

**Hotel Development S. Africa A/S  
Central Business Registration No  
21772682  
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

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## **Entity details**

### **Entity**

Hotel Development S. Africa A/S  
Amager Strandvej 60-64, 3rd floor  
2300 Copenhagen S

Central Business Registration No: 21772682

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

### **Board of Directors**

Knut Kleiven, Chairman

Andreas Fondell

Lars Gordon Nielsen

Ingrid Jenny Winkler

### **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 Hotel Development S. Africa 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.

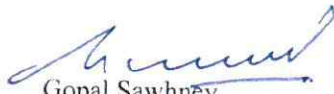
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

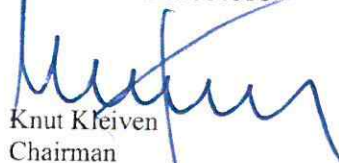
We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2016

### Executive Board


  
Gopal Sawhney  
Chief Executive Officer

### Board of Directors

  
Knut Kleiven  
Chairman

  
Andreas Fondell

  
Lars Gordon Nielsen

  
Ingrid Jenny Winkler

## Independent auditor's reports

### To the owners of Hotel Development S. Africa A/S

#### Report on the financial statements

We have audited the financial statements of Hotel Development S. Africa 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 activities consist in shareholding and interests in hotel projects.

### **Development in activities and finances**

Loss for the year amounts to DKK 640 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 for 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.

### **Income statement**

#### **Revenue**

Revenue comprises fees for the year.

#### **Other external expenses**

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.



## Accounting policies

### Income from investments in group enterprises

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

### Other financial income

Other financial income comprises interest income as well as realised and unrealised exchange gains on transactions in foreign currencies.

### Other financial expenses

Other financial expenses comprise interest expenses as well as realised and unrealised exchange losses on transactions in foreign currencies.

### 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 group enterprises

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

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

Upon distribution of profit or loss, net revaluation of investments in group enterprises 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 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

## **Accounting policies**

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 group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

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

### **Income tax payable or receivable**

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.

### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### **Other financial liabilities**

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

## Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue		14.239	11.640
Other external expenses		<u>(14.761)</u>	<u>(10.322)</u>
<b>Operating profit/loss</b>		<b>(522)</b>	<b>1.318</b>
Income from investments in group enterprises		(321)	1.363
Other financial income		451	698
Other financial expenses		<u>(346)</u>	<u>(1.019)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>(738)</b>	<b>2.360</b>
Tax on profit/loss from ordinary activities	1	<u>98</u>	<u>(244)</u>
<b>Profit/loss for the year</b>		<b><u>(640)</u></b>	<b><u>2.116</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(640)</u>	<u>2.116</u>
		<b><u>(640)</u></b>	<b><u>2.116</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Investments in group enterprises		0	0
Receivables from group enterprises		0	230
<b>Fixed asset investments</b>	2	<u>0</u>	<u>230</u>
<b>Fixed assets</b>		<u>0</u>	<u>230</u>
Receivables from group enterprises	3	10.160	10.912
Income tax receivable		98	0
<b>Receivables</b>		<u>10.258</u>	<u>10.912</u>
<b>Current assets</b>		<u>10.258</u>	<u>10.912</u>
<b>Assets</b>		<u><u>10.258</u></u>	<u><u>11.142</u></u>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	4	1.000	1.000
Retained earnings		9.190	9.830
<b>Equity</b>		<u><b>10.190</b></u>	<u><b>10.830</b></u>
Income tax payable		0	244
Other payables		68	68
<b>Current liabilities other than provisions</b>		<u><b>68</b></u>	<u><b>312</b></u>
<b>Liabilities other than provisions</b>		<u><b>68</b></u>	<u><b>312</b></u>
<b>Equity and liabilities</b>		<u><u><b>10.258</b></u></u>	<u><u><b>11.142</b></u></u>
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**Statement of changes in equity for 2015**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	9.830	10.830
Profit/loss for the year	0	(640)	(640)
<b>Equity end of year</b>	<b>1.000</b>	<b>9.190</b>	<b>10.190</b>

## Notes

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
<b>1. Tax on ordinary profit/loss for the year</b>		
Current tax	(98)	244
	<u>(98)</u>	<u>244</u>
	<b>Invest- ments in group en- terprises DKK'000</b>	<b>Receivab- les from group en- terprises DKK'000</b>
<b>2. Fixed asset investments</b>		
Cost beginning of year	48.630	1.843
Additions	0	1.494
Disposals	0	(1.403)
<b>Cost end of year</b>	<u>48.630</u>	<u>1.934</u>
Impairment losses beginning of year	(48.630)	(1.613)
Impairment losses for the year	0	(321)
<b>Impairment losses end of year</b>	<u>(48.630)</u>	<u>(1.934)</u>
<b>Carrying amount end of year</b>	<u>0</u>	<u>0</u>

Investments in group enterprises comprise shareholding in Rezidor Hotel Group South Africa (Proprietary) Ltd. (previously RWH Joint Venture Southern Africa (Proprietary) Ltd.), Cape Town. Ownership is 74%.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>
Subsidiaries:			
Rezidor Hotel Group South Africa (Proprietary) Ltd.	South Africa	Ltd.	74,00

### 3. Short-term receivables from group enterprises

Receivables from group enterprises consist of loan to the Parent.

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
<b>4. Contributed capital</b>			
Ordinary shares	1.000	1.000,00	1.000
	<u>1.000</u>		<u>1.000</u>

## 5. Contingent liabilities

The Entity is jointly and severally liable with the jointly registered group enterprises for the total VAT payable.

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.

## 6. Related parties with control

Related parties with a controlling interest in Hotel Development S. Africa A/S:

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

## 7. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Rezidor Hotels ApS Danmark, Amager Strandvej 60-64, 3rd floor, 2300 Copenhagen S

## 8. Consolidation

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

Rezidor Hotel Group AB (publ), Stockholm, Sweden