

Scandic Hotels Holding A/S


Nansensgade 19, 7., 1366 København K

CVR no. 30 61 64 56

Annual report 2016

Approved at the annual general meeting of shareholders on 12 June 2017

Chairman:


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Tonny Poulsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scandic Hotels Holding A/S for the financial year 1 January - 31 December 2016.

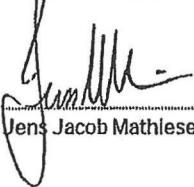
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 12 June 2017
Executive Board:

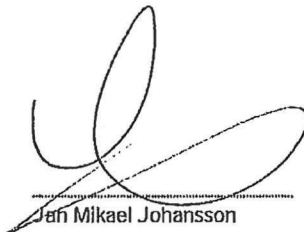


Jens Jacob Mathiesen


Board of Directors:




Frank Fiskers
Chairman



Jan Mikael Johansson



Tonny Poulsen



Jens Jacob Mathiesen

Independent auditor's report

To the shareholders of Scandic Hotels Holding A/S

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Scandic Hotels Holding A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 the financial statements.

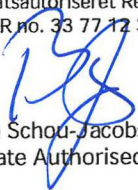
Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.
- ▶ 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 Company'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 Company'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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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.

Hellerup, 12 June 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31


Bo Schou-Jacobsen
State Authorised Public Accountant


Leif Ulbæk Jensen
State Authorised Public Accountant

Management's review

Company details

Name	Scandic Hotels Holding A/S
Address, Postal code, City	Nansensgade 19, 7., 1366 København K
CVR no.	30 61 64 56
Established	18 June 2007
Registered office	København
Financial year	1 January - 31 December
Website	www.scandichotels.dk
Telephone	+45 33 48 04 50
Telefax	+45 33 91 76 00
Board of Directors	Frank Fiskers, Chairman Jan Mikael Johansson Tonny Poulsen Jens Jacob Mathiesen
Executive Board	Jens Jacob Mathiesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, DK-2900 Hellerup

Management commentary

Business review

The object of the company is to hold the shares in Scandic hotel A/S and activities related there to.

Financial review

The income statement for 2016 shows a loss of DKK 17,026 thousand against a loss of DKK 16,704 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 135,493 thousand.

Capital resources

The Company's parent Scandic Hotel AB has issued a letter of support to support the company with sufficient financial resources to ensure the company's normal trading commitments up to 31 December 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	<u>2016</u>	<u>2015</u>
4	Financial income	1,433	0
5	Financial expenses	<u>-23,261</u>	<u>-21,835</u>
	Profit/loss before tax	-21,828	-21,835
6	Tax for the year	<u>4,802</u>	<u>5,131</u>
	Profit/loss for the year	<u><u>-17,026</u></u>	<u><u>-16,704</u></u>
	Recommended appropriation of profit/loss	-17,026	-16,704
	Retained earnings/accumulated loss	<u><u>-17,026</u></u>	<u><u>-16,704</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
7	Investments		
	Investments in group enterprises	392,305	392,305
	Receivables from group enterprises	<u>16,437</u>	<u>9,873</u>
		<u>408,742</u>	<u>402,178</u>
	Total fixed assets	<u>408,742</u>	<u>402,178</u>
	Non-fixed assets		
	Receivables		
	Joint taxation contribution receivable	<u>4,802</u>	<u>5,131</u>
		<u>4,802</u>	<u>5,131</u>
	Total non-fixed assets	<u>4,802</u>	<u>5,131</u>
	TOTAL ASSETS	<u>413,544</u>	<u>407,309</u>
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	500	500
	Retained earnings	<u>134,993</u>	<u>152,019</u>
	Total equity	<u>135,493</u>	<u>152,519</u>
	Liabilities		
	Non-current liabilities other than provisions		
	Payables to group enterprises	<u>0</u>	<u>254,790</u>
		<u>0</u>	<u>254,790</u>
	Current liabilities		
	Payables to group enterprises	<u>278,051</u>	<u>0</u>
		<u>278,051</u>	<u>0</u>
	Total liabilities other than provisions	<u>278,051</u>	<u>254,790</u>
	TOTAL EQUITY AND LIABILITIES	<u>413,544</u>	<u>407,309</u>

- 1 Accounting policies
- 2 Capital position
- 3 Events after the balance sheet date
- 9 Collateral
- 10 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	500	152,019	152,519
Transfer through appropriation of loss	0	-17,026	-17,026
Equity at 31 December 2016	500	134,993	135,493

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Scandic Hotels Holding A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Consolidated financial statements

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Basis of recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Scandic Hotel A/S is included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends from subsidiaries are recognized as income statement when adopted at the General Meeting of the subsidiary.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Capital position

The Company has received a financial support letter from the parent company Scandic Hotels AB which will ensure that the Company's capital position is sufficient, taking into account the planned activities and expected capital needs. The financial support declaration covers until 31. december 2017.

3 Events after the balance sheet date

In May 2017, the short term loan from group enterprises, has been prolonged until year 2027. Besides this no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK'000	2016	2015
4 Financial income		
Investment Income, group companies	444	0
Other financial income	989	0
	<u>1,433</u>	<u>0</u>
5 Financial expenses		
Interest expenses, group enterprises	23,261	21,296
Exchange losses	0	539
	<u>23,261</u>	<u>21,835</u>
6 Tax for the year		
Estimated tax charge for the year	-4,802	-5,131
	<u>-4,802</u>	<u>-5,131</u>

At 31 December 2016 the Company has an unrecognised tax asset. The basis for the calculation of the tax assets is DKK 81 million (2015: 81 million), whereof DKK 0 is recognised in the balance sheet.

7 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Total
Cost at 1 January 2016	1,187,330	9,873	1,197,203
Additions	0	6,564	6,564
Cost at 31 December 2016	<u>1,187,330</u>	<u>16,437</u>	<u>1,203,767</u>
Value adjustments at 1 January 2016	-795,025	0	-795,025
Value adjustments at 31 December 2016	-795,025	0	-795,025
Carrying amount at 31 December 2016	<u>392,305</u>	<u>16,437</u>	<u>408,742</u>

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Scandic Hotel A/S	A/S	Copenhagen	100.00 %	142,965	63,785

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
8 Share capital		
Analysis of the share capital:		
500,001 shares of DKK 1.00 nominal value each	500	500
	500	500

9 Collateral

The shares in Scandic Hotels Holding A/s are pledged with first priority to Scandic hotels AB. In addition, the shares in Scandic Hotels Holding A/S are pledged with second priority to Nordea Bank AB.

The Company is jointly taxed with its subsidiary, Scandic Hotel A/S. As management company, the Company has joint and several unlimited liability with Scandic Hotel A/S for payment of Danish income taxes. The jointly taxed entities' known net income tax liability totals DKK 0 thousand at 31 December 2016. Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

10 Related parties

Scandic Hotels Holding A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
EQT V, Scandic Hotels Group AB	St. Peter Port, Guersey P.O. BOX 6197 SE-102 33, Sveavägen 167, Stockholm, Sweden	Ultimate parent Controlling shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Scandic Hotels AB	P.O. BOX 6197 SE-102 33, Sveavägen 167, Stockholm, Sweden	There are published consolidated reports for Scandic hotels AB, a subsidiary of the ultimate parent company EQT V.