

**Rezidor Royal ApS**  
**Central Business Registration No**  
**35255095**  
**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

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## Entity details

### Entity

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

Central Business Registration No: 35255095

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Internet: [www.radissonblu.com](http://www.radissonblu.com)

### Board of Directors

Thomas Christopher Flanagan, Chairman

Sonja Dive Dahl

Lars Gordon Nielsen

Gopal Sawhney

### Executive Board

Thomas Christopher Flanagan

### 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 Royal 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, 24.05.2016

### Executive Board

Thomas Christopher Flanagan

### Board of Directors

  
Thomas Christopher Flanagan  
Chairman

  
Sonja Dive Dahl

  
Lars Gordon Nielsen

  
Gopal Sawhney

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Copenhagen, 24.05.2016

### Executive Board



Thomas Christopher Flanagan

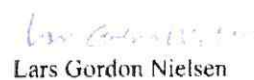
### Board of Directors



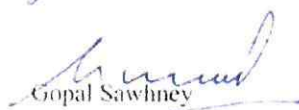
Thomas Christopher Flanagan  
Chairman



Sonja Dive Dahl



Lars Gordon Nielsen



Gopal Sawhney

## Independent auditor's reports

### To the owners of Rezidor Royal ApS

#### Report on the financial statements

We have audited the financial statements of Rezidor Royal 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.

## 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, 24.05.2016

### Deloitte

Statsautoriseret Revisionspartnerselskab



Ove Nielsen

State Authorised Public Accountant

CVR-nr. 33963556



## Management commentary

	2015 DKK'000	2014 DKK'000	2013 DKK'000
<b>Financial highlights</b>			
<b>Key figures</b>			
Revenue	148.760	142.257	0
Gross profit/loss	64.648	60.930	(9)
Operating profit/loss	11.945	10.583	(9)
Net financials	(72)	(90)	0
Profit/loss for the year	8.883	7.852	(9)
Total assets	38.731	24.775	500
Investments in property, plant and equipment	5.173	379	0
Equity	17.226	8.343	491
<b>Ratios</b>			
Net margin (%)	6,0	5,5	-
Return on equity (%)	69,5	177,8	(1,8)
Solvency ratio (%)	46,2	33,7	98,2



## **Management commentary**

### **Primary activities**

The activities of Rezidor Royal ApS consist in the operation of hotel and restaurant as well as congress facilities.

In connection with the agreed cooperation on sales and marketing with Radisson Hotels International, the Company applies the business name Radisson Blu Royal Hotel.

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

Profit for the year amounts to DKK 8,883 thousand which is considered satisfactory.

### **Outlook**

Total hotel revenue for 2016 is expected to increase compared to 2015. A positive net profit is expected for 2016.

### **Environmental performance**

During the last couple of years, Radisson BLU Hotels & Resorts has implemented the programme "Responsible Business". The main purpose of the programme is to obtain systematic information on the hotel's energy consumption, waste disposal and chemical consumption detrimental to the environment in order to prepare a plan for minimising environmental impacts as much as possible. Moreover, special education programmes for hotel employees are part of the programme so that they will be capable of identifying potential environmental impacts and of planning the operations of the hotel in which consideration for the environment is integrated as 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.

### **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**

The Company's revenue represents invoiced sale for the year less deduction of VAT, and price reduction directly related to revenue.

## Accounting policies

### Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### Other external expenses

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

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Amortisation, depreciation and impairment losses

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

### 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 securities, 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 securities, 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 its Parent and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).



## Accounting policies

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs..

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

#### Receivables

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

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### Cash

Cash comprises cash in hand and bank deposits.

#### 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.

## Accounting policies

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.

### Operating leases

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

### Other financial liabilities

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

### Income tax receivable or payable

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

### Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

### Cash flow statement

The Company has not prepared any cash flow statement according to section 86(4) of the Danish Financial statements Act, as the Company's cash flows are included in the cash flow statement of Rezidor Hotel Group AB, Stockholm.

## 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
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
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 DKK'000</u>	<u>2014 DKK'000</u>
Revenue		148.760	142.257
Cost of sales		(8.988)	(8.980)
Other external expenses		<u>(75.124)</u>	<u>(72.347)</u>
<b>Gross profit/loss</b>		<b>64.648</b>	<b>60.930</b>
Staff costs	1	(52.634)	(50.334)
Depreciation, amortisation and impairment losses		<u>(69)</u>	<u>(13)</u>
<b>Operating profit/loss</b>		<b>11.945</b>	<b>10.583</b>
Other financial income		4	0
Other financial expenses		<u>(76)</u>	<u>(90)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>11.873</b>	<b>10.493</b>
Tax on profit/loss from ordinary activities	2	<u>(2.990)</u>	<u>(2.641)</u>
<b>Profit/loss for the year</b>		<b><u>8.883</u></b>	<b><u>7.852</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>8.883</u>	<u>7.852</u>
		<b><u>8.883</u></b>	<b><u>7.852</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other fixtures and fittings, tools and equipment		1.110	139
Property, plant and equipment in progress		<u>4.360</u>	<u>227</u>
<b>Property, plant and equipment</b>	<b>3</b>	<b><u>5.470</u></b>	<b><u>366</u></b>
<b>Fixed assets</b>		<b><u>5.470</u></b>	<b><u>366</u></b>
Manufactured goods and goods for resale		<u>815</u>	<u>754</u>
<b>Inventories</b>		<b><u>815</u></b>	<b><u>754</u></b>
Trade receivables		5.191	4.230
Receivables from group enterprises		24.335	13.524
Other short-term receivables		0	9
Prepayments	<b>4</b>	<u>2.589</u>	<u>5.516</u>
<b>Receivables</b>		<b><u>32.115</u></b>	<b><u>23.279</u></b>
<b>Cash</b>		<b><u>331</u></b>	<b><u>376</u></b>
<b>Current assets</b>		<b><u>33.261</u></b>	<b><u>24.409</u></b>
<b>Assets</b>		<b><u>38.731</u></b>	<b><u>24.775</u></b>



**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	5	500	500
Retained earnings		16.726	7.843
<b>Equity</b>		<b>17.226</b>	<b>8.343</b>
Provisions for deferred tax		94	10
<b>Provisions</b>		<b>94</b>	<b>10</b>
Trade payables		6.495	3.200
Debt to group enterprises		118	220
Income tax payable		2.915	2.631
Other payables	6	11.566	10.024
Deferred income	7	317	347
<b>Current liabilities other than provisions</b>		<b>21.411</b>	<b>16.422</b>
<b>Liabilities other than provisions</b>		<b>21.411</b>	<b>16.422</b>
<b>Equity and liabilities</b>		<b>38.731</b>	<b>24.775</b>
Contingent liabilities	8		
Related parties with control	9		
Ownership	10		
Consolidation	11		

## Statement of changes in equity for 2015

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	7.843	8.343
Profit/loss for the year	0	8.883	8.883
<b>Equity end of year</b>	<b>500</b>	<b>16.726</b>	<b>17.226</b>

## Notes

	2015 DKK'000	2014 DKK'000
<b>1. Staff costs</b>		
Wages and salaries	47.800	45.598
Pension costs	3.572	3.464
Other social security costs	1.262	1.272
	<b>52.634</b>	<b>50.334</b>
 Average number of employees	 <b>134</b>	 <b>130</b>
	2015 DKK'000	2014 DKK'000
<b>2. Tax on ordinary profit/loss for the year</b>		
Current tax	2.906	2.631
Change in deferred tax for the year	84	10
	<b>2.990</b>	<b>2.641</b>
	Other fix- tures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
<b>3. Property, plant and equipment</b>		
Cost beginning of year	152	227
Transfer to and from other items	227	(227)
Additions	813	4.360
<b>Cost end of year</b>	<b>1.192</b>	<b>4.360</b>
 Depreciation and impairment losses beginning of the year	 (13)	 0
Depreciation for the year	(69)	0
<b>Depreciation and impairment losses end of the year</b>	<b>(82)</b>	<b>0</b>
 Carrying amount end of year	 <b>1.110</b>	 <b>4.360</b>

## 4. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

## Notes

	Number	Par value DKK	Nominal value DKK'000
<b>5. Contributed capital</b>			
Share capital	5.000	100,00	500
	<b>5.000</b>		<b>500</b>
		<b>2015 DKK'000</b>	<b>2014 DKK'000</b>
<b>6. Other short-term payables</b>			
VAT and duties		1.020	573
Wages and salaries, personal income taxes, social security costs, etc. payable		389	331
Holiday pay obligation		2.696	3.445
Other costs payable		7.461	5.675
		<b>11.566</b>	<b>10.024</b>

## 7. Short-term deferred income

Short-term deferred income comprises received income for recognition in subsequent financial years.

## 8. Contingent liabilities

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

### Contractual obligations

The annual rent obligation incumbent on the Company for rent of the hotel building is partly a minimum rent partly dependent on the Company's operating profit. The tenancy is interminable by the tenant until 31.12.2034. For 2016, the rent obligation is expected to amount to DKK 39,268 thousand.

## Notes

### 9. Related parties with control

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

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

### 10. Ownership

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

### 11. Consolidation

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

Rezidor Hotel Group AB, Stockholm. Group accounts are available at [www.rezidor.com](http://www.rezidor.com).