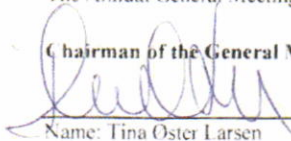


Rezidor Hospitality ApS
Central Business Registration No
25578082
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting



Name: Tina Oster Larsen

**Rezidor Hospitality ApS
Central Business Registration No
25578082
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S**

Annual report 2016

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Name: Tina Øster Larsen

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Please note that Danish decimal and digit grouping symbols have been used in the financial highlights, income statement, balance sheet, statement of changes in equity and notes.

Entity details

Entity

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

Central Business Registration No: 25578082

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Knut Jan Kleiven, Chairman

Ingrid Jenny Winkler

Sven Gösta Andreas Fondell

Executive Board

Lars Gordon Nielsen, 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 Rezidor Hospitality ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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, 31.05.2017

Executive Board

Lars Gordon Nielsen
Chief Executive Officer

Board of Directors

Knut Jan Kleiven
Chairman

Ingrid Jenny Winkler

Sven Gösta Andreas Fondell

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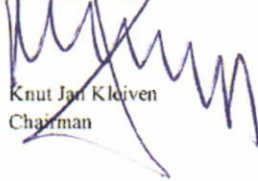
Copenhagen, 31.05.2017

Executive Board

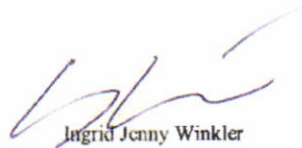


Lars Gordon Nielsen
Chief Executive Officer

Board of Directors



Knut Jan Kleiven
Chairman



Ingrid Jenny Winkler



Sven Gösta Andreas Fondell

Independent auditor's reports

To the shareholder of Rezidor Hospitality ApS

Opinion

We have audited the financial statements of Rezidor Hospitality ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

Without modifying our opinion, we refer to note 10 in which it appears that the Company's subsidiary, Rezidor Hotels ApS Denmark, has issued letters of support to management of its subsidiaries in the UK and France, and a subsidiary in Denmark. The Company's Management does not expect the letters of support to be brought into effect. The necessary funds will be made available to the Company for a period of at least 12 months from 30.04.2017 by Rezidor Hotel Group BVBA if the letters of support, contrary to expectation, are brought into effect.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's reports

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556

Kim Gerner Jacobsen
State Authorised
Public Accountant

Ove Nielsen
State Authorised
Public Accountant

Independent auditor's reports

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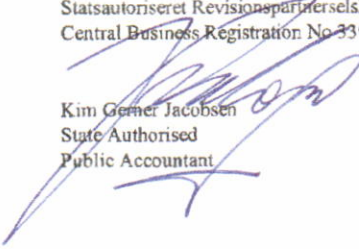
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Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33963556


Kim Gerner Jacobsen
State Authorised
Public Accountant


Ove Nielsen
State Authorised
Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial highlights					
Key figures					
Revenue	26,737	30,892	28,519	28,217	27,188
Gross profit/loss	83	4,720	4,181	4,129	3,970
Operating profit/loss	49	3,853	3,255	3,203	2,555
Net financials	(87,050)	49,973	(42,703)	(16,996)	8,619
Profit/loss for the year	(86,503)	52,883	(40,482)	(14,595)	10,787
Total assets	450,172	381,843	338,766	360,567	375,102
Equity	317,671	378,639	336,035	357,947	372,542
Ratios					
Return on equity (%)	(24.8)	14.8	(11.7)	(4.0)	3.2
Solvency ratio (%)	70.6	99.2	99.2	99.3	97.8

Net financials include income from investments.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity

Management commentary

Primary activities

The primary activity of Rezidor Hospitality ApS comprises possession of investments related to the Group's running of hotels as well as management hereof. The Company is a wholly owned subsidiary of Rezidor Hotel Holdings AB, Sweden. The Company has no employees. Staff costs are settled as management fees.

The Rezidor Hotel Group is listed on the Stockholm Stock Exchange through Rezidor Hotel Group AB.

The Rezidor Hotel Group is one of the fastest growing hotel companies in the world. The hotels in the portfolio are mainly operated under the four key brands Radisson Blu, Park Inn, Radisson Red and Quorvus Collection.

At 31.12.2016, the Rezidor Hotel Group had 363 (355) hotels in operation and 120 (102) hotels under construction and development. This corresponds to 80,502 (78,628) rooms in operation and additionally 24,657 (21,692) under construction and development.

The Rezidor Hotel Group develops the Radisson Blu and Park Inn by Radisson brands in the EMEA region under a master franchise agreement with Carlson Companies in the United States. Rezidor benefits from Carlson's global brand, booking system and other business initiatives. The contract with Carlson is effective until 2052, including Rezidor's extension options.

The Rezidor Hotel Group operates a portfolio of brands covering most of the hotel market segments: luxury, lifestyle, first-class full service and mid-market brands. Radisson Blu is a first-class, full service brand, while Park Inn appeals to the mid-market. Radisson Red is targeting Lifestyle Select and Quorvus Collection is targeting the luxury segment.

The Rezidor Hotel Group is focusing on hotel management and operation. Currently, all hotels in the Rezidor's portfolio are operated either by Rezidor itself under a lease or a management agreement, or by a separate operator using one of the Rezidor brands under a franchise agreement.

Development in activities and finances

Distributing services in more than 63 (63) countries, Rezidor Hospitality ApS and the remaining companies of the Rezidor Group are – as many other companies – affected by the trend in global economy.

Compared to 2015, Rezidor Hospitality ApS has experienced some improvements in most markets. These improvements are related to a general increase in the average room rates on several markets in which Rezidor Hospitality ApS operates hotels.

When observing the item income from investments in subsidiaries in the income statement, Management would like to emphasise that subsidiaries are recognised at cost and are written down to the lower of recoverable amount and carrying amount. The majority of the fluctuation in the income from investments in subsidiaries results from write-down of the capital contribution to group enterprises with negative equity

The Rezidor Hotel Group has adopted its transfer pricing model to reflect recent tax law changes initiated by the OECD and the EU. The new transfer pricing model results in the Danish operations being remunerated in line with their function and risk profile. This approach is compliant with the OECD, EU and international tax legislation. The impact of this adoption on Rezidor Hotels ApS Danmark is a significant decrease in the operating profit for 2016 caused by generally lower group results compared to expectations when preparing the financial statements for 2015.

Outlook

Due to the previously described adoption of a new transfer pricing model, the results in Rezidor Hotels ApS Danmark will be more closely linked to the overall results and performance of the Rezidor Hotel Group in future. The results for 2017 are expected to be somewhat better than 2016, as a number of initiatives from 2016 are expected to materialise in 2017.

Management commentary

Particular risks

The key risk management objectives of Rezidor Hospitality ApS may be summarised as follows:

- Ensure that the risks and benefits of new investments and contingent liabilities are in line with the financial objectives of the Rezidor Group.
- Reduce cyclical risks through brand diversity, geographic representation and by ensuring a mix of leased, managed and franchised hotels.
- Review and assess the insurance programmes of the Rezidor Group on an ongoing basis.
- Carefully evaluate investments in high-risk areas to match these with premium returns on investments.

Operating risks

Rezidor Hospitality ApS is subject to the operating risks common to the hotel industry, including:

- Changes in general economic conditions
- Changes in travel patterns and demand
- Cyclical over-supply of hotels
- The financial position of third party property owners and franchisees
- Typical long-term leases and management contracts with guarantees

The Company's subsidiary, Rezidor Hotels ApS Denmark, has issued letters of support to management of the subsidiaries in the UK, France and a Danish subsidiary. The Company's Management does not expect the letters of support to be brought into effect. The necessary funds will be made available to the Company for a period of at least 12 months from 30.04.2017 by Rezidor Hotel Group S.A. if the letters of support, contrary to expectation, are brought into effect.

Financial exposure

Since the Company is financed through intercompany loans, the Company's risks from financing activities are limited.

Currency exposure

Exposure to foreign currency fluctuations is mainly related to fluctuations in USD in connection with the settlement of royalties to Carlson.

Credit risks

Credit risks related to financial assets equal the values recognised in the balance sheet.

Cash flow risks

It is the policy of the Rezidor Group that capital injections and placement of excess liquidity is managed centrally. At the same time, the Group has decided on objectives for liquidity reserves, such as excess cash and credit facilities, that are available to the Group at any time.

Management commentary

Intellectual capital resources

The annual employee satisfaction survey looks at the employees' attitude to and perceptions of working conditions, career opportunities and management performance in the Rezidor Group.

With the Rezidor Hotel Group, training has a two-fold purpose: career development and personal development. The School for Management Training continued to attract members from all brands in 2016. The Rezidor Group also extended its training portfolio by introducing tailored eLearning resources to supplement the school's face-to-face forum.

Environmental performance

The Rezidor Group has in recent years implemented the "Responsible Business" programme. The main purpose is to systematically obtain information about the hotel's energy consumption, waste disposal and consumption of chemicals that are detrimental to the environment and then to lay down a plan to minimise the impact on the environment as much as possible. The programme also includes special training programmes for group hotel staff in order for them to be able to identify potential impacts on the environment and to plan the operation of the hotels, of which environmental considerations are an important factor.

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 C enterprises (medium).

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

Reporting currency

As EUR is the functional currency of the Rezidor Group, the annual report for Rezidor Hospitality ApS is presented using EUR as the reporting currency

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

Revenue

Revenue primarily consists of fees from hotel activities including management and franchise fees, management and administration services, etc. The fees are taken to income in the related period.

Other external expenses

Other external expenses include fees and expenses relating to the Entity's ordinary activities, including distribution, sale, marketing, etc. This item also includes write-downs of receivables recognised in current assets.

Amortisation and impairment losses

Amortisation and impairment losses relating to intangible assets comprise amortisation and impairment losses for the financial year, calculated on the basis of the useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends received from the individual group enterprises in the financial year, write-downs for the year and reversal of write-downs from prior years.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 all Danish subsidiaries and other Danish subsidiaries controlled by the Ultimate Parent. The 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

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 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.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

If the equity value is negative, the amount is recognised under provisions if a legal or constructive obligation exists and a loss is expected.

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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.

Accounting policies

Other financial liabilities

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

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has omitted to prepare a cash flow statement as its cash flows are included in the consolidated cash flow statement of Rezidor Hotel Group AB.

Income statement for 2016

	Notes	2016 EUR'000	2015 EUR'000
Revenue		26,737	30,892
Other external expenses	1	<u>(26,654)</u>	<u>(26,172)</u>
Gross profit/loss		83	4,720
Amortisation and impairment losses		<u>(34)</u>	<u>(867)</u>
Operating profit/loss		49	3,853
Income from investments in group enterprises	2	(84,912)	49,868
Other financial income	3	694	132
Other financial expenses	4	<u>(2,832)</u>	<u>(27)</u>
Profit/loss tax		(87,001)	53,826
Tax on profit/loss	5	<u>498</u>	<u>(943)</u>
Profit/loss for the year	6	<u>(86,503)</u>	<u>52,883</u>

Balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Goodwill	7	34	68
Intangible assets		34	68
Investments in group enterprises	8	448,013	367,391
Fixed asset investments		448,013	367,391
Fixed assets		448,047	367,459
Receivables from group enterprises		29	10,139
Deferred tax assets	9	-	120
Other short-term receivables		339	205
Income tax receivable		1,757	3,920
Receivables		2,125	14,384
Current assets		2,125	14,384
Assets		450,172	381,843

Balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Contributed capital		83,000	83,000
Retained earnings		234,671	295,639
Equity		317,671	378,639
Provisions for deferred tax	9	7	-
Provisions		7	-
Payables to group enterprises		123,000	-
Non-current liabilities other than provisions		123,000	-
Payables to group enterprises		6,506	-
Trade payables		375	357
Other payables		2,613	2,847
Current liabilities other than provisions		9,494	3,204
Liabilities other than provisions		132,494	3,204
Equity and liabilities		450,172	381,843
Contingent liabilities	10		
Related parties with control	11		
Transactions with related parties	12		
Consolidation	13		

Statement of changes in equity for 2016

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	83,000	295,639	378,639
Capital contribution		25,535	25,535
Profit/loss for the year	-	(86,503)	(86,503)
Equity end of year	83,000	234,671	317,671

The Company's investments in group enterprises are recognised at the lower of cost and recoverable amount. Due to the fact that some entities have negative equity, these entities have been included by a lower total carrying amount in the consolidated financial statements of Rezidor Hotel Group AB which are referred to:

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

As a consequence of the above accounting policy, the equity in Rezidor Hospitality ApS has been recognised at a higher value than the Group's equity reflected in the books of Rezidor Hotel Group AB.

Notes

1. Other external expenses

Referring to section 96(3) of the Danish Financial Statements Act, Rezidor Hospitality ApS does not disclose its audit fee.

	2016 EUR'000	2015 EUR'000
2. Income from investments in group enterprises		
Reversal of impairment losses from prior years	70	50,788
Write-down of investments	(84,982)	(920)
	(84,912)	49,868

	2016 EUR'000	2015 EUR'000
3. Other financial income		
Financial income arising from group enterprises	12	103
Other financial income	682	29
	694	132

	2016 EUR'000	2015 EUR'000
4. Other financial expenses		
Financial expenses arising from group enterprises	2,682	0
Other financial expenses	150	27
	2,832	27

	2016 EUR'000	2015 EUR'000
5. Tax on ordinary profit/loss for the year		
Current tax	(625)	948
Change in deferred tax for the year	127	(5)
	(498)	943

	2016 EUR'000	2015 EUR'000
6. Proposed distribution of profit/loss		
Extraordinary dividend	-	10,279
Retained earnings	(86,503)	42,604
	(86,503)	52,883

	Goodwill EUR'000
7. Intangible assets	
Cost beginning of year	509
Additions	-
Cost end of year	509
Amortisation and impairment losses beginning of year	(441)
Amortisation for the year	(34)
Amortisation and impairment losses end of year	(475)
Carrying amount end of year	34

Notes

	Investments in group enterprises EUR'000
8. Fixed asset investments	
Cost beginning of year	496,179
Additions	165,534
Disposals	-
Cost end of year	661,713
Impairment losses beginning of year	(128,788)
Impairment losses for the year	(84,982)
Reversal of impairment losses	70
Impairment losses end of year	(213,700)
Carrying amount end of year	448,013

	Registered in	Corpo- rate form	Equity interest %	Equity EUR'000	Profit/loss EUR'000
Subsidiaries:					
Rezidor Hotels ApS Danmark	Denmark	ApS	100.00	445,507	(83,811)
Rezidor Russia A/S	Denmark	A/S	100.00	408	(388)
Rezidor Loyalty Management A/S	Denmark	A/S	100.00	777	12
Rezidor Cornerstone A/S	Denmark	A/S	100.00	1,321	52

	2016 EUR'000	2015 EUR'000
9. Deferred tax		
Intangible assets	(7)	120
	(7)	120
Changes during the year		
Beginning of year	120	125
Recognised in the income statement	(127)	(5)
Recognised directly in equity	-	-
End of year	(7)	120

10. Contingent liabilities**Letters of support**

The Company's subsidiary, Rezidor Hotels ApS Danmark, has issued letters of support to management of its subsidiaries in the UK, France and Rezidor Hotel Investment Egypt A/S.

Among others the Rezidor Hotels ApS Danmark states in these letters of support that for a certain period it will provide funds to the subsidiaries in order for them to continue their ordinary operations.

The subsidiaries in the UK and France have positive equity at 31.12.2016, while the equity in Rezidor Hotel Investment Egypt A/S is negative by DKK 7,361 thousand.

Notes

10. Contingent liabilities (continued)

The Company does not expect that the letters of support will be brought into effect. If the letters of support, contrary to expectation, are brought into effect, it follows from a letter of support from Rezidor Hotel Group BVBA that the necessary funds will be made available to Rezidor Hotels ApS Danmark, so the Company will be able to meet its obligations in full for a period of at least 12 months from 30.04.2012. Therefore, no provision for losses has been recognised in this respect.

Disputes

The Rezidor Hotel Group operates in a number of countries around the world and is always involved in several complex projects and business relationships where professional disputes on various issues may arise. Most times these situations are resolved through negotiations and discussions. In some rare situations, these disputes may lead to major disagreements or claims of violation of law. Provisions for claims due to known disputes are recorded whenever there is a situation in which it is more likely than not that Rezidor will have an obligation to settle the dispute and in which a reliable estimate can be made regarding the outcome of such dispute.

Below is a description of pending major legal proceedings. In addition, the Company is part to a number of other lawsuits. All amounts are converted and stated in euro and no provisions has been made in the financial statements.

A claim of EUR 34.5m against Rezidor Hotels ApS Danmark, as compensation for alleged wrongful termination of a management agreement, was tried and dismissed by commercial court in Brussels in 2009. The counterpart appealed the ruling and restated its claim. In 2016, the Court of Appeals issued a ruling that Rezidor was at fault regarding the manner in which it terminated the negotiations, but did not find that Rezidor bears any liability from such fault. The hearing regarding the issue of liability is scheduled for October and November 2017. Rezidor has received legal advice that the risk that Rezidor might be ordered to pay substantial damages continues to appear limited.

On 20.11.2015, there was a terrorist attack at the Radisson Blu Hotel in Bamako, Mali. The hotel is managed by a Rezidor subsidiary pursuant to a management agreement. 22 individuals died in the attack, including 14 guests and three employees. The terrorist attack is subject to governmental investigations. At 31.12.2016, a few surviving guests have brought claims or threatened to bring claims for injuries and for emotional suffering and the families of two of the deceased guests have brought claims for the death of their family members. All claims have been denied by lawyers engaged by the insurance company, based on an assessment of no liability for the hotel or Rezidor. It is not possible to make a sensible assessment of any provision in Rezidor's accounts based on the known circumstances.

Rezidor has withheld the full amount of EUR 3.9m from the termination payment which was due in 2016, in order to cover any potential liability in a lawsuit that is now closed. The lessor has initiated litigation against Rezidor for the withheld amount. The external counsel's assessment is that Rezidor's withholding of this amount is proper pursuant to the termination agreement, and that the risk in this litigation therefore is limited.

Notes

10. Contingent liabilities (continued)

Joint taxation

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

The Company is the administration company of joint taxation (DK) 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.

Guarantees

Rezidor Hospitality ApS guarantees for a number of contractual obligations of the lease agreements and the management agreements entered into by other group enterprises, i.a. lease of the Group's hotels and performance guarantees as part of the management agreements with the Group's hotels in several countries.

The Company has also provided guarantees to a number of trading partners of and suppliers to the Group's operating companies.

11. Related parties with control

The following related parties have a controlling interest in Rezidor Hospitality ApS:

Name	Registered office	Basis of influence
Rezidor Hotel Holdings AB	Stockholm	Parent
Rezidor Hotel Group AB (publ)	Stockholm	Parent
HNA Group Ltd.	Haikou City, China	Ultimate Parent

12. Transactions with related parties

No transactions with related parties were made in the financial year 2016 which were not made on arms-length basis.

13. Consolidation

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

Rezidor Hotel Group AB, Stockholm

The consolidated financial statements are available at

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

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

HNA Group Ltd., Haikou City, China

The consolidated financial statements are not published.