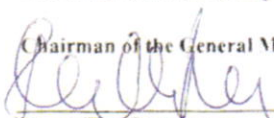


**Rezidor Hotels ApS Danmark
Central Business Registration No
73337712
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S**

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Tina Oster Larsen

Rezidor Hotels ApS Danmark
Central Business Registration No
73337712
Amager Strandvej 60-64, 3rd floor
2300 Copenhagen S

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Tina Øster Larsen

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	9
Income statement for 2016	13
Balance sheet at 31.12.2016	14
Statement of changes in equity for 2016	16
Notes	17

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 Hotels ApS Danmark
Amager Strandvej 60-64 3rd floor
2300 Copenhagen S

Central Business Registration No: 73337712

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Internet: www.radissonblu.com

Board of Directors

Knut Jan Kleiven, Chairman

Sven Gösta Andreas Fondell

Lars Gordon Nielsen

Elie Younes

Ingrid Jenny Winkler

Executive Board

Gopal Krishan Sawhney, Chief Executive Officer

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

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 Hotels ApS Danmark for the financial year 01.01.2016 - 31.12.2016.

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

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

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2017

Executive Board

Gopal Krishan Sawhney
Chief Executive Officer

Board of Directors

Knut Jan Kleiven
Chairman

Sven Gösta Andreas Fondell

Lars Gordon Nielsen

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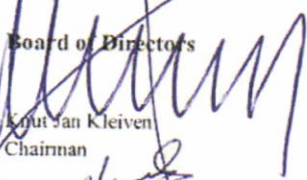
Copenhagen, 31.05.2017

Executive Board



Gopal Krishan Sawlmey
Chief Executive Officer

Board of Directors



Knut Jan Kleiven
Chairman



Elle Younes



Sven Gösta Andreas Fondell



Lars Gordon Nielsen



Ingrid Jenny Winkler

Independent auditor's reports

To the shareholder of Rezidor Hotels ApS Danmark

Opinion

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

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

Basis for opinion

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

Emphasis of matter regarding circumstances in the financial statements

Without modifying our opinion, we refer to note 18 in which it appears that the Company has issued letters of support to management of the subsidiaries in the UK, France and a Danish subsidiary. The Company's Management does not expect the letters of support to be brought into effect. The necessary funds will be made available to the Company for a period of at least 12 months from 30.04.2017 by Rezidor Hotel Group BVBA if the letters of support, contrary to expectation, are brought into effect.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's reports

- 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.

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

Copenhagen, 31.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556

Kim Gerner Jacobsen
State Authorised Public Accountant

Ove Nielsen
State Authorised Public Accountant

Independent auditor's reports

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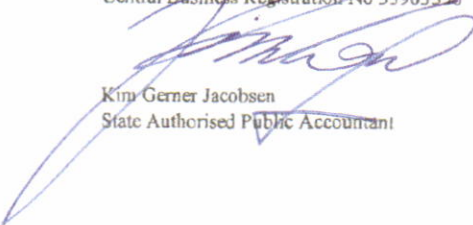
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Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any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

Copenhagen, 31.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556



Kim Gerner Jacobsen
State Authorised Public Accountant



Ove Nielsen
State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	1,351,882	1,144,538	994,817	1,030,161	836,333
Gross profit	33,857	258,651	170,873	211,541	61,454
Operating profit/loss	(14,139)	219,584	138,633	177,014	20,373
Net financials	(594,620)	226,501	(431,414)	(251,911)	168,110
Profit/loss for the year	(622,394)	385,092	(325,748)	(129,197)	188,696
Total assets	3,905,481	3,673,599	3,510,419	3,370,129	3,453,882
Investments in property, plant and equipment	1,118	0	888	1,148	722
Equity	3,326,868	2,718,445	2,410,636	2,597,729	2,653,065

The comparative figures for the financial years 2012 to 2014 have not been restated according to the changes in accounting policies.

Ratios

Return on equity (%)	(20.6)	15.0	(13.0)	(4.9)	7.8
Solvency ratio (%)	85.2	74.0	68.7	77.1	76.8

Net financials include income from investments.

Financial highlights

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

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

Management commentary

Primary activities

The primary activity of Rezidor Hotels ApS Danmark comprises possession of investments and intellectual property rights related to the Group's running of hotels as well as management hereof. The Company is a wholly owned subsidiary of Rezidor Hospitality ApS, Denmark.

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

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

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

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

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

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

Development in activities and finances

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

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

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

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

Management commentary

Outlook

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

Particular risks

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

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

Operating risks

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

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

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

Financial exposure

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

Currency exposure

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

Credit risks

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

Cash flow risks

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

Management commentary

Intellectual capital resources

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

With the Rezidor Hotel Group, training has a two-fold purpose: career development and personal development. The School for Management Training continued to attract members from all brands in 2016. The Rezidor Hotel 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.

Report on corporate social responsibility

Rezidor Hotels ApS Danmark does not have a separate CSR policy developed and adjusted to the Company's operational conditions. The Rezidor Group has by its "Responsible Business" policy, applied to all consolidated companies, an internal code of practice which must be complied with as regards CSR.

Corporate social responsibility

The three basic principles of the "Responsible Business" programme are:

- Taking responsibility for the health and safety of employees and guests
- Respecting social and ethical issues in the Company as well as in the community
- Reducing our negative impact on the environment

The full "Responsible Business" report for 2016 can be downloaded at:

http://media.corporate-ir.net/media_files/IROL/20/205430/RespBuis/Rezidor%20RB%20Report%202016.pdf

Report on the underrepresented gender

The Company has a policy on diversity and its target figure is to always keep the minimum share of women in the Board of Directors at 25%. At 31 December 2016, there is one female board member and, therefore, the target figure has not been met. The reason for this is the fact that in April 2016 the company was sold by Carlson (US) and purchased by HNA (China). The transaction was ongoing for 8 months during which the company chose not to make any changes to the board of directors. Once the new ownership structure has settled in it is still the intention that the share of women in the board should be 25%.

The Company does not have any separate policy on female representation in top management. However, it is subject to the Rezidor Group policy ("Responsible Business" mentioned above) and the aim is to achieve 22% representation of women in top management.

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 (large).

Changes in accounting policies

The accounting policies on measurement of investments in associates have been changed so that investments in associates are measured at cost. Previously, investments in associates were measured by the equity method. The change has been applied in order to better reflect the actual return on the investments in terms of received dividends.

The change in accounting policies has reduced the profit for the year by DKK 2.2 million. The change has no tax effect. The change in accounting policies has no significant effect on the comparative figures.

Apart from the change mentioned above, the accounting policies applied to these financial statements are consistent with those applied last year.

Last year's balance sheet has in a few cases been subject to reclassifications, all with no effect on profit for the year or

Consolidated financial statements

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

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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

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.

Staff cost

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.

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 reversal of write-downs from prior years.

Income from investments in associates

Income from investments in associates comprises dividend received from the associate companies in the financial year, write-downs for the year and reversal of write-downs from prior years.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

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, all of the Parent's other Danish subsidiaries and other entities controlled by the ultimate owner. The 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.

The useful life is estimated at 20 years, which equals the contractual period of the related hotel.

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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and acquired intangible assets.

The basis of amortisation is cost. Straight-line amortisation is made over five years on the basis of the useful lives of the assets.

Property, plant and equipment

Land and buildings as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	50 years
Leasehold improvements	3-10 years

Property, plant and equipment are 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.

Investments in associates

Investments in associates 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.

Other investments

Other investments are measured at fair value. Other investments are measured at cost if a reliable measurement of the fair value cannot be determined.

Accounting policies

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.

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.

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.

Cash flow statement

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

Income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	1,351,882	1,144,538
Other external expenses	2	(1,318,025)	(885,887)
Gross profit/loss		33,857	258,651
Staff costs	3	(41,778)	(36,346)
Depreciation, amortisation and impairment losses	4	(6,218)	(2,721)
Operating profit/loss		(14,139)	219,584
Income from investments in group enterprises	5	(596,736)	253,407
Income from investments in associates		-	80
Income from other investments and receivables that are fixed assets	6	791	(14,240)
Other financial income	7	24,361	28,294
Other financial expenses	8	(23,036)	(41,040)
Profit/loss before tax		(608,759)	446,085
Tax on profit/loss	9	(13,635)	(60,993)
Profit/loss for the year	10	(622,394)	385,092

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Acquired intangible assets		2,002	2,677
Acquired rights		8,590	9,445
Goodwill		16,560	19,109
Intangible assets	11	27,152	31,231
Land and buildings		280	280
Leasehold improvements		889	-
Property, plant and equipment	12	1,169	280
Investments in group enterprises		3,308,166	3,188,713
Investments in associates		109,991	942
Receivables from group enterprises		31,936	34,553
Receivables from associates		31,668	33,563
Other investments		6,677	6,677
Other receivables		35,954	32,156
Fixed asset investments	13	3,524,392	3,296,604
Fixed assets		3,552,713	3,328,115
Trade receivables		60,289	59,741
Receivables from group enterprises		86,453	71,027
Receivables from associates		6,559	5,091
Deferred tax asset	16	3,583	-
Other short-term receivables		172,348	187,788
Prepayments	14	22,664	21,260
Receivables		351,896	344,907
Cash		872	577
Current assets		352,768	345,484
Assets		3,905,481	3,673,599

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	15	212,000	212,000
Retained earnings		3,114,868	2,506,445
Equity		3,326,868	2,718,445
Provisions for deferred tax	16	-	711
Provisions		-	711
Payables to associates		62,113	-
Non-current liabilities		62,113	-
Trade payables		2,057	5,533
Payables to group enterprises		461,127	852,451
Income tax payable		2,861	50,006
Other payables	17	50,455	46,453
Current liabilities other than provisions		516,500	954,443
Liabilities other than provisions		578,613	954,443
Equity and liabilities		3,905,481	3,673,599
Contingent liabilities	18		
Derivative financial instruments	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Consolidation	22		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	212,000	2,506,445	2,718,445
Capital contribution	0	1,232,648	1,232,648
Other adjustments	0	(2,383)	(2,383)
Tax of equity postings	0	552	552
Profit/loss for the year	0	(622,394)	(622,394)
Equity end of year	212,000	3,114,868	3,326,868

Other adjustments on equity relate to fair value adjustment on interest rate swap of DKK 2,383 thousand.

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

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

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

Notes

	2016	2015
	DKK'000	DKK'000
1. Revenue		
Denmark	81,907	60,546
Other countries	1,269,975	1,083,992
	1,351,882	1,144,538

2. Other external expenses

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

	2016	2015
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	36,562	30,834
Pension costs	3,032	2,334
Other social security costs	214	184
Other staff costs	1,970	2,994
	41,778	36,346
Average number of employees	53	43

	2016	2015
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5,989	5,052
Depreciation of property, plant and equipment	229	718
Profit/loss from sale of intangible assets and property, plant and equipment	0	(3,049)
	6,218	2,721

	2016	2015
	DKK'000	DKK'000
5. Income from investments in group enterprises		
Reversal of impairment losses prior years	33,676	145,957
Write-down of investments	(647,670)	(1,872)
Dividends received	17,258	109,322
	(596,736)	253,407

Write-down of investments is primarily due to capital contribution to group enterprises with negative equity.

6. Income from other investments and receivables that are fixed assets

Income from other investments and receivables that are fixed assets amounts to DKK 791 and comprises dividends received.

Notes

	2016 DKK'000	2015 DKK'000	
7. Other financial income			
Financial income arising from group enterprises	668	710	
Financial income arising from associates	2,594	2,825	
Interest income	1,460	3,550	
Exchange rate adjustments	19,639	21,209	
	24,361	28,294	
	2016 DKK'000	2015 DKK'000	
8. Other financial expenses			
Financial expenses from group enterprises	2,772	20,257	
Financial expenses from associates	1,220	-	
Exchange rate adjustments	19,024	19,505	
Other financial expenses	20	1,278	
	23,036	41,040	
	2016 DKK'000	2015 DKK'000	
9. Tax on profit/loss from ordinary activities			
Tax on current year taxable income	17,377	62,470	
Change in deferred tax for the year	(3,742)	(1,477)	
	13,635	60,993	
	2016 DKK'000	2015 DKK'000	
10. Proposed distribution of profit/loss			
Extraordinary dividend	-	76,681	
Retained earnings	(622,394)	308,411	
	(622,394)	385,092	
	Acquired intangible assets DKK'000	Acquired rights DKK'000	Goodwill DKK'000
11. Intangible assets			
Cost beginning of year	3,189	21,574	50,971
Transfer to and from other items	0	0	0
Additions	423	1,489	0
Disposals	0	0	0
Cost end of year	3,612	23,063	50,971
Amortisation and impairment losses beginning of year	(512)	(12,129)	(31,862)
Transfer to and from other items	0	0	0
Amortisation for the year	(1,098)	(2,344)	(2,549)
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	(1,610)	(14,473)	(34,411)
Carrying amount end of year	2,002	8,590	16,560

Notes

	Land and buildings DKK'000	Leasehold improve- ments DKK'000		
12. Property, plant and equipment				
Cost beginning of year	280	0		
Additions	0	1,118		
Cost end of year	280	1,118		
Depreciation and impairment losses beginning of year	0	0		
Depreciation for the year	0	(229)		
Depreciation and impairment losses end of year	0	(229)		
Carrying amount end of year	280	889		
	Investments in group enterprises DKK'000	Investments in associates DKK'000	Receivables from group enterprises DKK'000	Receivables from associates DKK'000
13. Fixed asset investments				
Cost beginning of year	4,507,280	373	34,553	33,563
Transfer to or from other items	0	569	0	0
Additions	1,550,853	109,421	0	2,260
Disposals	(817,406)	(372)	(2,617)	(4,155)
Cost end of year	5,240,727	109,991	31,936	31,668
Revaluations beginning of year	0	569	0	0
Transfer to or from other items	0	(569)	0	0
Revaluations end of year	0	0	0	0
Impairment losses beginning of year	(1,318,567)	0	0	0
Impairment losses for the year	(647,670)	0	0	0
Reversal of impairment losses	33,676	0	0	0
Impairment losses end of year	(1,932,561)	0	0	0
Carrying amount end of year	3,308,166	109,991	31,936	31,668

Notes

	Other invest- ments DKK'000	Other re- ceivables DKK'000
13. Fixed asset investments (continued)		
Cost beginning of year	29,083	32,156
Transfer to or from other items	0	0
Additions	0	3,798
Disposals	0	0
Cost end of year	29,083	35,954
Revaluations beginning of year	0	0
Share of profit/loss for the year	0	0
Revaluations end of year	0	0
Impairment losses beginning of year	(22,406)	0
Impairment losses for the year	0	0
Reversal of impairment losses	0	0
Impairment losses end of year	(22,406)	0
Carrying amount end of year	6,677	35,954

	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Investments in associates comprise:					
Afrinord Hotel					
Investments A/S	Copenhagen	A/S	20.0	402.8	22.1
prize Holding GmbH	Hamburg	GmbH	49.0	224,184.6	40.9

Notes

13. Fixed asset investments (continued)

	<u>Registered in</u>	<u>Corporate form</u>	<u>Equity interest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Investments in group enterprises comprise:					
Rezidor Falconer Center A/S under likvidation **	Frederiksberg	A/S	100.0	21,284.0	3,800.0
Rezidor Scandinavia Hotel Aarhus A/S	Aarhus	A/S	100.0	11,098.0	2,523.0
Rezidor Services A/S **	Copenhagen	A/S	100.0	5,272.0	312.0
SIHNSKA A/S	Copenhagen	A/S	100.0	51,090.0	(4,481.0)
Hotel Development S. Africa A/S	Copenhagen	A/S	100.0	18,202.0	6,078.0
Rezidor Hotel Kiev A/S	Copenhagen	A/S	100.0	22,725.0	(97.0)
Rezidor Hotel Investment Egypt A/S	Copenhagen	A/S	100.0	(7,671.0)	(4,824.0)
Rezidor Hotel Management & Development A/S	Copenhagen	A/S	100.0	18,213.0	5,243.0
Rezidor Scandinavia ApS	Copenhagen	ApS	100.0	23,664.0	5,119.0
Rezidor Royal ApS	Copenhagen	ApS	100.0	21,384.0	4,158.0
Rezidor Hotel Group SPRL	Brussels	S.A	100.0	549,874.0	(235,939.0)
Rezidor Hotel Amsterdam B.V. **	Amsterdam	B.V.	100.0	55,694.0	19,762.0
Rezidor Hotels UK Ltd., United Kingdom **	London	Ltd.	100.0	536,045.0	2,745.0
Rezidor Park UK Limited **	London	Ltd.	100.0	139,117.0	1,664.0
SAS Rezidor Hospitality France **	Paris	SAS	100.0	197,747.0	186.0
Rezidor Hotels Deutschland GmbH **	Hamburg	GmbH	100.0	1,699,760.0	43,193.0
Rezidor Hotel Switzerland A.G. **	Basel	AG	100.0	24,495.0	14,387.0
Park Inn Lully AG	Zurich	AG	100.0	-	-
Park Inn Zurich Airport AG **	Zurich	AG	100.0	6,736.0	1,152.0
Radisson Blu Zurich Airport AG	Zurich	AG	100.0	-	-
SIA Rezidor Baltics **	Riga	SIA	100.0	976.0	146.0
Rezidor Hotel Milan **	Milan	S.r.l.	100.0	4,116.0	(155.0)

** Figures from 2015 local annual report

Notes

14. Prepayments

Prepayments consist of prepaid marketing expenses.

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
15. Contributed capital			
Ordinary shares	212,000	1,000	212,000
	<u>212,000</u>		<u>212,000</u>
		<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
16. Deferred tax			
Property, plant and equipment		6,231	5,960
Other investments		(6,020)	(5,249)
Tax loss carryforwards		(3,794)	0
		<u>(3,583)</u>	<u>711</u>
Changes during the year			
Beginning of year		711	2,408
Recognised in the income statement		(3,742)	(1,477)
Recognised directly in equity		(552)	(220)
End of year		<u>(3,583)</u>	<u>711</u>

Management has recognised a deferred tax asset related to tax loss carryforwards, as it is expected that the Company will have positive taxable income in 2017 and 2018.

	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
17. Other payables		
VAT and duties	12,915	191
Wages and salaries, personal income taxes, social security costs, etc payable	12,441	9,553
Other costs payable	25,099	36,709
	<u>50,455</u>	<u>46,453</u>

18. Contingent liabilities

Letters of support

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

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

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

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

Notes

18. Contingent liabilities (continued)

Disputes

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

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

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

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

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

Joint taxation

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

The Company participates in a Danish joint taxation with Rezidor Hospitality ApS and all its Danish subsidiaries and all other Danish subsidiaries controlled by the ultimate owner, 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. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

Notes

18. Contingent liabilities (continued)

Guarantees

In the management contracts for a numbers of hotels, Rezidor Hotels ApS Danmark and the subsidiaries guarantee the hotel owners a minimum amount of cash flow annually. For some of the contracts the guarantee is limited to a maximum amount for the duration of the contract and a maximum amount per year.

Rezidor Hotels ApS Danmark 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.

Other

The Company has a rental obligation until 2017. The annual payment is EUR 170 thousand.

19. Derivative financial instruments

Other costs payable include negative fair value of derivative financial instruments of DKK 500 thousand. Derivative financial instruments have been entered into to hedge the exchange rate exposure of future income of EUR 6,995 thousand divided between the currencies NOK and SEK. All forward exchange contracts expire in 2017. The fair value adjustment has been recognised in equity with the expectation of realisation and recognition in the income statement.

20. Related parties with control

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

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Rezidor Hospitality ApS	Copenhagen	Parent
Rezidor Hospitality Holding AB	Stockholm	Parent
Rezidor Hotel Group AB (publ)	Stockholm	Parent
HNA Group Ltd.	Haikou City, China	Ultimate Parent

21. Transactions with related parties

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

22. Consolidation

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

- Rezidor Hotel Group AB, Stockholm

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

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

- HNA Group Ltd, Haikou City, China, the consolidated financial statements are not published.