

**Radisson Hotels ApS
Danmark**

Amager Strandvej 60-64
2300 Copenhagen S
Central Business Registration No
73337712

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

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 report | 3 |
| Management commentary | 6 |
| Income statement | 10 |
| Balance sheet at 31.12. | 11 |
| Statement of changes in equity for 2017 | 14 |
| Notes | 15 |
| Accounting policies | 28 |

Entity details

Entity

Radisson Hotels ApS Danmark
Amager Strandvej 60-64
2300 Copenhagen S

Central Business Registration No: 73337712

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Website: www.radissonblu.com

Board of Directors

Knut Jan Kleiven, Chairman
Sven Gösta Andreas Fondell
Lars Gordon Nielsen
Elie Younes
Inigo Capell Arrieta
Eva-Maria Margaretha Erauw

Executive Board

Gopal Krishan Sawhney, Chief Executive Officer

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Radisson Hotels ApS Danmark for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 31.05.2018

Executive Board



Gopal Krishan Sawhney
Chief Executive Officer

Board of Directors



Knut Jan Kleiven
Chairman

Elie Younes



Sven Gösta Andreas Fondell



Inigo Capel Arrieta



Lars Gordon Nielsen

Eva-Maria Margaretha Erauw

Independent auditor's report

To the shareholder of Radisson Hotels ApS Danmark

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31.12.2017, and of the results of the Company's operations for the financial year 01.01.2017 – 31.12.2017 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Radisson Hotels ApS Danmark for the financial year 01.01.2017 – 31.12.2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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 management commentary provides the information required under the Danish Financial Statements Act.

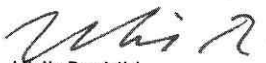
Independent auditor's report

Based on the work we have performed, in our view, 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 in management commentary.

Hellerup, 31.05.2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33771231



Ulrik Ræbild

State-Authorised Public Accountant
Identification number (MNE) mne33262



Steffen Kaj Pedersen

State-Authorised Public Accountant
Identification number (MNE) mne34357

Management commentary

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------|----------------|----------------|----------------|----------------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Financial highlights | | | | | |
| Key figures | | | | | |
| Revenue | 1.577.661 | 1.351.882 | 1.144.538 | 994.817 | 1.030.161 |
| Gross profit/loss | 67.700 | 33.857 | 258.651 | 170.873 | 211.541 |
| Operating profit/loss | 14.287 | (14.139) | 219.584 | 138.633 | 177.014 |
| Net financials | 44.955 | (594.620) | 226.501 | (431.414) | (251.911) |
| Profit/loss for the year | 42.399 | (622.394) | 385.092 | (325.748) | (129.197) |
| Total assets | 3.899.234 | 3.905.481 | 3.673.599 | 3.510.419 | 3.370.129 |
| Investments in property, plant and equipment | 580 | 1.118 | 0 | 888 | 1.148 |
| Equity | 3.370.879 | 3.326.868 | 2.718.445 | 2.410.636 | 2.597.729 |
| Employees in average | 52 | 53 | 43 | 38 | 37 |
| Ratios | | | | | |
| Return on equity (%) | 1,4 | (20,6) | 15,0 | (13,0) | (4,9) |
| Solvency ratio (%) | 86,3 | 85,2 | 74,0 | 68,7 | 77,1 |

Net financials include income from investments.

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

Management commentary

Primary activities

The primary activities of Radisson Hotels ApS Danmark comprise 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 Radisson Hospitality ApS, Denmark.

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

The Radisson 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 31.12.2017, the Radisson Hotel Group had 369 (363) hotels in operation and 103 (120) hotels under construction and development. This corresponds to 81,132 (80,502) rooms in operation and additionally 23,618 (24,657) under construction and development.

The Radisson 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. Radisson benefits from Carlson's global brand, booking system and other business initiatives. The contract with Carlson is active until 2052, including Radisson's extension options.

The Radisson Hotel Group operates a portfolio of brands covering most of the hotel market segments: luxury, lifestyle, full first-class 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 Radisson Hotel Group is focusing on hotel management and operation. Currently, all hotels in the Radisson portfolio are operated either by Radisson under a lease or a management agreement or by a separate operator using one of the Radisson brands under a franchise agreement.

Development in activities and finances

Distributing services in more than 78 (80) countries, Radisson Hospitality Denmark ApS and the remaining companies of the Radisson Group are – like many other companies – affected by the trend in the global economy.

Compared to 2016, Radisson Hospitality Denmark ApS 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 Radisson Hospitality Denmark ApS 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 the write-down of the capital contribution to group enterprises with negative equity.

Management commentary

Outlook

The results for 2018 are expected to be somewhat better than 2017, as a number of initiatives from 2016 and 2017 are expected to materialise in 2018.

Particular risks

The key risk management objectives of Radisson Hotels ApS Danmark can 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 Radisson 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 Radisson Group on an ongoing basis.
- Carefully evaluate investments in high-risk areas to match these with premium returns on investments.

Operating risks

Radisson 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. 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 by Radisson 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 Radisson Group that capital injections and placement of excess liquidity are 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 Radisson Group.

With the Radisson 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 Radisson Hotel Group also extended its training portfolio by introducing tailored eLearning resources to supplement the school's face-to-face forum.

Environmental performance

The Radisson Group has in recent years implemented the "Responsible Business" programme. The primary 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.

Statutory report on corporate social responsibility

Radisson Hotels ApS Danmark does not have a separate CSR policy developed and adjusted to the Company's operational conditions. The Radisson 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.

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 2017 can be downloaded at:

<http://www.radissonhospitalityab.com/static-files/ea54fa8b-4758-49df-95e1-e7a9341cc2a6>

Statutory 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 33%. At 31.12.2017, there is one female board members 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 eight 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 at the board should be 33%.

The Company does not have any separate policy on female representation in top management. However, it is subject to the Radisson Group policy (<http://www.rezidor.com/static-files/8b5636e5-a5e8-4b31-b3e0-9b622c815a16>) and the aim is to achieve 30% representation of women in top management.

Income statement

| | <u>Notes</u> | <u>2017</u> <u>DKK'000</u> | <u>2016</u> <u>DKK'000</u> |
|--|--------------|-------------------------------|-------------------------------|
| Revenue | 2 | 1.577.661 | 1.351.882 |
| Other external expenses | 3 | <u>(1.509.961)</u> | <u>(1.318.025)</u> |
| Gross profit/loss | | 67.700 | 33.857 |
| Staff costs | 4 | (35.959) | (41.778) |
| Depreciation, amortisation and impairment losses | 5 | <u>(17.454)</u> | <u>(6.218)</u> |
| Operating profit/loss | | 14.287 | (14.139) |
| Income from investments in group enterprises | 6 | 58.851 | (596.736) |
| Income from investments in associates | | (2.281) | 0 |
| Income from other fixed assets investments | 7 | 0 | 791 |
| Other financial income | 8 | 19.683 | 24.361 |
| Other financial expenses | 9 | <u>(31.298)</u> | <u>(23.036)</u> |
| Profit/loss before tax | | 59.242 | (608.759) |
| Tax on profit/loss for the year | 10 | <u>(16.843)</u> | <u>(13.635)</u> |
| Profit/loss for the year | 11 | <u>42.399</u> | <u>(622.394)</u> |

Balance sheet at 31.12.

| | <u>Notes</u> | <u>2017</u> <u>DKK'000</u> | <u>2016</u> <u>DKK'000</u> |
|--|--------------|-------------------------------|-------------------------------|
| Acquired intangible assets | | 939 | 2.002 |
| Acquired rights | | 13.339 | 8.590 |
| Goodwill | | 14.011 | 16.560 |
| Intangible assets | 12 | 28.289 | 27.152 |
| Land and buildings | | 280 | 280 |
| Other fixtures and fittings, tools and equipment | | 387 | 0 |
| Leasehold improvements | | 469 | 889 |
| Property, plant and equipment | 13 | 1.136 | 1.169 |
| Investments in group enterprises | | 3.339.176 | 3.308.166 |
| Receivables from group enterprises | | 32.023 | 31.936 |
| Investments in associates | | 107.710 | 109.991 |
| Receivables from associates | | 21.856 | 31.668 |
| Other investments | | 10.725 | 6.677 |
| Other receivables | | 36.551 | 35.954 |
| Fixed asset investments | 14 | 3.548.041 | 3.524.392 |
| Fixed assets | | 3.577.466 | 3.552.713 |
| Trade receivables | | 59.506 | 60.289 |
| Receivables from group enterprises | | 26.236 | 86.453 |
| Receivables from associates | | 10.925 | 6.559 |
| Deferred tax | 15 | 7.332 | 3.583 |
| Other receivables | | 172.680 | 172.348 |
| Income tax receivable | | 14.211 | 0 |
| Prepayments | 16 | 17.170 | 22.664 |
| Receivables | | 308.060 | 351.896 |
| Cash | | 13.708 | 872 |
| Current assets | | 321.768 | 352.768 |
| Assets | | 3.899.234 | 3.905.481 |

Balance sheet at 31.12.

| | <u>Notes</u> | <u>2017</u> <u>DKK'000</u> | <u>2016</u> <u>DKK'000</u> |
|--|--------------|-------------------------------|-------------------------------|
| Contributed capital | 17 | 212.000 | 212.000 |
| Retained earnings | | <u>3.158.879</u> | <u>3.114.868</u> |
| Equity | | <u>3.370.879</u> | <u>3.326.868</u> |
| Other payables | | <u>64.137</u> | <u>62.113</u> |
| Non-current liabilities other than provisions | 18 | <u>64.137</u> | <u>62.113</u> |
| Trade payables | | 9.318 | 2.057 |
| Payables to group enterprises | | 377.314 | 461.127 |
| Income tax payable | | 0 | 2.861 |
| Other payables | 19 | <u>77.586</u> | <u>50.455</u> |
| Current liabilities other than provisions | | <u>464.218</u> | <u>516.500</u> |
| Liabilities other than provisions | | <u>528.355</u> | <u>578.613</u> |
| Equity and liabilities | | <u>3.899.234</u> | <u>3.905.481</u> |
| Events after the balance sheet date | 1 | | |
| Financial instruments | 20 | | |
| Contingent liabilities | 21 | | |
| Related parties with controlling interest | 22 | | |
| Transactions with related parties | 23 | | |
| Group relations | 24 | | |

Statement of changes in equity for 2017

| | Contributed capital DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---------------------------|--|--|--------------------------|
| Equity beginning of year | 212.000 | 3.114.868 | 3.326.868 |
| Other equity postings | 0 | 2.067 | 2.067 |
| Tax of equity postings | 0 | (455) | (455) |
| Profit/loss for the year | 0 | 42.399 | 42.399 |
| Equity end of year | 212.000 | 3.158.879 | 3.370.879 |

Other adjustments on equity relate to fair value adjustment on interest rate swap of DKK 2,067 thousand.

Notes

1. 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.

| | 2017 | 2016 |
|-------------------|-------------------------|-------------------------|
| | DKK'000 | DKK'000 |
| 2. Revenue | | |
| Denmark | 90.406 | 82.623 |
| Other countries | <u>1.487.255</u> | <u>1.269.259</u> |
| | <u>1.577.661</u> | <u>1.351.882</u> |

3. Other external expenses

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

| | 2017 | 2016 |
|-----------------------------|----------------------|----------------------|
| | DKK'000 | DKK'000 |
| 4. Staff costs | | |
| Wages and salaries | 31.082 | 36.562 |
| Pension costs | 2.711 | 3.032 |
| Other social security costs | 225 | 214 |
| Other staff costs | <u>1.941</u> | <u>1.970</u> |
| | <u>35.959</u> | <u>41.778</u> |
| | | |
| Average number of employees | <u>52</u> | <u>53</u> |

| | 2017 | 2016 |
|--|----------------------|---------------------|
| | DKK'000 | DKK'000 |
| 5. Depreciation, amortisation and impairment losses | | |
| Amortisation of intangible assets | 6.552 | 5.989 |
| Impairment losses on intangible assets | 10.289 | 0 |
| Depreciation of property, plant and equipment | <u>613</u> | <u>229</u> |
| | <u>17.454</u> | <u>6.218</u> |

Notes

6. Income from investments in group enterprises

| | 2017 DKK'000 | 2016 DKK'000 |
|---|-------------------------------|-------------------------------|
| Reversal of impairment losses prior years | 127.502 | 33.676 |
| Write-down of investment | (100.514) | (647.670) |
| Dividends received | <u>31.863</u> | <u>17.258</u> |
| | <u>58.851</u> | <u>(596.736)</u> |

7. Income from other fixed assets investments

Income from other investments and receivables that are fixed assets amounts to DKK 0 thousand(2016:DKK 791 thousand) and comprises dividends received.

| | 2017 DKK'000 | 2016 DKK'000 |
|---|-------------------------------|-------------------------------|
| 8. Other financial income | | |
| Financial income arising from group enterprises | 876 | 668 |
| Financial income from associates | 2.363 | 2.594 |
| Interest income | 4.509 | 1.460 |
| Exchange rate adjustments | <u>11.935</u> | <u>19.639</u> |
| | <u>19.683</u> | <u>24.361</u> |

| | 2017 DKK'000 | 2016 DKK'000 |
|---|-------------------------------|-------------------------------|
| 9. Other financial expenses | | |
| Financial expenses from group enterprises | 5.126 | 2.772 |
| Financial expenses from associates | 1.853 | 1.220 |
| Exchange rate adjustments | 24.308 | 19.024 |
| Other financial expenses | <u>11</u> | <u>20</u> |
| | <u>31.298</u> | <u>23.036</u> |

| | 2017 DKK'000 | 2016 DKK'000 |
|--|-------------------------------|-------------------------------|
| 10. Tax on profit/loss for the year | | |
| Tax on current year taxable income | 21.047 | 17.377 |
| Change in deferred tax for the year | <u>(4.204)</u> | <u>(3.742)</u> |
| | <u>16.843</u> | <u>13.635</u> |

Notes

| | 2017 | 2016 |
|---|----------------|------------------|
| | DKK'000 | DKK'000 |
| 11. Proposed distribution of profit/loss | | |
| Retained earnings | 42.399 | (622.394) |
| | 42.399 | (622.394) |

| | Acquired intangible assets DKK'000 | Acquired rights DKK'000 | Goodwill DKK'000 |
|---|---|--|-----------------------------|
| 12. Intangible assets | | | |
| Cost beginning of year | 3.612 | 23.063 | 50.971 |
| Additions | 0 | 17.978 | 0 |
| Cost end of year | 3.612 | 41.041 | 50.971 |
| Amortisation and impairment losses beginning of year | (1.610) | (14.473) | (34.411) |
| Impairment losses for the year | 0 | (10.289) | 0 |
| Amortisation for the year | (1.063) | (2.940) | (2.549) |
| Amortisation and impairment losses end of year | (2.673) | (27.702) | (36.960) |
| Carrying amount end of year | 939 | 13.339 | 14.011 |

Notes

| | Land and buildings DKK'000 | Other fixtures and fittings, tools and equipment DKK'000 | Leasehold improve- ments DKK'000 | |
|---|---|---|---|--|
| 13. Property, plant and equipment | | | | |
| Cost beginning of year | 280 | 0 | 1.118 | |
| Additions | 0 | 580 | 0 | |
| Cost end of year | 280 | 580 | 1.118 | |
| Depreciation and impairment losses beginning of the year | 0 | 0 | (229) | |
| Depreciation for the year | 0 | (193) | (420) | |
| Depreciation and impairment losses end of the year | 0 | (193) | (649) | |
| Carrying amount end of year | 280 | 387 | 469 | |
| | Investments in group enterprises DKK'000 | Receivables from group enterprises DKK'000 | Investments in associates DKK'000 | Receivables from associates DKK'000 |
| 14. Fixed asset investments | | | | |
| Cost beginning of year | 5.240.727 | 31.936 | 109.991 | 31.668 |
| Exchange rate adjustments | 0 | 87 | 0 | 0 |
| Additions | 15.022 | 0 | 0 | 0 |
| Disposals | (11.000) | 0 | 0 | (9.812) |
| Cost end of year | 5.244.749 | 32.023 | 109.991 | 21.856 |
| Impairment losses beginning of year | (1.932.561) | 0 | 0 | 0 |
| Impairment losses for the year | (100.514) | 0 | (2.281) | 0 |
| Reversal of impairment losses | 127.502 | 0 | 0 | 0 |
| Impairment losses end of year | (1.905.573) | 0 | (2.281) | 0 |
| Carrying amount end of year | 3.339.176 | 32.023 | 107.710 | 21.856 |

Notes

| | Other investments DKK'000 | Other receivables DKK'000 |
|--------------------------------------|--|--|
| 14. Fixed asset investments | | |
| Cost beginning of year | 29.083 | 35.954 |
| Exchange rate adjustments | 0 | 0 |
| Additions | 4.048 | 17.095 |
| Disposals | 0 | (16.498) |
| Cost end of year | 33.131 | 36.551 |
| 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 | 10.725 | 36.551 |

Notes

| | <u>Registered in</u> | <u>Corpo- rate form</u> | <u>Equity inte- rest %</u> | <u>Equity DKK'000</u> | <u>Profit/loss DKK'000</u> |
|---|----------------------|---------------------------------|--|---------------------------|--------------------------------|
| Investments in group enterprises comprise: | | | | | |
| Radisson | | | | | |
| Scandinavia Hotel Aarhus A/S | Aarhus | A/S | 100,0 | 13.656 | 2.558 |
| SIHSKA A/S | Copenhagen | A/S | 100,0 | 45.848 | 5.279 |
| Hotel Development S. Africa A/S | Copenhagen | A/S | 100,0 | 17.538 | (662) |
| Radisson Hotel Kiev A/S | Copenhagen | A/S | 100,0 | 21.499 | (1.226) |
| Radisson Hotel Investment Egypt A/S | Copenhagen | A/S | 100,0 | 6.369 | (960) |
| Radisson Hotel Management & Development A/S | Copenhagen | A/S | 100,0 | 30.350 | 12.137 |
| Radisson | | | | | |
| Scandinavia Hotel Copenhagen ApS | Copenhagen | ApS | 100,0 | 29.330 | 5.666 |
| Radisson Royal Hotel Copenhagen ApS | Copenhagen | ApS | 100,0 | 23.279 | 1.895 |
| Radisson Hotel Group SPRL | Brussels | S.A. | 100,0 | 460.744 | (87.891) |
| Radisson Hotel Amsterdam B.V. | Amsterdam | B.V. | 100,0 | 64.362 | 4.239 |
| Radisson Hotels UK Ltd., United Kingdom | London | Ltd. | 100,0 | 1.138.157 | 19.140 |
| Radisson Park UK Limited | London | Ltd. | 100,0 | 337.610 | 62.425 |
| Radisson Hospitality France | Paris | SAS | 100,0 | 322.768 | 31.105 |
| Radisson Hotels Deutschland GmbH | Hamburg | GmbH | 100,0 | 1.017.162 | 26.981 |
| Radisson Hotels Switzerland AG | Basel | AG | 100,0 | 23.886 | 14.220 |

Notes

| | Registered in | Corpo- rate form | Equity inte- rest % | Equity DKK'000 | Profit/loss DKK'000 |
|--|----------------------|---------------------------------|--|---------------------------|--------------------------------|
| Investments in group enterprises comprise: | | | | | |
| Park Inn by Radisson Switzerland AG | Rümlang | AG | 100,0 | 7.945 | 1.504 |
| SIA Radisson Baltics | Riga | SIA | 100,0 | 1.616 | 380 |
| Radisson Hotel Milan | Milan | S.r.l. | 100,0 | 5.853 | 1.967 |
| Radisson Hospitality Turkey AS | Turkey | AS | 100,0 | 172 | 151 |
| Radisson Hotel Madrid SL | Madrid | SL | 100,0 | 469 | 253 |
| | | | | | |
| | Registered in | Corpo- rate form | Equity inte- rest % | Equity DKK'000 | Profit/loss DKK'000 |
| Investments in associates comprise: | | | | | |
| Afrinord Hotel Investments A/S | Copenhagen | A/S | 20,0 | 3.032 | 35 |
| Prize Holding GmbH | Hamburg | GmbH | 49,0 | 224.185 | 41 |

Notes

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | DKK'000 | DKK'000 |
| 15. Deferred tax | | |
| Intangible assets | 2.967 | (5.533) |
| Property, plant and equipment | 245 | 698 |
| Receivables | 4.120 | 4.624 |
| Tax losses carried forward | 0 | 3.794 |
| | 7.332 | 3.583 |
| Changes during the year | | |
| Beginning of year | 3.583 | |
| Recognised in the income statement | 4.204 | |
| Recognised directly in equity | (455) | |
| End of year | 7.332 | |

16. Prepayments

Prepayments consist of prepaid marketing expenses.

| | Number | Par value | Nominal |
|--------------------------------|----------------|------------------|----------------|
| | | DKK'000 | value |
| | | | DKK'000 |
| 17. Contributed capital | | | |
| Ordinary shares | 212.000 | 1 | 212.000 |
| | 212.000 | | 212.000 |

18. Liabilities other than provisions

There are no debt due after 5 years.

| | 2017 | 2016 |
|---|----------------|----------------|
| | DKK'000 | DKK'000 |
| 19. Other payables | | |
| VAT and duties | 6.072 | 12.915 |
| Wages and salaries, personal income taxes, social security costs, etc payable | 15.413 | 12.441 |
| Other costs payable | 56.101 | 25.099 |
| | 77.586 | 50.455 |

Notes

20. Financial instruments

Other receivables include negative fair value of derivative financial instruments of DKK 1,632 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 2018. The fair value adjustment has been recognised in equity with the expectation of realisation and recognition in the income statement.

21. Contingent liabilities

Letters of support

The Company has issued letters of support to management of its subsidiaries in the UK.

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

The subsidiaries in the UK have positive equity at 31.12.2017.

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 Radisson 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 23.05.2018. Consequently, no provision for losses has been recognised in this respect.

Disputes

The Radisson Hotel Group operates in a number of countries around the world and is always involved in several complex projects and business relationships in which 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 the law. Provisions for claims due to known disputes are recorded whenever there is a situation in which it is more likely than not that Radisson will have an obligation to settle the dispute and in which a reliable estimate can be made regarding the outcome of such dispute. Currently no provisions for claims or disputes are recognized.

Joint taxation

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

The Company is jointly taxed with all Danish subsidiaries of the Radisson Group and other Danish entities controlled by HNA Group Co., Ltd. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

Notes

Guarantees

In the management contracts for a numbers of hotels, Radisson 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.

Radisson Hotels ApS Danmark has guaranteed 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 2018. The annual payment is EUR 170 thousand.

22. Related parties with controlling interest

Related parties with a controlling interest in Radisson Hotels ApS Danmark:

| <u>Name</u> | <u>Registered office</u> | <u>Basis of influence</u> |
|----------------------------------|--------------------------|---------------------------|
| Radisson Hospitality Denmark ApS | Copenhagen | Parent |
| Radisson Hotel Holdings AB | Stockholm | Parent |
| Radisson Hotel Group AB | Stockholm | Parent |
| HNA Group Co., Ltd. | Haikou City, China | Ultimate Parent |

23. Transactions with related parties

No transactions with related parties were made in the financial year 2017 which were not made on an arm's length basis.

24. Group relations

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

HNA Group Co., Ltd., Haikou City, China

The consolidated financial statements are not published.

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

Radisson Hotel Group AB, Stockholm, Sweden

Group accounts are available at www.radissonhotelgroup.com

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).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statement is prepared in Radisson Hotel Group AB.

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.

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 as well as 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 sale, marketing, etc. This item also includes write-downs 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.

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 dividends etc received from the individual associates in the financial year.

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, 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, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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.

The Entity is jointly taxed with all Danish subsidiaries in the Radisson Group and other Danish companies controlled by HNA Group Co., Ltd. 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).

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 development projects completed and in progress with related intellectual property rights, acquired intellectual property rights, prepayments for intangible assets and acquired intangible assets.

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

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment 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 |
| Other fixtures and fittings, tools and equipment | 3-10 years |

Accounting policies

For leasehold improvements and assets held under finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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, 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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

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

Prepayments

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

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Cash flow statement

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