



Business Report **2016**

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Messe Berlin GmbH

INTRODUCTION



Trade fair business is an almost timeless business. For many generations, there have been special market places in which different industries meet to find new trends and do business. In Berlin, trade fairs have been organized since 1822. The challenge is to repeatedly reinvent this business model, to align it to the economy's development and to generate growth. In other words: Transform the old business model always in to a new one. Messe Berlin had been successful yet again, as this business report 2016 proves. The success of previous years has been once again topped by significant growth. This is an extraordinary performance of the entire group.

That this continuous sales growth of Messe Berlin Group is not taken for granted show the figures of the Association of the German Trade Fair Industry (AUMA). All 186 trade fairs in Germany recognized on average, a 1 percent increase in exhibitors and a 0.5 percent increase in exhibition area. Compared to 2016, German exhibitors increased their share in expenses for trade fair appearance relating to B2B business communication by 3 percent points to 45 percent. Messe Berlin has generated from this industry development an above-average success.

It goes without saying that Messe Berlin benefits from the location. The capital city offers an exceptionally good combination between supporting hard and soft factors. Reasonably priced hotels, very good public transportation and last but not least an extraordinary position as industry location are among the first category. Moreover, art, culture and history as well as the now firmly established global reputation as a creative and innovative metropolis have made Berlin to an attractive city for trade fairs and congresses. In 2016, Messe Berlin was for the first time heading the list of cities of the International Congress and Convention Association (ICCA), comprising 195 association congresses within one year.

But this also applies vice versa: Berlin benefits significantly from the success of the company Messe Berlin. But pure figures are just one side of the coin. There is not much imagination required to think of the positively monetary effect those 2.4 million trade fair visitors, who bring the money into the city, have on Berlin's economy. What cannot be easily measured is the extent how much those trade fair and congresses inspire local entrepreneurs.

Numerous top-class experts can be found without effort on the trade fairs and congresses of Messe Berlin. Some competitors travel around the globe, just for this one chance.

In order to transfer the perfect location into success, this requires at least three additional elements for Messe Berlin. First, an exhibition site that satisfies the expectations of both, customers and exhibitors is important. In this respect, CityCube Berlin has proven to be a reasonable investment. Second, Messe Berlin has successfully established a smoothly functioning cooperation with strong partners from industry. And last but not least, the success of trade fairs is being driven by a motivated team. One can only congratulate Messe Berlin to a team leading existing trade fairs to always new successes, year after year, and - this shall not be forgotten - a team that enables new events on a regular basis, like the CE in China in 2016. This is an overall very good starting position for prosperous years of Messe Berlin to come.

Sincerely

Peter Zühlsdorff
Chairman of the Supervisory Board
Messe Berlin GmbH

Messe Berlin GmbH

INTRODUCTION



2016 has been yet another record year for Messe Berlin. In the 16th year of continuous growth, we have generated EUR 309 million in sales. After a very successful year 2015, this means again a significant increase in sales in 2016, exceeding for the first time the threshold of EUR 300 million. In regard to the reference year 2014, we generated a plus of 15 percent. Also, the consolidated net profit of EUR 16.5 million in 2016 marks a new peak in the history of Messe Berlin.

We have again succeeded in outperforming market growth in a tough competitive environment. We have been able to not only win national but also international market shares. All this is a tremendous collaborative performance of all employees of Messe Berlin Group, of whom we are collaboratively proud.

This development that has been going on now for more than a decade furthermore demonstrates that we do not relax and strive to continuously increase our business success. This has also been achieved with more staff. At the end of 2016, the group employed 845 staff and hence 54 more than in the previous year.

More than 2.4 million visitors were attracted by 115 in-house and guest events in 2016. In total, almost 34,000 companies presented themselves. Media also play an important role in our business – from traditional journalists to bloggers and YouTubers. In 2016, around 25,000 journalists obtained accreditation for 75 trade fairs and congresses on the Berlin ExpoCenter City and in the CityCube Berlin. Each single journalist not only takes away comprehensive information of visited events but also carries numerous impressions of Berlin into the world. That way we continuously generate publicity for Berlin as a center of business and academics.

Traditionally, our leading trade fairs provide an extraordinary contribution to the success of our company. They are the solid basis or our core business. IFA, ITB Berlin, FRUIT LOGISTICA, InnoTrans and International Green Week have asserted their strong position in the market. Also in 2016, we have consistently further developed those trade fairs with their global charisma.

We thereby focus on a further internationalization of our business, in particular in Asia. Success does not only stem from Berlin alone but also from the utilization of our strong brands abroad. Here we made an important step in the right direction. For the first time in 2016, we organized the CE China in Shenzhen and therefore with IFA placed our foot on Asia. More than 8,200 visitors from 43 countries came to the successful opening of the trade fair, which covered a gross exhibition area of 15,000 square meters. As one of the global IFA events, CE China complements the portfolio of Messe Berlin in China, one of the most important markets for Consumer Electronics. This business requires a strong international sales department: Our 85 offices abroad enable us to present Messe Berlin in more than 150 countries. Overall, we strive to further develop our leading trade fairs to become global market leaders. Because only global leadership ensures the existence of Berlin's leading trade fairs for a long time.

As for the guest events, we were able to win real highlights in 2016. Year-on-year, external organizers of fairs, congresses and events used a fifth more exhibition area. With in total 876,000 square meters of rented area, this makes almost five times the turnover of our area only by this business area. Those highlights included two big events of the IT sector. In February, Cisco held for the first time the Cisco Live!, and in November, the NetApp Insight conference took place. Both used CityCube Berlin and the adjacent exhibition halls. Among the highlights were also the German Comic Con Berlin and the Laureus World Sports Awards. We were also able to successfully expand our business in the area of medical congresses. In 2016, for example, we hosted international top events like the 20th International Congress of Parkinson's Disease and Movement Disorders and the EUROSPINE congress. The modern and multifunctional CityCube Again, Berlin proved to be a strong helper in the marketing of guest events and along the way has established itself as one of the most important locations for large-scale congresses. It was booked almost all the time.

Our subsidiary K.I.T. has successfully competed in the market as a Professional Conference Organiser (PCO). In 2016, the team organized about 35 events with focus on medical congresses, meetings and congress accompanying exhibitions. Thus K.I.T. plays in the same league as the three globally leading PCOs.

The success achieved in 2016 and the investments in our staff provide a very good basis for 2017. Again, a number of premiers are to be expected and again we plan to lead Messe Berlin again to new successes. Our plan is to strengthen and upgrade the area based on our modernization master plan, to further expand global brands and to consistently further develop new business.

Our business is "people's business", and therefore we thank our business partners in the market, with whom we successfully worked in 2016.

Sincerely



Dr. Christian Göke
Chief Executive Officer



Dirk Hoffmann
Chief Operating Officer

Key figures

2016

In-house events	2016
Trade fairs and exhibitions	58
Gross area in m ²	1,825,687
Exhibiting companies	30,235
Attendance / participants	2,077,275

Guest Events ¹⁾	2016
Guest events	57
Gross area in m ²	876,369
Exhibiting companies	3,727
Participants	383,486

Finances (in million €)	2016
Turnover (group)	309.44
Turnover (Messe Berlin GmbH)	220.77
Annual profits (group)	16.50
Annual profits (Messe Berlin GmbH)	15.52
Group EBT: Trade fairs and congresses	+70.8
Group EBT: Facility Management / Exhibition grounds	-51.6

Personnel ²⁾	2016
Employees (group)	851
including Trainees	31
Employees (Messe Berlin GmbH)	471
including Trainees	19

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

²⁾ average annual figures

*Key figures for the
Messe Berlin Group
and the trade fair
venues in Berlin*

TRADE FAIRS
GUEST EVENTS
FINANCES
PERSONNEL

 **CityCube Berlin**



Management Report**2016****Management report
of the company and
the group****Fundamentals**

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The group's business model

The unique location with its innovative trade fair concepts, a continuously growing congress business and its dynamic and strong international orientation, allied with many years of expertise, professionalism and impressive service make the Messe Berlin Group to one of the most successful trade fair companies. Berlin Messe has been growing continuously for more than a decade and meanwhile belongs to the ten trade fair companies in the world with the highest turnover.

In light of the tremendous importance for the economic multiplier effects, Messe Berlin sees itself as the engine for Berlin. Visitors to trade fairs and congresses spend their money in the fields of accommodation, food and transport. After the trade fair events, they go shopping and visit the diverse leisure and cultural facilities in the city. These expenses lead to a high turnover in various sectors of the economy. According to a study of Investitionsbank Berlin from December 2015, visitors to the various trade fairs and congresses of Messe Berlin in 2014 were responsible for consumption expenditures in Berlin in the amount of EUR 887 million. To this must be added the spendings of the about 28,700 exhibitors, who spent about EUR 490 million for forwarders, craftsmen and security companies in 2014. With a simulation model of the Investitionsbank Berlin it is possible to convert such additional sales effects into value added, jobs

Fundamentals

and public revenue. Hence an additional gross domestic product of Berlin in the amount of EUR 2.1 billion will be generated during the upcoming five years and in addition 6,500 new jobs will be created or respectively safeguarded. Public revenue will increase due to this additional value added effects by EUR 63 million. The growth of Berlin trade fair venues since 2014 will be contributing to a further increase of these secondary effects.

Location

The exhibition grounds Berlin ExpoCenter City at Messe Berlin headquarters, located in the heart of the city, comprise about 170,000 square meters hall space, distributed over 26 trade fair halls plus the CityCube Berlin. Owner of this location is the federal state of Berlin, and operator is Messe Berlin. The exhibition grounds Berlin ExpoCenter Airport, also operated by Messe Berlin, are located next to Berlin Schönefeld airport. Open space, halls without columns and lots of parking lots provide space for unusual trade fair ideas and the maximum possible flexibility.

In light of an intensifying international competition, the technical and structural standard of buildings belonging to the federal state of Berlin has a particular importance for the execution of trade fairs, exhibitions and congresses as well as other events. Messe Berlin bears most of the cost for the management of the exhibition grounds, amounting to an average of EUR 50 - 60 million p. a.

Products

The products of the operative business are divided into in-house events, which are organized by Messe Berlin and its subsidiaries in their own name, guest business (guest events, corporate events, congresses), event-related service business and the conference and congress business of the subsidiary K.I.T. Group GmbH.

Organizational structure

The legal business 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 location. Both agreements are characterized by the conflict between a loss-making property business and a profitable event business. Messe Berlin GmbH functions as a group parent company for in total 15 consolidated subsidiaries, held directly or indirectly, as well as a joint venture. The group structure is based on mainly operational necessities.

Objectives and strategies

As in the previous financial years, Messe Berlin's objective remains to continue last year's positive momentum by a further increased growth in sales and continuously improving profitability, despite an increasing competition, in order to exceed the growth of the last years once again and to gain further market shares. The company will implement its planned growth strategy by securing the top five leading trade fairs, creating concepts for and developing additional events and further expanding the congress business in Berlin.

Segments and Sales Markets

The five major international 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 fruit and vegetable are the basis for the core business of the group and its continuously good development. In addition, Messe Berlin invests in numerous reliable and new event formats. Besides events on a good way to becoming the next leading trade fair, such as IZB International Supplier Trade Fair, CMS Cleaning.Management.Services and conhIT, all other trade fairs can be grouped in long-standing and consolidated trade fairs undergoing a conceptional change and smaller new events in the establishment phase, like the Stage|Set|Scenery and the classic cars trade fair MOTORWORLD Classics Berlin. In total, more than 100 regional, national and international in-house and guest events of the group take place annually at the Berlin exhibition grounds, in Germany and worldwide.

Foreign business

Also in 2016 we focused on internationalization, in particular in Asia. By developing new trade fairs abroad, Messe Berlin is supporting the request of exhibitors and customers for an international expansion and at the same time ensures the significance of leading trade fairs as well as the trade fair venues in Berlin. In addition, 85 representatives in more than 150 countries on all five continents promote the group's interests abroad and offer exhibitors and visitors a comprehensive service portfolio as well as professional and individual counselling. Besides ITB Asia, which had been held in October 2016 for the ninth time and which is organized by the wholly owned subsidiary Messe Berlin (Singapore) Pte. Ltd. and the ASIA FRUIT LOGISTICA in September, celebrating in 2016 its 10th anniversary and organized by the 70% subsidiary Global Produce Events GmbH, CE China with a gross exhibition area of about 15,000 square meters and more than

8,200 participants from 43 countries was celebrating its successful premier. As a global IFA event, CE China complements the Messe Berlin portfolio for the Chinese market. The objective is to transfer the successful concept of IFA to the new event and to expand China's leading trade fair for consumer electronics and home appliances. In order to be able to organize the trade fair, the wholly-owned subsidiary Berlin Exhibition (Guangzhou) Co., Ltd. was founded in Guangzhou in 2015.

With the ITB China in Shanghai, the International Tourism Fair (ITB) will start a new offspring on the Asian market from 10 to 12 May 2017. Organizer will be the MB Exhibitions (Shanghai) Co., Ltd., newly founded in 2016 and a wholly-owned subsidiary of Messe Berlin. Negotiation in regard a share of 49% in the company by Travel Daily Inc. Ltd., publisher of the renowned weekly newsletter „China Travel News“ as well as organizer of the Travel Daily China conference are drawing to a close.

Guest events

The guest events sector is characterized by extremely heterogeneous markets. A main factor for the positive development of the Conventions sector is CityCube Berlin as a modern and multifunctional location. This is complemented by positive framework conditions in Berlin such as hotels, the overall value for money, a variety of scientific facilities, in particular in the congress-relevant field of medicine, science, IT, and environment and sustainability, which lead in combination with the innovations of a lively start-up scene to an extremely positive image as an event location. The highlights of 2016 and held in Berlin for the first time included the Cisco Live!, the German Comic Con Berlin, the Laureus World Sports Awards and international large-scale congresses like the 20th Int. Congress of Parkinson's Disease and Movement Disorders as well as EUROSPINE (the Spine Society of Europe).

The market for guest trade fairs is more difficult. German exhibition companies have a strong competition. The guest event business is mainly characterized by its regular clients, in 2016, among others, the Numismata, the Minerals and Hochzeitswelt [World of Wedding].

K.I.T.

K.I.T. Group GmbH, of which Messe Berlin GmbH owns 75%, is a professional conference organizer (POC). It's core area of business consists of planning and organizing in particular medical conferences, meetings and congress-related exhibitions. It comprises about 35 events per year and about 75,000 participants, ca. 13,000 square meters of exhibition space and about 150,000 room reservations. 63% of events in 2016 were organized outside of Germany, 92% outside of Berlin. In the environment of a growing market with globally more than 15,000 conferences (54% thereof in Europe), the company was able to significantly expand its business activities in the past ten years and strengthen its position among the three globally leading PCOs. The basis for its business are multiple long-term contracts with major customers, in particular associations in the medical sector. For 81% of physicians, conferences are the most important source of information and they are also an important part of their mandatory annual post-graduate medical training.

Also, K.I.T. further expands abroad. After K.I.T. Group GmbH acquired in 2015 75% of the shares in K.I.T. Group France S.à.r.l. with registered office in Boulogne-Billancourt, France, a first Chinese branch in Peking was founded, namely the K.I.T. Conference Management (Beijing) Co., Ltd., in order to develop the PCO business in China.

E.G.E.

E.G.E. European Green & Exhibitions GmbH, a joint venture of Messe Berlin and Deutscher Bauernverlag, has been continuously growing since 2012, also by means of acquisitions. Its core area of business consists mainly of agricultural regional products and services for over 15,600 trade visitors and multipliers every year. The annual highlight of its subsidiary MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH is MeLa, a trade fair for agriculture and food, fishing industry, forestry, hunting and horticulture with 70,000 trade visitors.

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. CCG's business focuses on the Berlin ExpoCenter City and the Berlin ExpoCenter Airport. At these venues, CCG provides catering for conferences, seminars, congresses and exhibitions. In addition, CCG operates the Berlin Radio Tower and the Radio Tower Restaurant.

MB Capital Services GmbH (CSG) is a service company and responsible for organizing and implementing concepts for the participation in international events, trade fairs, congresses and other events worldwide.

The primary object of business of Capital Facility GmbH (CFG) is to offer technical and infrastructure services for the properties and trade fair business of Messe Berlin and all related activities.

ExpoCenter Airport Berlin Brandenburg GmbH

ExpoCenter Airport Berlin Brandenburg GmbH (ECA), a joint venture between ZAB ZukunftsAgentur Brandenburg GmbH and Messe Berlin GmbH, manages the ExpoCenter Airport venue that it established in Selchow in 2012. The development of ECA's business largely depends on how well the grounds are marketed by Messe Berlin. The operating contract with Messe Berlin stipulates that ECA receives a fixed rent and a turnover-based rent. The fact that Berlin Airport (BER) still hasn't opened and that, accordingly, the planned connection of infrastructure and public transport systems has not yet taken place, still have a negative impact on the operation of the grounds. Therefore, Messe Berlin in close cooperation with ZAB and other committees started to check into alternative possible uses and future scenarios.

Business report

Economic environment

Germany economy

Despite an uneasy foreign trade environment, Germany's economy has grown steadily by 1.9% (adjusted for price), in particular in the last quarter of the year. This development is based mainly on the domestic demand, in particular public and private consumption expenditures and building investments. This led to an increase in imports as compared to exports.

The national economic indicators for foreign trade together with the estimation for the global economy indicate to an, although moderate, upturn in economy.

Labor market has developed positively in 2016. Private consumption received reliable stimuli from the labor market. Despite an overall weaker growth compared to the previous year, the global economy shows a moderate upward trend at the end of the year. The global industry production is constantly increasing, in particular in the United States and the European Union, while the growth curve in China weakens on a high level.

Trade fair industry

The Association of the German Trade Fair Industry (AUMA) recorded in 2016 for Germany as a trade fair venue a stronger growth than in the previous year. With about 191,000 exhibitors, German trade fairs achieved a record value. One reason for this result was the regularly stronger trade fair program, but also a strong growth of individual trade fairs. On average, 186 trade fairs recorded an increase of 1% in exhibitors and an increase of 0.5% in more exhibition area as compared to the previous year. In contrast, visitor numbers slightly increased by 0.5%. According to a survey among 500 German exhibitors conducted by TNS Emnis at the end of November 2016, companies in the B2B business communication used about 45% of their budget for trade fair participations; this is three percent points more than 10 years ago. AUMA estimates for 2017 with 159 planned trade fairs stable or slightly growing exhibitor and visitor numbers as compared to the respective previous events.

Trends in international competition

This is a global competition, and the development of the worldwide trade fair market follows the worldwide economic growth. The worldwide trade fair market has been growing annually by 3.6% since 2010, whereby companies without annual average growth. The trade fair position with a marketing mix remains stable: When it comes to assessing the significance, trade fairs are in second position compared to a website, field service, direct mailing, specialized press advertisement and events.

Business progress

At the end of 2016, Messe Berlin Group had been able to continue its sustainable growth for more than 10 years and win both national and international market shares. In the financial year 2016, it was possible to exceed the threshold of EUR 300 million in sales for the first time. The group gained turnover of EUR 309.4 million (reference year 2014 EUR 269.4 million). Also, the consolidated net profit is the highest with EUR 16.5 million (previous year EUR 4.4 million, reference year 2014 EUR 5.5 million) in the history of Messe Berlin Group. More than 26,400 companies (reference year 2014: 28,709) from Germany and abroad exhibited their products and services at the Berlin trade fair venues. About 1.9 million visitors (reference year 2014: about 1.9 million) attend our 18 in-house events (reference year 2014: 17) and 57 guest events (reference year 2014: 52) at the locations Berlin ExpoCenter City and Berlin ExpoCenter Airport. Moreover, 40 additional events (reference year 2014: 28)

took place at locations outside of Berlin. In the 2016 financial year, we rented a gross area of 2,702,000 square meters (reference year 2014: about 2,481,000) to almost 34,000 exhibiting companies (reference year 2014: 35,284). More than 2,460,000 visitors (reference year 2014: almost 2,483,000) from Germany and abroad had been counted. A slight decrease in the overall view are mainly due to the ILA Berlin Air Show, for which currently a new concept is being developed.

Fashion trade fair PANORAMA continuing on course of growth

In July 2014, The PANORAMA fashion trade fair moved from Berlin ExpoCenter Airport to Berlin ExpoCenter City and is still on its growing path. For its event in July 2015, after 40,000 square meters in July 2015 and more than 42,000 square meters in January 2016, it was possible to rent out for an exhibition area of more than 48,000 square meters the first time.

CityCube Berlin very well booked

The in 2014 newly opened CityCube Berlin experiences an unbroken strong demand. It was nearly booked out already in 2016. The functionality of CityCube Berlin meets the market requirements, and the Berlin congress market is growing continuously. CityCube Berlin is thereby not only used as a congress hall, but also for in-house events Of Messe Berlin, which experience an increase demand.

ICC as emergency accommodation

Since mid-December 2015, also the ICC has been reactivated to provide space for the refugees as well as for the State Agency for Refugee Matters (LAF).

Master Plan Berlin ExpoCenter City

Additional space on the Berlin ExpoCenter City for exhibitions, congresses and events is required in the short to medium term due to the enhancement of the trade fair business. As a result of location restriction, expansion and optimization potential are, however, limited. Messe Berlin based on its company strategic goals has prepared a master plan for the preservation and future development of the location, covering the following 15 years. In a first step, the need for restructuring was determined and rough cost estimate was prepared. In a second step in 2016, space development possibilities were examined based on the current and future needs in a growing trade fair and congress business. As a result and in order to ensure the Messe Berlin business, in particular to ensure further growth in international leading events, such alternative space is necessary to

implement the construction phases in the same size as indicated in the master plan. At the beginning of 2017, the supervisory board and the federal state of Berlin have given their go to build hall 27 with a gross event area of approximately 10,000 square meters in the southern part of the Berlin ExpoCenter City. The completion of the hall is planned for mid-2018. Messe Berlin is financing this hall.

Situation of the group

We consider the group's business situation to be continuously positive. As in the previous years, the 2016 financial year was completed extremely successfully. Compared to the reference year 2014, it was possible to achieve a growth in turnover of 15%. We have thus surpassed our objectives significantly.

Group sales with EUR 309.4 million exceeded for the first time in history the threshold of EUR 300 million, after extraordinary results with sales of EUR 269.4 million could be achieved already in the reference year 2014. Messe Berlin compares the profit of even-numbered or odd-numbered years with each other, because some of the trade fairs are only held every two years. In the even-numbered financial years, the company organizes, among other things, bautec — International Trade Fair for Building and Construction Technology, the ILA Berlin Air Show – International Aerospace Exhibition and Conferences as well as the rail technology and mobility trade show InnoTrans – International Trade Fair for Transport Technology: Innovative Components – Vehicles – Systems.

In 2016, the group's operating result (EBIT) increased by EUR 11.0 million compared to the reference year 2014. The earnings margin (EBIT/turnover) increased from 4.0% to 7.0%. Planned sales for 2016 (EUR 282.6 million) were exceeded by EUR 26.8 million (9.5%), the budgeted operating results (EBIT) by EUR 9.9 million.

Financial performance indicators

Multi-year comparison

Messe Berlin Group	2016	2015	2014	2013	2012
	EUR	EUR	EUR	EUR	EUR
	million	million	million	million	million
Turnover	309.4	242.0	269.4	187.6	246.8
Changes in inventory - work in progress	0.0	0.1	-0.2	0.1	0.0
Other operating income	15.1	11.4	7.0	6.8	6.5
Material costs	-193.4	-156.4	-175.4	-118.3	-158.8
Personnel costs	-55.8	-51.9	-53.2	-46.3	-46.6
Other operating costs	-44.1	-26.2	-28.7	-19.3	-33.6
Income from investments	0.0	0.1	0.1	0.0	0.0
EBITDA	31.2	19.1	19.0	10.6	14.3
EBITDA %	10.1%	7.9%	7.1%	5.7%	5.8%
Depreciations on fixed assets	-9.4	-9.5	-8.2	-5.9	-4.8
EBIT	21.8	9.6	10.8	4.7	9.5
EBIT %	7.0%	4.0%	4.0%	2.5%	3.8%
Interest income	-1.6	-3.2	-2.3	-2.1	-1.3
Taxes	-3.4	-1.9	-2.9	-1.3	-2.2
Minority shareholders' share of the profit	-0.9	-1.1	-0.8	-0.5	-0.6
Annual result	15.9	3.4	4.8	0.8	5.4

Operating results

The group's turnover is 27.9% higher than in the previous year, which had less events. The increase in other operating income is mainly due to reversal of provisions. The material costs increased in the same proportion as the turnover. An increase in excess of this level is mainly based in the allocation to provisions for deferred maintenance.

The significantly increase in personnel expenses is in particularly based on new hires in 2016. The increase in other operating expenses is due to allocations to provisions for onerous contracts.

Depreciations remained on the same level as in the previous year. The improvements of the interest income are based on the one-time effect of statutory changes when discounting pension provisions which took effect in 2016.

Messe Berlin Group	2016	2015	Comparison of changes on previous year	
	EUR	EUR	EUR	%
	million	million	million	
Turnover	309.4	242.0	67.4	27.9
Changes in inventory - work in progress	0.0	0.1	-0.1	-100.0
Other operating income	15.1	11.4	3.7	32.5
Material costs	-193.4	-156.4	-37.0	23.7
Personnel costs	-55.8	-51.9	-3.9	7.5
Other operating costs	-44.1	-26.2	-17.9	68.3
Income from investments	0.0	0.1	-0.1	-100.0
EBITDA	31.2	19.1	12.1	63.4
Depreciations on fixed assets	-9.4	-9.5	0.1	-1.1
EBIT	21.8	9.6	12.2	127.1
Interest income	-1.6	-3.2	1.6	-50.0
Taxes	-3.4	-1.9	-1.5	78.9
Minority shareholders' share of the profit	-0.9	-1.1	0.2	-18.2
Annual result	15.9	3.4	12.5	367.6

The parent company, Messe Berlin GmbH, generated a turnover of EUR 220.8 million and an operating result before interest and taxes of EUR 19.9 million (previous year EUR 7.9 million; reference year: EUR 8.6 million). Compared to the reference year 2014, turnover rose by EUR 33.5 million (17.9%). The turnover of Messe Berlin GmbH exceeded that of its 2016 business plan by EUR 21.2 million. This result highlights the positive development of Messe Berlin's internationally leading fairs.

Messe Berlin GmbH	2016	2015	Comparison of changes on previous year	
	EUR million	EUR million	EUR million	%
Turnover	220.8	159.3	61.5	38.6
Other operating income	12.4	13.7	-1.3	-9.5
Material costs	-150.8	-112.6	-38.2	33.9
Personnel costs	-34.8	-30.7	-4.1	13.4
Other operating costs	-33.3	-25.1	-8.2	32.7
Income from investments	13.5	10.7	2.8	26.2
EBITDA	27.8	15.3	12.5	81.7
Depreciation of fixed assets	-7.9	-7.4	-0.5	6.8
EBIT	19.9	7.9	12.0	151.9
Interest income	-1.3	-2.3	1.0	-43.5
Taxes	-3.1	-0.8	-2.3	287.5
Annual result	15.5	4.8	10.7	222.9

In-house events

The group turnover in the in-house events segment amounted to EUR 150.1 million (previous year EUR 107.6 million). Compared to the reference year of 2014, turnover increased in this segment by EUR 15.7 million.

Congresses and guest events

In the guest events, congress and events segment, the group's turnover amounted to EUR 57.2 million (previous year 62.2 million) in 2016. While Messe Berlin GmbH was able to confirm this positive development of the previous years in this segment by renewed sales growth, K.I.T. recognized a decrease in sales compared to the previous year. Compared to the reference year 2014, turnover in this segment decreased by EUR 1.0 million.

Subsidiary companies in Germany and abroad

In 2015, K.I.T. Group GmbH, of which Messe Berlin GmbH owns 75%, and its three subsidiaries gained turnover of EUR 39.6 million (previous year EUR 45.0 million) in 2016.

In 2016, Messe Berlin (Singapore) Pte. Ltd. generated a turnover of EUR 3.9 million (previous year EUR 3.7 million) with its ITB Asia event in Singapore.

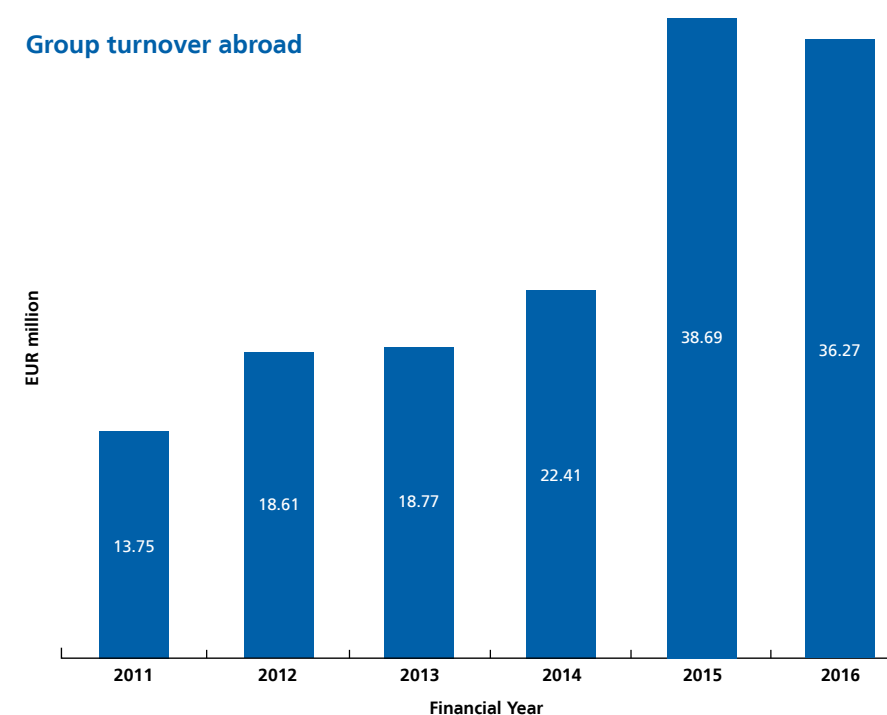
Global Produce Events GmbH generated a turnover in the financial year 2016 of EUR 4.7 million (previous year EUR 3.9 million) mainly with the event ASIA FRUIT LOGISTICA – International Trade Fair for Fruit and Vegetable Marketing in Hong Kong

E.G.E. European Green Exhibitions GmbH and its subsidiary MAZ achieved a turnover of EUR 5.6 million (previous year EUR 6.2 million).

Berlin Exhibition (Guangzhou) Co. Ltd., founded in 2015, generated a turnover of EUR 0.8 million in the year under review with the International Brand Show For Consumer Electronics “CE China” in Shenzhen, which took place for the first time.

In total, the turnover abroad of the Messe Berlin Group with EUR 36.3 million could not achieve the results of the previous year (previous year EUR 38.7 million). This was mainly due to the decrease of the turnover abroad from congresses in London of K.I.T. Group GmbH. In the financial year 2016, the share in turnover generated abroad was 11.7% (previous year 16.0%).

Group turnover abroad



Service companies

In 2016, the turnover of the subsidiary Capital Catering GmbH (CCG) amounted to EUR 15.4 million (previous year EUR 13.6 million, reference year 2014 EUR 13.6 million).

MB Capital Services GmbH (CSG) and its subsidiaries recorded a turnover of EUR 31.3 million (previous year EUR 24.2 million and EUR 27.2 million in the reference year 2014). Of this amount, EUR 8.5 million of turnover (previous year EUR 7.0 million) was transferred to Messe Berlin. A successful development of the leading trade fairs and the growth of the congress business led to a good turnover for the CSG in 2016 in the business segments stand construction and advertising space rental.

Also, the subsidiary Capital Facility GmbH (CFG) experienced a positive 2016 financial year. The turnover based on the management service agreement with Messe Berlin for facility management is within the budget.

ECA closed the financial year with a turnover of EUR 2.0 million (previous year EUR 1.3 million) and an annual deficit of EUR 0.5 million (previous year EUR 1.0 million). The joint venture's result flows proportionately into the consolidated financial statement.

Financial and net assets position

The positive cash flow from ongoing operations amounted to EUR 42.8 million (previous year EUR 21.4 million) in 2016. This is due to the annual group surplus before minority interests of EUR 16.5 million, the non-cash effects from depreciation of EUR 9.5 million that are contained in the results, the increase in received advance payments and other equities and liabilities which cannot be allocated to investments or financing activities of EUR 7.4 million, interest paid of EUR 1.7 million included in the result and EUR 16.0 million increase in provisions.

Consolidated statement of cash flow (summary)	2016 EUR million	2015 EUR million
Cash flow from current business activities	42.8	21.4
Cash flow from investment activities	- 4.8	- 8.4
Cash flow from financing activities	-5.2	-2.7
Changes in financial resources	32.8	10.3
Financial resources as per 01 January	55.1	44.8
Financial resources as per 31 December	87.9	55.1

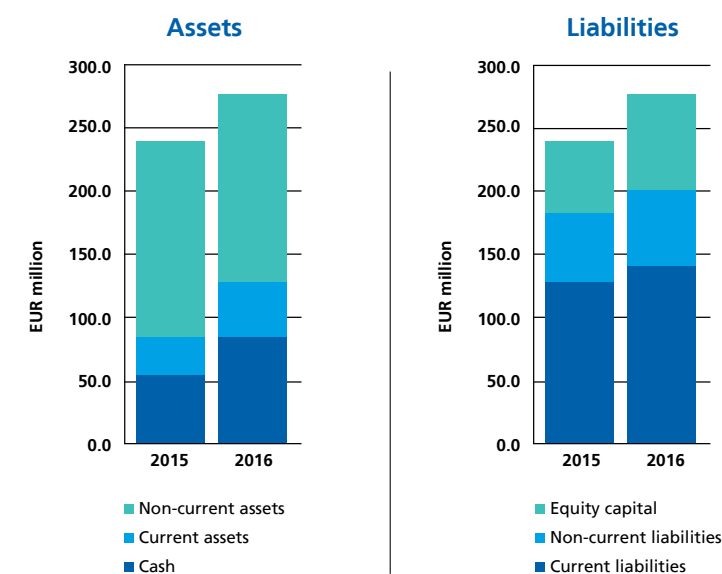
The negative cash flow from investment activities amounted to EUR 4.8 million (previous year EUR 8.4 million). Main drivers in 2016 were additional investments in fixed assets in the amount of EUR 3.8 million and intangible assets of EUR 0.7 million. The cash flow from financing activities showed a negative amount of EUR 5.2 million (previous year EUR 2.7 million negative) and included the repayment of loans (EUR 3.4 million), payment of interests (EUR 1.3 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)	2016 EUR million	2015 EUR million
Cash flow from current business activities	31.5	17.5
Cash flow from investment activities	- 4.9	- 6.4
Cash flow from financing activities	-3.9	-0.9
Changes in financial resources	22.7	10.2
Financial resources as per 01 January	37.1	26.9
Financial resources as per 31 December	59.8	37.1

On the reporting date, the group's balance sheet total amounted to EUR 277.0 million compared to EUR 240.4 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 realized more than five years after the reporting date.

Fixed assets declined from EUR 153.9 million in the previous year to EUR 149.4 million. The proportion of fixed assets in the balance sheet total declined from 64.0% to 53.9%.

Current assets consist mainly of credit institute balances, trade receivables and other assets and increased compared to the previous year by EUR 41.3 million. This is in particular due to the increase in liquid assets by EUR 32.8 million.

The very good result of the financial year has significantly improved our financial structure. Equity capital rose by EUR 16.0 million. Equity ratio increased from 25.5% to 27.9%.

The non-current liabilities consist chiefly of loan liabilities with a residual time to maturity of more than five years, which amount to EUR 30.3 million (previous year EUR 23.2 million). This increase is mainly due to the reclassification of loan liabilities to long-term liabilities due to the prolongation of bonded loans. Furthermore, we recognize the special item for investment subsidies (EUR 0.6 million decrease as compared to previous year) and pension provisions as non-current liabilities.

The current liabilities consist of other provisions and tax provisions amounting to EUR 67.7 million (previous year EUR 50.2 million). This increase is due to the increase in provisions for outstanding supplier invoices (EUR 6.1 million), the increase in provisions for onerous contracts (EUR 6.6 million) as well as the increase in provisions for deferred maintenance (EUR 5.5 million). Furthermore, current liabilities include prepayments (EUR 37.4 million; previous year EUR 31.5 million), the increase of EUR 5.0 million is mainly due to received advance payments in connection with the gymnastics festival that took place in 2017. Finally, current liabilities also include the short-term share of liabilities due to banks (EUR 20.3 million; previous year EUR 30.7 million), trade liabilities (EUR 7.3 million; previous year EUR 8.4 million) and other liabilities (EUR 8.5 million; previous year EUR 5.7 million) and deferred income (EUR 1.1 million; previous year EUR 1.3 million).

Messe Berlin Group	2016	2015	Comparison of changes on	
	EUR million	EUR million	EUR million	previous year %
Non-current assets	149.4	154.1	-4.7	-3.0
Current assets	127.6	86.3	41.3	47.9
Assets	277.0	240.4	36.6	15.2
Equity capital	77.3	61.3	16.0	26.1
Non-current liabilities	57.4	51.2	6.2	12.1
Current liabilities	142.3	127.9	14.4	11.3
Liabilities	277.0	240.4	36.6	15.2

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

Messe Berlin GmbH	2016	2015	Comparison of changes on	
	EUR million	EUR million	EUR million	previous year %
Non-current assets	152.3	154.4	-2.1	-1.4
Current assets	98.9	67.6	31.3	46.3
Assets	251.2	222.0	29.2	13.2
Equity capital	78.8	63.2	15.6	24.7
Non-current liabilities	48.2	41.4	6.8	16.4
Current liabilities	124.2	117.4	6.8	5.8
Liabilities	251.2	222.0	29.2	13.2

The balance sheet total for Messe Berlin GmbH rose by EUR 29.2 million. It amounts to EUR 251.2 million, EUR 152.3 million (60.6%) of which consist of fixed assets.

Financial assets comprise EUR 15.7 million. The equity ratio for Messe Berlin GmbH is 31.4% (previous year 28.5%). The non-current 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

The assessment of the business development, the financial and net assets position as well as the operating results of Messe Berlin GmbH and the group is positive overall. The company fulfilled its financial obligations at all times.

Non-financial performance indicators

Workforce

Messe Berlin has well-trained, highly capable and motivated employees. To ensure that this situation continues in the future, Messe Berlin considers it important to offer its employees interesting and challenging tasks and flexible working time models, a fair remuneration and attractive additional benefits and at the same time to invest their continuous qualification assurance.

Messe Berlin GmbH pays its employees according to the German Collective Agreement for Public Service Employees (TVöD). As a result of the wage negotiations already in 2016 and with a term of 24 months, wages were increased by 2.4% effective 01 March 2016 and effective 01 February 2017 by additional 2.35%. The remuneration for trainees increased in the same period in the first place by EUR 35, then by EUR 30. The good 2015 annual result allowed a special bonus paid in May 2016 for all employees at group level and under the legal wage agreement.

The company pension scheme, which safeguards a good standard of living after retirement, is very important to our employees. In the case of all employees bound by the legal wage agreement, Messe Berlin pays 6.45% of their gross wages into a supplementary pension scheme (VBL). In the case of employees not bound by the wage agreement, a sum varying between 4.5% and 6.9% of their gross wages is paid into the insurance scheme. In addition, the legal framework also enables employees to pay part of their wages into two alternative insurance schemes with no tax or social security obligations. In 2016, we have created the possibility for employees of subsidiaries who were not able to take advantage of the company's pension scheme to conclude a pension scheme that is subsidized by the employer.

This is a step to balance the differing social benefits of the group and shall be seen as a signal towards a positive company culture and contribution to poverty in old age.

To help its employees find a better balance between work and family responsibilities, Messe Berlin offers a flexible working time model and a range of part-time work models that are matched as closely as possible to individual needs. To support work-life balance in particular for parents or those in need of increased flexibility e.g. for the care of their dependents, this offer also includes "mobile working", or the "parent-child" office for sudden care needs as well as the offer of social counselling (Employee Assistance Program, EAP).

Our training program is another important pillar of our sustainability-oriented human resources policy. At the end of the year, the group had 34 trainees (previous year 32) preparing for careers as office clerks in office management, event sales representatives or Bachelor of Arts (B.A.) degrees in trade fair, congress and event management. This program of dual study in business management with a focus on trade fairs and congresses is offered by Messe Berlin GmbH in cooperation with the Ravensburg University of Cooperative Education in Baden-Württemberg. The special engagement of Messe Berlin in the area of training was in particular honored by an award of the Chamber of Industry and Commerce for "Excellent training quality from 2015 through 2017". All trainees will be offered, provided they have passed their training successfully, a follow-up contract for at least a one year.

Furthermore, Messe Berlin offers its employees to study in part-time towards a bachelor or master degree. During this time, employees will receive a monthly financial support in the amount of the tuition costs. It is possible to reduce work time during this period and employees are able to expand their expertise.

Messe Berlin offers an extensive internal training program and thereby enables employees to take part in external qualification programs that are tailored to the needs of the company and the employees. The company also offers educational leave, which is greatly utilized. In the area of continuing education, the company also attaches great importance to leadership training.

The company also sets great store by a good workplace culture and regards the overall mood of its workforce as an important indicator of the status of this culture. It conducts workforce surveys at regular intervals with the support of the Great Place to Work (GpTW) research and consulting institute. As part of a company-specific diversity concept, Messe Berlin also strives to enhance its profile as an employer that appreciates and promotes the uniqueness of each one of its employees. The main aspects of this diversity concept are implemented by the diversity groups which focus respectively on gender, internationality/cultural diversity, handicapped workers, age and sexual identity. In order to send a signal, Messe Berlin joined in 2015 the Diversity Charter.

Also, employees send a signal by their personal engagement in society. They participate in honorary roles for examination committees and courts, they are engaged in blood donation campaigns or are active in various ways for the migrants in our city. They are engaged in refugee work by organizing festivals or provide support in homework tutoring to refugees who are currently residing at the ICC. The company encourages such engagement and provides support by temporarily paid excuse employees from their work.

Employees

As of 31 December 2016, the group employed 845 staff (excluding trainees, interns or employees in their passive phase of semi-retirement). By comparison with 31 December 2015, the number of employees increased by 54 people. As of 31 December 2016, Messe Berlin GmbH employed 466 staff, which is equivalent to an increase in 57 employees (thereof 27 employees who transferred from CFG to Messe Berlin GmbH as of 01 January 2016).

Percentage of women in management positions

Due to the law of equal participation of women and men in leading positions within the private and public sector of 24 April 2015, which came into effect on 01 May 2015, Messe Berlin is obliged according to the German One-third Employee Participation Act (DrittelbG) to determine target figures to increase the female portion in the supervisory board, in the management as well as in the top two management levels below the management board.

Therefore, the Management stipulated a female portion for the unit head level, the department head level or respectively the project managers of at least 35% by 30 June 2017, of at least 42% by 2020 and of at least 50% by 2025. The Supervisory Board concluded to set the target figure for the female portion of the Berlin Messe GmbH management to 50%. The shareholders of Berlin Messe have also determined a target figure of 50% women in the Supervisory Board of Messe Berlin.

Risk strategy

We define risks as possible negative deviations from planned performance in the course of our company's development, while opportunities stand for positive deviations. The business activities of Messe Berlin inevitably involve risks that despite great care cannot be entirely avoided. The topmost priority of Messe Berlin's risk policy is to exploit existing opportunities and to undertake only business risks that can be considered reasonable and that open up new opportunities for earnings.

Risk management system

Messe Berlin employs a risk management system to identify, evaluate and document business risks within the group. This system is regularly re-examined to ensure its suitability and effectiveness.

The basic principles of the risk management system are laid down in an organizational directive. All of the main risks are classified at divisional and subsidiary levels.

The findings obtained during the classification process form the basis for estimating current and future risk situations within the group. Risk management is an ongoing process. In addition to the regular monthly reports, which always include an estimate of the key year-end business figures for all levels of the group, special individual risks are communicated to the Management and the Supervisory Board in a corporate risk report at predefined regular intervals, depending on their importance.

The development of risks is monitored within the group using early warning indicators. Economic fluctuations are shown as risk factors affecting business development. 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 incurred in the course of the expansion of business activities and new projects are only entered into if an entrepreneurial assessment regards the opportunities and risks to be adequately controllable.

Risk management

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 are an additional concern.

There are currently no high-probability risks which could jeopardize the existence of the company, nor can any be expected to occur in financial year 2017.

Compliance

Already in 2010, Messe Berlin decided to set up a Compliance Management System (CMS). The system was administered by external lawyers. In February 2014, the Compliance, Organization, Risk Management and Revision departments were combined into the Corporate Governance division and reorganized. They cooperate closely and form an integrated Corporate Governance Management System.

The group's management is responsible for ensuring that the statutory regulations and the company's internal directives are complied with. An in-house compliance officer of Messe Berlin GmbH cooperates with the "risk owners" to register and assess the compliance risks of the corporate group. An external ombudsperson also registers any compliance risks that are brought to his or her attention. As part of a system for reporting tips, the ombudsperson is the contact for whistle-blowers. The goal is to uncover internal concerns and to counteract compliance risk at an early stage.

As essential challenges of the future, Messe Berlin sees the continuous enhancement of its employees with regard to the requirements that arise from the integration of new businesses, technologies and business partners, identification of growth areas beyond the existing exhibition grounds, the strengthening of the role of the trade fair as multi-service provider for the federal state of Berlin as well as the financing of necessary development of our exhibition grounds.

Employees

In order remain and become attractive for top performers, Messe Berlin invests in medium-term measures such as strategic succession planning, employer branding, continuous improvement processes, automatic

application management, strong positioning of Messe Berlin as an innovative and popular employer, efficient capacity management and uniform standards within the group.

Development areas

The group's major development areas are still the expansion of the value chain with regard to content by new products as well as geographic expansion.

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

Master Plan Berlin ExpoCenter City

In 2017, the construction of the new hall 27 will start. After it will have been finished in the following year, the hall can be used as an alternative site and first measures of the master plan can be implemented.

New basic agreement with the federal state of Berlin

In 2017, negotiations will be intensified with the federal state of Berlin for a new basic agreement which shall enter into force as of 2018. Essential payment flows stipulated therein will have a crucial impact on the growth of Messe Berlin. It not only covers the expenses for catering but also the necessary investments in the exhibition grounds within the framework of the master plan.

Future of the ExpoCenter Airport Berlin Brandenburg GmbH

The renewed postponement of the opening of the Berlin Brandenburg airport (BER), forces the shareholders of the joint venture ExpoCenter Airport Berlin Brandenburg GmbH to assess alternative scenarios.

New orientation for the ILA Berlin Air Show

High costs of the flight program, temporary halls and parking spaces led to ongoing high losses of ILA and a stagnating demand for areas in the previous years gave rise to look into a fundamental rethink together with the organizer German Aerospace Industries Association (BDLI) and the partners of ILA. After intensive discussion with stakeholders, first steps have been taken together with ILA in 2016 towards a completely new concept. In 2018, ILA will continue this path and strengthen its profile as a leading trading fair for innovation, new technologies and sustainability.

*Prospects,
opportunities and
risks of future
developments*

Together with the BDLI, it is now essential to keep up the pressure on the stakeholders and to demand that they fulfil their commitments they promised during the discussion in regard an expansion of their engagement for ILA 2018. At the same time, it is necessary to optimize the costs of this highly complex event. The key is to reduce interfaces between all participating organizations.

Conditions of use of ICC still open

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 9.3 million in downtime maintenance costs in its financial planning for the period from 2017 through 2021. Any costs beyond this planned amount pose a risk to Messe Berlin.

Due to a potential use in the long-term as an emergency accommodation, new thoughts are now required with regard to a partial commissioning.

New events

In 2017, two new events will launch at the Berlin ExpoCenter City location: With BUS2BUS, the modern future of the bus industry now offers its own business platform in Germany. This in-house event in cooperation with the Federal Association of German Bus Companies (bdo) will celebrate its premier on the 25 and 26 of April in 2017. Berlin as a hot spot of the bus industry is well suited to show which topics will move the bus industry in future. The biannual meeting of the industry brings together bus companies and bus manufacturers, suppliers, service providers and visionaries.

The new event CUBE Tech Fair on 10 - 12 May 2017 brings together two worlds: Startups, which stand for innovation, movement and sometimes revolution, and groups of companies which represent experience, stability and tradition.

Basis for planning the expected business development

The future development of the operating results, 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 economic environment

Incoming orders and sentiment indicators indicate a good start for the year 2017. Natural-resource exporting countries such as Russia and Brazil are expected to experience the end of the recession. After an increase of the global GDP from 2.9% in 2016, OECD expects an increase to 3.3% for 2017.

The national economic indicators for foreign trade, industrial incoming orders, export expectations of the companies and the real effective exchange rates together with the estimation for the global economy indicate to an, although moderate, upturn in export.

AUMA estimates for 2017 with 159 planned trade fairs a stable or slightly growing exhibitor and visitor numbers as compared to the respective previous events. A mood with a tendency towards optimism, even in the trade fair industry, was the result of a survey of AUMA among trade fair organizers in the framework of an association survey of the Institute for Economic Research in December 2016. According to this research, a significant majority of German trade fair companies was planning for an increase in investments in 2017. Likewise, the majority of companies is planning to increase its staff. More than three-quarter of the companies see a stable if not increasing importance of trade fairs within the next five years.

Expected development of business and profits

The Messe Berlin Group expects for the current financial year 2017 turnover of EUR 263.6 million with a planned annual net profit before taxes (EBT) of EUR 3.2 million (EBT 2015 EUR + 5.0 million). The budgeted turnover increase is at around EUR 21 million or + 8.7% as compared to the reference year 2015.

Investments in 2017 are planned to be significantly higher as compared to the financial year 2016. Based on the amount of cash, financing shall be ensured by a positive operative cash flow and required debt financing.

The group plans for 28 in-house events, five thereof abroad. The in-house events of the group amount to a planned total turnover increase of about EUR 18.9 million as compared to 2015. The share in turnover of the international leading trade fairs IFA, ITB Berlin, FRUIT LOGISTICA and IGW as well as the biannual fashion trade fair PANORAMA is at around 51% of the budgeted group turnover. Four new events are planned for 2017. At the Berlin location, this will be the event Bus2Bus in April and B-Icon and CUBE Tech Fair in May. Again in May and in addition to the already established ITB Asia in Singapore, for the first time the ITB China will be held in Shanghai.

The high utilization of CityCube Berlin in 2017 due to numerous international congresses can be seen in the budgeted turnover increase of about 6% as compared to 2015.

The most important highlights of the year are corporate events such as CiscoLIVE (20 - 24 February) and NetApp (13 - 16 November), medical to level meetings such as the 17th world congress for psychiatry (8 - 12 October) with 14,000 participants the ISTH world congress for thrombosis, haemostasis and vascular biology (8 - 13 July) with 10,000 physicians as well as Intergeo (26 - 28 September) as the globally most important communication platform for geodesy, geoinformation and land management.

Business development of guest events in 2017 will be mainly characterized by the German Gymnastics Festival 2017 and the 36th German Evangelic Church Assembly 2017. Both events will occupy the entire exhibition grounds. Therefore, special effects for both turnover and return will be budgeted for 2017.

Besides investments in the event business, also investments in the site and additional costs in the area of information technology will have an impact on the budgeted annual profit 2017. The start of construction of a new hall is planned for 2017. This hall is necessary to provide alternative space for the urgent further development of existing halls below the Radio Tower. Furthermore, this new hall will meet the needs of a continuously increasing demand in event sites at the Messe Berlin location.

The first quarter of 2017 comprised a high event density. The trade fair year started with Europe largest fashion trade fair PANORAMA Berlin (17 -19 January), the leading trade fair of the Berlin Fashion Week, with more than 800 leading fashion and lifestyle brands exhibiting on a site that has again increased slightly.

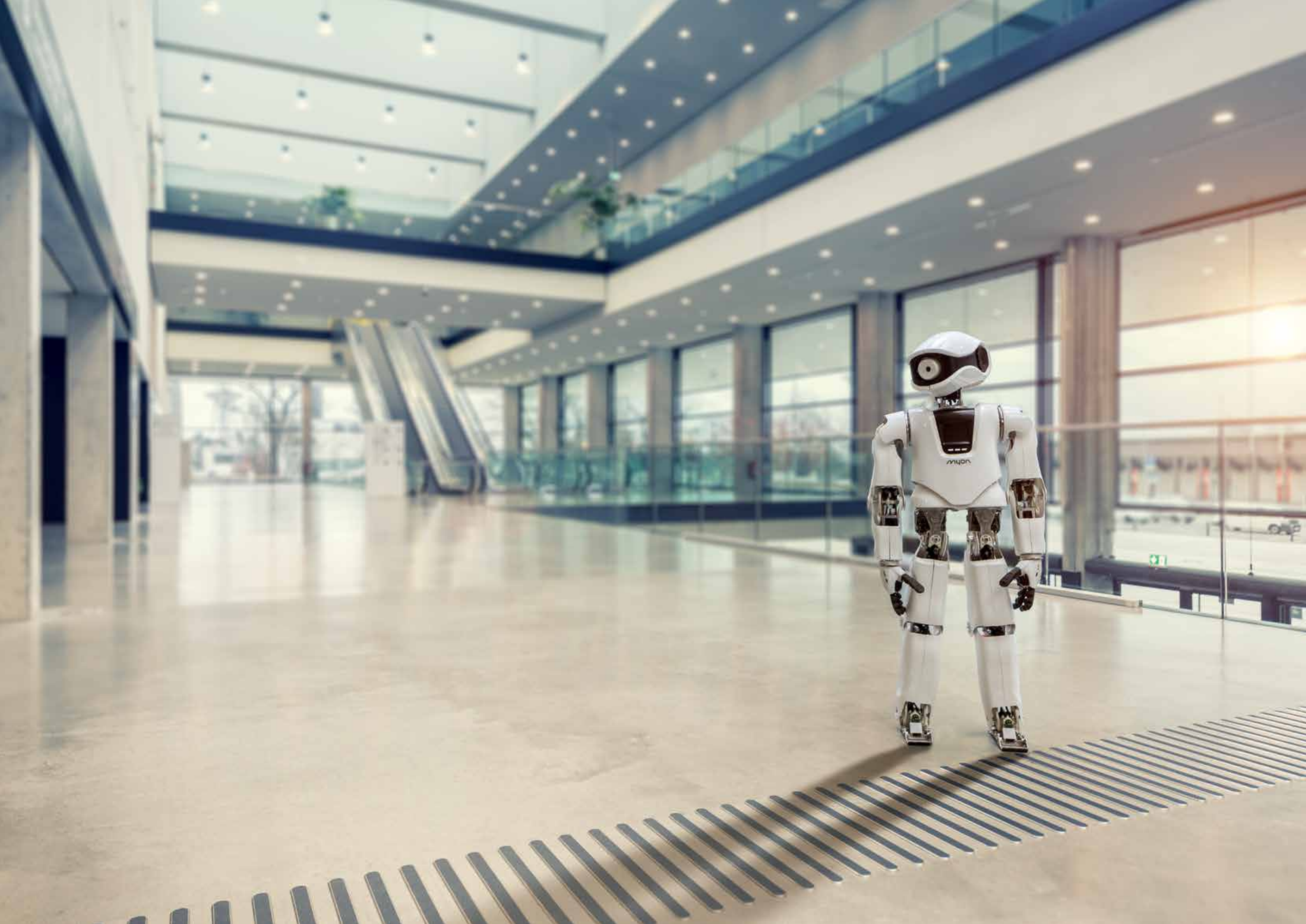
Immediately following this event, 1,650 exhibitors from 66 countries provided during the International Green Week an extensive overview of the world market of nutrition industry and a performance show of agriculture and horticulture. With almost 400,000 visitors, this is an increase compared to previous events.

During the 25th release of FRUIT LOGISTICA from 8 to 10 February 2017, more than 75,000 trade visitors from more than 130 countries and hence 5 percent more compared to the previous event experienced a worldwide unique gathering of the fruit industry. More than 3,100 exhibitors from 84 countries showed a comprehensive market overview on a site that was again a bit larger compared to the previous year.

27 February 2017

Dr. Christian Göke

Dirk Hoffmann



Group balance sheet

2016

Consolidated financial statement and annual financial statement as per 31 December

Assets	31 Dec. 2016		31 Dec. 2015	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
1. Rights and licenses acquired against payment	2,255		1,545	
2. Advance payments	51	2,306	755	2,300
II. Tangible fixed assets				
1. Land, titles to land and buildings incl. buildings on other premises	132,995		138,429	
2. Technical installations and machinery	7,634		6,676	
3. Operating and business equipment	4,638		5,004	
4. Advance payments and assets under construction	1,259	146,526	802	150,911
III. Financial assets				
1. Shares in affiliated companies	80		80	
2. Shareholdings	26		26	
3. Loans to companies in which shares are held	500		500	
4. Non-current securities	0	606	43	649
	149,438		153,860	
B. Current Assets				
I. Inventories				
1. Raw materials, consumables and supplies	168		151	
2. Work in progress	623		654	
3. Goods	139		141	
4. Advance payments	2,170	3,100	842	1,788
II. Receivables and other assets				
1. Trade receivables	21,255		17,311	
2. Receivables from affiliated companies	575		0	
3. Other assets	14,144	35,974	12,037	29,348
III. Current securities				
Other securities		12		12
IV. Cash-in-hand and bank balances		87,910		55,132
	126,996		86,280	
C. Accruals and deferrals		548		109
D. Active difference from capital account		0		123
	276,982		240,372	

Liabilities	31 Dec. 2016		31 Dec. 2015	
	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	41,250		25,399	
V. Differences in equity capital resulting from currency conversion	135		132	
VI. Adjustment items for shares held by other shareholders	2,512		2,383	
	77,292		61,309	
B. Special items for contributions to fixed assets		11,534		12,099
C. Provisions				
1. Provisions for pension or similar obligations	15,620		15,916	
2. Provisions for taxes	2,551		2,468	
3. Other provisions	65,119		47,695	
	83,290		66,079	
D. Liabilities				
1. Liabilities to banks	50,581		53,952	
2. Advance payments received on orders	37,375		31,533	
3. Trade payables		7,276		8,362
4. Other liabilities of which from taxes EUR 3,808 thousand (previous year EUR 3,088 thousand) of which for social security EUR 31 thousand (previous year EUR 41 thousand)	8,531		5,728	
	103,763		99,575	
E. Accruals and deferrals		1,103		1,310
	276,982		240,372	

Consolidated statement of profit and loss

2016

Consolidated
statement of profit
or loss for the period
from 1 January to
31 December

	2016		2015	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		309,435		241,965
2. Decrease in inventory of work in progress (previous year increase)		-31		97
3. Other operating income of which income from currency conversion EUR 1,398 thousand (previous year EUR 371 thousand)		15,149		11,407
4. Material costs				
a) Cost of raw materials, consumables and supplies and purchased goods	-16,102		-13,584	
b) Cost of purchased services	-177,259	-193,361	-142,846	-156,430
5. Personnel costs				
a) Wages and salaries	-45,745		-42,634	
b) Social security contributions and costs for pensions and benefits of which, for pensions EUR 2,087 thousand (previous EUR 1,914 thousand)	-10,030	-55,775	-9,339	-51,973
6. Depreciation on intangible assets and tangible fixed assets		-9,456		-9,469
7. Other operating expenses of which expenses from currency conversion EUR 1,105 thousand (previous EUR 558 thousand)		-44,077		-26,190
8. Income from investments of which from affiliated companies EUR 0 thousand (previous EUR 91 thousand)		0		91
9. Other interest and similar income		195		54
10. Depreciation on financial assets		-2		0
11. Interest and similar expenses of which expenses from discounting provisions EUR 558 thousand (previous EUR 1,927 thousand)		-1,856		-3,275
12. Taxes on income and profit		-3,331		-1,696
13. Net earnings		16,890		4,581
14. Other taxes		-106		-157
15. Profit attributable to non-controlling interests		-280		0
16. Consolidated net loss/profit for the financial year		16,504		4,424
17. Profits share of other shareholders		-653		-1,072
18. Group profit		15,851		3,352
19. Profit carried over from the previous year		25,399		22,047
20. Net group profit		41,250		25,399

Consolidated statement of cash flow

2016

Consolidated
statement of cash
flow for the 2016
financial year

	2016		2015	
	EUR'000	EUR'000	EUR'000	EUR'000
Consolidated net loss/profit for the financial year		16,504		4,424
Depreciations on fixed assets		9,458		9,469
Increase in provisions		16,038		192
Other non-cash income		-565		-567
Losses from disposal of tangible fixed assets		1		1
Increase in inventories, receivables and other assets not classified as investments or financing activities (previous year decrease)		-8,254		704
Increase in payables and other liabilities not classified as investments or financing activities		7,353		3,904
Interest expenses, net of interest income		1,661		3,220
Other income from investments		0		-91
Income-based tax expense		3,331		1,696
Income-based tax payments		-2,684		-1,538
Cash flow from current business activities		42,843		21,414
Cash inflow from disposals of tangible fixed assets		23		2
Cash outflow for investments in tangible fixed assets		-3,754		-7,083
Cash outflow for investments in intangible fixed assets		-730		-770
Cash outflow for acquisition of consolidated companies less liquid assets		-618		-750
Received interest		195		54
Received dividends		0		91
Cash flow from investment activities		-4,884		-8,456
Cash inflow from loans raised		0		23
Cash outflow from the repayment of loans		-3,371		-3,372
Cash inflow from received grants		0		3,011
Cash outflow to minority shareholders		-524		-1,004
Paid interest		-1,298		-1,348
Cash flow from financing activities		-5,193		-2,690
Changes in financial resources		32,766		10,268
Exchange rate changes and changes in financial resources due to consolidated entity		12		84
Opening balance of financial resources		55,132		44,780
Closing balance of financial resources		87,910		55,132

Statement of changes in consolidated equity**2016**

*Group of changes in
consolidated equity
for the 2016
financial year*

	Subscribed capital	Capital reserves	Realized 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
01 Jan. 2015	20,708	12,578	22,156	83	55,525	2,315	57,840
Consolidated net loss/profit for the financial year	0	0	3,352	0	3,352	1,072	4,424
Other income	0	0	0	49	49	0	49
Profit distribution	0	0	0	0	0	-1,004	-1,004
31 Dec. 2015	20,708	12,578	25,508	132	58,926	2,383	61,309
Consolidated net loss/profit for the financial year	0	0	15,851	0	15,851	653	16,504
Other income	0	0	0	3	3	0	3
Profit distribution	0	0	0	0	0	-524	-524
31 December 2016	20,708	12,578	41,359	135	74,780	2,512	77,292

Balance sheet

2016

Balance sheet Messe Berlin GmbH as per 31 December

Assets	31 Dec. 2016		31 Dec. 2015	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
1. Rights and licenses acquired against payment	1,453		638	
2. Advance payments	51	1,504	755	1,393
II. Tangible fixed assets				
1. Buildings on other premises	124,559		129,672	
2. Technical installations and machinery	5,059		3,934	
3. Operating and business equipment	4,291		4,698	
4. Advance payments and assets under construction	1,260	135,169	750	139,054
III. Financial assets				
1. Shares in affiliated companies	10,493		8,793	
2. Shareholdings	4,169		4,169	
3. Loans to companies in which shares are held	1,000	15,662	1,000	13,962
		152,335		154,409
B. Current Assets				
I. Inventories				
Raw materials, consumables and supplies		41		38
II. Receivables and other assets				
1. Trade receivables	16,978		13,426	
2. Receivables from affiliated companies	9,119		7,184	
3. Other assets	12,431	38,528	9,762	30,372
III. Cash-in-hand and bank balances		59,840		37,064
		98,409		67,474
C. Accruals and deferrals		417		0
D. Active difference from capital account		0		123
		251,161		222,006

Liabilities	31 Dec. 2016		31 Dec. 2015	
	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	29,835		25,077	
V. Net profit for the financial year	15,516		4,758	
	78,746		63,230	
B. Special items for contributions to fixed assets	11,534		12,099	
C. Provisions				
1. Provisions for pensions	10,914		11,088	
2. Provisions for taxes	1,904		928	
3. Other provisions	59,525		42,469	
	72,343		54,485	
D. Liabilities				
1. Liabilities to banks	43,059		45,929	
2. Advance payments received on orders	32,344		27,245	
3. Trade payables	5,068		7,270	
4. Liabilities to affiliated companies	1,663		6,560	
5. Liabilities to companies in which shares are held	487		28	
6. Other liabilities of which from taxes EUR 3,221 thousand (previous year EUR 2,349 thousand)	4,817		3,850	
	87,438		90,882	
E. Accruals and deferrals	1,100		1,310	
	251,161		222,006	

Consolidated statement of profit and loss
2016

Statement of profit
or loss Messe
Berlin GmbH for
the period from
1 January to
31 December

	2016		2015	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		220,767		159,252
2. Other operating income of which income from currency conversion EUR 7 thousand (previous year EUR 25 thousand)		12,428		13,681
3. Material costs				
a) Cost of raw materials, consumables and supplies		-10,283		-9,602
b) Cost of purchased services		-140,458		-150,741
4. Personnel costs				
a) Wages and salaries		-28,068		-24,678
b) Social security contributions and costs for pensions and benefits of which, for pensions EUR 1,986 thousand (previous EUR 1,693 thousand)		-6,767		-34,835
5. Depreciation of intangible assets and tangible fixed assets		-7,889		-7,422
6. Other operating expenses of which expenses from currency conversion EUR 33 thousand (previous EUR 12 thousand)		-33,335		-25,146
7. Income from investments of which from affiliated companies EUR 784 thousand (previous EUR 2,148 thousand)		784		2,148
8. Income from profit transfer agreements		13,661		8,612
9. Income from loans of financial assets of which from affiliated companies EUR 20 thousand (previous EUR 20 thousand)		20		20
10. Other interest and similar income of which from affiliated companies EUR 5 thousand (previous EUR 3 thousand)		86		38
11. Expenses due to assumption of losses		-937		-22
12. Interest and similar expenses of which expenses from discounting provisions EUR 407 thousand (previous year EUR 1,299 thousand) of which for affiliated companies EUR 3 thousand (previous year EUR 9 thousand)		-1,397		-2,318
13. Taxes on income and profit		-3,001		-624
14. Net earnings		15,611		4,909
15. Other taxes		-95		-151
16. Net profit for the financial year		15,516		4,758



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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 have been prepared in accordance with commercial law as it applies to large incorporated companies and with the supplementary regulations of the regulating limited companies, as well as taking into consideration the principles. The statements of profit or loss have been prepared based on the income by nature format.

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 organize, 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.

Messe Berlin GmbH with its office in Berlin is registered in the commercial register of the Local Court Berlin-Charlottenburg under number HRB 5484.

2. Consolidated entity

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

General details

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
 MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China has been included in the consolidated financial statement for the first time.

Messe Berlin holds a 50% stake in ExpoCenter Airport Berlin Brandenburg GmbH, Schönefeld. The company is included proportionately in the consolidated financial statement.

K.I.T. Swiss AG, Laufenburg, Switzerland, of which K.I.T. Group GmbH holds 100% of the shares, was not included in the consolidated financial statement under the option according to Sec. 296 para. 2 HGB as it is of secondary importance as far as presenting the group's financial and net assets position and operating results is concerned.

A breakdown of share ownership in subsidiaries of Messe Berlin GmbH is included in the notes.

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 2016. The initial consolidation must take place at the time at which the possibility for control of the assets and of the financial and operational actions of the acquired company passes to the group.

The statements of financial positions of the companies for consolidation have been put together uniformly in accordance with the accounting and measurement principles determined 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 recognized 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 s. 2 no. 1 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.

With the exception of equity capital, a statement in a foreign currency is converted into euros at the exchange rate in force on the reporting date. The foreign companies' equity capital (subscribed capital, reserves, profit or loss carried forward) is converted at the historic rate at the time of first inclusion of the subsidiary in the consolidated financial statement. The statement of profit or loss items are converted into euros at the mean exchange rate. In the conversion of equity capital, differences arising from changes in the exchange rate since the previous year are listed separately, recognized directly in equity under the item 'Differences in equity capital resulting from currency conversion'.

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. For the first time, the provisions of the German Commercial Code modified by the Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) have been applied, which took effect as of 01 January 2016. Applying the provisions of the BilRUG mainly changes the structure of the profit and

loss statement as well as the allocation of earnings to sales revenues in accordance with the new definition for sales revenues pursuant to Sec. 277 HGB (German Commercial Code) (Art. 75, para. 2 EGHGB (Introductory Act to the German Commercial Code)).

Adjustment of previous figures has not been carried out. Such is shown for information in the notes in item (31).

Otherwise, 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 recognized 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. Accruals are written down on a pro rata temporis basis.

A fixed value is set for small catering items of Messe Berlin GmbH which 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], respectively 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 recognized at initial cost or at a lower fair value, and loans are always recognized at their nominal value.

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 cost for future events comprise quantifiable, directly allocable individual costs (material and individual manufacturing costs) as well as reasonable manufacturing overhead costs. General costs not related to production are not capitalized.

Receivables and other assets are recognized 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 recognized with their initial cost or at lower fair value. Provided 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 holdings, bank balances and cheques and are recognized either at a nominal value or at lower fair value on the reporting date.

7. Active difference from capital account

Credit surpluses from offsetting assets against corresponding liabilities are recognized. The assets are not accessible to all other creditors and are measured at fair value. Accruing income and costs are also offset accordingly.

8. Special items

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

9. 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.

*Explanations with
regard to the
balance sheets*

10. Deferred taxes

Deferred taxes are determined using 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 recognized. This also applies to deferred tax assets in the consolidated financial statement.

11. 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 HGB, for a residual time to maturity of one year or less, the initial cost principle and the realization principle are not applied.

12. Fixed assets

A breakdown of the asset items and their development in 2016, as summarized in the Messe Berlin 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 2016 is included in the notes.

Accruals to the financial assets of Messe Berlin GmbH consist mainly of a contractually variable purchase-price adjustment payment of EUR 618 thousand resulting from the past acquisition of shares of K.I.T. Group GmbH Berlin, an increase in share capital by EUR 423 thousand of the subsidiary Berlin Exhibition (Guangzhou) Co., Ltd., Guangzhou, China founded in the previous financial year and the contribution to the share capital of the subsidiary MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China, founded in the current financial year. In the balance sheet item for loans to companies in which it has shares, Messe Berlin GmbH also shows a loan of EUR 1,000 thousand that it granted to ExpoCenter Airport Berlin Brandenburg GmbH, Schönefeld in the financial year 2014.

The additions in terms of buildings on foreign premises in the amount of EUR 299 thousand are accounted mainly for subsequent manufacturing cost for CityCube Berlin at Messe Berlin GmbH.

The additions in the balance sheet item technical installations and machinery in the amount of EUR 1,096 thousand concern, inter alia, the extension of WLAN and optimized cooling system for CityCube Berlin of Messe Berlin.

Additions in the items advance payments and assets under construction in the amount of EUR 1,205 thousand concern ongoing projects at the Berlin ExpoCenter City location.

13. Receivables and other assets

Receivables and other assets of Messe Berlin (EUR 38,528 thousand; previous year: EUR 30,372 thousand) all have, just like in the previous year, a residual time to maturity of less than one year. Within the group (EUR 35,974 thousand; previous year: EUR 29,348 thousand), other assets in the amount of EUR 121 thousand (previous year: EUR 185 thousand) are shown with a residual time to maturity of more than one year.

The trade receivables include receivables from shareholder in the amount of EUR 2,114 thousand (previous year: EUR 1,122 thousand).

Receivables from affiliated companies of Messe Berlin GmbH amounting to EUR 9,119 thousand (previous year: EUR 7,184 thousand) result mainly from the transfer of subsidiaries' earnings.

As was the case in previous years, the other assets of Messe Berlin GmbH (EUR 12,431 thousand; previous year: EUR 9,762 thousand) mainly include advance payments (EUR 11,061 thousand; previous year: EUR 7,247 thousand) and receivables from tax offices (EUR 1,043 thousand; previous year: EUR 1,001 thousand).

14. Deferred expenses

Deferred expenses in the group (EUR 548 thousand; previous year: EUR 109 thousand) and individual financial statement (EUR 417 thousand, previous year: EUR 0 thousand) consist exclusively of the payments for expenses for a specific period following the reporting date.

15. Equity capital

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 2,512 thousand; previous year: EUR 2,383 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 subgroup K.I.T. Group GmbH, Berlin.

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 reveal a difference amounting to EUR 135 thousand (previous year: EUR 132 thousand). The difference, which does not affect net income, is shown under 'Equity capital'.

16. 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 recognized income over the period of use of the subsidized assets. This item applies to Messe Berlin GmbH to its full extent.

17. Provisions

The provisions shown in the group for pensions EUR 15,620 thousand (previous year EUR 15,916 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 dependents.

These liabilities are based on individual and collective agreements. The measurement of the pension liabilities was obtained using the projected-unit credit method. The provisions were calculated on the basis of an actuarial interest of 4.03% p. a. (average of 10 years) (previous year 3.94% p. a. (average of 7 year)) and a trend in pensions and wages of 2% p. a. and 3% p. a. (previous year 2% p. a. and 3% p. a.). The life expectancy was obtained according to the actuarial tables 2005 G prepared by Dr. Klaus Heubeck.

The difference pursuant to Sec. 253 para. 6 HGB is EUR 895 thousand and is subject to a payout block.

Interest components from pensions amounting to EUR 358 thousand (previous year: EUR 1,232 thousand) for the unconsolidated statement and EUR 488 thousand (previous year: EUR 1,830 thousand) for the group are shown as interest expenditures in the statement of profit or loss, before being offset with the corresponding income of EUR 28 thousand (previous year: EUR 42 thousand) from the cover funds.

The tax provisions shown in the consolidated financial statement amounting to EUR 2,535 thousand (previous year: EUR 2,159 thousand) result mainly from corporation tax and trade tax. In addition, tax provisions for, inter alia, foreign income taxes in the amount of EUR 16 thousand (previous year: EUR 99 thousand) were recognized. 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 29,023 thousand for Messe Berlin GmbH), provisions for the threat of losses (EUR 15,001 thousand for Messe Berlin GmbH, EUR 15,760 thousand for the group), provisions for outstanding suppliers' invoices (EUR 11,344 thousand for Messe Berlin GmbH, EUR 13,340 thousand for the group), provisions for holiday and leisure time due (EUR 1,836 thousand for Messe Berlin GmbH, EUR 2,764 thousand for the group), provisions to cover part-time allowances for older employees (EUR 39 thousand for Messe Berlin GmbH, EUR 167 thousand for the group) and provisions for bonuses (EUR 1,888 thousand for Messe Berlin GmbH, EUR 2,472 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 s. 1 HGB and was based on a discount interest rate of 1.84% p.a. (previous year: 2.40% 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 3.28% p. a. (previous year: 3.94% p. a.) with future wage increases estimated at 3.0% p. a.

In the unconsolidated financial statement of Messe Berlin GmbH long-term personnel obligations were offset against assets amounting to EUR 5,078 thousand (EUR 940 thousand for pension liabilities and EUR 4,174 thousand for other provisions). In the consolidated financial statement of Messe Berlin GmbH long-term personnel obligations were offset against assets amounting to EUR 5,388 thousand (EUR 904 thousand for pension liabilities and EUR 4,484 thousand for other provisions).

Allocated amounts for off-setting according to Sec. 246 para. 2 s. 2 HGB:	Group		Messe Berlin GmbH	
	2016 in EUR'000	2015 in EUR'000	2016 in EUR'000	2015 in EUR'000
Amounts allocated for liabilities				
Pension liabilities	16,523	16,877	11,817	12,049
Long-term accounts for worked hours	3,964	3,451	3,680	3,114
Early retirement scheme liabilities	774	736	542	433
Initial cost of assets				
Pension liabilities	876	919	876	919
Long-term accounts for worked hours	3,807	3,243	3,601	2,944
Early retirement scheme liabilities	598	679	494	538
Fair value of assets				
Pension liabilities	904	961	904	961
Long-term accounts for worked hours	3,877	3,324	3,671	3,025
Early retirement scheme liabilities	607	697	503	556
Allocated expenses				
Pension liabilities	492	1,834	362	1,235
Long-term accounts for worked hours	145	149	132	135
Early retirement scheme liabilities	41	96	32	81
Allocated income				
Pension liabilities	28	42	28	42
Long-term accounts for worked hours	70	81	70	81
Early retirement scheme liabilities	9	18	9	18

The fair value of assets corresponds to the asset value of reinsurance or in the case of stock market funds their market value as of 31 December 2016.

18. Liabilities

Within the group, the liabilities to financial institutions amount to EUR 50,581 thousand (previous year: EUR 53,952 thousand).

In order to finance the development and construction of the exhibition grounds at Selchow (ExpoCenter Airport), ExpoCenter Airport Berlin Brandenburg GmbH took out two loans of EUR 8,500 thousand each in 2011 (totaling EUR

17,000 thousand). ExpoCenter Airport Berlin Brandenburg GmbH is shown in the consolidated financial statement with a share of 50%. In order to finance the construction of display halls on the exhibition grounds at Selchow, Messe Berlin GmbH also took out a loan of EUR 8,000 thousand in 2011.

In order to finance the CityCube Berlin, Messe Berlin GmbH took out four loans totaling to EUR 45,000 thousand in the 2013 financial year.

The portfolio was optimized in the 2016 financial year, as a result of which two bonded loans, concluded in the 2013 financial year, could be prolonged with better market conditions. EUR 3,371 thousand (previous year: EUR 3,372 thousand) of the group's total liabilities to credit institutes have a residual time to maturity of a maximum of one year, EUR 16,874 thousand (previous year: EUR 27,374 thousand) have a residual time to maturity of between one and five years and EUR 30,335 thousand (previous year: EUR 23,206 thousand) have a residual time to maturity of more than five years.

EUR 2,871 thousand (previous year: EUR 2,871 thousand) of Messe Berlin's total liabilities to credit institutes have a residual time to maturity of a maximum of one year, EUR 14,353 thousand (previous year: EUR 24,853 thousand) have a residual time to maturity of between one and five years and EUR 25,835 thousand (previous year: EUR 18,206 thousand) have a residual time to maturity of more than five years.

In addition, EUR 32,344 thousand (previous year: EUR 27,245 thousand) of advance payments received are shown for Messe Berlin GmbH and correspondingly EUR 37,375 thousand (previous year: EUR 31,533 thousand) for the group. EUR 31,967 thousand (previous year: EUR 27,048 thousand) of Messe Berlin's total advance payments received have a residual time to maturity of a maximum of one year and EUR 377 thousand (previous year: EUR 197 thousand) have a residual time to maturity of between one and five years. EUR 36,998 thousand (previous year: EUR 31,336 thousand) of the group's advance payments received have a residual time to maturity of a maximum of one year and EUR 377 thousand (previous year: EUR 197 thousand) have a residual time to maturity of between one and five years.

The group's liabilities trade payables amount to EUR 7,276 thousand (previous year: EUR 8,362 thousand) and those of Messe Berlin GmbH to EUR 5,068 thousand (previous year: EUR 7,270 thousand). In each case, as in the previous year, the residual time to maturity of these liabilities is a maximum of one year.

Of the other liabilities amounting to EUR 4,817 thousand (previous year: EUR 3,850 thousand) in the unconsolidated financial statement and

EUR 8,531 thousand (previous year: EUR 5,728 thousand) in the consolidated financial statement, Messe Berlin's tax liabilities amount to EUR 3,221 thousand (previous year: EUR 2,349 thousand) and group tax liabilities amount to EUR 3,808 thousand (previous year: EUR 3,088 thousand), while Messe Berlin social security liabilities amount to EUR 0 thousand (previous year: EUR 0 thousand) and group social security liabilities amount to EUR 31 thousand (previous year: EUR 41 thousand). As in the previous year, all other liabilities of Messe Berlin GmbH have a residual time to maturity of a maximum of one year. For the group, other liabilities with a residual time to maturity of between one and five years amount to EUR 25 thousand (previous year: EUR 25 thousand), and other liabilities with a residual time to maturity of more than five years amount to EUR 500 thousand (previous year: EUR 0 thousand).

Concerning the liabilities to affiliated companies, those of Messe Berlin GmbH amount to EUR 1,663 thousand (previous year: EUR 6,560 thousand) and are mainly due to trade payables. The balance sheet of Messe Berlin GmbH also shows liabilities to companies in which it has shares amounting to EUR 487 thousand (previous year: EUR 28 thousand). As in the previous year, all liabilities with regard to the group and affiliated companies have a residual time to maturity of a maximum of one year.

19. 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 prolonged due 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 (here interest rate swap signed on 02 December 2015 with a with a constant nominal volume of EUR 10,500 thousand until 28 February 2023). Another interest rate swap was concluded for the prolonged part of the loan (signed on 09 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 recognized in this micro valuation unit shows a market value of EUR 238 thousand as of 31 December 2016. 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 set off against 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 of the hedging relationship, the dollar offset method is applied. For capitalization, the net hedge presentation method is applied, where compensating changes in value resulting from the hedged risk are not recognized, where compensating changes in value resulting from the hedged risk are not recognized. i.e. compensating positive and negative changes in value are recognized in the statement of profit or loss without any changes made to them.

21. Deferred taxes

For Messe Berlin GmbH, deferred tax assets as of 31 December 2016 resulted from temporary differences between the financial and tax statements and differences between tax losses carried forward.

Messe Berlin GmbH	31 Dec. 2016		31 Dec. 2015	
	Deferred Tax assets ¹	Deferred tax liabilities ¹	Deferred Tax assets ¹	Deferred tax liabilities ¹
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets	56	76	0	0
Current assets	282	32	22	52
Non-current liabilities	1,389	0	1,498	0
Current liabilities	4,740	22	2,765	12
Losses carried forward	6,813	0	8,891	0
Subtotal	13,280	130	13,176	64
Balance	130	-130	64	-64
Total	13,150	0	13,112	0

¹ Tax rates corporation tax/solidarity surcharge: 15.83%; trade tax: 14.35%

In making the calculation only losses carried forward, for which there is sufficient certainty that they can be utilized, 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 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 2016: 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 21,028 thousand (previous year: EUR 13,990 thousand) as well as tax losses carried forward amounting to around EUR 32 million (previous year: EUR 48 million) for the corporation tax and around EUR 25 million (previous year: EUR 42 million) for the trade tax.

In 2016, deferred tax assets increased by EUR 104 thousand (EUR 13,280 thousand; previous year: EUR 13,176 thousand) and deferred tax liabilities by EUR 66 thousand (EUR 130 thousand; previous year: EUR 64 thousand).

For the group, the temporary differences amount to EUR 21,713 thousand (previous year: EUR 13,993 thousand).

Group	31 Dec. 2016		31 Dec. 2015	
	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000
Non-current assets	56	76	0	0
Current assets	281	32	22	52
Non-current liabilities	1,386	0	1,498	0
Current liabilities	4,960	22	2,766	12
Losses carried forward	6,813	0	8,891	0
Subtotal	13,496	130	13,177	64
Balance	130	-130	64	-64
Total	13,366	0	13,113	0

¹ Tax rates corporation tax/solidarity surcharge: 15.8.3%; trade tax: 14.35%; income tax Singapore: 17%

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

In the group, deferred tax assets increased by EUR 319 thousand in 2016 (EUR 13,496 thousand; previous year: EUR 13,177 thousand). In the group, deferred tax liabilities increased by EUR 66 thousand in the financial year (EUR 130 thousand; previous year: EUR 64 thousand).

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

Messe Berlin GmbH is jointly and severally liable for two loans of ExpoCenter 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 2017 and 2018.

Utilizing the right of choice in accordance with Art. 28 para. 1 s. 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 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.

In the year under review, the contribution rate for the VBL was 8.86% until 30 June (previous year: 7.86%), of which Messe Berlin provided 6.45% (previous year: 6.45%). The employees' own contribution amounts to 1.61% of their income (previous year: 1.41%). Starting 01 July in the year under review, the contribution rate amounted to 8.16%, of which Messe Berlin provided 6.45% and the employees as of this date 1.71%. For 502 insured persons, this resulted in a contribution of EUR 1,392 thousand. The contribution rate increases as of 1 July 2017 to 8.26%, of which Messe Berlin still provides 6.45% and the employees 1.81%.

Because the resulting indirect pension obligation cannot be reliably determined, no amount is shown.

In 2017, there were no other financial liabilities of any importance that were not connected to ongoing business operations. Events held in the first quarter caused 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.

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

**Explanations
concerning the
statements of
profit and loss**

22 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.

23 Turnover

Due to the first-time application of the Bilanzrichtlinie-Umsetzungsgesetz (BilRUG), turnover of the financial year cannot be compared with that of the previous year. Turnover that would have been generated pursuant to Sec. 277 para. 1 HGB. in conj. w. BilRUG is shown in item (31). Messe Berlin is affected by the modification mainly in regard to revenue previously shown under other operating income from allocations of service expenses within the group.

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

	Group		Messe Berlin GmbH	
	2016 EUR'000	2015 EUR'000	2016 EUR'000	2015 EUR'000
In-house events	150,084	107,595	130,524	94,428
Guest events, congresses and events	57,176	62,151	20,367	18,854
Services	55,273	39,345	30,528	21,822
Catering services	12,191	9,260	0	0
Portfolio and facility services	12,218	12,114	17,338	15,985
Other turnover	22,493	11,500	22,010	8,163
Total	309,435	241,965	220,767	159,252

The increase in turnover in the group is due to, inter alia, a financial year with a large number of events. Turnover from portfolio and facility services amounting to EUR 10,000 thousand (previous year: EUR 10,000 thousand) result from payments made by the federal state of Berlin for ongoing maintenance and repairs.

Group turnover abroad

	2016	2015
	EUR'000	EUR'000
In-house events	8,985	7,465
Congresses and events	24,981	28,852
Services	2,157	1,773
Other turnover	144	599
Total	36,267	38,689

Compared to 2015, group turnover abroad decreased slightly. As in the previous year, the congresses abroad organized by K.I.T. Group GmbH as well as the events organized by Global Produce Events GmbH and Messe Berlin (Singapore) Pte. Ltd. Mainly contribute to the groups turnover abroad.

24. Other operating income

Other operating income of the group show income unrelated to the accounting period from the release of provisions and of value adjustments on receivables totaling EUR 10,041 thousand (EUR 8,943 thousand for Messe Berlin).

	Group		Messe Berlin GmbH	
	2016 EUR'000	2015 EUR'000	2016 EUR'000	2015 EUR'000
Income from release of provisions (not specific to the accounting period)	9,628	6,232	8,631	5,566
Income from release of value adjustments on receivables (not specific to the accounting period)	413	545	312	424
Income from release of special items for contributions	565	567	565	567
Income from disposal of fixed assets and attribution of financial assets	267	1	265	0
Remaining operating income	4,276	4,062	2,655	7,124
Total	15,149	11,407	12,428	13,681

25. Employees

The average numbers of employees and trainees were as follows during the year under review:

	Group		Messe Berlin GmbH	
	2016	2015	2016	2015
Employees	820	780	452	406
Trainees	31	31	19	19
Total	851	811	471	425

Temporary staff were also employed as required.

26. Depreciation

In the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 7,889 thousand (previous year: EUR 7,422 thousand).

Depreciation in the group remained stable with EUR 9,458 thousand (previous year: EUR 9,469 thousand). During the year under review, depreciations on goodwill in the amount of EUR 618 thousand (previous year: EUR 819 thousand) have been realized, of which EUR 618 thousand (previous year: EUR 819 thousand) are due to payments for purchase price adjustments for the acquisition of K.I.T. Group GmbH in the past.

27. Other operating costs

Other operating costs in the group increased as compared to the previous year by EUR 17,887 thousand (for Messe Berlin by EUR 8,189 thousand). This increase resulted primarily from increased allocations to the provisions for onerous contracts at Messe Berlin. Neither the group nor Messe Berlin show any expenses that are not specific to the accounting period.

28. Financial profit or loss

During the financial year, interest payments amounting to EUR 950 thousand (previous year: EUR 1,008 thousand) were made for the aforementioned loans taken out by Messe Berlin GmbH.

29. Taxes

Income-based tax expense of the group amounts to in total EUR 3,331 thousand (previous year EUR 1,696 thousand). This amount is mainly due to profit taxation of Messe Berlin GmbH (EUR 2,910 thousand).

30. Revenues/expenses from profit transfer agreements

Messe Berlin 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 are netted for Messe Berlin in the item 'Income from profit transfer agreements'.

31. Reclassification in profit and loss statement due to BilRUG

Pursuant to the requirements of the Senate Department for Finance of federal state of Berlin and in addition to the provisionally required information in the notes, the profit and loss statement of the year under review, of the previous year (according to BilRUG) and of the previous year are contrasted.

Messe Berlin GmbH	2015		
	2016	Pursuant to BilRUG	2015
	EUR'000	EUR'000	EUR'000
Turnover	220,767	163,148	159,252
Other operating income	12,428	9,785	13,681
Material costs	-150,741	-117,609	-112,575
Personnel costs	-34,835	-30,735	-30,735
Depreciation of intangible assets of fixed assets and property, plant and equipment	-7,889	-7,422	-7,422
Other operating costs	-33,335	-20,112	-25,146
Income from investment	784	2,148	2,148
Income from profit transfer agreements	13,661	8,612	8,612
Income from loans of financial assets	20	20	20
Other interest and similar income	86	38	38
Expenses due to assumption of losses	-937	-22	-22
Interest and similar expenses	-1,397	-2,318	-2,318
Taxes on income and profit	-3,001	-624	-624
Net earnings	15,611	4,909	4,909
Other taxes	-95	-151	-151
Net profit for the financial year	15,516	4,758	4,758

Messe Berlin Group	2015		
	2016	Pursuant to BiRUG	2015
	EUR'000	EUR'000	EUR'000
Turnover	309,435	242,443	241,965
Increase in inventories of work in progress	- 31	97	97
Other operating income	15,149	10,929	11,407
Material costs	- 193,361	-156,430	- 156,430
Personnel costs	- 55,775	- 51,973	- 51,973
Depreciation of intangible assets of fixed assets and property, plant and equipment	- 9,456	- 9,469	- 9,469
Other operating costs	-44,077	- 26,190	- 26,190
Income from investment	0	91	91
Other interest and similar income	195	54	54
Depreciation on financial assets and securities held as current assets	- 2	0	0
Interest and similar expenses	- 1,856	- 3,275	- 3,275
Taxes on income and profit	- 3,331	- 1,696	- 1,696
Net earnings	16,890	4,581	4,581
Other taxes	- 106	- 157	- 157
Profit attributable to non-controlling interests	- 280	0	0
Consolidated net loss/profit for the financial year	16,504	4,424	4,424

Explanations regarding the statement of cash flow and joint ventures

As in the previous year, the financial resources consist of short-term bank balances as well as cash and cheques amounting to EUR 87,910 thousand (previous year: EUR 55,132 thousand). EUR 531 thousand concern the financial resources of the company on a proportionately consolidated basis (previous year: EUR 234 thousand).

Dividends paid to minority shareholders amounted to EUR 524 thousand (previous year: EUR 1,004 thousand).

Within the group, shares in the joint venture ExpoCenter Airport Berlin Brandenburg GmbH generated current assets amounting to EUR 532 thousand (previous year: EUR 421 thousand), non-current assets amounting to EUR 11,496 thousand

(previous year: EUR 12,037 thousand), current liabilities amounting to EUR 611 thousand (previous year: EUR 548 thousand) and non-current liabilities amounting to EUR 7,500 thousand (previous year: EUR 7,500 thousand). Expenses amounted to EUR 1,109 thousand (previous year: EUR 1,064 thousand). For the 2017 financial year, the joint venture has financial liabilities in the amount of about EUR 648 thousand (thereof liabilities due to participating companies of EUR 242 thousand), for the period 2018 until 2020 in the amount of about EUR 2,005 thousand (thereof liabilities due to participating companies of EUR 727 thousand) and for the period after 2020 in the amount of approximately EUR 648 thousand p.a. (thereof liabilities due to participating companies of 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.

32. Management and Supervisory Board

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

Management:

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

Dirk Hoffmann
Chief Operating officer, Chief Financial Officer

Supervisory Board:

Peter Zühlsdorff
Shareholder
Deutsche Industrie Holding GmbH, Berlin
Chairman

Ramona Pop (as of 20 December 2016)
Mayor of Berlin and senator
Senate Department for Economics, Energy and Public Enterprises, Berlin
First deputy chairwoman (as of 13 January 2017)

Cornelia Yzer (until 8 December 2016)
Senator
Senate Department for Economics, Technology and Research, Berlin
First deputy chairwoman (until 08 December 2016)

Other explanations

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

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
Member of the TUI AG Management Board
Group Director Corporate & External Affairs
TUI AG, Hanover / Berlin

Klaus Feiler
State secretary
Senate Department for Finance, Berlin

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

Ulrike Niggemann
Chief Operating Officer
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

Wolf-Dieter Wolf
Managing Partner
Grundkonzept Financial Services Wirtschaftsberatungs- und
Beteiligungsgesellschaft mbH, Berlin

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

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

	Dr. Christian Göke EUR'000	Dirk Hoffmann EUR'000
Fixed remuneration	346	275
Royalties	180	29
Non-pecuniary and other remuneration	37	27
Total	563	331

Former managers and their dependents received EUR 920 thousand (previous year: EUR 873 thousand) in pensions and benefits. For the groups of persons referred to, pension provisions were made as of 31 December 2016 totaling EUR 10,663 thousand (previous year: EUR 10,912 thousand) before offsetting with the actuarial reserve (EUR 904 thousand).

The Supervisory Board received remuneration amounting to EUR 109 thousand (previous year: EUR 110 thousand), which is made up as follows:

in EUR thousand	2016
Peter Zühlsdorff	10.0
Ramona Pop	0.2
Cornelia Yzer	7.0
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
Ulrike Niggemann	6.0
Dr. Alexander Pett	6.0
Joachim Rukwied	8.0
Dirk Schade	6.0
Georg Walkenbach	6.0
Wolf-Dieter Wolf	8.5
Norbert Zeglin	8.0
Total	109.2

As an unlisted company, Messe Berlin GmbH applies the Berlin Corporate Governance Code. The declaration by the Management and Supervisory Board of conformity with the Berlin Corporate Governance Code was submitted to a vote to the Supervisory Board on 13 January 2017 and received its approval. The declaration of conformity will be made available on the company's website.

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

On 22 August 2016, as sole shareholder Messe Berlin GmbH adopted the resolution for MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH, Capital Facility GmbH, for Capital Catering GmbH and for MB Capital Services GmbH as well as on 12 September 2016 for K.I.T. Group GmbH that use be made of the exceptions according to Sec. 264 para. 3 HGB for the financial year 2016. The respective company is exempted from the preparation of an annual financial statement including the management report and from the auditing and reporting of the annual financial statement for the financial year 2016.

34. Total auditor's fee

The total auditor's fee for the financial year is composed of final audit fees (EUR 107 thousand), fees for other certification services (EUR 13 thousand) and fees for other consulting services (EUR 1 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.

35. Supplementary report

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

36. Proposal for the appropriation of profit

The Management proposes to carry forward the annual net profit of Messe Berlin GmbH in the amount of EUR 15,516 thousand.

Berlin, 27 February 2017

signed Dr. Christian Göke

signed Dirk Hoffmann

Annex 1: Consolidated fixed assets

2016

Development of fixed assets of Messe Berlin GmbH for the 2016 financial year

	Initial cost				Initial cost 31 Dec. 2016 EUR'000	Depreciation				Book values	
	Initial cost 01 Jan. 2016 EUR'000	Additions EUR'000	Reclassi- fications EUR'000	Disposals EUR'000		De- preciations 01 Jan. 2016 EUR'000	Additions EUR'000	Disposals EUR'000	De- preciations 31 Dec. 2016 EUR'000	Book value	Book value
										31 Dec. 2016 EUR'000	31 Dec. 2015 EUR'000
I. Intangible assets											
Rights and licenses acquired against payment	15,537	679	753	0	16,969	13,992	722	0	14,714	2,255	1,545
Goodwill	4,457	618	0	0	5,075	4,457	618	0	5,075	0	0
Advance payments	755	49	-753	0	51	0	0	0	0	51	755
	20,749	1,346	0	0	22,095	18,449	1,340	0	19,789	2,306	2,300
II. Tangible fixed assets											
Land, titles to land and buildings incl. buildings on other premises	168,160	299	259	0	168,718	29,731	5,992	0	35,723	132,995	138,429
Technical installations and machinery	9,119	1,096	488	-2	10,701	2,443	626	-2	3,067	7,634	6,676
Operating and business equipment	24,362	1,155	0	-1,661	23,856	19,358	1,498	-1,638	19,218	4,638	5,004
Advance payments and assets under construction	802	1,205	-747	-1	1,259	0	0	0	0	1,259	802
	202,443	3,755	0	-1,664	204,534	51,532	8,116	-1,640	58,008	146,526	150,911
III. Financial assets											
Shares in affiliated companies	80	0	0	0	80	0	0	0	0	80	80
Shareholdings	26	0	0	0	26	0	0	0	0	26	26
Loans to companies in which shares are held	500	0	0	0	500	0	0	0	0	500	500
Non-current securities	43	0	0	-43	0	0	2	-2	0	0	43
	649	0	0	-43	606	0	2	-2	0	606	649
	223,841	5,101	0	-1,707	227,235	69,981	9,458	-1,642	77,797	149,438	153,860

Annex 2: Fixed assets Messe Berlin GmbH

2016

Development of
fixed assets of Messe
Berlin GmbH for the
2016 financial year

	Initial cost				Initial cost 31 Dec. 2016 EUR'000	Depreciation				Book values	
	Initial cost 01 Jan. 2016 EUR'000	Additions EUR'000	Reclassi- fications EUR'000	Disposals EUR'000		De- preciations 01 Jan. 2016 EUR'000	Additions EUR'000	Disposals EUR'000	De- preciations 31 Dec. 2016 EUR'000	Book value 31 Dec. 2016 EUR'000	Book value 31 Dec. 2015 EUR'000
I. Intangible assets											
Rights and licenses acquired against payment	11,378	583	753	0	12,714	10,740	521	0	11,261	1,453	638
Advance payments	755	49	-753	0	51	0	0	0	0	51	755
	12,133	632	0	0	12,765	10,740	521	0	11,261	1,504	1,393
II. Tangible fixed assets											
Buildings on other premises	158,059	268	208	0	158,535	28,387	5,589	0	33,976	124,559	129,672
Technical installations and machinery	5,772	1,096	488	- 2	7,354	1,838	459	- 2	2,295	5,059	3,934
Operating and business equipment	22,887	919	0	-1,592	22,214	18,189	1,320	-1,586	17,923	4,291	4,698
Advance payments and assets under construction	750	1,206	-696	0	1,260	0	0	0	0	1,260	750
	187,468	3,489	0	-1,594	189,363	48,414	7,368	-1,588	54,194	135,169	139,054
III. Financial assets											
Shares in affiliated companies	8,793	1,700	0	0	10,493	0	0	0	0	10,493	8,793
Shareholdings	5,038	0	0	0	5,038	869	0	0	869	4,169	4,169
Loans to companies in which shares are held	1,000	0	0	0	1,000	0	0	0	0	1,000	1,000
	14,831	1,700	0	0	16,531	869	0	0	869	15,662	13,962
	214,432	5,821	0	-1,594	218,659	60,023	7,889	-1,588	66,324	152,335	154,409

Annex 3: Breakdown of share ownership

2016

Breakdown of share ownership

	Share of nominal capital %	Equity capital EUR'000	Result 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 ^{2,3}	100	4,085	1,593
Berlin Exhibition (Guangzhou) Co., Ltd., Guangzhou, China ^{2,4}	100	747	-60
MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China ^{2,5}	100	524	-138
K.I.T. Group GmbH, Berlin ^{1,2}	75	25	0
Global Produce Events GmbH, Berlin ²	70	1,147	1,122
E.G.E. European Green Exhibitions GmbH, Berlin ²	50	2,465	295
Shareholdings			
ExpoCenter Airport Berlin Brandenburg GmbH, Selchow ⁶	50	7,320	-529
Affiliated companies (indirect)			
MB Capital Services GmbH, Berlin			
CSG-Team GmbH, Berlin ²	100	192	-34
E.G.E. European Green Exhibitions GmbH, Berlin			
MAZ Messe- und Ausstellungszentrum Mühlenteez GmbH, Güstrow ^{1,2}	100	27	0
K.I.T. Group GmbH, Berlin			
Festival Technical Event Management GmbH, Berlin ²	50.10	427	265
K.I.T. Group GmbH Dresden, Dresden ²	55.08	106	28
K.I.T. Swiss AG, Laufenburg, Switzerland ^{7,8}	100	55	-171
K.I.T. Group France S.à.r.l. (previously BGV DEVELOPEMENT S.à.r.l.), Boulogne-Billancourt, France ²	75	204	97

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

² fully consolidated

³ Share capital: 100.000 SGD

⁴ Share capital: CNY 2,950,744.50

⁵ Share capital: CNY 4,855,643.92

⁶ proportionally consolidated

⁷ 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

⁸ Share capital: CHF 100,000



Audit certificate**2016****Audit
certificate**

We have examined the annual financial statement, consisting of the balance sheet, statement of profit or loss and notes which was combined with the group's notes, including the book-keeping of Messe Berlin GmbH, Berlin as well as the consolidated financial statement consisting of the balance sheet, statement of profit or loss, statement of cash flow, statement of changes in equity and consolidated notes and the management report of the company and the group for the financial year from 1 January to 31 December 2016. The preparation of these documents in accordance with the regulations of German commercial law is the responsibility of the company's management. Our task, on the basis of the examination that we have conducted, is to evaluate the annual financial statement, including the book-keeping and the consolidated financial statement together with its management report of the company and the group.

We have examined the annual and consolidated financial statement 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). These specify that the audit should be planned and carried out in such a way as to identify with sufficient certainty any inaccuracies and irregularities that would have a significant impact on the situation as shown in the annual financial statement and the consolidated financial statement and in the management report of the company and the group, with regard to financial and net assets position and operating results taking into consideration the principles of correct book-keeping. In determining the actions to be carried out in the audit attention is paid to knowledge about the commercial activities and about the economic and legal situation of the company and the group, as well as the expectations of any possible errors. Within the scope of the audit an appraisal is made, predominantly on the basis of random tests, of the accounting-related internal control systems and of the evidence underlying the statements in the book-keeping, in the annual financial statement and consolidated financial statement, and in the management report of the company and the group. The examination encompassed an appraisal of the annual financial statements of the companies included in the consolidated financial statement, of the differentiation of the consolidated entity, the principles applied to accounting and consolidation and significant assessments by the legally appointed representatives and an evaluation of the overall presentation of the annual financial statement and consolidated financial statement and of the management report of the company and the group. In our opinion, our examination provides a sufficiently secure basis for our appraisal.

Our examination produced no objections.

In our assessment, on the basis of the findings revealed by the examination, the annual financial statement and the consolidated financial statement comply with statutory regulations and, observing the principles of correct book-keeping, they provide a picture of the situation regarding financial and net assets position and operating results of the company and the group that reflects the actual circumstances. The management report of the company and the group is consistent with the annual financial statement and the consolidated financial statement and, in its entirety, provides an accurate picture of the position of the company and the group, and accurately presents the opportunities and risks of future development.

Berlin, 6 March 2017

Ernst & Young GmbH
Auditing company



Seidel
Auditor



Pilawa
Auditor

Corporate Governance Code (BCGK)**2016****Explanation to the Corporate Governance Code (BCGK) for the financial year 2016**

As an unlisted company Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGK) 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 has 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 (DVGK). Therefore, a short declaration of conformity in regard to the corresponding application of the DCGK shall suffice: The declaration of conformity and also the annual report has been made available on the website of <Messe Berlin GmbH.

The behavioral recommendations as set out in the Berlin Corporate Governance Code have been complied with in the 2016 financial year of Messe Berlin GmbH with the below describes deviations:

1. D&O insurances

D&O insurance cover without deductible has been arranged for the Management and the Supervisory Board. The agreements with the Management state that Messe Berlin – in particular in the event of a change in the stake held by the federal state of Berlin – is entitled to amend the D&O insurance cover for the Management, even without the consent of the chief executive officer. Furthermore, under the terms the chief executive officers agree that the D&O third party insurance shall be entitled to demand deductible, amounting to 10% of the damage incurred, being at maximum equal to 1.5 times the fixed amount of the chief executive officers' annual remuneration. Until now, the terms regarding excess have not been included in the current insurance policies as corresponding amendments to the agreement would result in higher insurance costs.

2. Employment contracts of Management

Due to the preservation of vested rights, and due to the fact that the agreement runs for three years, the agreements with the chief executive officers have not been designed in such a way that payments to the management members in the event of premature termination of their management activities without good reason, and including fringe benefits, do not exceed the value of two years' remuneration (severance package cap) and do not provide remuneration for a period exceeding the remaining term of the contract.

3. Transfer of decision-making authorizations to committees by the Supervisory Board.**a) Personnel and Presidential Committee**

The Supervisory Board also includes a Personnel and Presidential Committee. The chairman of this committee is the Chairman of the Supervisory Board. The signing and termination of employment and pension contracts and the authority to determine royalties for the management members are assigned to the Personnel and Presidential Committee of the Supervisory Board for consultation and decision-making.

Furthermore, the Personnel and Presidential Committee is authorized to conduct legal transactions of any kind with members of the Supervisory Board and members of the Management. The chairman of the committee informs the plenary assembly of the Supervisory Board about the content and outcome of the consultations.

With 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 therefore also deals with issues involving accounting, and with risk management and compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of the priorities of the audit and the agreement about fees.

The Supervisory Board has to appoint a member of this committee who is neither the Chairman of the Supervisory Board nor the Chairman of the Personnel and Presidential Committee to chair the meetings that address auditing issues.

The Personnel and Presidential Committee held no extraordinary meeting in the 2016 financial year.

b) Investment Committee

The Supervisory Board also has an Investment Committee. Its task is to advise the Supervisory Board about real investments and financial investments of major significance, on the basis of the company's general strategy.

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

4. No age limit to management members

The Supervisory Board has not specified an age limit for the management members. It is not the practice for a management member to take over the chairmanship of the Supervisory Board or one of its committees.

5. Participation of members of the Supervisory Board in Supervisory Board meetings

One member of the Supervisory Board participated in less than half of the meetings in the 2016 financial year.

6. Conflicts of interest

No business transactions have been concluded with the company by members of the Management, by persons associated with them, or by companies with whom they are closely associated and consequently have not been submitted to the Supervisory Board for its approval. No consultancy contract, service contract, work-for-hire contract or other contract between members of the Supervisory Board and the company has been submitted to the Supervisory Board for its approval.

Due to legal regulations, no uniform regulation has been made by the group to disclose to or inform the Supervisory Board should such business arrangements arise.



Report of the Supervisory Board

2016

Report of the Supervisory Board

Cooperation between the Supervisory Board and Management

In 2016, the Supervisory Board once again discharged its tasks as a supervisory body as stipulated by law and the company articles and continuously monitored the company's Management. The Supervisory Board supported the Management 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 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.

The members of the Supervisory Board always had sufficient time to critically examine the presented reports and the draft resolutions from the Management, 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 individual business transactions.

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

At each meeting, the participants receive information about ongoing business operations as well as the current key data reports of Messe Berlin Group. At each meeting, reports are given about the meetings of the Personnel and Presidential Committee and the Investment Committee. Other focal topics are mentioned below.

Supervisory Board meetings

In the 2016 financial year, the Supervisory Board of Messe Berlin GmbH convened in three regular meetings.

The Supervisory Board has been regularly informed about the economic and financial position of Messe Berlin: In the 2016 financial year, Messe Berlin was able to achieve significant increases in turnover, both in the trade fair and congress sector.

Messe Berlin reports its best results in the company's history for an even-numbered event year. The share of international exhibitors in 2016 amounts to 47%. In terms of medical large-scale congresses, Messe Berlin is the leading company also in the year 2016. Internationalization of other trade fairs, as in the previous years, still remains part of the company's strategy.

At the first ordinary meeting on 22 April 2016, the Supervisory Board focused on the annual and consolidated financial statements for 2015. At the recommendation of the Personnel and Presidential Committee and after discussing the matter with the attending auditors, the Supervisory Board approved the annual financial statement 2016 for presentation at the shareholders' meeting. Furthermore, the Management reported on the provision of hall 26 and the ICC to accommodate refugees.

At its second ordinary meeting on 17 June 2016, the Supervisory Board was informed about the entire digital strategy of the company. It was decided to further develop and expand already existing projects. The Supervisory Board was informed on the topic areas "ICC/usage as refugee accommodation" in that the ICC would be used in addition by the LaGeSo (Regional Office for Health and Social Affairs Berlin) as a location to pay the refugees their entitlements.

At its third ordinary meeting on 16 September 2016, the Supervisory Board was informed about individual projects within the framework of the digital strategy of Messe Berlin GmbH. Further a study concerning a safety concept was presented which was prepared in the cooperation with the Fraunhofer-Institut. Within the framework of the internationalization strategy of Messe Berlin, the Supervisory Board, following an extensive discussion, has approved the step-by-step disposal of shares in MB Exhibitions (Shanghai) Co., Ltd. to TravelDaily Inc, Limited (Guangzhou, China) and has thus enabled the execution of ITB China. Furthermore, on the occasion of this third meeting, the Supervisory Board has approved the foundation of a wholly-owned subsidiary of K.I.T. Group GmbH with seat in Beijing (China) to execute the PCO business.

Finally, the Supervisory Board has been informed about the result of the second employee survey, which was conducted in April 2016 in cooperation with "Great Place to Work." Since the first survey in 2013, a positive trend can be recognized. This has been acknowledged and the needs for actions that resulted from the survey have been presented.

The ordinary meeting originally planned for 14 December 2016 with focus on the economic and financial plans 2017 as well as the medium-term plan 2017-2021 was postponed to January 2017. Therefore, the respective report will be presented in 2017.

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 2016 financial year.

Reports on the work of the committees

During 2016, the Personnel and Presidential Committee held four ordinary meetings.

In its meetings, the Personnel and Presidential Committee addressed human resources issues at the Management 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 the priorities of the audit 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 financial year 2016, the Investment Committee held four meetings at which it was concerned with subjects such as the preparation and implementation of the master plan Berlin ExpoCenter City.

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. The Corporate Governance Report 2016 and the corresponding declaration according to Sec. 161 AktG [German Stock Corporation Act] by the Management and the Supervisory Board are published on the Messe Berlin website, including in the Business Report.

Audit of the annual financial statement

The annual financial statement and consolidated financial statement provided by the Management, together with the management report and group management report for the 2016 financial year have been examined by the

auditors appointed by the shareholders of Messe Berlin GmbH, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and have been awarded the unconditional audit certificate.

At meetings on 29 March 2017 and 27 April 2017, 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 2016 and answered all the questions raised by the members.

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

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

The Supervisory Board examined the efficiency of its activities during the year under review.

Personnel changes to the Supervisory Board and the Management

Cornelia Yzer, Senator for Economic Affairs (off duty), has resigned as a member from the Supervisory Board as of 08 December 2016. By a shareholder resolution of Messe Berlin GmbH, Ms. Ramona Pop, Senator, as of 20 December 2016, has been appointed as successor to the Supervisory Board. The Supervisory Board of Messe Berlin GmbH pursuant to Sec. 10 para 1 and 2 of the shareholder agreement is thus complete. The Supervisory Board thanks the resigned member for her valuable work.

Berlin, 27 April 2017

The Supervisory Board
Peter Zühlsdorff
Chairman

