

**Rezidor Hospitality ApS
Central Business Registration No
25578082**

**Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S**

Annual report 2015

The Annual General Meeting adopted the annual report on

31/5 2016

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 | 10 |
| Income statement for 2015 | 14 |
| Balance sheet at 31.12.2015 | 15 |
| Statement of changes in equity for 2015 | 17 |
| Notes | 18 |

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: 01.01.2015 - 31.12.2015

Board of Directors

Wolfgang Matthias Neumann, Chairman

Knut Kleiven

Andreas Fondell

Ingrid Jenny Winkler

Executive Board

Knut Kleiven, 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 01.01.2015 - 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.

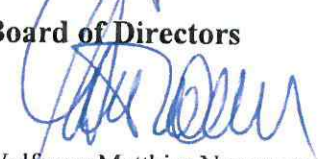
Copenhagen, 31.05.2016

Executive Board



Knut Kleiven
Chief Executive Officer

Board of Directors



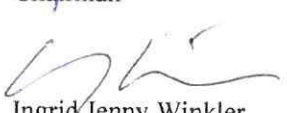
Wolfgang Matthias Neumann
Chairman



Andreas Fondell



Knut Kleiven



Ingrid Jenny Winkler

Independent auditor's reports

To the owners of Rezidor Hospitality ApS

Report on the financial statements

We have audited the financial statements of Rezidor Hospitality ApS 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.

Emphasis of matter affecting the financial statements

Without modifying our conclusion, we refer to note 9 in which it appears that the Company's subsidiary, Rezidor Hotels ApS Danmark, has issued letters of support to management of its subsidiaries in the UK and France. 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 subsidiary from Rezidor Hotel Group S.A. if the letters of support, contrary to expectation, are brought into effect.

Independent auditor's reports

Statement on the management commentary

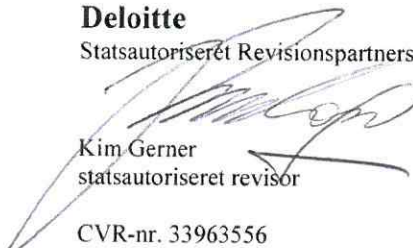
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

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



Kim Gerner
statsautoriseret revisor

CVR-nr. 33963556



Ove Nielsen
statsautoriseret revisor

Management commentary

| | <u>2015</u> EUR'000 | <u>2014</u> EUR'000 | <u>2013</u> EUR'000 | <u>2012</u> EUR'000 | <u>2011</u> EUR'000 |
|------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Financial high-lights | | | | | |
| Key figures | | | | | |
| Revenue | 30.892 | 28.519 | 28.217 | 27.188 | 24.073 |
| Gross profit/loss | 4.720 | 4.181 | 4.129 | 3.970 | 3.622 |
| Operating profit/loss | 3.853 | 3.255 | 3.203 | 2.555 | 3.256 |
| Net financials | 49.973 | (42.703) | (16.996) | 8.619 | 30.191 |
| Profit/loss for the year | 52.883 | (40.482) | (14.595) | 10.787 | 6.714 |
| Total assets | 381.843 | 338.766 | 360.567 | 375.102 | 314.229 |
| Equity | 378.639 | 336.035 | 357.947 | 372.542 | 307.275 |
| Ratios | | | | | |
| Return on equity (%) | 14,8 | (11,7) | (4,0) | 3,2 | 2,2 |
| Solvency ratio (%) | 99,2 | 99,2 | 99,3 | 97,8 | 78,7 |

Net financials includes income from investments.

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 December 2015, the Rezidor Hotel Group had 355 (340) hotels in operation and 102 (92) hotels under construction and development. This corresponds to 78,628 (76,609) rooms in operation and additionally 21,692 (19,000) 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. In addition, Rezidor added two more brands to its portfolio in 2014 - Radisson Red and Quorvus Collection. Rezidor Hospitality ApS owns both agreements.

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 (58) countries directly or through its subsidiaries, Rezidor Hospitality ApS and the remaining companies of the Rezidor Group are – as many other companies – affected by the economic recession which hit most of the global economy at the end of 2008.

Compared to 2014, Rezidor Hospitality ApS has experienced some improvements in most markets. These improvements are related to a general increase in the average room rates in several markets in which Rezidor Hospitality ApS directly or indirectly operates hotels.

Management commentary

The improvement in the income from investments in subsidiaries are mainly caused by various dividend streams from subsidiaries recognised at cost. The majority of these dividend streams have been used for further push down to other group companies in order to improve the general capital structure of the subsidiaries and the Group. Such movements and the accounting policy applied for investments in subsidiaries have led to these very significant fluctuations in the income from investments in subsidiaries over the years.

The Company's financial development in 2015 has been in line with Management's expectations taking into account the macroeconomic development in the markets.

Outlook

For 2016, revenue of Rezidor Hospitality ApS is expected to be slightly higher than in 2015 mainly because of the increase in the number of hotels.

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.
- Protect brands through strategic control and operational policies.

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

Financial exposure

As a result of the Group's strategy not to own real state, the Company's risks from financing activities are limited.

Management commentary

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.

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 2015. 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

On 27 April 2016, Carlson (Ultimate Parent of Rezidor Hospitality ApS) announced the sale of Carlson Hotels Inc. to the Chinese Group HNA. This transaction includes the Carlson stake in Rezidor Hotel Group AB, representing 51.3% of the shares outstanding. The transaction is subject to receipt of applicable regulatory approvals.

Rezidor Hotel Group AB (Rezidor) notes that Carlson has agreed to divest its hotel operations. Rezidor has no further information about the transaction or HNA's intentions with its shareholding in Rezidor following completion of the transaction or a possible offer to Rezidor's other shareholders. Rezidor assumes that this will be clarified in the near future and welcomes HNA as the new majority shareholder.

Management commentary

Rezidor has appointed SEB Corporate Finance as financial advisor and Gernandt & Danielsson Advokatbyrå as legal advisor to assist the company in connection with the current situation.

See more at:

<http://www.rezidor.com/phoenix.zhtml?c=205430&p=mediaRelease&ID=2162452#sthash.wF03kL8H.dpuf>

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.

Accounting policies

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, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets comprise amortisation, depreciation 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.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend received from the individual group enterprises in the financial year, write-downs for the year and 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 another Danish Company controlled by Carlson Holding Inc. 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).

Accounting policies

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.

Other financial liabilities

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

Accounting policies

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.

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. |

Income statement for 2015

| | <u>Notes</u> | <u>2015 EUR'000</u> | <u>2014 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Revenue | | 30.892 | 28.519 |
| Other external expenses | 1 | <u>(26.172)</u> | <u>(24.338)</u> |
| Gross profit/loss | | 4.720 | 4.181 |
| Depreciation, amortisation and impairment losses | | <u>(867)</u> | <u>(926)</u> |
| Operating profit/loss | | 3.853 | 3.255 |
| Income from investments in group enterprises | 2 | 49.868 | (43.662) |
| Other financial income | 3 | 132 | 993 |
| Other financial expenses | 4 | <u>(27)</u> | <u>(34)</u> |
| Profit/loss from ordinary activities before tax | | 53.826 | (39.448) |
| Tax on profit/loss from ordinary activities | 5 | <u>(943)</u> | <u>(1.034)</u> |
| Profit/loss for the year | | <u>52.883</u> | <u>(40.482)</u> |
| Proposed distribution of profit/loss | | | |
| Extraordinary dividend | | 10.279 | 0 |
| Retained earnings | | <u>42.604</u> | <u>(40.482)</u> |
| | | <u>52.883</u> | <u>(40.482)</u> |

Balance sheet at 31.12.2015

| | <u>Notes</u> | <u>2015 EUR'000</u> | <u>2014 EUR'000</u> |
|------------------------------------|--------------|-------------------------|-------------------------|
| Goodwill | | 68 | 935 |
| Intangible assets | 6 | <u>68</u> | <u>935</u> |
| Investments in group enterprises | | 367.391 | 325.803 |
| Fixed asset investments | 7 | <u>367.391</u> | <u>325.803</u> |
| Fixed assets | | <u>367.459</u> | <u>326.738</u> |
| Receivables from group enterprises | | 10.139 | 8.644 |
| Deferred tax assets | 8 | 120 | 115 |
| Other short-term receivables | | 205 | 187 |
| Income tax receivable | | 3.920 | 3.082 |
| Receivables | | <u>14.384</u> | <u>12.028</u> |
| Current assets | | <u>14.384</u> | <u>12.028</u> |
| Assets | | <u>381.843</u> | <u>338.766</u> |

Balance sheet at 31.12.2015

| | <u>Notes</u> | <u>2015 EUR'000</u> | <u>2014 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Contributed capital | | 83.000 | 83.000 |
| Retained earnings | | <u>295.639</u> | <u>253.035</u> |
| Equity | | <u>378.639</u> | <u>336.035</u> |
| Trade payables | | 357 | 0 |
| Other payables | | <u>2.847</u> | <u>2.731</u> |
| Current liabilities other than provisions | | <u>3.204</u> | <u>2.731</u> |
| Liabilities other than provisions | | <u>3.204</u> | <u>2.731</u> |
| Equity and liabilities | | <u>381.843</u> | <u>338.766</u> |
| Contingent liabilities | 9 | | |
| Related parties with control | 10 | | |
| Ownership | 11 | | |
| Consolidation | 12 | | |

Statement of changes in equity for 2015

| | Contributed capital EUR'000 | Retained earnings EUR'000 | Total EUR'000 |
|-----------------------------|--|--|--------------------------|
| Equity beginning of year | 83.000 | 253.035 | 336.035 |
| Extraordinary dividend paid | 0 | (10.279) | (10.279) |
| Profit/loss for the year | 0 | 52.883 | 52.883 |
| Equity end of year | 83.000 | 295.639 | 378.639 |

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 for The Rezidor Hotel Group AB which is 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 The 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.

2. Income from investments in group enterprises

| | <u>2015</u> EUR'000 | <u>2014</u> EUR'000 |
|--|------------------------|------------------------|
| Reversal of impairment losses from prior years | 50.788 | 264 |
| Write-down of investment | (920) | (43.926) |
| | <u>49.868</u> | <u>(43.662)</u> |

3. Other financial income

| | <u>2015</u> EUR'000 | <u>2014</u> EUR'000 |
|---|------------------------|------------------------|
| Financial income arising from group enterprises | 103 | 976 |
| Other financial income | 29 | 17 |
| | <u>132</u> | <u>993</u> |

4. Other financial expenses

| | <u>2015</u> EUR'000 | <u>2014</u> EUR'000 |
|--------------------------|------------------------|------------------------|
| Other financial expenses | 27 | 34 |
| | <u>27</u> | <u>34</u> |

5. Tax on ordinary profit/loss for the year

| | <u>2015</u> EUR'000 | <u>2014</u> EUR'000 |
|-------------------------------------|------------------------|------------------------|
| Current tax | 948 | 1.066 |
| Change in deferred tax for the year | (5) | (32) |
| | <u>943</u> | <u>1.034</u> |

Notes

| | Goodwill EUR'000 |
|---|---|
| 6. Intangible assets | |
| Cost beginning of year | 14.231 |
| Disposals | <u>(13.722)</u> |
| Cost end of year | <u>509</u> |
| Amortisation and impairment losses beginning of year | (13.296) |
| Amortisation for the year | (867) |
| Reversal regarding disposals | <u>13.722</u> |
| Amortisation and impairment losses end of year | <u>(441)</u> |
| Carrying amount end of year | <u>68</u> |
| | Investments in group enterprises EUR'000 |
| 7. Fixed asset investments | |
| Cost beginning of year | 504.459 |
| Additions | 2.000 |
| Disposals | <u>(10.280)</u> |
| Cost end of year | <u>496.179</u> |
| Impairment losses beginning of year | (178.656) |
| Impairment losses for the year | (920) |
| Reversal of impairment losses | <u>50.788</u> |
| Impairment losses end of year | <u>(128.788)</u> |
| Carrying amount end of year | <u>367.391</u> |
| | Profit/loss EUR'000 |
| Subsidiaries: | |
| Rezidor Hotels ApS Denmark | 51.602 |
| Rezidor Russia A/S | (1.028) |
| Rezidor Loyalty Management A/S | 21 |
| Rezidor Cornerstone A/S | 1 |

Notes

| | <u>2015</u> <u>EUR'000</u> | <u>2014</u> <u>EUR'000</u> |
|------------------------|-------------------------------|-------------------------------|
| 8. Deferred tax | | |
| Intangible assets | 120 | 115 |
| | <u>120</u> | <u>115</u> |

9. 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 and France.

The company states in these letters of support that it will provide funds to the subsidiaries in order for them to continue their ordinary operations as well as states that it will abstain from demanding repayment of any intra-group loans these subsidiaries may have with the Company or other Rezidor group companies.

The negative equity in the subsidiaries has been calculated applying local accounting rules, and at 31.12.2015 the equity is:

- Park Hotels Management Limited (UK) – Negative equity of GBP 51.973 thousand
- Park Hotel Heathrow Limited (UK) – Negative equity of GBP 21.791 thousand

The subsidiary in France has a positive equity at 31.12.2015.

The Company and its subsidiary do not expect that the letters of support will be brought into effect. If the letters of support, contrary to expectation, are brought into effect, the Rezidor Hotel Group S.A. will make the necessary funds available to the subsidiary. Therefore, no provision for losses has been recognised in this respect in the subsidiary.

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.

Notes

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.

A claim of EUR 34,5 million 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 on the same grounds as before. Based on external legal advice and opinions, Rezidor believes that the appeal claim is without merit. Proceedings are ongoing.

Rezidor Hotels ApS Danmark was awarded EUR 4,7 million in arbitral proceedings in 2000 against a partnership for its wrongful termination of a management agreement. In the course of Rezidor's enforcement of the award, it transpired that the partnership's assets (the hotel) had been transferred to a related company. The partnership was declared bankrupt and Rezidor pursued debt collection against the related company and the partners of the partnership based on the fact that the latter had caused bankruptcy by fraud. The respondents filed two compensation claims against Rezidor; one claim of EUR 13,9 million, which was rejected by the court in 2011, and which case is finally closed in favour of Rezidor; and a second claim of EUR 23 million which is still pending. EUR 23 million equals the debt collection claim that Rezidor is pursuing (the awarded amount plus interest, moral damages and costs of miscellaneous legal cases). External counsel advice is that also the second compensation claim filed by the respondents is likely to be rejected. Proceedings are ongoing.

An outlet tenant at a hotel leased by Rezidor Hotels ApS Danmark terminated its tenancy contract in 2014 and filed a lawsuit for damage claim of EUR 0,6 million alleging that it was forced to close its business in the rented premises due to press statements made by hotel management concerning upcoming closing and renovation of the hotel. The court in first instance ruled against the hotel owner and awarded the former tenant EUR 335 thousand plus costs. The ruling has been appealed, and Rezidor and its external counsel believe that the real reason for the termination is the tenant's financial difficulties. Proceedings are ongoing.

On 20 November 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 3 employees. The terrorist attack is subject to governmental investigations, and Rezidor has engaged outside counsel who is conducting an internal investigation of the incident. As of today, no formal claims have been brought against Rezidor Hotels ApS Danmark.

Rezidor Hotels ApS Danmark has a 20% equity stake in Afrinord Hotel Investments A/S ("Afrinord") to develop/acquire projects in Africa. Afrinord has a total investment commitment by its shareholders of EUR 35.000 thousand at 31 December 2015, of which EUR 50 thousand has been contributed as share capital by Rezidor in 2016. Afrinord has partly financed hotels in Addis Ababa (Ethiopia), Nairobi (Kenya), Freetown (Sierra Leone) and Cape Town (South Africa) through loan agreements. In relation to these projects, EUR 25.704 thousand was outstanding at 31 December 2015 of which Rezidor's contribution was EUR 5.141 thousand. Consequently, the remaining commitment by Rezidor is EUR 1.809 thousand.

Notes

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.

10. Related parties with control

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

| <u>Name</u> | <u>Registered office</u> | <u>Basis of influence</u> |
|---------------------------|--------------------------|---------------------------|
| Rezidor Hotel Holdings AB | Stockholm | Parent |
| Rezidor Hotel Group AB | Stockholm | Parent |
| Carlson Holding Inc. | Minnetonka | Ultimate Parent |

11. 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 Hotel Holdings AB, Stockholm

12. Consolidation

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

Rezidor Hotel Group AB, Stockholm

The consolidated financial statement are available at <http://www.rezidor.com/phoenix.zhtml?c=205430&p=irol-library>