

SIHKA A/S
Central Business Registration No
10138094
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S

Annual report 2015

The Annual General Meeting adopted the annual report on 31/5 - 16

Chairman of the General Meeting

Name: Monica Reib

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2015	9
Balance sheet at 31.12.2015	10
Statement of changes in equity for 2015	12
Notes	13

Entity details

Entity

SIHNSKA A/S
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S

Central Business Registration No: 10138094

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Knut Kleiven, Chairman

Andreas Fondell

Ingrid Jenny Winkler

Lars Gordon Nielsen

Executive Board

Gopal Sawhney, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SIHNSKA A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

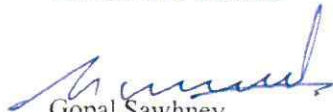
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.


Copenhagen, 31.05.2016

Executive Board




Gopal Sawhney
Chief Executive Officer


Board of Directors



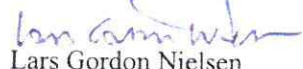
Knut Kleiven
Chairman



Andreas Fondell



Ingrid Jenny Winkler



Lars Gordon Nielsen

Independent auditor's reports

To the owners of SIHNSKA A/S

Report on the financial statements

We have audited the financial statements of SIHNSKA A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Ove Nielsen
statsautoriseret revisor

CVR-nr. 33963556

Management commentary

Primary activities

The Entity's activity is a 50% ownership of Rezidor Royal Hotel Beijing Co. Ltd. where the objective is to own and run a first class hotel in Beijing, China. The hotel is located near the China International Exhibition Centre, which is the Chinese hotel business partner.

Development in activities and finances

Loss for the year amounts to DKK 4,863 thousand, which is considered unsatisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Accounting policies

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent and all of the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, good-will and plus or minus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other external expenses		<u>(37)</u>	<u>(37)</u>
Operating profit/loss		(37)	(37)
Income from investments in associates		(5.964)	1.224
Financial expenses from group enterprises		<u>(356)</u>	<u>(441)</u>
Profit/loss from ordinary activities before tax		(6.357)	746
Tax on profit/loss from ordinary activities	1	<u>1.494</u>	<u>(1.689)</u>
Profit/loss for the year		<u>(4.863)</u>	<u>(943)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(4.863)</u>	<u>(943)</u>
		<u>(4.863)</u>	<u>(943)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Investments in associates		0	0
Receivables from associates		<u>86.164</u>	<u>82.795</u>
Fixed asset investments	2	<u>86.164</u>	<u>82.795</u>
Fixed assets		<u>86.164</u>	<u>82.795</u>
Assets		<u><u>86.164</u></u>	<u><u>82.795</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	3	3.000	3.000
Retained earnings		51.481	49.204
Equity		<u>54.481</u>	<u>52.204</u>
Payables to group enterprises		30.944	28.862
Non-current liabilities other than provisions		<u>30.944</u>	<u>28.862</u>
Income tax payable		699	1.689
Other payables		40	40
Current liabilities other than provisions		<u>739</u>	<u>1.729</u>
Liabilities other than provisions		<u>31.683</u>	<u>30.591</u>
Equity and liabilities		<u><u>86.164</u></u>	<u><u>82.795</u></u>
Contingent liabilities	4		
Related parties with control	5		
Ownership	6		
Consolidation	7		

Statement of changes in equity for 2015

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3.000	49.204	52.204
Exchange rate adjustments	0	9.333	9.333
Tax of equity postings	0	(2.193)	(2.193)
Profit/loss for the year	0	(4.863)	(4.863)
Equity end of year	3.000	51.481	54.481

Notes

	2015 DKK'000	2014 DKK'000
1. Tax on ordinary profit/loss for the year		
Current tax	(1.494)	1.689
	(1.494)	1.689
	Investments in associates DKK'000	Receivables from associates DKK'000
2. Fixed asset investments		
Cost beginning of year	32.481	97.869
Exchange rate adjustments	0	11.403
Cost end of year	32.481	109.272
Impairment losses beginning of year	(32.481)	(15.074)
Exchange rate adjustments	0	(2.070)
Impairment losses for the year	0	(5.964)
Impairment losses end of year	(32.481)	(23.108)
Carrying amount end of year	0	86.164

Investments in associates relate to shareholding in Rezidor Royal Hotel Beijing Co. Ltd. of USD 4.5 million nominal, which has been written off. The ownership is 50%.

Receivables from associates under fixed asset investments relate to subordinated loan capital granted to Rezidor Royal Hotel Beijing Co. Ltd. (non-interest-bearing). The receivable amounts to USD 15,902 thousand, corresponding to DKK 109,272 thousand using the exchange rate at the balance sheet date.

	Registered in	Corpo- rate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Associates:					
Rezidor Royal Hotel Beijing Co. Ltd.	China	Ltd.	50,00	(155.016)	(14.028)

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
3. Contributed capital			
Ordinary shares	3.000	1.000,00	3.000
	<u>3.000</u>		<u>3.000</u>

4. Contingent liabilities

The Company participates in joint taxation (DK) with Rezidor Hospitality ApS as the administration company and consequently is jointly and severally liable as of the financial year 2013 with the other jointly taxed companies for the total corporation tax and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

5. Related parties with control

The following related parties have a controlling interest in SIHNSKA A/S:

<u>Name</u>	<u>Registered office</u>	<u>Basic of influence</u>
Rezidor Hotels ApS Danmark	Copenhagen	Parent
Rezidor Hospitality ApS	Copenhagen	Parent
Rezidor Hospitality Holding AB	Stockholm	Parent
Rezidor Hotel Group AB (publ)	Stockholm	Parent
Carlson Holding Inc.	Minnetonka	Ultimate Parent

6. Ownership

SIHNSKA A/S is a wholly owned subsidiary of Rezidor Hotels ApS Danmark, Amager Strandvej 60-64, 3rd floor, 2300 Copenhagen S.

7. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Rezidor Hotel Group AB (publ), Stockholm, Sweden

Consolidated accounts are available at <http://www.rezidor.com/phoenix.zhtml?c=205430&p=irol-library>