



Business Report **2017**

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Messe Berlin GmbH

INTRODUCTION



Shaping change

Dear readers,

Advancing globalisation, change processes and, last but not least, digitalisation are creating a fundamental transformation. This is happening in trade fairs too, although it is not making them any less significant. Trade fairs are now, more than ever, meeting points for global business. For decision-makers, they offer the best opportunity to meet key people and companies all in one place.

The continued growth of the trade fair industry shows that the concept of the trade fair continues to play a key role in the era of digitalisation. German companies spend almost one in two euros of the relevant budget on participating in trade fairs at home and abroad, as indicated in a survey commissioned by the Association of the German Trade Fair Industry, AUMA.

Messe Berlin has managed to continue its steady growth. For almost 15 years, the Group has achieved double-digit growth rates every year. Once again, Messe Berlin is able to report record annual turnover, as the 2017 business report shows.

Nevertheless, Messe Berlin cannot, and does not intend to, rest on its laurels. We must not forget: competition has, for some time now, come not just from Germany but also from the likes of Las Vegas, Singapore and Shanghai. Exhibitors make global comparisons and expect a great deal from modern trade fair sites. Relying on tried and tested formats and concepts alone is not enough.

To come out on top, our competitors, too, will significantly increase expenditure: according to AUMA, German trade fair companies will, between now and 2022 alone, invest EUR 900 million in renovating and modernising trade fair halls, improving service quality and developing new facilities. In January 2017, the Supervisory Board of Messe Berlin agreed its master plan for modernising the exhibition grounds – a major milestone on the way to becoming the host of the future. In the next 15 years, diggers and cranes will become part of the view at the grounds by the radio tower. Step by step, we are making the historic exhibition grounds fit for the future – all while conducting business as usual. First up is hub27, work on which started back in the autumn of last year. The multifunctional, stand-alone, 9,500 m² hall will host additional congresses from 2019. The majority of the construction costs will be covered by the Group itself.

While the exhibition grounds are undergoing modernisation, hub27 will be used as an alternative site to ensure the smooth running of large trade fairs.

These investments in developing infrastructure will pay off. The higher the quality of the trade fair site, the more likely it is that future events will take place in Berlin. This will benefit not only Messe Berlin but also Berlin's economy and its citizens – through jobs and tax revenue.

We still have plenty of plans, which we will gradually reveal in the years to come – not just for our 200-year anniversary celebration in 2022.

Sincerely,

Wolf-Dieter Wolf
Chairman of the Supervisory Board
Messe Berlin GmbH

Messe Berlin GmbH

INTRODUCTION



Host of the future

Dear readers,

In 2017, around 2.6 million visitors attended more than 120 Messe Berlin events. It was – once again – a record year for the Group. Overall turnover in this, the most successful odd-numbered year in the company's history, was EUR 284 million. This equates to an increase of 17% on 2015, which is used as a reference point, as some fairs only take place every second (even) year.

Our vision of being a perfect host in and for the capital was also further realised in 2017. Around 31,500 exhibiting companies from Germany and overseas attended our own and guest events, attracting multipliers from all over the world to

Berlin. In 2017, more than 25,000 journalists applied for press accreditation. Whether they were bloggers, YouTubers or business journalists – each and every one of them took their impressions of Berlin as a business and science hub out into the world. This was beneficial not only to the Group but also to the city and state of Berlin: external visitors and exhibitors contributed around EUR 1.5 billion to the Berlin economy in 2017. For the state of Berlin, this means additional revenue to the tune of around EUR 68 million as a result of value-added effects.

Being a good host is in the DNA of the 900 employees who were working in the company as of 2017, 55 more than the previous year. Our successful positioning on the market and continual growth are the result of a joint effort of which we are proud.

Our leading trade fairs are a key cornerstone of our company's success. IFA, ITB Berlin, FRUIT LOGISTICA and International Green Week are brands whose reputations go far beyond Berlin and Germany. In 2017, these fairs once again attracted myriad exhibitors who presented their innovative products, services and technologies.

The focus of our internationalisation strategy in 2017 was, once again, on Asia. In this regard, we were able to create a new milestone: in May, ITB China was held for the first time – a huge success from the outset. More than 10,000 industry attendees visited the trade fair in Shanghai. Overall,

around 600 exhibitors from 70 countries took stands in the 12,000-square-metre space. By getting on board with Berliner Mobile Seasons GmbH, which handles the developer conference series droidcon worldwide, we continued our path towards internationalisation. Messe Berlin was active in the US for the first time, with conferences in New York and San Francisco. To ensure the success of our international trade fairs, we draw on a network of 85 overseas offices, giving Messe Berlin a presence in more than 170 countries.

April 2017 also saw the debut of BUS2BUS, a specialist trade fair for the bus industry.

We also saw some real highlights at guest events: the Deutscher Evangelischer Kirchentag in May and the Internationales Deutsches Turnfest in June 2017 drew the best part of 425,000 visitors to the exhibition grounds. Other beacons included the annual general meeting of Daimler AG and major business events, such as Cisco live! and NetApp Insight, with some attracting more than 10,000 participants to the exhibition halls and CityCube Berlin. We were also able, once again, to position ourselves as an attractive trade fair site for medical conferences: for example, we hosted the German Congress for Orthopaedics and Accident Surgery, which drew around 12,000 participants, and the WPA XVII World Congress of Psychiatry Berlin, with around 10,000 participants at CityCube Berlin.

Our subsidiary K.I.T has secured its position among the world's leading professional conference organisers (PCO) in the past ten years. The team organises around 35 events every year, with a focus on medical conferences, meetings and conference-related exhibitions.

The success of recent years has helped us pick up a tailwind for our plans for the future. Our aim is to strategically develop Messe Berlin's readiness for the future as a key economic engine for the capital and for Germany. A key cornerstone of this is the modernisation of our infrastructure, which began in autumn 2017 with the construction of the new trade fair hall hub27. The groundwork has therefore been laid for a successful future. In 2018, our events calendar is fuller than ever. We are sticking to our guns and driving the expansion of our world-leading trade fairs forward, promoting internationalisation and developing new business further.

We would therefore like to take this opportunity to thank our business partners once again for their positive collaboration, as they are the bedrock of the services we offer.

Sincerely,



Dr Christian Göke
Chief Executive Officer



Dirk Hoffmann
Chief Operating Officer

Key figures

2017

In-house events	2017
Number of trade fairs and exhibitions	56
Gross area in m ²	1,530,723
Number of exhibiting companies	26,130
Number of visitors/participants	1,850,858
Guest events ¹⁾	2017
Number of guest events	65
Gross area in m ²	1,257,077
Number of exhibitors	5,438
Number of participants	773,782
Finances (in EUR million)	2017
Turnover (Group)	283.96
Turnover (Messe Berlin GmbH)	198.83
Annual profits for the financial year (Group)	7.03
Annual profits for the financial year (Messe Berlin GmbH)	7.49
Group EBT: Trade fairs and congresses	+66.2
Group EBT: Facility management/Exhibition grounds	-58.8
Personnel ²⁾	2017
Employees (Group)	874
of which trainees	31
Employees (Messe Berlin GmbH)	486
of which trainees	19

¹⁾ Guest organisers of trade fairs, congresses, corporate events

²⁾ Average annual figures

*Key figures for the
Messe Berlin Group
and the trade fair
venue Berlin 2017*

**TRADE FAIRS
GUEST EVENTS
FINANCES
PERSONNEL**



Management Report**2017****Group and
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Expected development of business and profits

This Management Report covers both Messe Berlin GmbH and the Messe Berlin Group. Unless stated otherwise, the explanations pertain to both financial statements.

The Group's business model

Host Messe Berlin – under this banner, Messe Berlin is combining its many years of expertise, professionalism and distinctive service provision. In 2017, Messe Berlin repositioned its company brand 'Messe Berlin' as part of an intensive internal process. The aim was to improve identification with the umbrella brand internally and strengthen positive associations with the company externally. The new approach focuses on Messe Berlin's qualities as a host – for visitors, exhibitors, media, partners and many more – and acts both as a description and a standard.

For almost 15 years, the Messe Berlin Group has recorded double-digit annual growth rates. A cornerstone of this success is the company's strength in creating concepts and the subsequent international marketing of its trade fairs and congresses. The business in Berlin also benefits from the appeal of the location. Increasing numbers of external trade fair and congress guests create significant secondary economic effects for Berlin. Accommodation, dining, transport, consumption and take-up of the wide variety of leisure and culture options on offer accounted for spending of around EUR 1.4 billion back in 2014, according to a study by Investitionsbank Berlin. Using the bank's simulation model, it is possible to convert such additional sales effects into added value, jobs and public revenue. Thus, in the period between 2015

Fundamentals

and 2019, this would amount to a total additional GDP for Berlin of EUR 2.1 billion. In 2014 alone, 6,500 new jobs were created or secured. Justifiably, Messe Berlin sees itself as an engine for Berlin.

Sites

The Berlin ExpoCenter City exhibition grounds at Messe Berlin headquarters, located in the heart of Berlin, comprise about 180,000 square metres of hall space, distributed over 26 trade fair halls plus the CityCube Berlin. The site owner is the federal state of Berlin, and its operator is Messe Berlin.

The Berlin ExpoCenter Airport exhibition grounds, which Messe Berlin also operates, are located next to Berlin Schönefeld airport.

In light of intensifying international competition, the technical and structural standards of buildings belonging to the federal state of Berlin are particularly important for the conduct of trade fairs, exhibitions and congresses, as well as other events. Messe Berlin bears most of the costs for the management of the exhibition grounds itself.

Products

The Group's business is divided into in-house events, which are organised by Messe Berlin and its subsidiaries in their own name, guest business (guest events, corporate events, congresses) and event-related service business.

Organisational structure

The legal relationship between Messe Berlin and its main shareholder, the federal state of Berlin, is mainly based on two contracts: the basic agreement and the lease contract for the Berlin ExpoCenter City site.

Messe Berlin GmbH is the Group parent company of a total of 17 direct or indirect consolidated subsidiaries, as well as a joint venture. The group structure is mainly based on operational necessities.

Objectives and strategies

With the tailwind of recent years' success, Messe Berlin remains eager to record above-average growth and continue to improve efficiency, despite intensifying competition. The focus of the planned growth strategy remains securing the basis of the core business, namely the top 5 leading trade fairs – International Green Week Berlin, ITB Berlin – THE WORLD'S LEADING TRAVEL TRADE SHOW®, IFA – Consumer Electronics Unlimited, InnoTrans – International Trade Fair for Transport Technology, Innovative Components – Vehicles – Systems and FRUIT LOGISTICA – International trade fair for the fresh fruit and vegetables sector. This also includes developing offshoots in Asia.

Besides the events that are well on the way to joining the leading trade fairs club, such as the IZB International Supplier Trade Fair, CMS Cleaning. Management. Services and conhIT, all other trade fairs can be grouped under long-standing and consolidated trade fairs undergoing a conceptual change, and smaller new events in the establishment phase, such as Stage|Set|Scenery, the classic-car trade fair MOTORWORLD Classics Berlin and the Bus2Bus industry trade fair and congress for modern bus transportation and everything that goes with it. Bus2Bus made its successful debut from 25 to 26 April 2017. Messe Berlin is also grabbing opportunities to acquire events that are a good strategic 'fit' with the existing portfolio, such as droidcon, a global developer conference series and network that focuses on the best of Android and takes place in more than 20 locations worldwide. Indeed, the droidcon conferences in New York and San Francisco were Messe Berlin's first operations in the US. Partnering with another new event, the Cube Tech Fair, which took place from 10 to 12 May 2017, Messe Berlin also launched an innovative trade fair concept specially designed for Berlin start-ups. In total, the Group has more than 100 regional, national and international in-house and guest events taking place annually at the Berlin exhibition grounds, at other locations in Germany and worldwide.

Overseas business

As in previous years, the focus of internationalisation in the 2017 financial year was on Asia. By developing new trade fairs abroad, Messe Berlin is heeding the requirements of exhibitors and customers for international expansion while also securing the position of its leading trade fairs and the trade fair venues in Berlin. The Group's interests abroad are promoted via a global network of 85 representatives in more than 170 countries on all five continents, offering exhibitors and visitors worldwide a comprehensive service portfolio, as well as professional and individual counselling on site.

In 2017, the Group's presence in Asia comprised four of its own events. ASIA FRUIT LOGISTICA, which takes place annually in September and is organised by the 70% subsidiary Global Produce Events GmbH, has been up and running for 11 years now. In 2007, it was joined by ITB Asia, which is run every year by wholly-owned subsidiary Messe Berlin (Singapore) Pte. Ltd. April 2016 saw the debut of CE China in Shenzhen, organised by the wholly-owned subsidiary Berlin Exhibition (Guangzhou) Co. Ltd. in Guangzhou as a global IFA event. IFA is expanding its business in the US as well as Asia.

Through its own Messe Berlin USA Corp., Messe Berlin acquired 75% of shares in the newly established CT Lab Global Media, LLC in Philadelphia (USA). The remaining shares are held by the NAPCO Media Group, a leading B2B media company headquartered in Philadelphia, thus bringing its

business, Consumer Technology 'ct.lab', into this subsidiary. According to the consolidated annual financial statement of Messe Berlin USA Corp. and CT Lab Global Media, LLC, the Group chalked up a loss of EUR 0.5 million in the abbreviated financial year 2017.

In 2017, an additional ITB offshoot in Asia flourished: ITB China had a remarkably successful debut from 10 to 12 May 2017. It is organised by MB Exhibitions (Shanghai) Co. Ltd., a Messe Berlin joint venture established in 2016 with Travel Daily Inc. Ltd., publisher of the renowned weekly newsletter 'China Travel News' and organiser of the Travel Daily China conference.

FRUIT LOGISTICA is also expanding further in Asia: for the purposes of running the new CHINA FRUIT LOGISTICA, Global Produce Events (Shanghai) Co. Ltd. was established in 2017 as a wholly-owned subsidiary of Global Produce Events GmbH. It makes its debut from 14 to 16 May 2018.

Guest events

In the guest events sector, markets remain diverse. In what was a highly competitive environment in 2017, the conventions sector was able to hold its own thanks to the modern multifunctionality of the CityCube Berlin venue and positive conditions in Berlin itself, such as its hotels, overall value for money, variety of scientific facilities and thriving start-up scene.

There were two stand-out major events in 2017 at Berlin ExpoCenter City: the 36th Deutsche Evangelische Kirchentag, from 24 to 28 May, and the Internationale Deutsche Turnfest 2017, from 3 to 10 June which together, drew more than 400,000 visitors to the exhibition grounds. Alongside these two guest exhibitions were regular events, such as Coil Winding, the leading global conference in its field, the annual general meeting of Daimler AG and major business events, such as Cisco live! and NetApp Insight, some of which attracted more than 10,000 participants to the exhibition halls and CityCube Berlin. 2017 also saw the return of major medical congresses, such as the German Congress for Orthopaedics and Accident Surgery, with around 12,000 participants, and the WPA XVII World Congress of Psychiatry Berlin, with around 10,000 participants at CityCube Berlin. Another new attraction was the Global Champions Tour Berlin, held in the Summer Garden from 28 to 30 July. After years without one, the capital now has another 5-star equestrian tournament. The tournament is planned to take place annually.

K.I.T.

K.I.T. Group GmbH, of which Messe Berlin GmbH owns 75%, is a professional conference organiser (POC). Its core business is planning and organising medical conferences, meetings and congress-related exhibitions.

It comprises about 35 events per year attracting some 90,000 participants, using ca. 13,000 square metres of exhibition space and involving around 150,000 room reservations. The vast majority of the events are organised outside of Germany. In a growing market and with a global offering of more than 15,000 conferences (54% in Europe), the company has been able to significantly expand its business activities in the past ten years and cement its position among the globally leading PCOs. The basis for its business is multiple long-term contracts with major customers, in particular associations in the medical sector.

K.I.T. is also expanding abroad. In 2015, K.I.T. Group GmbH acquired 75% of shares in K.I.T. Group France S.à.r.l., headquartered in Boulogne-Billancourt, France, and it plans to acquire the remaining 25% of shares in 2018. In the year under review, a first Chinese branch was set up in Beijing with K.I.T. Conference Management (Beijing) Co. Ltd. in order to expand the PCO business in China. Further expansion in the Middle East is planned for 2018, with an own subsidiary.

E.G.E.

E.G.E. European Green & Exhibitions GmbH, a joint venture of Messe Berlin and Deutscher Bauernverlag, has experienced continued growth since 2012, including by means of acquisitions. Its core area of business is agricultural regional products and services for more than 15,600 trade visitors and multipliers every year. For its subsidiary MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, the annual highlight is MeLa, a trade fair for the agriculture and food, fishing, forestry, hunting and horticulture industries, with 70,000 trade visitors. In 2018, the E.G.E. Plans to set up a subsidiary in Poland, to implement its successful agricultural trade fair concept there, too.

Service subsidiaries

As a subsidiary of Messe Berlin, Capital Catering GmbH (CCG) serves food and beverages to the guests and employees of Messe Berlin, as well as to third-party customers. Berlin ExpoCenter City and Berlin ExpoCenter Airport constitute CCG's core business. At these venues, CCG provides catering for conferences, seminars, congresses and exhibitions. In addition, CCG runs the Berlin Radio Tower and the Radio Tower Restaurant.

Service provider MB Capital Services GmbH (CSG) is responsible for devising and implementing concepts relating to participation in international events, trade fairs, congresses and other events worldwide. The primary business purpose of Capital Facility GmbH (CFG) is to offer technical and infrastructure support services for the sites and trade fair operations of Messe Berlin and all related activities.

Economic report

ExpoCenter Airport Berlin Brandenburg GmbH

ExpoCenter Airport Berlin Brandenburg GmbH (ECA), a joint venture between Wirtschaftsförderung Land Brandenburg GmbH (WFBB, formerly ZukunftsAgentur Brandenburg GmbH) and Messe Berlin GmbH, manages the Berlin ExpoCenter Airport venue that it established in Selchow (Schönefeld) in 2012. The fact that Berlin Airport (BER) still hasn't opened and that, accordingly, planned infrastructure and public transport systems are not yet operating, is continuing to negatively affect marketing of the site. Consequently, Messe Berlin, in close cooperation with WFBB and other committees, has had to start looking into possible alternative uses and future scenarios.

Economic environment

The German economy continued on its positive trajectory in 2017. Adjusted for price, GDP rose by 2.4%. This was thanks to a solid domestic foundation, with increasing employment, growing income and mostly stable consumer prices. Incoming orders and sentiment indicators are sending positive signals for the industry. The Ifo Institute for Economic Research expects the upturn to continue until well into 2018. In 2018, GDP should be up 2.6% on 2017. In 2017, the number of people in employment was 44.3 million and is expected to reach a record 44.8 million in 2018. According to Ifo Institute predictions, the number of unemployed will fall further, from 2.5 million (2017) to 2.4 million (2018), then to 2.2 million (2019), equating to rates of 5.7% (2017), 5.3% (2018) and 4.9% (2019). In contrast, a rise in consumer prices is expected, from 1.8% in 2017 to 1.9% in 2018 and 2.2% in 2019.

The national economic indicators for foreign trade, together with estimates for the global economy, indicate an upturn, albeit moderate, in exports.

Global economic indicators suggest the global upturn will continue. Prospects for growth are improving in the Eurozone. Economies in the USA, Japan and developing countries are dynamic. By contrast, China's growth remains down on previous years, as in 2016. Brazil and Russia have come through their recessions.

Trade fair industry

Trade fairs remain by far the key tool in business-to-business communication. German companies spend almost 48% of the relevant budget on trade fair participation at home and abroad. This was indicated by a recent survey of exhibitors by Kantar TNS commissioned by the Association of the German Trade Fair Industry (AUMA). Compared with the previous year, Germany experienced renewed growth as a trade fair location in 2017 in terms of

exhibitors (2.5%) and stand space (2%) across 157 international and national events. By contrast, the overall number of visitors fell by 0.5%, mostly due to lower visitor numbers at car-industry trade fairs. On the other hand, the share of foreign visitors rose by 4%. The increase in exhibitors to a record level of 191,000 can also be attributed to the consistently strong trade fair programme, as well as strong performance by individual trade fairs.

As in previous years, the major contribution in this regard was made by foreign exhibitors (+5%), who see the strong German economy as enhancing their export prospects. AUMA sees the stabilisation in the number of German exhibitors as a key signal – after years of mergers and acquisitions among mid-sized companies. It also appears that start-ups see trade fairs as a tool for personal dialogue.

AUMA is predicting slight growth once again for 2018. Another AUMA survey of trade fair organisers, carried out as part of a survey of associations by the Institute for Economic Research in December 2017, also revealed a somewhat optimistic mood within the industry, in that a clear majority of German trade fair companies are expecting higher turnover in 2018. The number of people employed by trade fair companies is also set to increase.

Trends in international competition

As in previous years, the trade fair industry must be measured against the international competition. Global conditions are unchanged: the development of the global trade fair market is mirroring global economic growth. In spite of digitalisation, which is proceeding apace, signs of cannibalisation effects in the trade fair market are neither apparent nor expected. Trade fair companies' ability to grasp and take advantage of the megatrends of the future shall impact competition.

Business development

Messe Berlin is coming to the end of the most successful odd-numbered year in its company history. The Group's overall turnover is EUR 284 million. This equates to an increase of 17% on the reference year 2015 (EUR 242 million).

At EUR 7.0 million, the consolidated net profit is also the highest for an uneven year (reference year 2015 saw EUR 4.4 million) in the history of Messe Berlin Group.

Around 28,000 exhibiting companies (reference year 2015: 24,900) from Germany and abroad presented their products and services at trade fair venues in Berlin.

Around 2.4 million visitors from Germany and abroad attended Messe Berlin GmbH's 16 in-house events (reference year 2015: 17), 53 guest events (reference year 2015: 53), 22 smaller events in the Palais am Funkturm, 20 conventions and numerous Group events in locations outside Berlin.

Bookings at CityCube Berlin remain very strong

CityCube Berlin, which only opened in 2014, is enjoying strong and burgeoning demand. By 2016, it was already almost fully booked.

The functionality of CityCube Berlin meets market requirements, and the Berlin congress market is growing continuously. So, CityCube Berlin is not only used as a congress hall but also for Messe Berlin's in-house events, which are experiencing increased demand.

ICC Berlin as emergency accommodation

Since mid-December 2015, ICC Berlin has also been partly recommissioned to provide space for refugees, as well as for the Agency for Refugee Matters (LAF). The refugee-accommodation arrangement came to an end on 30 September 2017. ICC Berlin is still available to LAF for use as a service centre.

Master Plan Berlin ExpoCenter City

As a basis for the upkeep and future development of the exhibition grounds, Messe Berlin has produced a master plan in line with its strategic business goals for the development of the exhibition grounds at Berlin ExpoCenter City over the next 15 years or so. As a result and in order to secure the Messe Berlin business, in particular to ensure the further growth of leading international events, gradual renovation of the trade fair halls is required, as is sourcing alternative space while this is taking place, to implement the construction phases to the scale indicated in the master plan. To that end, in autumn 2017, Messe Berlin also began work on Hall 27 (hub27 Berlin), a facility with around 10,000 square metres of space south of Berlin ExpoCenter City. The hall is scheduled to enter into operation in Q2 2019. It will be financed for the most part by Messe Berlin, using equity capital and borrowed capital. There are also plans to borrow additional capital of EUR 30 million.

In order to implement and finance stage 1 of the master plan, the key relationships between the federal state of Berlin and Messe Berlin are being redefined. The federal state of Berlin intends to hand over the Berlin ExpoCenter City land to Messe Berlin so that Messe Berlin is in a position to implement the measures involved in the master plan itself. The first board resolution in this regard was taken by the Berlin Senate in

October 2017. Financing of measures involved in stage 1 of the master plan will be agreed between the federal state of Berlin and Messe Berlin over the course of 2018.

Situation of the Group

The Group's economic situation remains positive. Like the preceding years, the 2017 financial year ended very successfully. Compared with the reference year 2015, turnover grew by 17%.

Messe Berlin compares figures based on whether years are odd or even, as certain trade fairs only take place every two years. In even financial years, the company organises events such as bautech – International Trade Fair for Construction and Building Technology, ILA Berlin – INNOVATION AND LEADERSHIP IN AEROSPACE and the rail technology and mobility trade fair InnoTrans – International Trade Fair for Transport Technology, Innovative Components – Vehicles – Systems.

In 2017, the Group's pre-tax earnings (EBIT) increased by EUR 1.4 million compared with the reference year 2015. The earnings margin (EBIT/turnover) remained virtually unchanged, with a marginal decrease from 4.0% to 3.9%. Planned turnover for 2017 (EUR 263.6 million) was exceeded by EUR 20.4 million (7.7%), and the budgeted pre-tax earnings (EBIT) by EUR 7.8 million.

Financial performance indicators

Multi-year comparison

Messe Berlin Group	2017 EUR million	2016 EUR million	2015 EUR million	2014 EUR million	2013 EUR million
Turnover	284.0	309.4	242.0	269.4	187.6
Changes in inventory - work in progress	0.0	0.0	0.1	-0.2	0.1
Other operating income	14.6	15.1	11.4	7.0	6.8
Material costs	-187.9	-193.4	-156.4	-175.4	-118.3
Personnel costs	-60.6	-55.8	-51.9	-53.2	-46.3
Other operating costs	-27.4	-44.1	-26.2	-28.7	-19.3
Income from investments	0.0	0.0	0.1	0.1	0.0
EBITDA	22.7	31.2	19.1	19.0	10.6
EBITDA %	8.0%	10.1%	7.9%	7.1%	5.7%
Depreciation of fixed assets	-11.7	-9.4	-9.5	-8.2	-5.9
EBIT	11.0	21.8	9.6	10.8	4.7
EBIT %	3.9%	7.0%	4.0%	4.0%	2.5%
Interest income	-2.4	-1.6	-3.2	-2.3	-2.1
Taxes	-1.3	-3.4	-1.9	-2.9	-1.3
Minority shareholders' share of the profit	-1.1	-0.9	-1.1	-0.8	-0.5
Annual result	6.2	15.9	3.4	4.8	0.8

Operating results

Messe Berlin Group	2017 EUR million	2016 EUR million	Change compared with previous year	
			EUR million	%
Turnover	284.0	309.4	-25.4	-8.2
Other operating income	14.6	15.1	-0.5	-3.3
Material costs	-187.9	-193.4	5.5	-2.8
Personnel costs	-60.6	-55.8	-4.8	8.6
Other operating costs	-27.4	-44.1	16.7	-37.9
EBITDA	22.7	31.2	-8.5	-27.2
Depreciation of fixed assets	-11.7	-9.4	-2.3	24.5
EBIT	11.0	21.8	-10.8	-49.5
Interest income	-2.4	-1.6	-0.8	50.0
Taxes	-1.3	-3.4	2.1	-61.8
Minority shareholders' share of the profit	-1.1	-0.9	-0.2	22.2
Group profit	6.2	15.9	-9.7	-61.0

In comparison with the previous year, during which more events took place, Group turnover fell by 8.2%. Material costs fell by the same proportion as turnover. The additional decrease is mainly as a result of the allocation to provisions for deferred maintenance, which was less than the previous year. The significant increase in personnel expenses is largely based on new hires in 2017 and the increase in the agreed rate implemented from 1 February 2017. The decrease in other operating costs is largely due to allocations to provisions for onerous contracts, which were lower than the previous year. The increase in depreciation of fixed assets is due to an unplanned depreciation of the trade fair halls in Selchow and a depreciation of financial assets. The decline in the interest income was due to interest from pension liabilities.

Messe Berlin GmbH	2017	2016	Changes compared with previous year	
	EUR million	EUR million	EUR million	%
Turnover	198.8	220.8	-22.0	-10.0
Other operating income	12.9	12.4	0.5	4.0
Material costs	-141.2	-150.8	9.6	-6.4
Personnel costs	-37.8	-34.8	-3.0	8.6
Other operating costs	-25.3	-33.3	8.0	-24.0
Income from investments	12.5	13.5	-1.0	-7.4
EBITDA	19.9	27.8	-7.9	-28.4
Depreciation of fixed assets	-11.2	-7.9	-3.3	41.8
EBIT	8.7	19.9	-11.2	-56.3
Interest income	-1.6	-1.3	-0.3	23.1
Taxes	0.4	-3.1	3.5	-112.9
Annual result	7.5	15.5	- 8.0	-51.6

The parent company, Messe Berlin GmbH, generated a turnover of EUR 198.8 million and an operating result before interest and taxes of EUR 8.7 million (previous year – EUR 19.9 million; reference year 2015 – EUR 7.9 million). Compared with the reference year 2015, turnover rose by EUR 39.5 million (24.8%). In terms of turnover, Messe Berlin GmbH exceeded its 2017 business plan by EUR 15.7 million. This, once again, clearly highlights the successful development of Messe Berlin's leading international trade fairs.

In-house events

Group turnover in the in-house events part of the business amounted to EUR 118.4 million (previous year – EUR 150.1 million). Compared with the reference year 2015, turnover increased in this part by EUR 10.8 million. This was largely due to the increase in turnover of the leading trade fairs IFA, ITB and FRUIT LOGISTICA.

Congresses and guest events

In the guest events, congress and events part of the business, the Group's turnover in 2017 amounted to EUR 78.5 million (previous year – EUR 57.2 million). While further sales growth in this part meant Messe Berlin GmbH was able to cement the positive trend of previous years, K.I.T. saw a decrease

in sales compared with the previous year. Compared with the reference year 2015, turnover in this part increased by EUR 16.3 million. The increase in turnover is mainly due to the turnover achieved by the Internationales Deutsches Turnfest and Deutscher Evangelischer Kirchentag events held in Berlin in 2017.

Subsidiary companies in Germany and abroad

In the 2017 financial year, K.I.T., of which Messe Berlin GmbH owns 75 %, and its three subsidiaries achieved turnover of EUR 38.6 million (previous year – EUR 39.6 million.).

In 2017, Messe Berlin (Singapore) Pte. Ltd. generated a turnover of EUR 4.3 million (previous year – EUR 3.9 million) with its ITB Asia event in Singapore.

Global Produce Events GmbH, together with its subsidiary Global Produce Events (Shanghai) Co., Ltd., established in 2017, generated a turnover in the 2017 financial year of EUR 5.8 million (previous year – EUR 4.7 million) mainly with the event ASIA FRUIT LOGISTICA – International Trade Fair for Fruit and Vegetable Marketing in Hong Kong.

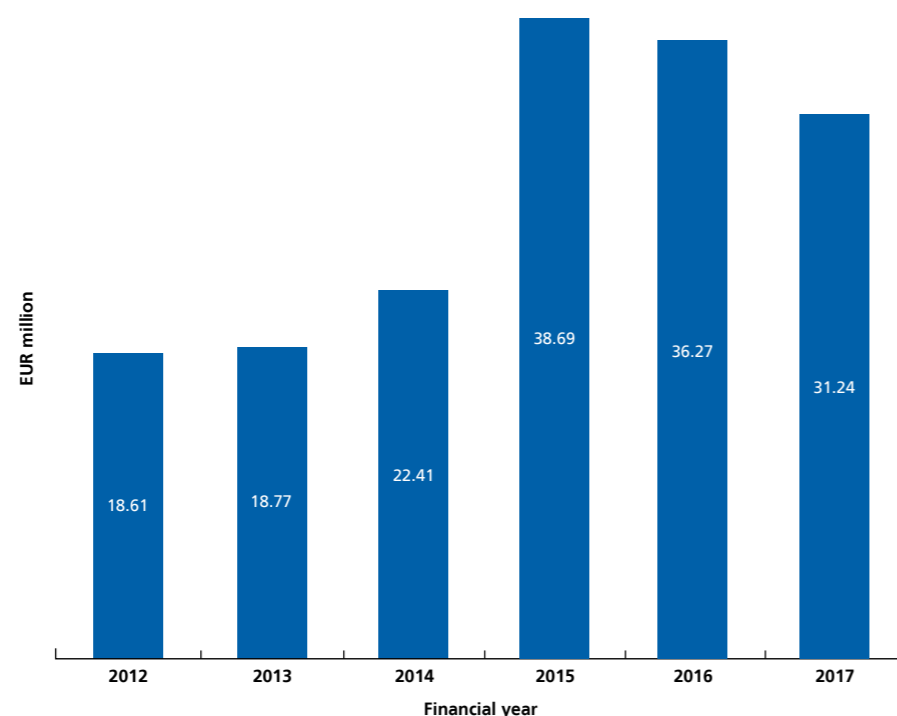
E.G.E. European Green Exhibitions GmbH, including the subsidiary MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, achieved turnover of EUR 7.1 million (previous year – EUR 5.6 million.).

Berlin Exhibition (Guangzhou) Co., Ltd. generated a turnover of EUR 0.7 million (previous year – EUR 0.8 million) in the year under review with the International Brand Show for Consumer Electronics 'CE China' in Shenzhen.

With ITB China, held for the first time in the year under review, MB Exhibitions (Shanghai) Co. Ltd., established in 2016, achieved turnover of EUR 1.8 million (previous year – EUR 0 million).

Overall, the Messe Berlin Group's foreign turnover of EUR 31.2 million represents a decrease on the previous year (EUR 36.3 million), which is largely due to the drop in K.I.T.'s foreign turnover. This was caused by the loss of the 2016 European Respiratory Society Congress run by K.I.T. in England. In the 2017 financial year, the share of turnover generated abroad was 11.0% (previous year – 11.7%).

Turnover abroad (Group)



Service companies

In 2017, the turnover of the subsidiary CCG amounted to EUR 16.8 million (previous year – EUR 15.4 million, reference year 2015 –EUR 13.6 million).

The turnover of CSG and its subsidiary reached EUR 29.5 million (previous year – EUR 31.3 million, reference year 2015 – EUR 24.2 million). Of this, EUR 9.8 million of turnover (previous year – EUR 8.5 million) was transferred to Messe Berlin. Positive progress made by the leading trade fairs and the growth of the congress business meant 2017 was another good year for the CSG in terms of turnover in the stand construction and advertising-space hire parts of the business.

The 2017 financial year also went well for the subsidiary CFG. Turnover from the agency agreement with Messe Berlin for facility management vastly exceeded the planned amount.

ECA ended the financial year with a turnover of EUR 1.4 million (previous year – EUR 2.0 million) and a net loss of EUR 3.0 million (previous year – EUR 0.5 million). The significantly higher loss is mainly due to allocations to the provisions for onerous contracts. The result from the joint venture flows proportionately into the consolidated financial statement.

Financial and net assets position

In 2017, the positive cashflow from ongoing operations was EUR 15.5 million (previous year – EUR 42.8 million). The reasons for this are the Group annual profit before minority interests to the amount of EUR 7.0 million; the – non-cash – depreciation to the amount of EUR 11.7 million included in the result; interest payments of EUR 2.4 million included in the result; and the decrease in provisions of EUR 3.3 million.

Consolidated statement of cash flow (summary)

	2017 EUR million	2016 EUR million
Cash flow from current business activities	15.5	42.8
Cash flow from investment activities	-9.8	-4.8
Cash flow from financing activities	-5.1	-5.2
Changes in financial resources	0.6	32.8
Exchange rate-related changes	-0.3	0.0
Financial resources as of 1 January	87.9	55.1
Financial resources as of 31 December	88.2	87.9

The negative cash flow from investment activities amounted to EUR 9.8 million (previous year – EUR 4.8 million). Main drivers in 2017 were additional investments in fixed assets to the amount of EUR 9.2 million – mostly relating to the onset of construction work on hub27 Berlin.

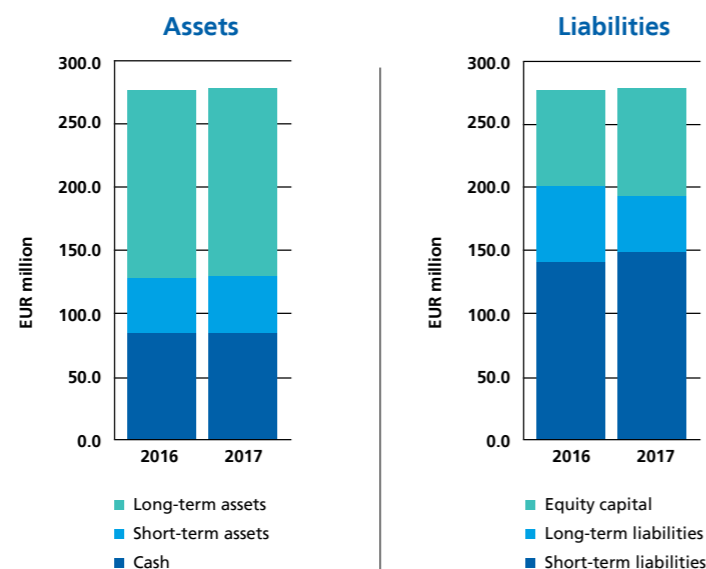
The cash flow from financing activities showed a negative amount of EUR 5.1 million (previous year – minus EUR 5.2 million) and included the repayment of loans (EUR 3.4 million), payment of interest (EUR 1.2 million) and dividends paid to minority shareholders (EUR 0.5 million).

For Messe Berlin, the statement of cash flow is as follows:

Messe Berlin GmbH statement of cash flow (summary)	2017 EUR million	2016 EUR million
Cash flow from current business activities	9.3	31.5
Cash flow from investment activities	-8.0	-4.9
Cash flow from financing activities	-3.7	-3.9
Changes in financial resources	-2.4	22.7
Financial resources as of 1 January	59.8	37.1
Financial resources as of 31 December	57.4	59.8

On the reporting date, the Group's balance sheet total amounted to EUR 277.4 million compared with EUR 277.0 million in the previous year.

The balance sheet structure is as follows:



Long-term assets are fixed assets and other assets that are expected to be realised more than 5 years after the reporting date.

Fixed assets declined from EUR 149.4 million in the previous year to EUR 147.7 million. The proportion of fixed assets in the balance sheet total declined from 53.9% to 53.2%.

The additions in the Advance payments and assets under construction position to the amount of EUR 6.4 million concern, above all, production costs accrued for the new trade fair and congress hall hub27 Berlin.

Short-term assets consist mainly of credit institute balances, trade receivables and other assets, and they increased by EUR 2.1 million compared with the previous year. This is due, in particular, to the rise in advance payments of EUR 1.6 million and trade receivables of EUR 1.8 million. By contrast, the decrease in receivables from shareholders of EUR 2.1 million was as a result of providing accommodation for refugees.

The financial year's positive result has further improved our financial structure. Equity capital rose by EUR 6.3 million. The equity capital ratio increased from 27.9% to 30.1%.

The long-term liabilities consist chiefly of loan liabilities with a residual time to maturity of more than 5 years, which amount to EUR 18.3 million (previous year – EUR 30.3 million). This decrease is mainly due to the reclassification of loan liabilities to short-term liabilities. We also consider the special items for investment subsidies, at EUR 11.0 million (previous year – EUR 11.5 million), and pension provisions, to the amount of EUR 15.8 million (previous year – EUR 15.6 million), as long-term liabilities.

Short-term liabilities consist of other provisions and tax provisions amounting to EUR 65.8 million (previous year – EUR 67.7 million). The reduction is due to the decrease in onerous contracts (EUR 3.7 million) and the decrease in provisions for deferred maintenance (EUR 2.4 million). This is in contrast, in particular, to the increase in provisions for outstanding suppliers' invoices (EUR 2.4 million). Short-term liabilities also include advance payments (EUR 37.8 million; previous year – EUR 37.4 million). Finally, short-term liabilities also include the short-term share of liabilities due to banks (EUR 28.9 million; previous year – EUR 20.3 million), trade liabilities (EUR 7.1 million; previous year – EUR 7.3 million) and other liabilities (EUR 8.2 million; previous year – EUR 8.5 million) and deferred income (EUR 1.0 million; previous year EUR 1.1 million).

Messe Berlin Group	2017	2016	Change compared with previous year	
	EUR million	EUR million	EUR million	%
Long-term assets	147.7	149.4	-1.7	-1.1
Short-term assets	129.7	127.6	2.1	1.6
Assets	277.4	277.0	0.4	0.1
Equity capital	83.6	77.3	6.3	8.2
Long-term liabilities	45.1	57.4	-12.3	-21.4
Short-term liabilities	148.7	142.3	6.4	4.5
Liabilities	277.4	277.0	0.4	0.1

At Messe Berlin, the asset and capital structure is as follows:

Messe Berlin GmbH	2017	2016	Change compared with previous year	
	EUR million	EUR million	EUR million	%
Long-term assets	151.2	152.3	-1.1	-0.7
Short-term assets	98.2	98.9	-0.7	-0.7
Assets	249.4	251.2	-1.8	-0.7
Equity capital	86.2	78.8	7.4	9.4
Long-term liabilities	36.5	48.2	-11.7	-24.3
Short-term liabilities	126.7	124.2	2.5	2.0
Liabilities	249.4	251.2	-1.8	-0.7

The balance sheet total for Messe Berlin GmbH decreased by EUR 1.8 million. It amounts to EUR 249.3 million, EUR 151.2 million (60.6%) of which consists of fixed assets. Financial assets comprise EUR 15.7 million. The equity ratio for Messe Berlin GmbH is 34.6% (previous year – 31.4%). The long-term liabilities consist of the long-term share of the liabilities to credit institutes, pension provisions and special items for contributions to fixed assets.

Overall conclusion

Business development, the financial and net assets position, as well as the operating results of Messe Berlin GmbH and the Messe Berlin Group can be assessed as positive overall. The company fulfilled its financial obligations at all times.

Workforce

Messe Berlin has well-trained, highly capable and motivated employees. To ensure that this remains the case in the future, an important undertaking for Messe Berlin will be to offer its employees interesting and challenging tasks, flexible working-time models, fair remuneration and attractive additional benefits, and, at the same time, to invest in their continuing professional development through the acquisition of qualifications.

Messe Berlin GmbH pays its employees according to the German Collective Agreement for Public Service Employees (TVöD). According to the agreement reached in the last round of wage negotiations in 2016, which is valid for 24 months, wages increased by 2.4% as of 1 March 2016 and by an additional 2.35% as of 1 February 2017. Initial negotiations for the 2018 round of wage negotiations are planned for February 2018.

In May 2017, a special bonus was again able to be paid to all employees at Group level, thanks to the positive 2016 annual result. The company pension scheme, which safeguards a good standard of living after retirement, is very important to our employees. On behalf of all employees, Messe Berlin pays part of their gross wages into a supplementary pension scheme (VBL). In addition, the legal framework enables employees to pay part of their wages into two alternative insurance schemes without any tax or social security implications. From 2017, employees of subsidiaries who were hitherto unable to take advantage of the company's pension scheme can access a pension scheme that is subsidised by the employer.

In order to improve work-life balance, Messe Berlin offers a flexible working-time model and various kinds of part-time models to cater to individual needs as much as possible. As of 1 January 2018, the option of mobile working will also be extended to employees of the subsidiaries. A key pillar of a sustainable personnel policy at Messe Berlin is professional training. At the end of the year, the Group had 33 trainees (previous year – 34) preparing for careers as office administrators or event sales representatives, or studying for Bachelor of Arts (B.A.) degrees in trade fair, congress and event management. This programme of dual study in business management with a focus on trade fairs and congresses is offered by Messe Berlin

Non-financial performance indicators

GmbH in cooperation with the Ravensburg University of Cooperative Education in Baden-Württemberg. Messe Berlin's special commitment to training was recognised by the Chamber of Industry and Commerce, which gave it an award for 'Excellent training quality from 2015 through 2017'. The publication CAPITAL also selected Messe Berlin as one of 'Germany's best training companies' in its November 2017 issue. All trainees who successfully complete their training will be offered a follow-up contract for at least one year.

Furthermore, Messe Berlin offers its employees the opportunity to undertake part-time study towards a bachelor's or master's degree. During this time, employees will receive monthly financial support to cover tuition costs. Finally, Messe Berlin offers an extensive internal training programme and enables employees to take part in external qualification programmes.

As part of a company-specific diversity approach, the Messe would also like to enhance its profile as an employer that values the unique nature of every single person and promotes a working environment free of discrimination (along the lines of gender, nationality, ability, age and sexual orientation). Messe Berlin adhered to the 'Diversity Charter' in 2015 and, since 2014, it has been a member of the 'Bündnis gegen Homophobie' (Alliance against Homophobia), which awards the annual Respect prize. Messe Berlin hosted the Respect prize-giving ceremony in 2017 and welcomed around 120 guests from the worlds of culture, religion, municipal politics, government and sport.

In November 2017, the management team of the Human Resources department was awarded the women&work Prize for Invention in the Service & Social category at the iENA trade fair in Nuremberg.

They developed and implemented an equal pay model at Messe Berlin GmbH, which enables a systematic analysis of factors that are key to gender-neutral remuneration in line with responsibility.

Through their own social engagement, employees themselves can also send a signal. For example, they participate voluntarily in examining boards and courts, get involved in blood donation drives, help the homeless and work in a number of ways to support migrants in our city. The company encourages such engagement and provides support in the form of paid time off from work.

Employees

As of 31 December 2017, the Group employed 900 staff (excluding trainees, interns or employees in the passive phase of semi-retirement). Compared with 31 December 2016, the number of employees increased by 55 people.

As of 31 December 2017, Messe Berlin GmbH had 499 employees, which constitutes an additional 33 employees.

Percentage of women in management positions

Under the law of equal participation of women and men in management positions within the private and public sectors, which entered into force on 1 May 2015, Messe Berlin is obliged to set target figures for increasing the proportion of women on the Supervisory Board, on the Management Board, and in the top two management levels below the management board. Therefore, the Management Board stipulated that at least 35 % of positions at unit head, department head and/or project management level had to be filled by women by 30 June 2017, at least 42 % by 2020 and at least 50 % by 2025. As of 30 June 2017, the percentage at unit head level was 31.25 – just short of the quota. At the department head/project management level, the quota was exceeded comfortably, with 60.53 % of positions filled by women as of 30 June 2017. The Supervisory Board decided to set the target figure for the proportion of women on the Berlin Messe GmbH Management Board at 50 %. The Berlin Messe shareholders have also determined a target figure of 50 % women on the Supervisory Board of Messe Berlin. Owing to contractual stipulations among management and a low level of turnover on the Supervisory Board, it has not yet been possible to achieve these targets. In order to further support the planned promotion of women, Messe Berlin developed a women's promotion plan in December 2017. The plan includes an inventory and analysis of the staffing structure and sets out time-related, personnel-related, organisational and training measures to increase the proportion of women, particularly at management levels and in business units of Messe Berlin GmbH where they are under-represented.

Berlin Corporate Governance Code (BCGC)

As an unlisted company, Messe Berlin GmbH follows the BCGC. The declaration by the Management and Supervisory Boards of conformity with the BCGC was submitted to a vote by the Supervisory Board on 13 December 2017 and was subsequently approved. The declaration of conformity is attached as an annex (unaudited) to the management report.

Risk strategy

We see risks as opportunities arising from a negative deviation in company development and opportunities as a positive deviation in company development from planned amounts. The business activities of Messe Berlin inevitably involve risks that, despite best efforts, cannot be entirely avoided. The number-one priority of Messe Berlin's risk policy is to exploit existing opportunities and to assume only business risks that can be considered reasonable and that open up new opportunities for earnings.

Other information

Risk management

Risk management system

Messe Berlin has implemented a risk management system for the identification, assessment and documentation of risks within the Group. The risk management system covers risk assessment in the following areas (risk categories):

- Strategic risks,
- Operational risks,
- Financial-reporting risks and
- Compliance risks.

Various techniques are used to identify internal and external risks. This is how, for example, major risk areas are established and a comprehensive risk catalogue is developed, which also includes risk minimisation measures (gross-net method).

The principles of the risk management system are contained in a handbook. All major risks are classified at the level of company units and subsidiaries.

The findings obtained during the classification process form the basis for estimating current and future risk situations within the Group. Major Group risks are aggregated and communicated, along with critical net individual risks, to the Management and Supervisory Boards in the form of a regular report.

In the course of the annual business planning process, the various opportunities and risks associated with all future business activities are assessed and any changes in the market or in the competitive situation are taken into consideration. Entrepreneurial risks that emerge in the course of the expansion of business activities and new projects are only entered into if an entrepreneurial assessment regards the risk/reward profile to be worth it.

Risk areas

Typical risks faced by a trade fair company include exhibitor and visitor numbers that fail to meet expectations, pricing pressure at guest events and the loss of trade fairs to other venues. For Messe Berlin, risks associated with the exhibition grounds and with construction work, as well as safety risks, are an additional concern.

There are currently no high-probability risks and none can be expected to occur in the 2018 financial year.

Compliance

Back in 2010, Messe Berlin decided to set up a Compliance Management System (CMS). In 2014, the Compliance, Organisation, Risk Management, Revision and Data Protection departments were combined within the Corporate Governance division as an integrated Corporate Governance Management System and restructured.

The Group's Management Board is responsible for ensuring compliance with statutory regulations and the company's internal directives. An in-house compliance officer at Messe Berlin GmbH works with the 'risk owners' to record and assess compliance risks in the Group. An external ombudsperson also records any compliance risks brought to their attention. They are the point of contact for whistle-blowers as part of a whistle-blowing system. The goal is to uncover internal grievances and to counteract compliance risk at an early stage.

Asserting capacity to compete is a key challenge for the future. The Group's major development areas are still the content-related expansion of the value chain by way of new products, as well as geographic expansion.

Messe Berlin sees itself as a multi-service provider, including for the federal state of Berlin. It offers platforms to Berlin stakeholders for exchange and networking.

Master Plan Berlin ExpoCenter City

In the year under review, work began on the construction of the new Hall 27 (hub27 Berlin). Once completed, in 2019, the hall can be used as an alternative site, and initial measures of the master plan can be implemented.

Reshaping service relationships with the state of Berlin

As reported above, the Berlin Senate decided in October 2017, in an initial board resolution, to hand over the Berlin ExpoCenter City site to Berlin. This process involved reshaping the financial relationships between Messe Berlin and the state of Berlin. Messe Berlin's contribution to the financing of the master plan will play a key role in Messe Berlin's ability to compete in future. The federal state of Berlin plans to implement the site handover over the course of 2018. To cover this period, the existing basic agreement between Messe Berlin and the state of Berlin was extended until the end of 2018.

Forecast and opportunities and risks of future developments

Future of the ExpoCenter Airport Berlin Brandenburg GmbH

Selling the ExpoCenter Airport Berlin Brandenburg GmbH joint venture is becoming more of an option, particularly in light of the repeated postponements of the opening of the capital's Berlin Brandenburg (BER) airport.

Future of the ILA Berlin

In accordance with the framework agreement for ILA 2012 to 2020, the contractual partners, Messe Berlin, airports operator FBB, the states of Berlin and Brandenburg, and the German Aerospace Industries Association (BDLI) will conduct a joint audit of the framework conditions by April 2018, in order to take a definitive decision regarding the continuation of the ILA in Schönefeld, in line with the framework agreement. From the perspective of Messe Berlin and its principal shareholder, the state of Berlin, considerations regarding the future of the ILA are shaped by the economic efficiency of the ILA in relation to the upcoming investment, under the master plan, in the Berlin ExpoCenter City exhibition grounds.

Conditions of use of ICC Berlin still pending

A final decision by the federal state of Berlin regarding the ultimate use of the ICC is still pending. Messe Berlin has included a total of EUR 8.4 million in downtime maintenance costs in its financial planning for the period 2018 to 2022. Any costs beyond this planned amount pose a risk to Messe Berlin.

New events

In 2018, new events will be launched. As well as those of the subsidiaries mentioned above, the parent company is also adding new events to its portfolio: a new congress on digitalisation of public administration and public services, the Smart Country Convention, will launch in autumn 2018. The event, run by the digital association Bitkom in collaboration with Messe Berlin, will take place for the first time from 20 to 22 November 2018 in CityCube Berlin and the adjoining exhibition grounds. A second tourism trade fair, the Berlin Travel Festival, is also launching, alongside the ITB in Arena Berlin and the 25th Weinmesse Berlin, from 4 to 6 May 2018, for the first time on the exhibition grounds. The subsidiary Global Produce Events (Shanghai) Co., Ltd. is running CHINA FRUIT LOGISTICA in Shanghai for the first time.

Basis for planning the expected business development

Future growth in terms of operating results and the financial and net assets position is being planned on the basis of assumptions that currently appear

plausible and sufficiently probable, even though the economic background is still marked by a degree of uncertainty. Consequently, actual developments may differ significantly from previous assumptions and from the resulting plans and trend forecasts.

Expected development of business and profits

The Messe Berlin Group is planning turnover of EUR 325.5 million in 2018, with an annual result before taxes (EBT) of EUR 15.0 million (EBT in 2016 – EUR +19.2 million). The budgeted turnover increase is set at around EUR 16.1 million or +5.2% on the reference year 2016.

In 2018, the Messe Berlin Group's events calendar is fuller than ever. For 2018, 33 in-house events are planned across the Group, with the number of events abroad rising to seven trade fairs. In comparison with 2016, turnover for in-house events is planned to increase by around EUR 10 million. The leading international trade fairs IFA, InnoTrans, ITB Berlin, FRUIT LOGISTICA and IGW, as well as the biannual fashion trade fair Panorama, represent, at around EUR 183.5 million, a 56% share in planned Group turnover.

Planned congress turnover in CityCube Berlin rises to EUR 21.4 million (+9% in comparison with 2016), turnover for guest events on the exhibition grounds to EUR 11.4 million or around 31%. Particular highlights of the year include FESPA, the biggest trade fair in the screen printing, digital printing and textile printing industry, the 54th EASD Annual Meeting 2018, the 33rd German Cancer Congress and the German Orthopaedics and Accident Surgery Congress.

After a very good start to the 2018 financial year with International Green Week, FRUIT LOGISTICA and the Panorama fashion trade fair, the leading fair ITB Berlin is scheduled for Q1. International Green Week Berlin 2018 was more international than ever, with 1,660 exhibitors from 66 countries. Around 400,000 visitors attended Berlin's most popular trade fair. As part of Berlin Fashion Week, the Panorama fashion trade fair saw 800 brands presenting their new Autumn/Winter 2018/2019 collections across an exhibition area of 45,000 square metres. As in all 'even' years, in 2018, the annual trade fairs are joined by events such as the ILA Berlin in late April and InnoTrans in September, right after the IFA.

Together, this range of leading, specialist and public trade fairs, along with guest trade fairs and international congresses, ensures that Messe Berlin is working at record capacity in all areas.

Messe Berlin is also driving the expansion of its leading trade fairs on the international level: with the third edition of CE China, the trade fair for consumer electrics and home appliances in Shenzhen, the second B2B travel trade fair ITB China in Shanghai, where Chinese industry visitors meet international exhibitors, ASIA FRUIT LOGISTICA in Hong Kong, with its focus on the fresh fruit sector, and ITB Asia in Singapore, which has been a successful travel trade fair for the Asian market for more than ten years, important international events lie ahead for Messe Berlin. May 2018 will see the debut of CHINA FRUIT LOGISTICA in Shanghai, another forum for the international fruit industry.

Berlin, 26 February 2018

Dr Christian Göke

Dirk Hoffmann



Annual financial statement

2017

Group balance sheet
as of 31 December

Assets	31. 12. 2017		31. 12. 2016	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
1. Rights and licences acquired against payment	1,760		2,255	
2. Advance payments	0	1,760	51	2,306
II. Tangible fixed assets				
1. Land, titles to land and buildings incl. buildings on third-party land	125,961		132,995	
2. Technical installations and machinery	7,783		7,634	
3. Operating and business equipment	4,869		4,638	
4. Advance payments and assets under construction	6,710	145,323	1,259	146,526
III. Financial assets				
1. Shares in affiliated companies	310		80	
2. Shareholdings	145		26	
3. Loans to companies, in which shares are held	135	590	500	606
	147,673		149,438	
B. Current Assets				
I. Inventories				
1. Raw materials, consumables and supplies	181		168	
2. Work in progress	592		623	
3. Goods	190		139	
4. Advance payments	1,930	2,893	2,170	3,100
II. Receivables and other assets				
1. Trade receivables	20,919		21,255	
2. Receivables from affiliated companies	25		575	
3. Receivables from companies in which shares are held	23			
4. Other assets	16,826	37,793	14,144	35,974
III. Current securities				
Other securities		12		12
IV. Cash-in-hand and bank balances		88,207		87,910
	128,905		126,996	
C. Accruals and deferrals		811		548
	277,389		276,982	

Liabilities	31. 12. 2017		31. 12. 2016	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Equity capital				
I. Subscribed capital	20,708		20,708	
II. Capital reserves	12,578		12,578	
III. Other retained earnings	109		109	
IV. Net Group profit	47,459		41,250	
V. Differences in equity capital resulting from currency conversion	-130		135	
VI. Adjustment items for shares held by other shareholders	2,867		2,512	
	83,591		77,292	
B. Special items for contributions to fixed assets	10,983		11,534	
C. Provisions				
1. Provisions for pension or similar obligations	15,761		15,620	
2. Provisions for taxes	2,610		2,551	
3. Other provisions	63,144		65,119	
	81,515		83,290	
D. Liabilities				
1. Liabilities to banks	47,209		50,581	
2. Advance payments received on orders	37,838		37,375	
3. Trade liabilities	7,141		7,276	
4. Other liabilities of which from taxes EUR 2,506 thousand (previous year EUR 3,808 thousand) of which for social security EUR 9 thousand (previous year EUR 31 thousand)	8,154		8,531	
	100,342		103,763	
E. Accruals and deferrals	958		1,103	
	277,389		276,982	

Consolidated statement of profit and loss

2017

Consolidated statement of profit & loss for the period from 1 Jan to 31 Dec

	2017		2016	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		283,960		309,435
2. Decrease in inventory of work in progress		-31		-31
3. Other operating income of which income from currency conversion EUR 281 thousand (previous year EUR 1,398 thousand)		14,536		15,149
4. Material costs				
a) Cost of raw materials, consumables and supplies and purchased goods	-16,107		-16,102	
b) Cost of purchased services	-171,795	-187,902	-177,259	-193,361
5. Personnel costs				
a) Wages and salaries	-49,964		-45,745	
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 1,880 thousand (previous year EUR 2,087 thousand)	-10,588	-60,552	-10,030	-55,775
6. Depreciation of intangible assets and tangible fixed assets		-11,174		-9,456
7. Other operating expenses of which expenses from currency conversion EUR 962 thousand (previous year EUR 1,105 thousand)		-27,315		-44,077
8. Other interest and similar income		67		195
9. Depreciation on financial assets		-500		-2
10. Interest and similar expenses of which expenses from discounting provisions EUR 1,238 thousand (previous year EUR 558 thousand)		-2,464		-1,856
11. Taxes on income and profit		-1,187		-3,331
12. Net earnings		7,438		16,890
13. Other taxes		-110		-106
14. Profit attributable to non-controlling interests		-294		-280
15. Consolidated net loss/profit for the financial year		7,034		16,504
16. Profits share of other shareholders		-825		-653
17. Group profit		6,209		15,851
18. Profit carried over from the previous year		41,250		25,399
19. Net Group profit		47,459		41,250

Consolidated statement of cash flow

2017

Consolidated statement of cash flow for the 2017 financial year

	2017		2016	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Consolidated net loss/profit for the financial year		7,034		16,504
2. Depreciations on tangible assets		11,674		9,458
3. Decrease in provisions (previous year: increase)		-3,342		16,038
4. Other non-cash income		-552		-565
5. Losses from disposal of tangible fixed assets		10		1
6. Increase in inventories, receivables and other assets not classified as investments or financing activities		-1,874		-8,254
7. Decrease in payables and other liabilities not classified as investments or financing activities (previous year increase)		-174		7,353
8. Interest expenses net of interest income		2,398		1,661
9. Income-based tax expenses		1,187		3,331
10. Income-based tax payments		-857		-2,684
11. Cash flow from current business activities		15,504		42,843
12. Cash inflow from disposals of tangible fixed assets		77		23
13. Cash outflow for investments in tangible fixed assets		-9,172		-3,754
14. Cash outflow for investments in intangible fixed assets		-340		-730
15. Cash outflow for investments in financial assets		-483		0
16. Cash outflow for acquisition of consolidated companies less liquid assets		0		-618
17. Received interest		67		195
18. Cash flow from investment activities		-9,851		-4,884
19. Cash outflow from the repayment of loans		-3,372		-3,371
20. Cash outflow to minority shareholders		-470		-524
21. Paid interest		-1,227		-1,298
22. Cash flow from financing activities		-5,069		-5,193
23. Changes in financial resources		584		32,766
24. Exchange rate changes and changes in financial resources due to consolidated entity		-287		12
25. Opening balance of financial resources		87,910		55,132
26. Closing balance of financial resources		88,207		87,910

Statement of changes in consolidated equity**2017****Statement of changes
in consolidated
equity for the 2017
financial year**

	Subscribed capital	Capital reserves	Other retained earnings	Realised Group equity capital	Currency conversion	Equity capital of Messe Berlin GmbH	Equity capital of the minority shareholders	Group equity capital
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
1 January 2016	20,708	12,578	109	25,399	132	58,926	2,383	61,309
Group annual profits	0	0	0	15,851	0	15,851	653	16,504
Currency conversion	0	0	0	0	3	3	0	3
Profit distribution	0	0	0	0	0	0	-524	-524
Changes Consolidated entity	0	0	0	0	0	0	0	0
31 December 2016	20,708	12,578	109	41,250	135	74,780	2,512	77,292
Group annual profits	0	0	0	6,209	0	6,209	825	7,034
Currency conversion	0	0	0	0	-265	-265	0	-265
Profit distribution	0	0	0	0	0	0	-470	-470
Changes Consolidated entity	0	0	0	0	0	0	0	0
31 December 2017	20,708	12,578	109	47,459	-130	80,724	2,867	83,591

Balance sheet

2017

Balance sheet Messe Berlin GmbH as of 31 December

Assets	31. 12. 2017		31. 12. 2016	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
1. Rights and licences acquired against payment	1,110		1,453	
2. Advance payments	0	1,110	51	1,504
II. Tangible fixed assets				
1. Titles to land, buildings on third-party premises	117,919		124,559	
2. Technical installations and machinery	5,375		5,059	
3. Operating and business equipment	4,441		4,291	
4. Advance payments and assets under construction	6,709	134,444	1,260	135,169
III. Financial assets				
1. Shares in affiliated companies	10,723		10,493	
2. Loans to affiliated companies	509		0	
3. Shareholdings	4,288		4,169	
4. Loans to companies in which shares are held	135	15,655	1,000	15,662
		151,209		152,335
B. Current Assets				
I. Inventories				
Raw materials, consumables and supplies		40		41
II. Receivables and other assets				
1. Trade receivables	17,485		16,978	
2. Receivables from affiliated companies	8,221		9,119	
3. Receivables from companies in which shares are held	46		0	
4. Other assets	14,272	40,024	12,431	38,528
III. Cash-in-hand and bank balances		57,434		59,840
		97,498		98,409
C. Accruals and deferrals		666		417
		249,373		251,161

Liabilities	31. 12. 2017		31. 12. 2016	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Equity capital				
I. Subscribed capital	20,708		20,708	
II. Capital reserves	12,578		12,578	
III. Other retained earnings	109		109	
IV. Profit carried forward	45,351		29,835	
V. Net profit for the financial year	7,488		15,516	
		86,234		78,746
B. Special items for contributions to fixed assets		10,983		11,534
C. Provisions				
1. Provisions for pensions	10,750		10,914	
2. Provisions for taxes	1,952		1,904	
3. Other provisions	56,121		59,525	
		68,823		72,343
D. Liabilities				
1. Liabilities to banks	40,188		43,059	
2. Advance payments received on orders	31,270		32,344	
3. Trade liabilities	4,941		5,068	
4. Liabilities to affiliated companies	1,450		1,663	
5. Liabilities to companies in which shares are held	0		487	
6. Other liabilities of which from taxes EUR 1,977 thousand (previous year) EUR 3,221 thousand)	4,605		4,817	
		82,454		87,438
E. Accruals and deferrals		879		1,100
		249,373		251,161

Statement of profit and loss

2017

Statement of profit and loss for Messe Berlin GmbH for the period from 1 Jan to 31 Dec

	2017		2016	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		198,831		220,767
2. Other operating income of which income from currency conversion EUR 4 thousand (previous year EUR 7 thousand)		12,861		12,428
3. Material costs				
a) Raw materials, consumables and supplies		-10,269		-10,283
b) Cost of purchased services		-130,798	-141,067	-140,458
4. Personnel costs				
a) Wages and salaries		-30,783		-28,068
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 1,669 thousand (previous year EUR 1,986 thousand.)		-7,057	-37,840	-6,767
5. Depreciation of intangible assets of fixed assets and property plant and equipment		-10,226		-7,889
6. Other operating costs of which costs from currency conversion EUR 3 thousand (previous year EUR 33 thousand)		-25,313		-33,335
7. Income from investments of which from affiliated companies EUR 2,285 thousand (previous year EUR 784 thousand)		2,285		784
8. Income from profit transfer agreements		10,211		13,661
9. Income from investments of which from affiliated companies EUR 23 thousand (previous year EUR 20 thousand)		23		20
10. Other interest and similar income of which from affiliated companies EUR 5 thousand (previous year EUR 5 thousand)		50		86
11. Expenses due to assumption of losses		0		-937
12. Depreciation on financial assets		-1,000		0
13. Interest and similar expenses of which expenses from discounting provisions EUR 819 thousand (previous year EUR 407 thousand) of which to affiliated companies EUR 2 thousand (previous year EUR 3 thousand)		-1,701		-1,397
14. Taxes on income and profit		460		-3,001
15. Net earnings		7,574		15,611
16. Other taxes		-86		-95
17. Net profit for the financial year		7,488		15,516



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1. Preliminary remarks

The annual financial statement of Messe Berlin GmbH and the consolidated financial statement are both explained below. Unless stated otherwise, the explanations pertain to both financial statements. The presentation currency is the euro (EUR). Unless stated otherwise, all amounts in this report are shown in euros thousand (EUR'000).

The financial statements are prepared in accordance with commercial law as it applies to large incorporated companies and with the supplementary regulations of the law governing limited liability companies, as well as taking into consideration the principles of proper book-keeping and corporate accounting. The statements of profit or loss have been prepared based on the nature of expense method.

The annual financial statement and the consolidated financial statement prepared by Messe Berlin, as well as the management report of the company and the Group, have been submitted to the operator of the electronic Bundesanzeiger (German Federal Gazette) and have been published in the Bundesanzeiger.

The purpose of Messe Berlin GmbH is to organise, stage and provide support for trade fairs, exhibitions, congresses and conferences, sporting and entertainment events in order to strengthen Berlin's position in Germany and abroad as a venue for trade fairs and similar events, and participation in events of this kind and all the activities associated with such business.

The company is registered as Messe Berlin GmbH, with headquarters in Berlin, in the commercial register of the Local Court Berlin-Charlottenburg under number HRB 5484 B.

2. Consolidated entity

Along with Messe Berlin GmbH, the consolidated entity also includes eleven domestic and six foreign subsidiaries (previous year: eleven domestic and four foreign subsidiaries), over which Messe Berlin GmbH has the power to exert a direct or indirect controlling influence.

**General
information**

As part of the process of full consolidation, the following companies are included in the consolidated financial statement:

Capital Catering GmbH, Berlin
 MB Capital Services GmbH, Berlin
 CSG-Team GmbH, Berlin
 Capital Facility GmbH, Berlin
 MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH, Wolfsburg
 E.G.E. European Green Exhibitions GmbH, Berlin
 MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, Güstrow
 Global Produce Events GmbH, Berlin
 K.I.T. Group GmbH, Berlin
 Festival Technical Event Management GmbH, Berlin
 K.I.T. Group GmbH Dresden, Dresden
 Messe Berlin (Singapore) Pte. Ltd., Singapore
 Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, China
 K.I.T. Group France S.à.r.l., Boulogne-Billancourt, France
 MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China
 K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China
 Global Produce Events (Shanghai) Co. Ltd., Shanghai, China
 K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China and Global Produce Events (Shanghai) Co. Ltd., Shanghai, China are included in the consolidated financial statement for the first time.

ExpoCenter Airport Berlin Brandenburg GmbH, Schönefeld, in which Messe Berlin GmbH holds a 50 % stake, is taken into account in the consolidated financial statement by means of proportionate consolidation.

K.I.T. Swiss AG, Laufenburg, Switzerland, which is wholly owned by K.I.T. Group GmbH, Messe Berlin USA Corp., Pennsylvania, USA, which is wholly owned by Messe Berlin GmbH and CT Lab Global Media LLC, Philadelphia, USA, in which Messe Berlin GmbH holds a 75 % stake, were not included in the consolidated financial statement, applying the right of choice in accordance with Sec. 296 para. 2 HGB, as they are of lesser importance to portraying the Group's actual financial and net assets position and operating result. The same applies, by reference to Sec. 311 para. 2 HGB, in the case of the associated company Mobile Seasons GmbH, in which Messe Berlin GmbH holds a 20 % stake.

The breakdown of share ownership in the subsidiaries of Messe Berlin GmbH is included in the annex.

3. Consolidation principles

The Group reporting date for the consolidated financial statement and all the companies included in the consolidated financial statement is 31 December 2017. The initial consolidation must take place at the time at which the possibility of controlling the assets and the financial and operational actions of the acquired company passes to the Group.

The statements that provide the basis for consolidation were prepared consistently based on the accounting and assessment guidelines set out by the parent company.

Capital consolidation takes place in accordance with the revaluation method. This involves offsetting the stated amounts of the shares held by the respective parent company against the time values of the subsidiary companies' assets and liabilities, which are to be included in the consolidated financial statement. The difference remaining after offsetting, if it comprises assets, is shown as goodwill, and is written off over the anticipated period of use or at fair value on the reporting date. Negative balances are recognised as income in a scheduled procedure, provided that expected losses or expenses do not mitigate against liquidation.

For companies first consolidated before 1 January 2009, the book value method is retained for the capital consolidation (Sec. 301 para. 1 line 2 no. 1 a. old version HGB).

Receivables, liabilities, expenses and revenue between the companies involved are offset against one another. Intercompany profits and losses — insofar as they are significant — are eliminated.

The conversion of statements produced in foreign currency takes place on the reporting date – with the exception of equity capital – at the mean exchange rate. The equity capital (subscribed capital, reserves, profit carried forward) from foreign companies is converted using historical rates from the point at which the subsidiary was first included in the consolidated statement. The profit and loss statement posts are converted into euros using average exchange rates. The differences in the conversion of equity capital arising from the change in the exchange rate from the previous year is shown in the equity capital not affecting profit or loss in the item 'Differences in equity capital resulting from currency conversion'.

Accounting and valuation principles

4. Fundamentals

The annual financial statements for the companies included in the consolidated financial statement have been put together uniformly in accordance with the accounting and measurement principles of Messe Berlin GmbH, while taking going concern into account.

The accounting and measurement principles decisive for the preparation of the financial statements have not been modified compared to the previous year.

5. Fixed assets

Intangible assets acquired by payment and tangible assets are recognised at their initial cost. If a long-term reduction in value is anticipated, then a lower value will be entered on the reporting date. Depreciable assets are normally written down linearly over their expected period of use. Rights and licences acquired against payment are usually written down over a period of use of 3 to 5 years. Buildings are usually distributed over a period of use of 33.3 years, and operating and business equipment is usually distributed over a period of use of 10 years. Accruals are written down on a pro rata temporis basis.

A fixed value is set for small catering items of Messe Berlin GmbH that are regularly replaced and are of secondary importance compared with the overall value.

The principles defined by Sec. 6 para. 2 EStG [German Income Tax Act] and/or Sec. 6 para. 2a EStG are applied to low-value assets. Depreciable goods and chattels with initial costs not exceeding EUR 410 are written down in full in the year of acquisition.

Financial assets are shown with initial costs, if necessary – for anticipated long-term or temporary reduction in value – subject to unplanned depreciation at a lower value. Loans are estimated at nominal value, in principle.

6. Current Assets

Raw materials, consumables and supplies, as well as goods, are measured at their initial cost or lower fair value on the reporting date, and work in progress is measured at manufacturing cost. Manufacturing costs for future events comprise quantifiable, directly allocatable individual costs (material and individual manufacturing costs), as well as reasonable manufacturing overhead costs. General costs not associated with production are not included in assets.

Receivables and other assets are recognised at nominal value or initial cost or at a lower fair value on the reporting date. Individual risks are taken into account by means of reasonable adjustments in value.

Securities are recognised at their initial cost or at lower fair value. Provided that securities are not accessible to all other creditors and serve only to cover debts from pension liabilities or similar long-term liabilities, then these are offset against the corresponding liabilities.

Financial resources encompass cash-in-hand, bank balances and cheques, and are recognised either at a nominal value or at lower fair value on the reporting date.

7. Special items

Public investment subsidies, intended for the purchase of tangible fixed assets, are recognised. The special items are written off as recognised income over the period of use of the subsidised assets.

8. Provisions and liabilities

Provisions for pensions and similar liabilities are measured on the basis of actuarial calculations in accordance with the projected-unit credit method, taking into account future remuneration and pension adjustments.

Tax provisions and other provisions equivalent to the settlement amount required in accordance with the principles of a rational commercial assessment are made in accordance with the principles of a rational commercial assessment for uncertain liabilities and the threat of losses from pending businesses (taking into account future price and cost increases). All foreseeable risks and uncertain liabilities are taken into account. Liabilities with a residual time to maturity of more than one year are discounted for the time remaining until maturity at the average market rate of interest. Liabilities are shown as such at the amount of their fulfilment.

9. Deferred taxes

Deferred taxes are determined according to the temporary differences between the estimates in the balance sheet and the fiscal valuation and losses brought forward. Deferred tax assets and liabilities are offset as a sum total; a resulting deferred tax asset surplus is not recognised. This also applies to deferred tax assets in the consolidated financial statement.

10. Foreign currency conversion

Assets and liabilities shown in foreign currencies are converted at the mean exchange rate in effect on the reporting date. In accordance with Sec. 256a

Details of the balance sheets

HGB, where a residual time to maturity is one year or less, the initial cost principle and the realisation principle are not applied.

11. Fixed assets

A breakdown of the asset items and their development in 2017, as summarised in the Messe Berlin GmbH balance sheet and the consolidated balance sheet, is shown in the respective statement of changes in fixed assets. A list showing share ownership as of 31 December 2017 is included in the annex.

12. Receivables and other assets

All receivables and other assets of Messe Berlin GmbH (EUR 40,024 thousand; previous year: EUR 38,528 thousand) have, as in the previous year, a residual time to maturity of less than one year. Within the Group (EUR 37,793 thousand; previous year: EUR 35,974 thousand), other assets in the amount of EUR 106 thousand (previous year: EUR 121 thousand) are shown with a residual time to maturity of more than one year.

Receivables from affiliated companies of Messe Berlin GmbH amounting to EUR 8,221 thousand (previous year: EUR 9,119 thousand) result mainly from the transfer of subsidiaries' earnings. The balance sheet of Messe Berlin GmbH also shows a receivable from companies in which it has shares amounting to EUR 46 thousand (previous year: EUR 487 thousand).

As was the case in previous years, the other assets of Messe Berlin GmbH (EUR 14,272 thousand; previous year: EUR 12,431 thousand) mainly include advance payments (EUR 12,720 thousand; previous year: EUR 11,061 thousand) and receivables from tax offices (EUR 1,257 thousand; previous year: EUR 1,043 thousand). In the Group, the other assets (EUR 16,826 thousand; previous year: EUR 14,144 thousand) mainly include advance payments (EUR 15,617 thousand; previous year: EUR 14,032 thousand) and receivables from tax offices (EUR 1,675 thousand; previous year: EUR 1,764 thousand).

13. Deferred expenses

Deferred expenses in the Group (EUR 811 thousand; previous year: EUR 548 thousand) and individual financial statement (EUR 666 thousand; previous year: EUR 417 thousand) consist exclusively of the payments for expenses for a specific period following the reporting date.

14. Equity capital

The subscribed capital (share capital) of Messe Berlin GmbH amounts to EUR 20,707,600.

The changes to the Group's equity capital, including the shares held by other partners, are shown in the statement of changes in consolidated equity.

The cumulative, earned capital shows the profit and loss of the companies included in the consolidated financial statement.

The shares held by other partners (EUR 2,867 thousand; previous year: EUR 2,512 thousand) refer to the original share capital and the shares of the profits held by minority shareholders in E.G.E. European Green Exhibition GmbH, Global Produce Event GmbH and the K.I.T. Group GmbH division.

Foreign currency conversion of the equity capital in Singapore dollars in the financial statement of Messe Berlin (Singapore) Pte. Ltd. as well as Chinese renminbi in the financial statement of Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China, K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China and Global Produce Events (Shanghai) Co. Ltd., Shanghai, China, reveal a difference amounting to EUR -130 thousand (previous year: EUR 135 thousand). The difference, which does not affect net income, is shown under 'Equity capital'.

15. Special items for investment subsidies

Public financing assistance as part of the regional economic development scheme for investment projects is shown here. The special items are written off on a straight-line basis as recognised income over the period of use of the subsidised assets. This item applies to Messe Berlin GmbH to its full extent.

16. Provisions

The provisions shown in the Group for pensions (EUR 15,761 thousand; previous year: EUR 15,620 thousand) were created to meet liabilities arising from rights to future pensions and to current benefits payable to former and active employees of Messe Berlin GmbH and Capital Facility GmbH, as well as their surviving dependants.

These liabilities are based on individual and collective agreements. Pension provisions are assessed based on the projected-unit credit method.

The provisions were calculated on the basis of an actuarial interest of 3.71 % p. a. (previous year: 4.03 % p. a.) and a trend in pensions and wages of 2 % p. a. and 3 % p. a. respectively (previous year: 2 % p. a. and 3 % p. a.). The life expectancy was obtained according to the 2005 G mortality tables prepared by Dr. Klaus Heubeck.

The difference in accordance with Sec. 253 para. 6 HGB for the Group is EUR 1,713 thousand (previous year: EUR 1,434 thousand) and for Messe Berlin GmbH – EUR 1,044 thousand (previous year: EUR 895 thousand) and is subject to a payout block.

Interest components from pensions amounting to EUR 803 thousand (previous year: EUR 358 thousand) for the unconsolidated statement and EUR 1,207 thousand (previous year: EUR 488 thousand) for the Group are shown as interest expenditures in the statement of profit or loss, before being offset by the corresponding income of EUR 24 thousand (previous year: EUR 28 thousand) from the cover funds.

The tax provisions shown in the consolidated financial statement amounting to EUR 2,504 thousand (previous year: EUR 2,535 thousand) result mainly from corporation tax and trade tax. In addition, tax provisions for, inter alia, foreign income taxes in the amount of EUR 104 thousand (previous year: EUR 16 thousand) were recognised.

The other provisions take into account all identifiable legal and de facto obligations to third parties, which are likely to be met and for which the amounts can be reliably estimated. In particular, they include the maintenance obligations arising from the lease agreement with the federal state of Berlin (EUR 26,714 thousand for Messe Berlin GmbH), provisions for the threat of losses (EUR 10,643 thousand for Messe Berlin GmbH, EUR 12,073 thousand for the Group), provisions for outstanding suppliers' invoices (EUR 12,939 thousand for Messe Berlin GmbH, EUR 15,703 thousand for the Group), provisions for holiday and leisure time due (EUR 1,782 thousand for Messe Berlin GmbH, EUR 2,581 thousand for the Group), provisions to cover part-time allowances for older employees (EUR 420 thousand for Messe Berlin GmbH, EUR 519 thousand for the Group) and provisions for bonuses (EUR 2,092 thousand for Messe Berlin GmbH, EUR 3,372 thousand for the Group).

The calculation of the provisions to cover part-time allowances for older employees was in accordance with Sec. 253 para. 2 line 1 HGB and was based on a discount interest rate of 1.47 p.a. (previous year: 1.84 % p. a.). Future wage increases estimated at 3.0 % p.a. were also taken into account. Using the projected-unit credit method, the provision for long-term deposits (accounts for hours worked) was calculated in the Group with a discount interest rate of 2.84 % p. a. (previous year: 3.28 % p. a.), with future wage increases estimated at 3.0 % p. a.

In the individual financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 5,237 thousand (EUR 837 thousand for pension liabilities and EUR 4,400 thousand for other provisions). In the consolidated financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 5,606 thousand (EUR 837 thousand for pension liabilities and EUR 4,769 thousand for other provisions).

	2017	Group	Messe Berlin GmbH	
	EUR'000	2016	2017	2016
		EUR'000	EUR'000	EUR'000
Amounts allocated for liabilities				
Pension liabilities	16,598	16,523	11,587	11,817
Long-term accounts for worked hours	4,419	3,964	4,212	3,680
Semi-retirement scheme liabilities	971	774	709	542
Initial cost of assets				
Pension liabilities	813	876	813	876
Long-term accounts for worked hours	4,235	3,807	4,030	3,601
Semi-retirement scheme liabilities	436	598	272	494
Fair value of the assets				
Pension liabilities	837	904	837	904
Long-term accounts for worked hours	4,317	3,877	4,112	3,671
Semi-retirement scheme liabilities	452	607	288	503
Allocated expenses				
Pension liabilities	1,212	492	808	362
Long-term accounts for worked hours	141	145	132	132
Semi-retirement scheme liabilities	33	41	28	32
Allocated income				
Pension liabilities	24	28	24	28
Long-term accounts for worked hours	82	70	82	70
Semi-retirement scheme liabilities	16	9	16	9

The fair value of the assets corresponds to the asset value of the reinsurance policy or, if listed shares in funds are involved, the market value of the fund shares as of 31 December 2017.

17. Liabilities

Messe Berlin GmbH's liabilities have the following maturities as of 31 December 2017.

Messe Berlin GmbH	31.12.2017				31.12.2016
	of which with a residual time to maturity				
in EUR'000	of up to 1 year	more than 1 year	more than 5 years		
Liabilities due to banks	40,188	2,871	37.317	14.265	43,059
Advance payments received on order	31,270	30,696	574	0	32,344
Trade liabilities	4,941	4,941	0	0	5,068
Liabilities to affiliated companies	1,450	1,450	0	0	1,663
Liabilities to companies, in which shares are held	0	0	0	0	487
Other liabilities of which from taxes	4,605	4,605	0	0	4,817
of which for social security	1,977	1,977	0	0	3,221
	0	0	0	0	0
Total	82,454	44,563	37,891	14,265	87,438

The maturities of the liabilities as of 31 December 2017 in the Group are shown in the following table.

Group	31.12.2017				31.12.2016
	of which with a residual time to maturity				
in EUR'000	of up to 1 year	more than 1 year	more than 5 years		
Liabilities due to banks	47,209	3,391	43,818	18,265	50,581
Advance payments received on order	37,838	37,264	574	0	37,375
Trade liabilities	7,141	7,141	0	0	7,276
Liabilities to affiliated companies	0	0	0	0	0
Liabilities to companies, in which shares are held	0	0	0	0	0
Other liabilities of which from taxes	8,154	7,379	775	750	8,531
of which for social security	2,506	2,506	0	0	3,808
	9	9	0	0	31
Total	100,342	55,175	45,167	19,015	103,763

18. Valuation unit to hedge interest-rate risks

The bonded loan in the amount of EUR 10,500 thousand with a term of more than 10 years and which was taken out in 2013, was extended owing to better conditions with a contract from 23 August 2016 to 28 August 2026. This loan is subject to interest change risk.

The interest change risk is hedged by means of an interest rate derivative covering its initial term (interest rate swap signed on 2 December 2015 with a constant nominal volume of EUR 10,500 thousand until 28 February 2023).

Another interest rate swap was concluded for the extension period of the loan (signed on 9 November 2016 with a constant nominal volume of EUR 10,500 thousand until 28 August 2026). Loan and interest derivative are joined in two separate evaluation units (micro hedge). The interest rate swap recognised in this micro valuation unit shows a market value of EUR 136 thousand as of 31 December 2017. The fair value was determined in the framework of a mark-to-market measurement.

The interest rate of this financial liability is based on the 6-month-EURIBOR, which was hedged with a flexible interest rate by the interest swap transaction.

Any opposing value changes and payments from the interest transactions and the loan agreements will probably offset each other, because the hedging transactions were adjusted in terms of maturity, term and measurement basis. In order to prospectively measure the effectiveness of the hedging relationship, the critical terms match method is applied. In order to retrospectively measure the effectiveness, the dollar offset method is applied. For capitalisation, the net hedge presentation method is applied, where compensating changes in value resulting from the hedged risk are not recognised, i.e. compensating positive and negative changes in value are recognised in the statement of profit or loss without any changes made to them.

19. Deferred taxes

For Messe Berlin GmbH, deferred tax assets as of 31 December 2017 resulted from temporary differences between the financial and tax statements and differences between tax losses carried forward.

Messe Berlin GmbH	31.12.2017		31.12.2016	
	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000
Long-term assets	9	60	56	76
Short-term assets	61	0	282	32
Long-term liabilities	1,498	0	1,389	0
Short-term liabilities	3,996	0	4,740	22
Losses carried forward	7,789	0	6,813	0
Subtotal	13,353	60	13,280	130
Balance	60	-60	130	-130
Total	13,293	0	13,150	0

¹ Corporation/solidarity tax rates: 15.83%; Trade tax: 14.35%

In making the calculation, only losses carried forward, regarding which there is sufficient certainty that they can be utilised, are taken into consideration (forecast period 5 years). Companies based in Germany with the legal form of an incorporated company are subject to corporation tax of 15% and a solidarity surcharge to the amount of 5.5% of any corporation tax owed. In addition, such companies are subject to trade tax, the rate being determined in accordance with the local rate of assessment (rate in Berlin 2017: 410%). These rates are used as the basis for the calculation.

For Messe Berlin GmbH, temporary differences between the book values in the financial and tax statements exist, amounting to EUR 17,736 thousand (previous year: EUR 21,028 thousand), as do tax losses carried forward, amounting to around EUR 30 million (previous year: EUR 32 million) for the corporation tax and around EUR 22 million (previous year: EUR 25 million) for the trade tax.

For the Group, the temporary differences amount to EUR 17,927 thousand (previous year: EUR 21,713 thousand).

Group	31.12.2017		31.12.2016	
	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000
Long-term assets	0	50	56	76
Short-term assets	62	0	281	32
Long-term liabilities	1,497	0	1,386	0
Short-term liabilities	3,901	0	4,960	22
Losses carried forward	7,789	0	6,813	0
Subtotal	13,249	50	13,496	130
Balance	50	-50	130	-130
Total	13,199	0	13,366	0

¹ Corporation/solidarity tax rates: 15.83%; Trade tax: 14.35%; Singapore income tax: 17%

Differences from consolidation measures result in an excess of liabilities to the amount of EUR 10 thousand.

Capitalisation of surplus in both the individual and consolidated financial statements is dispensed with in accordance with Sec. 274 para. 1 line 2, Sec. 300 para. 2 s. 2 HGB.

20. Business not included in the balance sheet, contingencies and other financial liabilities

Messe Berlin GmbH is jointly and severally liable for two loans of Expo-Center Airport Berlin Brandenburg GmbH in the amount of EUR 8,500 thousand each. On the reporting date, the risk of incurring this liability is regarded as minimal based on the planning for 2018 and 2019.

Utilising the right of choice in accordance with Art. 28 para. 1 line 2 EGHGB [Introductory Act on the German Commercial Code], pension obligations are shown neither in the Group nor in the unconsolidated statement of financial position.

Messe Berlin GmbH staff who receive their remuneration in accordance with TVÖD are insured through the Versorgungsanstalt des Bundes und der Länder (VBL). The purpose of the VBL is to provide employees of the participating employers with an additional old-age pension through an insurance scheme operated under private law.

The VBL is financed with contributions under the partial reserve pay-as-you-go system and additionally, from January 2004, for VBL Ost, through the capital cover system.

The contribution rate for VBL was 8.06 % (previous year 8.06 %) as of 30 June of the year under review, of which Messe Berlin GmbH provided 6.45 % (previous year: 6.45 %). The employees' own contribution amounts to 1.61 % of their income (previous year: 1.61 %). Starting 1 July in the year under review, the contribution rate amounted to 8.16 %, of which Messe Berlin GmbH provided 6.45 % and the employees, as of this date, 1.71 %. For 595 insured persons, this resulted in a contribution of EUR 1,908 thousand. The contribution rate increases as of 1 July 2018 to 8.26 %, of which Messe Berlin GmbH will still provide 6.45 % and the employees 1.81 %.

As the amount of the resulting direct pension liability cannot be reliably determined, no information regarding amounts is given.

In Messe Berlin GmbH, financial liabilities from the agreement with the general contractor to the amount of EUR 59,866 thousand arise from order liabilities in relation to the new trade fair and congress hall hub27 Berlin. The investment amount for the construction of the new hall is around EUR 75,000 thousand in total. Messe Berlin GmbH also has financial liabilities arising from rental and leasing contracts in 2018, to the amount of EUR 1,241 thousand.

In 2018, lease and maintenance obligations arose from the basic agreement with the federal state of Berlin. The existing agreement was extended by a year for 2018. The continuation of the basic agreement beyond 2018 is currently being negotiated between the federal state of Berlin and Messe Berlin GmbH. Further details can be found in the management report.

Messe Berlin GmbH also has an obligation based on the minimum lease from the operating contract with ExpoCenter Airport Berlin Brandenburg GmbH to the amount of EUR 1,200 thousand p.a. until 2031. ExpoCenter Airport Berlin Brandenburg GmbH is included in the consolidated financial statement with a ratio of 50 %.

Outside of ongoing business operations, there are no other significant financial liabilities for 2018. Events held in the first quarter gave rise to financial liabilities that are within the usual scope and that were taken into account during planning. These liabilities consist of a large number of small amounts. Furthermore, the other financial liabilities in the Group amount to EUR 3,064 thousand for 2018, EUR 3,621 thousand for 2019–2021, and EUR 7,541 thousand after 2021.

During the financial year under review, no other significant business activities took place that are not included in the balance sheet.

21. Business conducted with affiliated companies and persons

In the year under review, no significant business took place with affiliated companies or persons that was not conducted under normal market conditions.

*Details of the
statements on profit
and loss*

22. Turnover

Turnover in the unconsolidated and consolidated financial statements is as follows:

	Group		Messe Berlin GmbH	
	2017 EUR'000	2016 EUR'000	2017 EUR'000	2016 EUR'000
In-house events	118,396	150,084	100,107	130,524
Guest events, congresses and events	78,460	57,176	39,981	20,367
Services	44,501	55,273	24,252	30,528
Catering services	13,357	12,191	0	0
Portfolio and facility services	12,120	12,218	16,742	17,338
Other turnover	17,126	22,493	17,749	22,010
Total	283,960	309,435	198,831	220,767

Deviations in turnover from the previous year are mainly due to the event cycle – based on the usual rotation, the 2017 financial year had fewer events than the previous year. Of the turnover from portfolio and facility services, EUR 10,000 thousand (previous year: EUR 10,000 thousand) is compensation from the state of Berlin for ongoing upkeep and maintenance.

Turnover abroad (Group)

	2017	2016
	EUR'000	EUR'000
In-house events	12,178	8,985
Congresses and events	17,359	24,981
Services	1,612	2,157
Other turnover	94	144
Total	31,243	36,267

Compared with 2016, Group turnover abroad decreased slightly. As in the previous year, the conferences organised by K.I.T. Group GmbH and K.I.T. Group France S.à.r.l. abroad and the events organised by Global Produce Events GmbH and Messe Berlin (Singapore) Pte. made a major contribution to the Group's turnover abroad.

23. Other operating income

Other operating income of the Group includes income unrelated to the accounting period from the release of provisions and of value adjustments on receivables totalling EUR 9,892 thousand (EUR 8,685 thousand for Messe Berlin GmbH).

	Group		Messe Berlin GmbH	
	2017 EUR'000	2016 EUR'000	2017 EUR'000	2016 EUR'000
Income from release of provisions (not specific to the accounting period)	9,483	9,628	8,344	8,631
Income from release of value adjustments on receivables (not specific to the accounting period)	409	413	341	312
Income from release of special items for contributions	552	565	552	565
Income from disposal of fixed assets and attribution to financial assets	91	267	89	265
Remaining operating income	4,001	4,276	3,535	2,655
Total	14,536	15,149	12,861	12,428

24. Employees

In the year under review, the annual average number of staff and apprentices employed was as follows:

	Group		Messe Berlin GmbH	
	2017	2016	2017	2016
Employees	874	820	486	452
Trainees	31	31	19	19
Total	905	851	505	471

Temporary staff were also employed as required.

25. Depreciations

In the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 8,337 thousand (previous year: EUR 7,889 thousand). In the year under review, there was an unplanned depreciation to the amount of EUR 1,000 thousand (previous year: EUR 0 thousand) on the financial assets. There was also an unplanned depreciation to the amount of EUR 1,889 thousand (previous year: EUR 0 thousand) on the permanent trade fair halls at Berlin ExpoCenter Airport. Accordingly, in the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 11,226 thousand (previous year: EUR 7,889 thousand).

Within the Group, therefore, depreciation also increased to an amount of EUR 11,674 thousand (previous year: EUR 9,458 thousand).

26. Other operating costs

Other operating costs in the Group fell in comparison with the previous year by EUR 16,762 thousand (for Messe Berlin GmbH by EUR 8,022 thousand). This decrease resulted primarily from reduced allocations to the provisions for onerous contracts at Messe Berlin GmbH. Neither the Group nor Messe Berlin GmbH show any expenses that are not specific to the accounting period.

27. Financial profit or loss

In the financial year, interest payments on Messe Berlin GmbH loans were recorded to the amount of EUR 863 thousand (previous year: EUR 950 thousand).

28. Taxes

Income-based tax expense of the Group amounts to, in total, EUR 1,187 thousand (previous year: EUR 3,331 thousand). This 2017 financial year total is mainly due to profit taxation of the K.I.T. division (EUR 534 thousand) and the GPE division (EUR 640 thousand). The decrease in comparison with the previous year, with EUR 3,471 thousand, can be largely attributed to the income taxes of Messe Berlin GmbH.

29. Revenues/expenses from profit transfer agreements

Messe Berlin GmbH concluded a control and profit and loss transfer agreement, inter alia, with K.I.T. Group GmbH, Berlin. The resulting profit transfer of K.I.T. Group GmbH, as well as the compensation payment to the minority shareholders (EUR 294 thousand; previous year: EUR 280 thousand) are netted for Messe Berlin GmbH in the item 'Income from profit transfer agreements'.

Definition of financial resources: Financial resources consist of cheques, cash-in-hand, bank balances and current securities. As in the previous year, the financial resources consist of short-term bank balances as well as cash and cheques amounting to EUR 88,207 thousand (previous year: EUR 87,910 thousand). Of the company's financial resources, EUR 510 thousand are attributed on a proportionately consolidated basis (previous year: EUR 531 thousand).

There were no significant non-cash investment and financing processes and business transactions.

Dividends paid to minority shareholders amounted to EUR 470 thousand (previous year: EUR 524 thousand).

Within the Group, shares in the joint venture ExpoCenter Airport Berlin Brandenburg GmbH generated short-term assets amounting to EUR 527 thousand (previous year: EUR 532 thousand), long-term assets amounting to EUR 10,922 thousand (previous year: EUR 11,496 thousand), short-term liabilities amounting to EUR 1,020 (previous year: EUR 611 thousand) and long-term liabilities amounting to EUR 7,750 thousand (previous year: EUR 7,500 thousand). Costs are to the amount of EUR 2,064 thousand (previous year: EUR 1,109 thousand). For the 2018 financial year, the joint venture has financial liabilities in the amount of about EUR 1,052 thousand (of which liabilities that are due to participating companies: EUR 242 thousand); for the period 2019 until 2021 in the amount of about EUR 2,007 thousand (of which liabilities that are due to participating companies: EUR 727 thousand); and for the period after 2021 in the amount of approximately EUR 697 thousand p.a. (of which liabilities that are due to participating companies: EUR 242 thousand p.a.). Messe Berlin has financial liabilities due to the joint venture in the amount of EUR 1,376 thousand p.a. The joint venture does not employ staff.

30. Management and Supervisory Board

During the financial year, Messe Berlin GmbH consisted of the following bodies:

Management:

Dr Christian Göke
Chairman of the Management Board, Chief Executive Officer

Dirk Hoffmann
Chief Operating officer, Chief Financial Officer

*Details of
statement of
cash flow and
joint ventures*

*Other
explanations*

Supervisory Board:

Wolf-Dieter Wolf
 Managing Partner
 Grundkonzept
 Financial Services Wirtschaftsberatungs- und Beteiligungsgesellschaft mbH,
 Berlin
 Chairman (from 27 April 2017)

Peter Zühlsdorff (until 27 April 2017)
 Shareholder
 Deutsche Industrie Holding GmbH, Berlin
 Chairman

Ramona Pop
 Mayor of Berlin and Senator
 Senate Department for Economics, Energy and Public Enterprises, Berlin
 First deputy chairwoman

Thomas Jaegler
 Sous-Chef
 Capital Catering GmbH, Berlin
 Employees' representative
 Second deputy chairman

Ulrike Brabant
 Head of Customer Services
 MB Capital Services GmbH, Berlin
 Employees' representative

Jan Eder
 Chief Executive Officer
 Berlin Chamber of Industry and Commerce, Berlin

Thomas Ellerbeck
 Group Executive Committee Member
 Group Corporate & External Affairs
 TUI AG, Hanover / TUI Group office in Berlin

Klaus Feiler
 State secretary
 Senate Department for Finance, Berlin

Ellen Funk-Fritz
 Chair of the works council
 Messe Berlin GmbH, Berlin
 Employees' representative

Catherine Mühlemann (from 10 July 2017)
 Entrepreneur and administrative board member
 Andmann Mediaholding GmbH, Baar, Switzerland

Ulrike Niggemann
 Managing director
 Fruitnet Media International GmbH /
 Fruchthandel Magazin, Düsseldorf

Dr Alexander Pett
 Managing Director
 gfu Consumer & Home Electronics GmbH, Frankfurt / Main

Joachim Rukwied
 President
 German Farmers' Association, Berlin

Dirk Schade
 Project Manager IFA Public Media / Events
 Messe Berlin GmbH, Berlin
 Employees' representative

Georg Walkenbach
 Managing Partner
 Beurer GmbH, Ulm

Norbert Zeglin
 Head of Procurement
 Messe Berlin GmbH, Berlin
 Employees' representative

The earnings of the active members of the Management Board are made up as follows:

	Dr Christian Göke EUR'000	Dirk Hoffmann EUR'000
Fixed remuneration	365	282
Royalties	180	150
Non-pecuniary and other remuneration	27	22
Total	572	454

Former managers and their dependants received EUR 898 thousand (previous year: EUR 920 thousand) in pensions and benefits. For the groups of persons referred to, pension provisions made as of 31 December 2017 totalled EUR 10,287 thousand (previous year: EUR 10,663 thousand) before having been offset with the actuarial reserve (EUR 837 thousand).

The Supervisory Board received remuneration amounting to EUR 107 thousand (previous year: EUR 109 thousand), which is made up as follows:

in EUR'000	2017
Wolf-Dieter Wolf	9.5
Peter Zühlsdorff	3.2
Ramona Pop	7.5
Thomas Jaegler	7.5
Ulrike Brabant	6.0
Jan Eder	8.0
Thomas Ellerbeck	6.0
Klaus Feiler	8.0
Ellen Funk-Fritz	8.0
Catherine Mühlemann	2.9
Ulrike Niggemann	6.0
Dr Alexander Pett	6.0
Joachim Rukwied	8.0
Dirk Schade	6.0
Georg Walkenbach	6.0
Norbert Zeglin	8.0
Total	106.6

31. Exceptions pursuant to Sec. 264 para. 3 HGB [German Commercial Code]

As sole shareholder, Messe Berlin GmbH adopted the resolution on 28 August 2017 for MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH, on 30 August 2017 for Capital Facility GmbH, Capital Catering GmbH and MB Capital Services GmbH, and on 31 August 2017 for K.I.T. Group GmbH that use be made of the exceptions according to Sec. 264 para. 3 HGB for the 2017 financial year. The respective company is exempted from preparing an annual financial statement, including the management report, and from auditing and reporting the annual financial statement for the 2017 financial year.

32. Total auditor's fee

The total auditor's fee for the financial year is composed of final audit fees (EUR 92 thousand), fees for other certification services (EUR 10 thousand), fees for other consulting services (EUR 3 thousand) and fees for tax consulting (EUR 50 thousand). The final audit fees cover the auditing of the annual financial statements of Messe Berlin GmbH and the other subsidiaries, and the auditing of the consolidated financial statement.

33. Supplementary report

After the reporting date, there were no events of special significance that could have a significant financial impact.

34. Proposal for the appropriation of profit

The Management Board proposes to carry forward the annual net profit for the 2017 financial year of Messe Berlin GmbH in the amount of EUR 7,488 thousand together with the profit carried forward.

Berlin, 26 February 2018



Dr Christian Göke



Dirk Hoffmann

Annex 1: Consolidated fixed assets

2017

Development of
Group assets for
financial year 2017

	Initial cost					Initial cost 31.12.2017 EUR'000	Depreciations					Book values	
	Initial cost	Additions	Reclassifi- cations	Disposals	Differences from currency conversion		Deprecia- tions	Additions	Disposals	Differences from currency conversion	Depreciat- ions	Book value	Book value
	1.1.2017 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000		1.1.2017 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	31.12.2017 EUR'000	31.12.2016 EUR'000
I. Intangible assets													
1. Rights and licences acquired against payment	16,969	340	51	-115	0	17,245	14,714	809	-38	0	15,485	1,760	2,255
2. Goodwill	5,075	0	0	0	0	5,075	5,075	0	0	0	5,075	0	0
3. Advance payments	51	0	-51	0	0	0	0	0	0	0	0	0	51
	22,095	340	0	-115	0	22,320	19,789	809	-38	0	20,560	1,760	2,306
II. Tangible fixed assets													
1. Land, titles to land and buildings, incl. buildings on third-party premises	168,718	415	378	0	0	169,511	35,723	7,827	0	0	43,550	125,961	132,995
2. Technical installations and machinery	10,701	267	586	-48	0	11,506	3,067	702	-46	0	3,723	7,783	7,634
3. Operating and business equip- ment	23,856	2,077	0	-201	-3	25,729	19,218	1,836	-191	-3	20,860	4,869	4,638
4. Advance payments and assets under construction	1,259	6,415	-964	0	0	6,710	0	0	0	0	0	6,710	1,259
	204,534	9,174	0	-249	-3	213,456	58,008	10,365	-237	-3	68,133	145,323	146,526
III. Financial assets													
1. Shares in affiliated companies	80	230	0	0	0	310	0	0	0	0	0	310	80
2. Shareholdings	26	119	0	0	0	145	0	0	0	0	0	145	26
3. Loans to companies in which shares are held	500	135	0	0	0	635	0	500	0	0	500	135	500
	606	484	0	0	0	1,090	0	500	0	0	500	590	606
	227,235	9,998	0	-364	-3	236,866	77,797	11,674	-275	-3	89,193	147,673	149,438

Annex 2: Fixed assets Messe Berlin GmbH

2017

Development of fixed assets of Messe Berlin GmbH for financial year 2017

	Initial cost					Depreciations					Book values	
	Initial cost	Additions	Reclassifications	Disposals	Initial cost	Depreciations	Additions	Disposals	Attributions	Depreciations	Book value	Book value
	1.1.2017 EUR'000	EUR'000	EUR'000	EUR'000	31.12.2017 EUR'000	1.1.2017 EUR'000	EUR'000	EUR'000	EUR'000	31.12.2017 EUR'000	31.12.2017 EUR'000	31.12.2016 EUR'000
I. Intangible assets												
1. Rights and licences acquired against payment	12,714	290	51	-106	12,949	11,261	606	-28	0	11,839	1,110	1,453
2. Advance payments	51	0	-51	0	0	0	0	0	0	0	0	51
	12,765	290	0	-106	12,949	11,261	606	-28	0	11,839	1,110	1,504
II. Tangible fixed assets												
1. Land, titles to land and buildings, incl. buildings on third-party premises	158,535	405	379	0	159,319	33,976	7,424	0	0	41,400	117,919	124,559
2. Technical installations and machinery	7,354	267	586	-46	8,161	2,295	537	-46	0	2,786	5,375	5,059
3. Operating and business equipment	22,214	1,813	0	-135	23,892	17,923	1,659	-131	0	19,451	4,441	4,291
4. Advance payments and assets under construction	1,260	6,413	-964	0	6,709	0	0	0	0	0	6,709	1,260
	189,363	8,898	0	-181	198,080	54,194	9,620	-177	0	63,637	134,444	135,169
III. Financial assets												
1. Shares in affiliated companies	10,493	229	0	0	10,723	0	0	0	0	0	10,723	10,493
2. Loans to affiliated companies	0	509	0	0	509	0	0	0	0	0	509	0
3. Shareholdings	5,038	119	0	0	5,157	869	0	0	0	869	4,288	4,169
4. Loans to companies in which shares are held	1,000	135	0	0	1,135	0	1,000	0	0	1,000	135	1,000
	16,531	993	0	0	17,523	869	1,000	0	-500	1,869	15,655	15,662
	218,659	10,181	0	-288	228,553	66,324	11,226	-205	-500	77,345	151,209	152,335

Annex 3: Breakdown of share ownership

2017

Breakdown of share ownership

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
Affiliated companies (direct)			
Messe Berlin GmbH, Berlin			
Capital Catering GmbH, Berlin ^{1,2}	100	60	0
MB Capital Services GmbH, Berlin ^{1,2}	100	400	0
Capital Facility GmbH, Berlin ^{1,2}	100	182	0
MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH, Wolfsburg ^{1,2}	100	626	0
Messe Berlin (Singapore) Pte. Ltd., Singapore ^{2,5}	100	3,425	1,048
Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, China ^{2,6}	100	55	-660
MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China ^{2,7}	100	240	-257
Messe Berlin USA Corp., Pennsylvania, USA ^{4,8}	100	-168	-379
K.I.T. Group GmbH, Berlin ^{1,2}	75	25	0
Global Produce Events GmbH, Berlin ²	70	1,347	1,322
E.G.E. European Green Exhibitions GmbH, Berlin ²	50	3,058	593
Shareholdings			
ExpoCenter Airport Berlin Brandenburg GmbH, Selchow ³	50	4,312	-3,009
Mobile Seasons GmbH, Berlin ^{4,12} (associated company)	20	-124	-64

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
Affiliated companies (indirect)			
MB Capital Services GmbH, Berlin			
CSG-Team GmbH, Berlin ²	100	168	-24
E.G.E. European Green Exhibitions GmbH, Berlin			
MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, Güstrow ^{1,2}	100	27	0
Global Produce Events GmbH, Berlin			
Global Produce Events Co. Ltd., Shanghai, China ^{2,9}	100	67	-211
Messe Berlin USA Corp., Pennsylvania, USA			
CT Lab Global Media, LLC, Philadelphia, USA ⁴	75	-294	-505
K.I.T. Group GmbH, Berlin			
Festival Technical Event Management GmbH, Berlin ²	50.10	521	359
K.I.T. Group GmbH Dresden, Dresden ²	55.08	108	2
K.I.T. Swiss AG, Laufenburg, Switzerland ^{4,10}	100	139	88
K.I.T. Group France S.à.r.l., Boulogne-Billancourt, France ²	75	265	61
K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China ^{2,11}	100	30	-221

¹ Control and profit-and-loss agreement with the parent company

² fully consolidated

³ proportionally consolidated

⁴ According to Sec. 296 para. 2 HGB and/or Sec. 311 para. 2 HGB of lesser importance and therefore not included in the consolidated financial statement

⁵ Share capital: SGD 100,000

⁶ Share capital: CNY 2,950,744.50

⁷ Share capital: CNY 4,855,643.92

⁸ Share capital: USD 250,000

⁹ Share capital: CNY 2,100,000

¹⁰ Share capital: CHF 100,000

¹¹ Share capital: CNY 1,923,862.50

¹² Previous year's values, 2017 annual financial statement unavailable when report was created

**Independent
audit certificate**

2017

**Note on audit of
the annual financial
statement and the
management report**

To Messe Berlin GmbH, Berlin

Audit assessments

We have audited the annual financial statement of Messe Berlin GmbH, Berlin, – consisting of the balance sheet as of 31 December 2017 and the profit and loss statement for the financial year from 1 January to 31 December 2017 and the annex that is combined with the Group's note in the consolidated financial statement, including the presentation of the accounting and assessment methods. We have also audited the management report of Messe Berlin GmbH, which is combined with the Group management report, for the financial year from 1 January to 31 December 2017. We have not substantively examined the components of the management report named in the 'Other information' section of our audit certificate, in compliance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit:

- the attached annual financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net asset and financial position of the company as of 31 December 2017 and its operating result for the financial year from 1 January to 31 December 2017, in line with the actual conditions, having due regard to the German principles of proper accounting and
- the attached management report conveys an accurate image of the company's situation overall. In all significant respects, this management report is consistent with the annual financial statement, complies with the provisions of German law and accurately presents the risks and opportunities of future development. Our audit assessment of the management report does not cover the content of the sections of the management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statement and management report.

Basis for audit assessments

We have conducted our audit of the annual financial statement and management report in accordance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer – (IDW). Our responsibility in accordance with these provisions and principles is described in greater

detail in the section 'Responsibility of the auditor for the auditing of the annual financial statement and management report'. We are independent of the company in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these requirements. In our opinion, the audit evidence we obtain is sufficient and suitable to serve as a basis for our audit assessments regarding the annual financial statement and management report.

Other information

The legally appointed representatives are responsible for other information. The other information includes the following components of the management report, which are not substantively examined:

- the declaration in the 'Percentage of women in management positions' section of the management report on company management in accordance with Sec. 289f para. 4 HGB (information on the proportion of women);
- the declaration of conformity with the Berlin Corporate Governance Code.

Our audit assessments for the annual financial statement and management report do not cover the other information and, accordingly, we do not issue an audit assessment or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the annual financial statement, management report or the information we obtained during the audit
- otherwise appears to be a significantly false representation.

Responsibility of the legally appointed representatives and the Supervisory Board for the annual financial statement and the management report

The legally appointed representatives are responsible for producing the annual financial statement, in compliance with the provisions of German commercial law in all significant respects, and ensuring that the annual financial statement conveys an image of the net assets, financial position and operating result of the company in line with actual circumstances, having due regard to German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks which they have determined as necessary, in accordance with the German

principles of proper accounting, to enable the creation of an annual financial statement that is free of significant – intentional or unintentional – false representations.

When producing the annual financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing the balance sheet according to accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legally appointed representatives are also responsible for producing the management report, which conveys an accurate image of the company's situation overall and is consistent with the annual financial statement in all significant respects, complies with the provisions of German law and accurately presents the opportunities and risks of future development. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company accounting process for producing the annual financial statement and management report.

Auditor's responsibility for the auditing of the annual financial statement and the management report

Our aim is to obtain sufficient certainty as to whether the annual financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the management report conveys an accurate image of the Group's situation overall and is consistent in all significant respects with the annual financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes our audit assessments with regard to the annual financial statement and the management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer – (IDW), will always uncover a

significant false representation. False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on business decisions of recipients that are taken based on this annual financial statement and management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant – intentional or unintentional – false representations in the annual financial statement and management report, plan and conduct auditing activities as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit assessments. The risk of significant false representations not being revealed is more serious in the case of infringements than inaccuracies, as infringements may comprise fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks.
- acquire an understanding of the internal control system relevant for auditing the annual financial statement and the arrangements and measures relevant for auditing the management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of these company systems.
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information.
- draw conclusions regarding the suitability of the accounting principle of continued operation as a going concern applied by the legally appointed representatives and, based on the audit evidence obtained, as to whether there is a significant uncertainty regarding events or circumstances which may cast significant doubt on the company's capacity to continue operations as a going concern. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the annual financial statement and management report or, if this information is unsuitable, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the company can no longer continue to pursue its business activity.

- assess the overall presentation, the structure and the content of the annual financial statement, including the information and whether the annual financial statement presents the fundamental business transactions and events in such a way that the annual financial statement conveys an image of the net assets, financial position and operating result of the company in line with the actual conditions, having due regard to the German principles of proper accounting.
- assess the management report's compliance with the annual financial statement, its legal compliance and the image it conveys of the company's situation.
- conduct auditing activities for the information pertaining to the future presented by the legally appointed representatives in the management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment on the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events may deviate significantly from the information pertaining to the future.

We discuss with the person responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

Audit assessments

We have audited the Group management report of Messe Berlin GmbH, Berlin, and its subsidiaries (the Group) – consisting of the group balance sheet as of 31 December 2017, the consolidated statement of profit and loss, the statement of changes in consolidated equity and the consolidated statement of cash for the financial year from 1 January to 31 December 2017 and the Group's notes, which are combined with the notes on the annual financial statement, including the presentation of accounting and assessment methods. We also audited the Group management report of Messe Berlin GmbH, which is combined with the management report for the company, covering the period from 1 January to 31 December 2017.

We have not substantively examined the components of the company management report named in the 'Other information' section, in accordance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit,

- the attached consolidated financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net assets and financial position of the company as of 31 December 2017 and its operating result for the financial year from 1 January to 31 December 2017 in line with the actual conditions, having due regard to the German principles of proper accounting and
- the attached Group management report conveys an accurate image of the Group's situation overall. In all significant respects, this Group management report is consistent with the consolidated financial statement, complies with the provisions of German law and accurately presents the opportunities and risks of future development. Our audit assessment of the Group management report does not cover the content of the components of the Group management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections as to the regularity of the consolidated financial statement and Group management report.

Basis for audit assessments

We have conducted our audit of the consolidated financial statement and the Group management report in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer – (IDW).

Our responsibility in line with these provisions and principles is described in further detail in the 'Responsibility of the auditor for auditing the consolidated financial statement and Group management report' in our audit certificate. We are independent from the Group in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these requirements. In our opinion, the audit evidence we obtain is sufficient and suitable to serve as a basis for our audit assessments regarding the consolidated financial statement and Group management report.

Other information

The legally appointed representatives are responsible for other information. Other information includes the following aspects of the Group management report, which are not substantively examined:

- the declaration in the 'Percentage of women in management positions' section of the Group management report on company management in accordance with Sec. 289f para. 4 HGB (information on the proportion of women)
- the declaration of conformity with the Berlin Corporate Governance Code

Our audit assessments of the consolidated financial statement and Group management report do not cover the other information and, accordingly, we do not issue any audit statements or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the consolidated financial statement, Group management report or the information we obtained during the audit
- otherwise appear to be significant false representations.

Responsibility of the legally appointed representatives and the Supervisory Board for the consolidated financial statement and the Group management report

The legally appointed representatives are responsible for drawing up the consolidated financial statement to comply with the provisions of German commercial law in all significant respects, and ensuring that the consolidated financial statement conveys an image of the net assets, financial position and operating result of the Group in line with the actual conditions, having due regard to the German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks which they have determined as necessary in accordance with the German principles of proper accounting to enable the creation of a consolidated financial statement that is free of significant – intentional or unintentional – false representations.

When producing the consolidated financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing the balance sheet according to the accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legal representatives are also responsible for producing the Group management report, which conveys an accurate image of the Group's situation and is consistent in all significant respects with the consolidated financial statement, complies with the provisions of German law and presents the opportunities and risks of future development in an accurate way. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a Group management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group accounting process for producing the consolidated financial statement and Group management report.

Auditor's responsibility for auditing the consolidated financial statement and the Group management report

Our aim is to obtain sufficient certainty as to whether the consolidated financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the Group management report conveys an accurate image of the Group's situation overall and is consistent in all significant respects with the consolidated financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes our audit assessments with regard to the consolidated financial statement and the Group management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer – (IDW), will always uncover a significant false representation.

False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on business decisions of recipients that are taken based on this consolidated financial statement and Group management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant – intentional or unintentional – false representations in the consolidated financial statement and Group management report, plan and conduct auditing activities as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit assessments. The risk of significant false representations not being revealed is more serious in the case of infringements than inaccuracies, as infringements may comprise fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks.
- acquire an understanding of the internal control system relevant for auditing the consolidated financial statement and the arrangements and measures relevant for auditing the Group management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of these systems.
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information.
- draw conclusions regarding the suitability of the accounting principle of continued operation as a going concern applied by the legally appointed representative and, based on the audit evidence obtained, as to whether there is a significant uncertainty regarding events or circumstances which may cast significant doubt on the Group's capacity to continue operations as a going concern. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the consolidated financial statement and Group management report or, if this information is unsuitable, to modify our audit assessment.

We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the Group can no longer continue to pursue its business activity.

- assess the overall representation of the structure and content of the consolidated financial statement, including the details and whether the consolidated financial statement presents the fundamental business transactions and events in such a way that the consolidated financial statement conveys an image of the Group's net assets, financial position and operating result that corresponds to actual circumstances, taking into account the German principles of proper accounting.
- gather sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group, in order to issue audit assessments on the consolidated financial statement and Group management report. We are responsible for the direction, monitoring and implementation of the consolidated financial statement audit. We hold sole responsibility for our audit assessments.
- assess the Group management report's compliance with the consolidated financial statement, its legal compliance and the image it conveys of the company's situation.
- conduct auditing activities for the information pertaining to the future set out by the legally appointed representatives in the Group management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment of the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events will deviate significantly from information pertaining to the future.

We discuss with the person responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

Berlin, 26 February 2018

PricewaterhouseCoopers GmbH
Auditing company

Dierk Schultz
Auditor

p.p. Jan Witing
Auditor



Berlin Corporate Governance Code (BCGC)**2017****Declaration of the Berlin Corporate Governance Code (BCGC) for the financial year 2017**

As an unlisted company, Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGC) on the basis of the participation guidelines issued by the federal state of Berlin, which the Senate Department for Finance requires Messe Berlin to observe, being a company in which the federal state of Berlin holds a stake greater than 50%.

In its meeting of 15 December 2015, the Senate of Berlin decided to update the notes in regard to the participations of the state. The update was prompted, inter alia, by the modifications to the German Corporate Governance Code (DCGK). Therefore, a short declaration of conformity in regard to the corresponding application of the BCGC shall suffice. The declaration of conformity and the annual report have been made available on the website of Messe Berlin GmbH.

The behavioural recommendations as set out in the Berlin Corporate Governance Code have been complied with in the 2017 financial year of Messe Berlin GmbH, with the exception of the following deviations:

I. Collaboration between the Management and Supervisory Boards**1. Meeting deadlines**

The lead time of the documents sent for meeting and decision dates was not always sufficient (at least three weeks).

II. Management Board**1. 2017 target agreements**

The 2017 target agreements were not concluded in time, as the 2017 target agreements for the financial year ahead were not concluded until the meeting of the personnel and presidential committee (PPC) on 13 January 2017, and not at the end of 2016, as intended.

2. D&O insurances

D&O insurances are agreed with a deductible for the Management Board and without a deductible for the Supervisory Board.

3. Management employment contracts

In view of vested rights and their three-year contractual term, the contracts of Management Board members do not, in the event of premature termination without serious cause, limit severance pay to the equivalent of two years' salary including ancillary benefits, i.e. no severance payment cap is stipulated, nor to just the remaining term of the contract.

III. Supervisory Board**1. Transfer of decision-making authority to committees by the Supervisory Board****a) Personnel and Presidential Committee**

The Supervisory Board also includes a Personnel and Presidential Committee, which prepares the Supervisory Board's decisions on human resources matters concerning the Management Board. The chairman of this committee is the chairman of the Supervisory Board.

Under its resolution of 7 July 2014, the Supervisory Board has continued to assign to the Personnel and Presidential Committee the tasks and authority to act as an audit committee until the end of the current term of office. The Personnel and Presidential Committee also deals with issues involving accounting and risk management, compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of audit priorities and the agreement about fees. The chair of the meetings that address auditing issues is appointed by the Supervisory Board and must be a member of the committee other than the committee chair.

The Personnel and Presidential Committee held no extraordinary meeting in the 2017 financial year.

b) Investment Committee

The Supervisory Board also has an Investment Committee. Its task is to advise the Supervisory Board in its dealings and decisions regarding significant asset and financial investments, in accordance with the company's general strategy.

The Supervisory Board has not assigned any further decision-making authority to any committees.

2. Age limit for members of management

No age limit has been set whereby members of management must leave the company. It is not the practice for a member of management to take over the chairmanship of the Supervisory Board or one of its committees.

3. Age limit for members of the Supervisory Board

No age limit has been set for members of the Supervisory Board.

4. Participation of Supervisory Board members in Supervisory Board meetings

One member of the Supervisory Board participated in less than half of the meetings in the 2017 financial year.

5. Communication with the principal shareholder

The Supervisory Board did not send the intended 2017 target agreement drafts to the principal shareholder (Senate Department for Finance) for auditing before conclusion – in contravention of the provision regarding notes on participation, Annex 4, BCGC declaration III. No. 14.

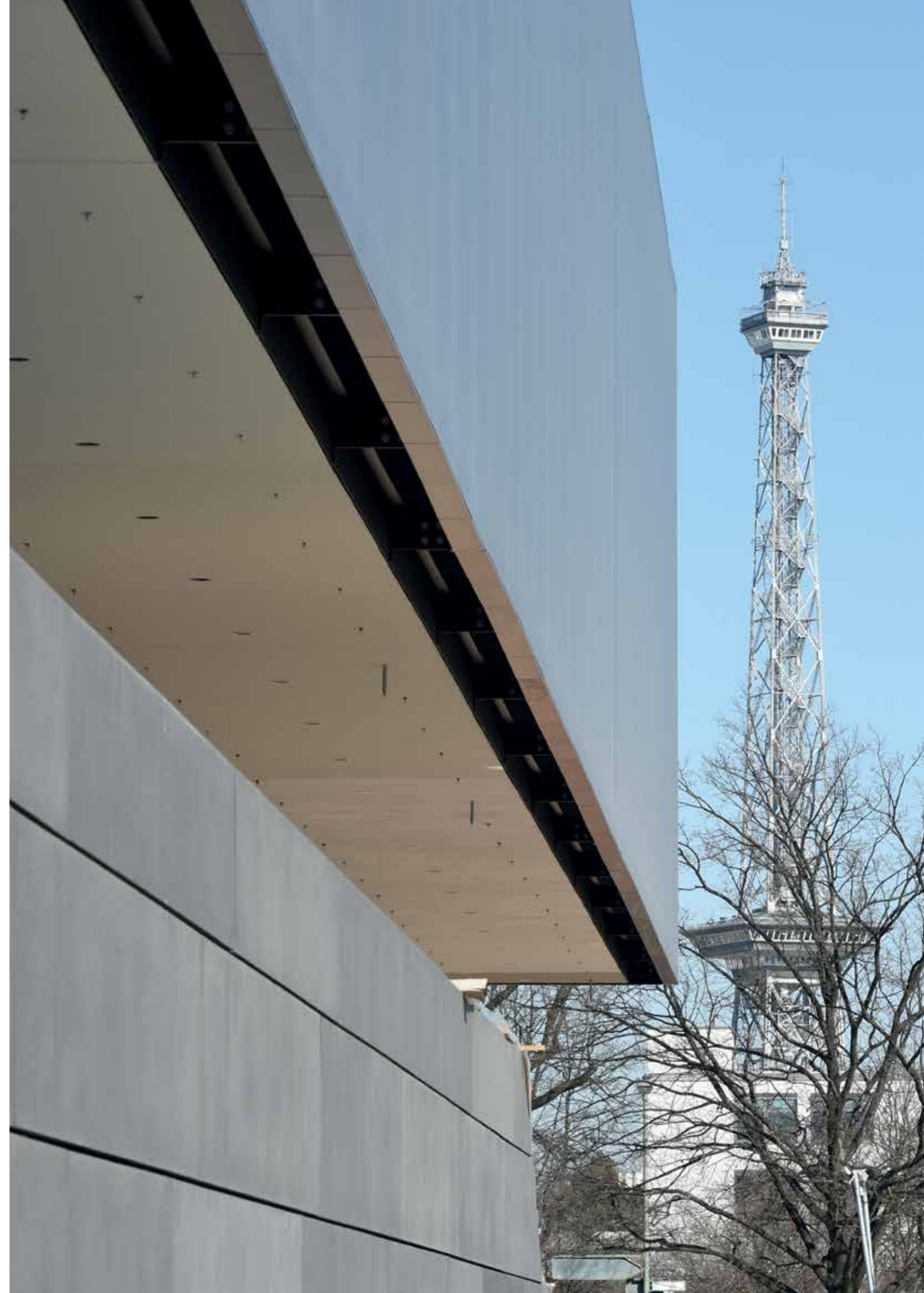
6. Conflicts of interest

The Supervisory Board has set out procedural arrangements for conflicts of interest on a case-by-case basis.

IV. Accounting

1. Interim reports

The interim reports do not contain a list of associated companies with details on the name and headquarters of the company, names and holding amounts of shareholders, amount of equity capital, result of the last financial year, information on whether voting rights correspond to holding amounts. The organisational charts on trade fair participation do not contain all of the above information.



Supervisory Board Report**2017****Supervisory Board
Report****Cooperation between the Supervisory Board and Management Board**

In 2017, the Supervisory Board once again discharged its tasks as a supervisory body in accordance with the law and the company articles, and continuously monitored the company's Management Board. The Supervisory Board supported the Management Board in a consultative capacity and was involved in all decisions that were of fundamental importance to the company. This applies in particular with regard to corporate planning and to the main projects and investments. Matters which, in accordance with the law and the company agreement, require the approval of the Supervisory Board were submitted for a ruling.

The Chairman of the Management Board kept the Chairman of the Supervisory Board regularly informed (verbally and in writing) about all important business occurrences and about the economic development of the company. Between meetings, the Chairman of the Supervisory Board regularly shared information and ideas with the Management Board.

The members of the Supervisory Board always had sufficient time to critically examine the presented reports and the draft resolutions from the Management Board, and to discuss them with the latter. Operational topics were presented to the Supervisory Board in a meticulous manner on the basis of an analysis of the value potential and of the opportunities and risks. The Supervisory Board has given its approval to the individual business transactions requiring approval.

The shareholder representatives and employee representatives discussed the plenary sessions' agenda items in separate preliminary talks.

At each meeting, the participants received information about ongoing business operations in Germany and abroad, as well as the current key data reports of Messe Berlin Group. At each meeting, reports were given on the meetings of the Personnel and Presidential Committee and the Investment Committee. Other areas of focus are mentioned below.

Supervisory board meetings

In the 2017 financial year, the Supervisory Board of Messe Berlin GmbH convened in five regular meetings.

The Supervisory Board has been kept regularly informed about the economic and financial position of Messe Berlin. In 2017, Messe Berlin was once again able to achieve significant increases in turnover, in both the trade fair and congress sectors. Messe Berlin once again reported its best results in the company's history for an odd-numbered year

(traditionally weaker in terms of number of events). The proportion of international exhibitors in 2017 was 56%. Internationalisation of other trade fairs, as in the previous years, still remains part of the company's strategy.

At the first ordinary meeting on 13 January 2017, Senator Ramona Pop was elected first deputy chairwoman and member of the Personnel and Presidential Committee (PPC). The Management Board outlined the 2017 business and financial plan, which was duly adopted by the Supervisory Board. The medium-term plan 2017–2021 was acknowledged. The plenary agreed in its first meeting of 2017 on the construction of an alternative space (new hall construction) for implementation of stage I of the master plan (renovation) at Berlin ExpoCenter City. Overseas expansion was taken into account in the first meeting, with the agreement to set up Global Produce Events (Shanghai) Co. Ltd, a wholly-owned subsidiary of Global Produce Events GmbH (GPE), to run the CHINA FRUIT LOGISTICA trade fair, to gradually acquire up to 70% of company shares in Mobile Seasons GmbH to run the droidcon Berlin event.

The second ordinary meeting of the Supervisory Board on 27 April 2017 focused on the annual and consolidated financial statements for 2016. On the recommendation of the Personnel and Presidential Committee and following discussion with the auditors present from Ernst&Young Wirtschaftsprüfungsgesellschaft mbH, the Supervisory Board resolved to adopt the 2016 annual financial statement for submission to the shareholders' meeting. The Supervisory Board also gave the shareholders its recommendation for the regular tendering of the auditing company. In this meeting, the Chairman of the Supervisory Board, Peter Zühlsdorff, resigned his seats on the Supervisory Board and the Personnel and Presidential Committee. Mr Wolf-Dieter Wolf, member of the Supervisory Board and Chairman of the Investment Committee, was then also elected to the position of Chairman of the Supervisory Board and Supervisory Board member of the Personnel and Presidential Committee. In this meeting, the plenary was informed of such matters as the new 'BUS2BUS' event. The Supervisory Board then agreed to the establishment of a US holding company and the acquisition of 75% of shares in ct.lab LLC.

In its third ordinary meeting on 10 July 2017, the Supervisory Board was informed of the election of Ms Catherine Mühlemann as a member of the Supervisory Board by the shareholders. The entire board also agreed modified framework conditions for the construction of hub27 Berlin (alternative space (new hall construction)), as agreed in January. A major theme of this meeting was the various scenarios for the implementation of

the master plan. The Supervisory Board acknowledged that the federal state of Berlin preferred to hand over the land and exhibition grounds to Messe Berlin, so that Messe Berlin would be in a position to implement the measures itself. The Supervisory Board was also informed regarding the preparations for ILA 2018 and a potential sale of the subsidiary ExpoCenter Airport (ECA).

At its fourth ordinary meeting on 5 October 2017, the Supervisory Board was informed in detail about ongoing business, and particularly the new droidcon Berlin, ECA and the status of hub27. Furthermore, the entire board decided to reappoint both chief executive officers until 2021 and 2022, respectively.

At the fifth ordinary meeting of the Supervisory Board on 13 December 2017, the Management Board provided the plenary with extensive information regarding the 2018 business and financial plan, which the Supervisory Board duly adopted, and the medium-term plan 2018–2022, which the Supervisory Board acknowledged. The status of a potential purchase of ECA in conflict with the future of ILA 2020 and beyond was also discussed.

Additional topics were the digital strategy and the transport concept at Berlin ExpoCenter City. The board was informed of the consent given by the Berlin Senate on 24 October 2017 to the transfer of land to Messe Berlin, with the aim of an actual handover in 2018. Furthermore, the Supervisory Board, in accordance with the Berlin Corporate Governance Code, agreed guidelines and procedural instructions on avoiding and assessing conflicts of interest of the members of the Supervisory Board and Management Board, and handling the consequences and/or setting procedural rules on a case-by-case basis.

The Supervisory Board took note of the reports on the ongoing business.

One member of the Supervisory Board participated in less than half of the meetings in the 2017 financial year.

Reports on the work of the committees

In 2017, the Personnel and Presidential Committee held six ordinary meetings.

In the ordinary meeting of the Personnel and Presidential Committee on 13 January 2017, Ms Ramona Pop was elected as first deputy chairwoman and to chair the meetings addressing auditing issues.

In the regular meeting of the Personnel and Presidential Committee on 27 April 2017, Mr Wolf-Dieter Wolf was elected a member and Chairman of the Personnel and Presidential Committee.

In its meetings, the Personnel and Presidential Committee addressed human resources issues relating to the Management Board and turned the Supervisory Board's decisions into recommendations for the ordinary shareholders' meeting.

In accordance with a decision by the Supervisory Board on 7 July 2014, the Personnel and Presidential Committee also deals with issues involving accounting and risk management, compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of audit priorities and the agreement about fees. At this meeting, the Supervisory Board also assigned to the Personnel and Presidential Committee the tasks and authority of an audit committee until the end of the current term of office. During the 2017 financial year, the Investment Committee held four meetings at which it dealt with such subjects as the implementation of the Berlin ExpoCenter City master plan.

Corporate governance

On the basis of a decision by the Supervisory Board on 30 September 2004, Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGC). In accordance with Sec. 161 of the Stock Corporation Act (AktG), the declaration of conformity with the BCGC of the Management and Supervisory Boards for the 2017 financial year is published on Messe Berlin's web pages and elsewhere, including in the business report.

Audit of the annual financial statement

The annual financial statement and consolidated financial statement provided by the Management Board, together with the management report and Group management report for the 2017 financial year, have been examined by the auditors appointed by the shareholders of Messe Berlin GmbH, PricewaterhouseCoopers GmbH audit company, and have been awarded the unconditional audit certificate.

At meetings on 23/03/2018 and 12/04/2018, the auditors informed the Personnel and Presidential Committee and the Supervisory Board, respectively, about the contents of the annual financial statement and the consolidated financial statement for 2017 and answered all the questions raised by the members.

The Supervisory Board examined and approved the annual financial statement and the management report, and also recommended to the shareholders' meeting to approve the financial statements. Furthermore, the consolidated financial statement and the Group management report were acknowledged. The Supervisory Board has positively acknowledged the result of the auditors' examination.

The Supervisory Board has approved the proposal by the Management Board to apply the findings.

The Supervisory Board examined the efficiency of its activities for the 2017 financial year.

Personnel changes on the Supervisory Board

With the members elected in 2017, the Supervisory Board, pursuant to Sec. 10 para. 1 and 2 of the shareholder agreement of Messe Berlin GmbH, is thus complete. The Supervisory Board thanks the member who resigned during the period under review for his valuable work.

Berlin, 12 April 2018



Supervisory Board
Wolf-Dieter Wolf
Chairman

