the year		-10.462

Distribution of profit

Proposed distribution of profit

Retained earnings		-10.462
		-10.462

Balance Sheet 30 October

Assets

	<u>Note</u>	<u>2017</u> TDKK
Goodwill		60.072
Intangible assets	8	60.072
Other fixtures and fittings, tools and equipment		85.410
Leasehold improvements		14.404
Property, plant and equipment	9	99.814
Deposits		64.993
Fixed asset investments	10	64.993
Fixed assets		224.879
Inventories		3.796
Trade receivables		73.350
Receivables from group enterprises		4.603
Other receivables		7.090
Deferred tax asset		12.979
Prepayments		34.240
Receivables		132.262
Cash at bank and in hand		36.189
Currents assets		172.247
Assets		397.126

Balance Sheet 30 October

Liabilities and equity

	<u>Note</u>	<u>2017</u> TDKK
Share capital		1.000
Retained earnings		6.054
Equity	11	7.054
Lease obligations		4.946
Payables to group enterprises		180.519
Deposits		13.913
Long-term debt	12	199.378
Lease obligations	12	2.521
Prepayments received from customers		64.703
Trade payables		50.666
Deposits		11.178
Other payables		61.626
Short-term debt		190.694
Debt		390.072
Liabilities and equity		397.126
Going concern	1	
Contingent assets, liabilities and other financial obligations	15	
Related parties	16	
Accounting Policies	17	

Statement of Changes in Equity

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
Paid in equity at 18 August 2016 - cash contribution	500	0	0	500
Capital increase - contribution in kind	500	16.516	0	17.016
Net profit/loss for the year	0	0	-10.462	-10.462
Transfer from share premium account	0	-16.516	16.516	0
Equity at 30 October	1.000	0	6.054	7.054

Cash Flow Statement 18 August - 30 October

	Note	2016/17 TDKK
Net profit/loss for the year		-10.462
Adjustments	13	50.913
Change in working capital	14	-5.168
Cash flows from operating activities before financial income and expenses		35.283
Financial income		395
Financial expenses		-8.634
Cash flows from operating activities		27.044
Purchase of tangible assets		-34.978
Purchase of financial assets		-63.084
Acquisition of activities		-67.259
Sale of tangible assets		67.824
Cash flows from investing activities		-97.497
Cash capital increase		500
Payables to group enterprises		180.519
Repayment of bank loan		-87.915
Deposits		3.238
Cash flows from financing activities		96.342
Change in cash and cash equivalents		25.889
Cash and cash equivalents contributed in kind 31 October 2016		10.300
Cash and cash equivalents at 30 October		36.189
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		36.189
Cash and cash equivalents at 30 October		36.189

Notes to the Financial Statements

1 Going concern

The Company's continued operations depend on that BCHG Holding A/S will not require the intercompany loan repaid during 2018. Therefore, the Company has received a letter of support from intermediate parent company BCHG Holding A/S. The letter is effective until 1 January 2019.

	2016/17
	TDKK
2 Revenue	
Geographical segments	
Revenue, Denmark	941.803
	941.803
Business segments	
Hotel	405.172
Area & Entry	239.323
Technique & Services	89.449
Food & Beverage	207.859
	941.803
3 Staff expenses	
Wages and salaries	268.519
Pensions	20.846
Other social security expenses	5.561
Other staff expenses	19.785
	314.711
Including remuneration to the Board of Directors and Executive Board of:	
Board of Directors	89
Executive board	8.675
	8.764
Average number of employees	669

Notes to the Financial Statements

	2016/17
	TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	
Amortisation of intangible assets	3.158
Depreciation of property, plant and equipment	40.841
	43.999
5 Financial income	
Other financial income	395
	395
6 Financial expenses	
Interest paid to group enterprises	4.985
Other financial expenses	3.649
	8.634
7 Tax on profit/loss for the year	
Current tax for the year	-4.603
Deferred tax for the year	3.278
	-1.325

Notes to the Financial Statements

8 Intangible assets

	Goodwill TDKK
Additions from drop down	37.685
Additions for the year	25.545
Cost at 30 October	63.230
Amortisation for the period	3.158
Impairment losses and amortisation at 30 October	3.158
Carrying amount at 30 October	60.072
Amortised over	20 years

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Additions from drop down	169.307	4.197
Additions for the year	22.129	12.849
Disposals for the year	-73.607	0
Cost at 30 October	117.829	17.046
Depreciation for the year	38.199	2.642
Impairment and depreciation of sold assets for the year	-5.780	0
Impairment losses and depreciation at 30 October	32.419	2.642
Carrying amount at 30 October	85.410	14.404

10 Fixed asset investments

	Deposits TDKK
Additions for the period	64.993
Cost at 30 October	64.993
Carrying amount at 30 October	64.993

Notes to the Financial Statements

11 Equity

The share capital consists of 1,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2016/17
	TDKK
Share capital at 18 August 2016 - cash contribution	500
Capital increase - contribution in kind	500
Share capital at 30 October	1.000

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	73
Between 1 and 5 years	4.873
Long-term part	4.946
Within 1 year	2.521
	7.467

Payables to group enterprises

Between 1 and 5 years	180.519
Long-term part	180.519
Within 1 year	0
	180.519

Deposits

Between 1 and 5 years	13.913
Long-term part	13.913
Within 1 year	11.178
	25.091

Notes to the Financial Statements

	2016/17
	TDKK
13 Cash flow statement - adjustments	
Financial income	-395
Financial expenses	8.634
Depreciation, amortisation and impairment losses, including losses and gains on sales	43.999
Tax on profit/loss for the year	-1.325
	<u>50.913</u>

14 Cash flow statement - change in working capital

Change in inventories	670
Change in receivables	-18.398
Change in trade payables, etc	12.560
	<u>-5.168</u>

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	176.578
Between 1 and 5 years	676.095
After 5 years	3.232.729
	<u>4.085.402</u>

Rent expenses charged to the income statement during the year	171.074
Lease expenses charged to the income statement during the year	1.159

Guarantee obligations

The Company is guarantor with primary liability for whatever amount BCHG Holding A/S and BCHG Properties A/S may owe Nordea Danmark in the future, including interest and expenses in the event of default.

Other contingent liabilities

The Solstra Investments A/S Group's Danish companies are jointly and severally liable for tax on the Group's income subject to joint taxation, etc. for 2017. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

Notes to the Financial Statements

16 Related parties

Related parties are considered to be the Board of Directors, Key management and Solstra Investments A/S' subsidiaries.

Basis

Controlling interest

BCHG Holding A/S

Lautrupsgade 7
2100 København Ø

Holding 100 % of the votes in the Company.

Transactions

The Company has had transactions related to intercompany payables. Balance is disclosed in note 12. Interests paid to group enterprises are disclosed in the income statement and note 6.

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company Solstra Holdings Cyprus Ltd., Cyprus. As a result of the legislation in Cyprus, the Consolidated Financial Statements are not published.

Name

Place of registered office

Solstra Investments A/S

Copenhagen

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of BC Hospitality Group A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Financial Statements for 2016/17 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

17 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue primarily consists of income from hotel rooms; conferences; rental income from booths; other rental income; income from setting up and arranging booths and meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services.

Revenue from sale of goods is recognised at the time of holding the event or meeting. Revenue from delivery of services is recognised at the rate of delivering the service. Revenue is determined less VAT, charges, payments to co-suppliers and discounts.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

17 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

17 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings and operating equipment	3 -15 years
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Leasehold improvements are depreciated over 3-15 years or the remaining lease term if shorter than expected useful lives.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

17 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

17 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$