DanCenter A/S

Lyngbyvej 20
2100 København Ø
CVR no. 67 32 40 13

Annual report for the period 1 January – 31 December 2017

Approved at the Company's annual general meeting on 4 June 2018

Chairman:

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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 DanCenter A/S 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, 4 June 2018
Executive Board:

Steen Seitner CEO	Kim Stengaard Holmsted

Board of Directors:

Tobias Wann Chairman	Bodo Thorsten Thielmann	Christian Marcus Wandrey
Steen Seitner	Kim Stengaard Holmsted	

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Independent auditor's report

To the shareholders of DanCenter A/S

Opinion

We have audited the financial statements of DanCenter A/S for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, and 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 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.
- 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 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 4 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

DanCenter A/S

Lyngbyvej 20

2100 København Ø

Telephone: 70130000

Website: www.dancenter.dk

CVR no.: 67 32 40 13

Established: 6 May 1982

Registered office: Copenhagen

Financial period: 1 January - 31 December

Board of Directors

Tobias Wann, Chairman

Bodo Thorsten Thielmann

Christian Marcus Wandrey

Steen Seitner

Kim Stengaard Holmsted

Executive Board

Steen Seitner, CEO

Kim Stengaard Holmsted

Auditor

Ernst & Young

Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4

P.O.Box 250

2000 Frederikberg

CVR no. 30 70 02 28

Financial highlights

In DKK '000	2017	2015/16 (15 mths)	2014/15	2013/14	2012/13
Key figures					
Revenue	322,866	360,425	284,361	272,509	254,212
Gross profit	142,107	140,915	124,639	113,509	106,814
Profit/loss from financial income and expenses	-361	-1	-4	1	-1
Operating profit	19,101	-11,855	33,037	21,777	18,311
Profit for the year	9,765	-17,348	19,199	21,230	20,453
Non-current assets	271,166	240,547	372,044	364,899	364,186
Investment in tangible assets	1,038	817	10,300	8,180	10,068
Current assets	146,020	175,247	127,511	161,462	128,840
Total assets	417,186	415,794	455,044	487,151	456,277
Equity	235,220	250,881	340,638	341,053	336,456
Non-current liabilities	392	1,457	6,119	5,974	6,332
Current liabilities	181,574	163,456	110,442	145,894	118,964
Financial ratios					
Operating margin	5.9%	-3.3%	11.6%	8.0%	7.2%
Gross margin	44.0%	39.1%	43.8%	41.7%	42.0%
Current ratio	0.80	1.07	1,16	1.11	1.08
Equity ratio	0.57	0.60	0.75	0.70	0.74
Return on equity	4.0%	-5.9%	5.6%	6.3%	6.3%
Average number of full-time employees	258	243	242	237	235

Financial ratios are calculated in accordance with recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Management's review

Operating review
Principal activities

The Company's principal activities comprise arranging vacation rental of private holiday accommodation in Scandinavia and, to a lesser extent, in Germany.

DanCenter A/S is one of Denmark's leading intermediaries of vacation rental with approx. 10,000 holiday homes for rent in Denmark, Sweden, Norway and Germany, which makes the Company one of the largest intermediaries on a European scale.

DanCenter A/S has two main brands: DanCenter and Danland.

The DanCenter brand comprises more than 8,000 holiday homes, of which two thirds are located in Denmark and the remaining part in Norway, Sweden and Germany. The holiday homes are privately owned holiday homes in the form of cottages.

The Danland brand comprises approx. 2,000 holiday homes that are all located in Denmark. The holiday homes are privately owned holiday flats located in holiday centres with varying shared facilities.

DanCenter A/S' primary source markets are Denmark, Germany, the Netherlands, Norway and Sweden with Germany being the largest rental market.

The development in the current season is in line with budget.

Development in activities and financial position

The Company's parent company Land & Leisure was delisted from the Copenhagen stock exchange in 2016. After delisting the company did no longer have activities and in 2017 it was merged with DanCenter as a reverse vertical merger. DanCenter is hereafter the continuing company directly owned by @Leisure Holding B.V. The merger will have no commercial effect.

After DanCenter was acquired in 2016 by the Dutch company @Leisure Holding B.V. several projects have been initiated on group level in order to strengthen the synergies within the group. Outcome of the projects will increase the distribution of houses for rent on more platforms generating higher rental activities and improve internal efficiency.

Late 2017 DanCenter agreed to acquire Admiral Strand Feriehuse. The acquisition was finalised beginning of 2018 and has added another 700 holiday homes from a solid well-known brand; Admiral Strand Feriehuse. The company, the brand and the former shareholders will continue their business unchanged within the ownership of DanCenter.

Profit / loss for the year

Profit / loss for the year is in accordance with expectations for 2017. Based on this, Management believes that the year's earnings of DKK 9,765 thousands were satisfactory.

Merger with parent company

In 2017 the parent company Land & Leisure was merged with DanCenter as a reverse vertical merger effective from 1 January 2017. The pooling-of-interests method has been used whereby comparative figures for previous financial years are restated.

Result before tax in 2017 has decreased by DKK 26,283 (2016: DKK 45,175 thousands), tax for year has decreased by DKK 317 (2016: DKK 1,896 thousands) and result for the year has decreased by DKK 25,966 (2016: DKK 43,276 thousands). The total assets as at 31 December 2017 has increased by DKK 186,894 (2016: DKK 195,515 thousands) and the equity has increased by DKK 187,964 (2016: DKK 213,116 thousands), The opening equity at 1 October 2015 has increased by DKK 251,346 thousands.

Material misstatement

The company's revenue consist of rental agreements with multiple performance obligations, which is recognized as service revenue, when service is delivered. In 2017 it has been ascertained that the revenue of certain services have been recognized too early. The material misstatement can be attributed to the fact that the year-end was changed from 30 September to 31 December connection with the @Leisure Holding B.V. take-over of the company in 2016.

The error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, result before tax in 2016 has decreased by DKK 1,148 thousands, tax for year has decreased by DKK 252 thousands and result for the year has decreased by DKK 895 thousands. The total assets as at 31 December 2016 has increased by DKK 880 thousands and the equity has decreased by DKK 895 thousands. The opening equity at 1 October 2015 has decreased by DKK 2,226 thousands.

Strategy and objectives
Expected development

The growth in recent years is expected to continue with focus on development of product range and market conditions.

The Company has a strong position in the market for vacation rental. It is a position that the Company believes can be strengthened further in the coming years, among others by a strong partnership with @Leisure and continued focus on improving customers' holiday experiences and constantly developing the content and volume of the product range. Focus will still be on efficiency measures to ensure optimum use of resources and thus maintenance of the Company's competitive position. Ability to provide and develop measures to secure and further increase homeowner satisfaction will be decisive for future success.

Events after the balance sheet date

No events have occurred after the balance sheet date that may significantly affect the Company's financial position.

Description of foreign branches

To handle rental activities abroad, the Company has established branches in Germany and

Sweden under the following names:

- DanCenter A/S Niederlassung, Deutschland, German branch for Dancenter A/S Denmark.
- Västkustbokningen, Swedish branch for DanCenter A/S, Denmark.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	1 January – 31 December 2017	1 October 2015 – 31 December 2016
2	**Revenue**	**322,866**	**360,425**
	Other operating income	0	79
	Other external costs	-180,759	-219,590
	Gross margin	**142,107**	**140,914**
3	Staff costs	-98,283	-119,274
4	Depreciation, amortisation and impairment losses	-24,723	-33,495
	Operating profit	**19,101**	**-11,855**
	Financial income from group entities	407	644
	Financial income from investments in associates	-169	-15
5	Financial income	473	1,026
6	Financial expenses	-834	-1,704
	Profit before tax	**18,979**	**-11,904**
7	Tax for the year	-9,214	-5,444
	Profit for the year	**9,765**	**-17,348**

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
8	**Intangible assets**		
	Contractual rights	2,455	0
	Goodwill	152,427	178,118
	Software	0	0
		154,882	178,118
9	**Property, plant and equipment**		
	Land and buildings	25,044	25,649
	Leasehold improvements	2,813	2,943
	Fixtures and fittings, plant and equipment	843	1,201
	Property, plant and equipment in progress	644	0
		29,344	29,793
	Financial assets		
10	Equity investments in group entities	23,854	23,447
10	Equity investments in associated entities	7,098	7,266
	Deposits	578	526
	Prepayment investment	55,000	0
	Deferred tax asset	410	1,397
		86,940	32,636
	Total non-current assets	271,166	240,547
	Current assets		
	Receivables		
	Trade receivables	131,943	115,281
	Receivables from group entities	271	53,678
	Other receivables	1,203	1,015
	Joint taxation	307	216
	Corporate tax	3,564	2,430
	Prepayments	1,548	1,077
		138,836	173,697
	Cash	7,184	1,550
	Total current assets	146,020	175,247
	TOTAL ASSETS	417,186	415,794

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	11,000	11,000
	Revaluation reserve	466	208
	Reserve for net revaluation under equity method	1,398	991
	Retained earnings	97,356	212,674
	Dividend proposed	125,000	26,008
	Total equity	235,220	250,881
	Non-current liabilities		
12	Deferred tax	392	0
	Deposits	0	239
	Mortgage loans	0	1,218
	Total non-current liabilities	392	1,457
	Current liabilities		
	Current portion of non-current liabilities	0	272
	Payables to group entities	27,266	13,742
	Trade payables	128,558	120,079
	Corporate tax	464	315
	Other payables	21,003	25,046
	Deferred income	4,283	4,002
	Total current liabilities	181,574	163,456
	Total liabilities	181,996	164,913
	TOTAL EQUITY AND LIABILITIES	417,186	415,794

1 Accounting policies
13 Contractual obligations and contingencies, etc.
14 Mortgages and collateral
15 Related parties
16 Appropriation of profit

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Revaluation reserve	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 October 2015	**11,000**	**83**	**2,696**	**0**	**30,732**	**44,511**
	Effect merger between Land & Leisure and DanCenter	0	0	-1,914	261,192	-7,932	251,346
	Material misstatement accumulated at 1 October 2015	0	0	0	-2,226	0	-2,226
	Equity at 1 October 2015	**11,000**	**83**	**782**	**258,966**	**22,800**	**293,631**
	Dividend paid	0	0	0	0	-22,517	-22,517
	Dividend treasury shares	0	0	0	283	-283	0
	Foreign exchange adjustment, foreign subsidiary	0	125	-35	0	0	90
	Share-based payment	0	0	0	13	0	13
	Exercise of share options	0	0	0	-3,154	0	-3,154
	Adjustment of currency forward contracts	0	0	0	166	0	166
16	Transfer, see "Appropriation of profit"	0	0	244	-43,600	26,008	-17,348
	Equity at 1 January 2017	**11,000**	**208**	**991**	**212,674**	**26,008**	**250,881**
	Dividend distribution	0	0	0	0	-25,688	-25,688
	Dividend treasury shares	0	0	0	320	-320	0
	Foreign exchange adjustment, foreign subsidiary	0	258	4	0	0	262
16	Transfer, see "Appropriation of profit"	0	0	403	-115,638	125,000	9,765
	Equity at 31 December 2017	**11,000**	**466**	**1,398**	**97,356**	**125,000**	**235,220**

Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of DanCenter A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Merger with parent company

In 2017 the parent company Land & Leisure was merged with DanCenter as a reverse vertical merger effective from 1 January 2017. The pooling-of-interests method has been used whereby comparative figures for previous financial years are restated.

Result before tax in 2017 has decreased by DKK 26,283 (2016: DKK 45,175 thousands), tax for year has decreased by DKK 317 (2016: DKK 1,896 thousands) and result for the year has decreased by DKK 25,966 (2016: DKK 43,276 thousands). The total assets as at 31 December 2017 has increased by DKK 186,894 (2016: DKK 195,515 thousands) and the equity has increased by DKK 187,964 (2016: DKK 213,116 thousands), The opening equity at 1 October 2015 has increased by DKK 251,346 thousands.

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The error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, result before tax in 2016 has decreased by DKK 1,148 thousands, tax for year has decreased by DKK 252 thousands and result for the year has decreased by DKK 895 thousands. The total assets as at 31 December 2016 has increased by DKK 880 thousands and the equity has decreased by DKK 895 thousands. The opening equity at 1 October 2015 has decreased by DKK 2,226 thousands.

Reference is also made to the comments in the Management's review.

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of DanCenter A/S and group entities are included in the consolidated financial statements of Axel Springer SE. The consolidated financial statements can be obtained at the following address:

Axel Springer SE.

Axel-Springer-Strasse 65

10888 Berlin

Germany.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Axel Springer SE.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the pooling-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

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 and 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.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

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 recognized 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 house owners and it should also be noted that the Company solely receives commission from the amount settled with the house owner. In case of cancellation, a fee is received from customers instead.

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises items secondary to the Company's activities, including gains on disposal of intangible assets and items of property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

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.

Income from investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

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, etc.

Tax for the year

The Parent Company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Contractual rights

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period.

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 is between 5 and 20 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Interest expenses on loans to finance the production of items of property, plant and equipment, and which relate to the production period, are recognised in cost. All other borrowing costs are recognised in the income statement.

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:

Buildings	50 years
Fixtures and fittings, plant and equipment	5-7 years
Leasehold improvements	5-20 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.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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.

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Notes

1 **Accounting policies (continued)**

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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Equity investments in group entities and associates

Equity investments in subsidiaries are measured and recognised in accordance with the equity method. This means that equity investments in the balance sheet are measured at the proportionate share of the entities' net asset value plus or minus unamortised positive and negative consolidated goodwill and plus or minus unrealised consolidated gains and losses.

The Company's share of the entities' profit/loss after elimination of unrealised intragroup gains and losses is recognised in the income statement less or plus amortisation of positive and negative consolidated goodwill.

Subsidiaries with negative net asset value are measured at nil, and any receivables from these entities are written down by the Company's share of the negative net asset value to the extent that they are considered irrecoverable. If the negative net asset value exceeds the receivable, the remaining amount is recognised in provisions to the extent that the Company has a legal or constructive obligation to cover the liabilities of the entity in question.

Net revaluation of equity investments in subsidiaries is transferred to the net revaluation reserve for equity investments to the extent that the carrying amount

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Notes

1 Accounting policies (continued)

Equity

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

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".

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.

Deferred income

Deferred income, recognised under "Liabilities", comprise payments received concerning income in subsequent years.

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1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

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Notes

DKK'000		1 January – 31 December 2017	1 October 2015 – 31 December 2016
2	**Revenue – segment information**		
	Germany	177,508	202,610
	Denmark and other countries	145,358	157,815
		322,866	360,425
3	**Staff costs**		
	Wages and salaries	91,749	111,020
	Pensions	518	620
	Other staff costs	2,710	3,462
	Share options	0	13
	Other social security costs	3,306	4,159
		98,283	119,274
	Average number of full-time employees	258	243

Staff costs include remuneration to the Executive Board, totalling DKK 5,138 thousands (2016: DKK 5,735 thousands).

4	**Depreciation, amortisation and impairment losses**		
	Amortization of Intangible assets	23,236	29,088
	Depreciation of property, plant and equipment	1,487	4,407
		24,723	33,495
5	**Financial income**		
	Interest income	0	70
	Interest income group entities	473	830
	Other interest income	0	126
		473	1,026
6	**Financial expenses**		
	Interest expenses	108	248
	Interest expenses group entities	726	1,218
	Capital loss on forward contracts	0	238
		834	1,704
7	**Tax for the year**		
	Estimated tax charge for the year	8,176	6,303
	Adjustment of the deferred tax charge for the year	1,379	-868
	Prior-year adjustments	-341	9
		9,214	5,444

Notes

8 Intangible assets

DKK'000	Contractual rights	Goodwill	Software	Total
Cost at 1 January 2017	6,854	244,056	3,521	254,431
Additions classification change	18,239	-18,239	0	0
Cost at 31 December 2017	25,093	225,817	3,521	254,431
Amortisation and impairment losses at 1 January 2017	-6,854	-65,938	-3,521	-76,313
Amortisation classification change	-15,129	15,129	0	0
Amortisation	-655	-22,581	0	-23,236
Amortisation and impairment losses at 31 December 2017	-22,638	-73,390	-3,521	-99,549
Carrying amount at 31 December 2017	2,455	152,427	0	154,882
Amortised over	5-20 years	5-20 years		

9 Property, plant and equipment

DKK'000	Land and buildings	Leasehold Improvements	Fixtures and fittings, plant and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2017	35,638	5,960	4,912	0	46,510
Additions	99	231	64	644	1,038
Cost at 31 December 2017	35,737	6,191	4,976	644	47,548
Depreciation and impairment losses at 1 January 2017	-9,989	-3,017	-3,711	0	-16,717
Impairment losses	0	0	0	0	0
Depreciation	-704	-361	-422	0	-1,487
Depreciation and impairment losses at 31 December 2017	-10,693	-3,378	-4,133	0	-18,204
Carrying amount at 31 December 2017	25,044	2,813	843	644	29,344
Depreciated over	50 years	5-20 years	5-7 years		

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10 **Financial assets**

DKK'000	Equity Investments in group entities	Equity Investments in associates
Cost at 1 January 2017	22,456	7,311
Additions	0	0
Disposals	0	0
Cost at 31 December 2017	22,456	7,311
Value adjustments at 1 January 2017	991	-45
Exchange rates adjustments	4	0
Value adjustments in the year	403	-168
Value adjustments at 31 December 2017	1,398	-213
Carrying amount at 31 December 2017	23,854	7,098

Investments in affiliated companies are as follows:

Name:	Domicile:	Ownership:	Equity:	Profit for the year:
DanCenter EDB Service ApS	Copenhagen	100%	13,499	323
DanCenter GmbH	Hamburg	100%	3,682	450
Residence de Monbrison A/S	Copenhagen	73,16%	1,840	38
Administrationsselskabet af 1.10.2015 ApS	Copenhagen	100%	47	-24
Maritimo 101, S.L	Fuengirola	100%	4,786	-380

Investments in associates companies are as follows:

Name:	Domicile:	Ownership:	Equity:	Profit for the year:
Marina Wendtorf Invest II GmbH & Co. KG	Kiel	49%	7,098	-168

11 **Share capital**

The share capital comprises 11.000 shares of DKK 1.000 nominal value each.

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		2017	2016
12	**Deferred tax**		
	Deferred tax at 1 January	1,397	-85
	Adjustment of the deferred tax charge for the year	-1,379	1,482
	Deferred tax at 31 December	18	1,397
	The deferred tax charge relates to:		
	Intangible assets	-540	-684
	Property, plant and equipment	148	391
	Tax loss carry forward	410	590
	Deferred income	0	1,100
		18	1,397
	Deferred tax is recognised in the balance as:		
	Deferred tax assets	410	1,397
	Deferred tax liabilities	-392	0
	Deferred tax is split in different tax jurisdictions:		
	Sweden	410	590
	Denmark	-392	807
		18	1,397

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

Contingent assets

The Company is jointly taxed with its subsidiaries; Residence de Monbrison A/S and DanCenter EDB-Service ApS. As management company, the Company has joint and unlimited liability for payment of Danish income taxes.

Operating lease liabilities

Contractual liabilities comprise rent, car leases and lease of other operating equipment:

	2017	2016
Lease liabilities		
0-1 year	6,662	6,363
1-5 years	7,634	5,017
> 5 years	122	272
	14,418	11,652
Total liabilities	14,418	11,652

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Notes

14 Mortgages and collateral

Mortgage debt is secured on mortgage on properties. The carrying amount of mortgaged properties amounts to DKK 0 thousand in 2017 and (2015/16: DKK 4,175 thousands).

Assets pledged as security for the rent deposit to Datea A/S amount to DKK 948 thousands (2015/16: DKK 948 thousands) and are recognised as financial assets held to maturity as well as cash.

The Company has provided a guarantee to Reise Garant amounting to DKK 0 thousand at 31 December 2017 (2016: DKK 2,230 thousands).

15 Related parties

DanCenter A/S' related parties comprise the following:

Significant influence

Dancenter A/S is part of the consolidated financial statements of Axel Springer SE, Berlin, which is the largest group in which the company is included as a subsidiary. DanCenter A/S is also part the consolidated financial statements of @Leisure Holding B.V., Amsterdam.

The consolidated financial statements of Axel Springer SE and @Leisure Holding B.V. can be obtained by contacting the company.

Parties exercising control
@Leisure Holding B.V. Rotterdam, Netherlands, is 100% owner of the share capital in the entity.

Related party transactions

DanCenter A/S was engaged in the below related party transactions:

DKK'000	2017
Related party transactions	
Revenue administration	48
Interest group entities	473
Other costs	371
Payables to group entities	8,796

	DKK'000	2017	2016
16	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	125,000	26,008
	Net revaluation reserve according to the equity method	403	244
	Retained earnings	-115,638	-43,600
		9,765	-17,348