

**Carlson Wagonlit Danmark
A/S**
Ørestads Boulevard 35, 3.
2300 Copenhagen S, Denmark
Central Business Registration No
66097218

Annual report 2016

The Annual General Meeting adopted the annual report on 02.06.2017

Chairman of the General Meeting

Name: Torben Brik Rodenberg

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Entity details

Entity

Carlson Wagonlit Danmark A/S
Ørestads Boulevard 35, 3.
2300 Copenhagen S, Denmark

Central Business Registration No: 66097218

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Christopher Bowen, Chairman
Mahmoud Masoud
Virpi Marjatta Paasonen
Torben Brik Rodenberg
Rikke Lyse, Employee Representative
Palle Bruun, Employee Representative

Executive Board

Torben Brik Rodenberg, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 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 Carlson Wagonlit Danmark A/S 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, 30.05.2017

Executive Board

Torben Brik Rodenberg
Chief Executive Officer

Board of Directors

Christopher Bowen
Chairman

Mahmoud Masoud

Virpi Marjatta Paasonen

Torben Brik Rodenberg

Rikke Lyse
Employee Representative

Palle Bruun
Employee Representative

Independent auditor's report

To the shareholder of Carlson Wagonlit Danmark A/S

Opinion

We have audited the financial statements of Carlson Wagonlit Danmark A/S 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.

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:

Independent auditor's report

- 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 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.

Independent auditor's report

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, 30.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Kim Gerner
State-Authorised Public Accountant

René Hattens
State-Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	50.643	65.849	75.732	73.557	80.752
Operating profit/loss	(12.154)	(6.178)	2.734	(145)	4.421
Net financials	(1.217)	(1.648)	(1.968)	(2.347)	(2.513)
Profit/loss for the year	(9.689)	(8.088)	661	(5.818)	1.402
Total assets	67.643	77.357	90.464	97.132	109.132
Investments in property, plant and equipment	256	677	554	352	293
Equity	34.369	44.058	52.146	51.485	57.303
Ratios					
Return on equity (%)	(24,7)	(16,8)	1,3	(10,7)	2,5
Equity ratio (%)	50,8	57,0	57,6	53,0	52,5

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

Ratios	Calculation formula	Ratios
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.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The primary activity of the Company is the sale of business travel services, Travel Management, group travels as well as meetings and events facilitated under the name of Carlson Wagonlit Travel (CWT).

Partnering with companies of all types and sizes, CWT knows no two clients have the same requirements. Consequently, CWT works closely with each client to define and implement the solutions that best correspond to their specific needs, challenges and objectives. To that end, CWT offers a range of products and services aimed at programme optimisation for the benefit of the Company as well as the traveller.

CWT solutions can be grouped into four categories:

1. Traveller & Transaction Services offers best-in-class services and assistance to travellers and optimises the processing of simple and complex transactions.

2. Programme Optimisation offers a variety of products and services to help clients optimise their travel programmes and savings.

3. Safety & Security offers a range of products and services to inform companies of potential risk, and help locate and assist travellers in a crisis.

4. Meetings & Events offers best-in-class services to create and manage meetings and events while helping companies control and optimise related expenditures.

Development in activities and finances

Loss before tax for the year amounts to DKK 13.4 million, which is not considered satisfactory.

Outlook

Loss before tax for 2017 is expected to reach a level of approx. DKK 17 million.

Intellectual capital resources

Carlson Wagonlit Danmark A/S is a Company with a high level of know-how. At 31 December 2016, the Company has 146 qualified and dedicated employees. Approximately 75% of the employees are Travel Management specialists.

The Company ensures the continuous development of employee knowledge and skills through internal and external training.

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.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Gross profit	1	50.643	65.849
Staff costs	2	(62.219)	(71.255)
Depreciation, amortisation and impairment losses	3	<u>(578)</u>	<u>(772)</u>
Operating profit/loss		(12.154)	(6.178)
Other financial income	4	23	71
Other financial expenses	5	<u>(1.240)</u>	<u>(1.719)</u>
Profit/loss before tax		(13.371)	(7.826)
Tax on profit/loss for the year	6	<u>3.682</u>	<u>(262)</u>
Profit/loss for the year	7	<u>(9.689)</u>	<u>(8.088)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Acquired intangible assets		5	75
Intangible assets	8	<u>5</u>	<u>75</u>
Other fixtures and fittings, tools and equipment		523	738
Leasehold improvements		120	157
Property, plant and equipment	9	<u>643</u>	<u>895</u>
Other receivables		1.782	1.782
Deferred tax	11	0	1.116
Fixed asset investments	10	<u>1.782</u>	<u>2.898</u>
Fixed assets		<u>2.430</u>	<u>3.868</u>
Trade receivables		23.501	24.915
Receivables from group enterprises		8.536	7.960
Other receivables		7.149	9.269
Joint taxation contribution receivable		2.536	0
Prepayments	12	1.310	656
Receivables		<u>43.032</u>	<u>42.800</u>
Cash		<u>22.181</u>	<u>30.689</u>
Current assets		<u>65.213</u>	<u>73.489</u>
Assets		<u>67.643</u>	<u>77.357</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital	13	10.020	10.020
Retained earnings		<u>24.349</u>	<u>34.038</u>
Equity		<u>34.369</u>	<u>44.058</u>
Prepayments received from customers		3.137	4.215
Trade payables		12.847	9.120
Payables to group enterprises		2.540	1.516
Income tax payable		0	235
Other payables	14	<u>14.750</u>	<u>18.213</u>
Current liabilities other than provisions		<u>33.274</u>	<u>33.299</u>
Liabilities other than provisions		<u>33.274</u>	<u>33.299</u>
Equity and liabilities		<u>67.643</u>	<u>77.357</u>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.020	34.038	44.058
Profit/loss for the year	0	(9.689)	(9.689)
Equity end of year	10.020	24.349	34.369

Notes

1. Gross profit

Total gross revenue (traffic) amounts to DKK 1,310 million (2015: DKK 1,359 million).

Net revenue amounts to DKK 151.4 million (2015: DKK 164.1 million).

	2016	2015
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	54.489	61.782
Pension costs	5.242	5.512
Other social security costs	908	1.327
Other staff costs	1.580	2.634
	62.219	71.255
Average number of employees	151	161

According to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

	2016	2015
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	70	108
Depreciation of property, plant and equipment	508	664
	578	772

	2016	2015
	DKK'000	DKK'000
4. Other financial income		
Interest income	0	3
Exchange rate adjustments	23	68
	23	71

	2016	2015
	DKK'000	DKK'000
5. Other financial expenses		
Interest expenses	76	295
Exchange rate adjustments	23	49
Other financial expenses	1.141	1.375
	1.240	1.719

Notes

	2016	2015
	DKK'000	DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	(2.536)	0
Change in deferred tax for the year	1.116	262
Adjustment concerning previous years	(2.262)	0
	(3.682)	262
	2016	2015
	DKK'000	DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	(9.689)	(8.088)
	(9.689)	(8.088)
		Acquired intangible assets DKK'000
8. Intangible assets		
Cost beginning of year		1.497
Cost end of year		1.497
Amortisation and impairment losses beginning of year		(1.422)
Amortisation for the year		(70)
Amortisation and impairment losses end of year		(1.492)
Carrying amount end of year		5

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
9. Property, plant and equipment		
Cost beginning of year	4.596	616
Additions	256	0
Cost end of year	4.852	616
Depreciation and impairment losses beginning of the year	(3.858)	(459)
Depreciation for the year	(471)	(37)
Depreciation and impairment losses end of the year	(4.329)	(496)
Carrying amount end of year	523	120
	Other receivables DKK'000	Deferred tax DKK'000
10. Fixed asset investments		
Cost beginning of year	1.782	1.116
Disposals	0	(1.116)
Cost end of year	1.782	0
Carrying amount end of year	1.782	0

Notes

	2016	2015
	DKK'000	DKK'000
11. Deferred tax		
Intangible assets	0	57
Property, plant and equipment	0	378
Receivables	0	154
Provisions	0	527
	0	1.116

Changes during the year

Beginning of year	1.116
Recognised in the income statement	(1.116)
End of year	0

12. Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

	Number	Par value	Nominal
		DKK'000	value
			DKK'000
13. Contributed capital			
Ordinary shares	10.020	1	10.020
	10.020		10.020

	2016	2015
	DKK'000	DKK'000
14. Other payables		
VAT and duties	223	260
Wages and salaries, personal income taxes, social security costs, etc payable	1.209	1.779
Holiday pay obligation	8.251	9.582
Other costs payable	5.067	6.592
	14.750	18.213

	2016	2015
	DKK'000	DKK'000
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	16.980	20.724

Notes

16. Contingent liabilities

From 18 August 2014 – 6 December 2016, the Entity participated in a Danish joint taxation arrangement in which Rezidor Hospitality A/S served as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities from 18 August 2014 – 6 December 2016, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities for 18 August 2014 – 6 December 2016. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

17. Related parties with controlling interest

CW Travel Beheermaatschappij B.V., Building Apollo, Wisselwerking 58, 1112 XS DIEMEN, the Netherlands.

18. Transactions with related parties

No transactions with related parties were made in the financial year 2016 which were not made on an arm's length basis.

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Carlson Inc., 701 Carlson Parkway, Minnetonka, MN 55305, USA.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Carlson Inc., 701 Carlson Parkway, Minnetonka, MN 55305, USA.

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 rate 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

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of tickets etc. is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation 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 interest income, including interest income on receivables from group enterprises, net capital gains on receivables and transactions in foreign currencies 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 as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights (software).

Intellectual property rights (software) acquired are measured at cost less accumulated amortisation.

Intellectual property rights (software) is amortised using the straight-line basis over a period of maximum twenty years.

Intellectual property rights (software) etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

Property, plant and machinery as well as 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.

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 years
Leasehold improvements	5 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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 computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises bank deposits.

Accounting policies

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

As a consolidated cash flow statement is prepared by the Ultimate Parent, a cash flow statement is not prepared, confer section 86(4) of the Danish Financial Statements Act.