

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

Annual report 2015

The Annual General Meeting adopted the annual report on

3/5 2016

Chairman of the General Meeting



Name: Monica Reib

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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: 01.01.2015 - 31.12.2015

Internet: www.rezidor.com

Board of Directors

Knut Kleiven, Chairman
Andreas Fondell
Lars Gordon Nielsen
Elie Younes
Ingrid Jenny Winkler

Executive Board

Gopal Sawhney, Chief Executive Officer

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Rezidor Hotels ApS Danmark for the financial year 01.01.2015 - 31.12.2015.

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

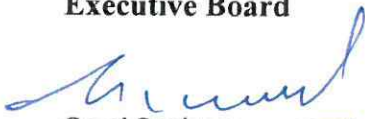
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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

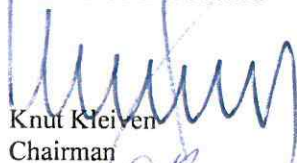
Copenhagen, 31.05.2016

Executive Board

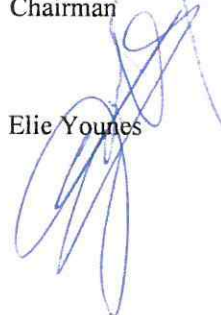


Gopal Sawhney
Chief Executive Officer

Board of Directors



Knut Kleiven
Chairman



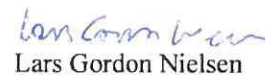
Elie Younes



Andreas Fondell



Ingrid Jenny Winkler



Lars Gordon Nielsen

Independent auditor's reports

To the owners of Rezidor Hotels ApS Danmark

Report on the financial statements

We have audited the financial statements of Rezidor Hotels ApS Danmark for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter affecting the financial statements

Without modifying our conclusion, we refer to note 16 in which it appears that the Company has issued letters of support to management of the subsidiaries in the UK and France. 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 from The Rezidor Hotel Group S.A. if the letters of support, contrary to expectation, are brought into effect.

Independent auditor's reports

Statement on the management commentary

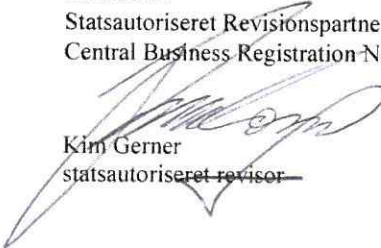
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.


Copenhagen, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556



Kim Gerner
statsautoriseret revisor



Ove Nielsen
statsautoriseret revisor

Management commentary

	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000
Financial high-lights					
Key figures					
Revenue	1.144.538	994.817	1.030.161	836.333	820.530
Gross profit/loss	258.651	170.873	211.541	61.454	104.165
Operating profit/loss	219.584	138.633	177.014	20.373	119.542
Net financials	226.501	(431.414)	(251.911)	168.110	(23.006)
Profit/loss for the year	385.092	(325.748)	(129.197)	188.696	54.303
Total assets	3.673.599	3.510.419	3.370.129	3.453.882	3.389.652
Investments in property, plant and equipment	0	888	1.148	722	441
Equity	2.718.445	2.410.636	2.597.729	2.653.065	2.214.369
Ratios					
Return on equity (%)	15,0	(13,0)	(4,9)	7,8	2,4
Solvency ratio (%)	74,0	68,7	77,1	76,8	65,3

Net financials includes income from investments.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
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 December 2015, the Rezidor Hotel Group had 355 (340) hotels in operation and 102 (92) hotels under construction and development. This corresponds to 78,628 (76,609) rooms in operation and additionally 21,692 (19,000) 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. In addition, Rezidor added two more brands to its portfolio in 2014 - Radisson Red and Quorvus Collection. Rezidor Hospitality ApS owns both agreements.

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 (58) countries, Rezidor Hotels ApS Danmark and the remaining companies of the Rezidor Group are – as many other companies – affected by the economic recession which hit most of the global economy at the end of 2008.

Compared to 2014, Rezidor Hotels ApS Danmark has experienced some improvements in most markets. These improvements are related to a general increase in the average room rates in several markets in which Rezidor Hotels ApS Danmark operates hotels. Revenue is also affected by termination fees of DKK 48 million (one-off items) from hotels that will exit their operating contracts prematurely.

Management commentary

The improvement in the income from investments in subsidiaries are mainly caused by various dividend streams from subsidiaries recognised at cost. The majority of these dividend streams have been used for further push down to other group companies in order to improve the general capital structure of the subsidiaries and the Group. Such movements and the accounting policy applied for investments in subsidiaries have led to these very significant fluctuations in the income from investments in subsidiaries over the years .

The Company's financial development in 2015 has been in line with Management's expectations taking into account the macroeconomic development in the markets.

Outlook

For 2016, revenue of Rezidor Hotels ApS Danmark is expected to be in line with 2015 mainly because of the increase in the number of hotels, but also the effect of less termination fees.

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.
- Protect brands through strategic control and operational policies.

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

Financial exposure

As a result of the Group's strategy not to own real state, the Company's risks from financing activities are limited.

Management commentary

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.

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 2015. 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 policies

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

Management commentary

- 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 2015 can be downloaded at:

http://media.corporate-ir.net/media_files/IROL/20/205430/sideresponsibility/2016_Responsible_Business_web.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 2015, there is one female board member and, therefore, the target figure has not been met. The reason for this is the fact that, during the financial year, the Board of Directors has seen a change in board members. It is the Company's intention to comply with the policy on this area.

The Company has not a separate policy regarding representation of woman in the top management, however is subject to the Rezidor Group policy ("Responsible Business" mentioned above) and the aim is to achieve 22% representation of women in top management. This is new initiatives and therefore there are not yet data to measure.

Events after the balance sheet date

On 27 April 2016, Carlson (Ultimate Parent of Rezidor Hotels ApS Danmark) announced the sale of Carlson Hotels Inc. to the Chinese Group HNA. This transaction includes the Carlson stake in Rezidor Hotel Group AB, representing 51.3% of the shares outstanding. The transaction is subject to receipt of applicable regulatory approvals.

Rezidor Hotel Group AB (Rezidor) notes that Carlson has agreed to divest its hotel operations. Rezidor has no further information about the transaction or HNA's intentions with its shareholding in Rezidor following completion of the transaction or a possible offer to Rezidor's other shareholders. Rezidor assumes that this will be clarified in the near future and welcomes HNA as the new majority shareholder.

Rezidor has appointed SEB Corporate Finance as financial advisor and Gernandt & Danielsson Advokatbyrå as legal advisor to assist the company in connection with the current situation.

- See more at: <http://www.rezidor.com/phoenix.zhtml?c=205430&p=mediaRelease&ID=2162452#sthash.wFo3kL8H.dpuf>

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.

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.

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.

Accounting policies

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 costs

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

Amortisation, depreciation and impairment losses

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

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 the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

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.

Accounting policies

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 all Danish subsidiaries and another Danish Company controlled by Carlson Holding Inc. 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.

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 depreciation is cost. Straight-line depreciation over 5 years is made on the basis of the useful lives of the assets.

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment 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 years

Accounting policies

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

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 2015

	<u>Notes</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Revenue	1	1.144.538	994.817
Other external expenses	2	<u>(885.887)</u>	<u>(823.944)</u>
Gross profit/loss		258.651	170.873
Staff costs	3	(36.346)	(27.039)
Depreciation, amortisation and impairment losses	4	<u>(2.721)</u>	<u>(5.201)</u>
Operating profit/loss		219.584	138.633
Income from investments in group enterprises	5	253.407	(425.622)
Income from investments in associates		80	(4.232)
Income from other investments and receivables that are fixed as- sets	6	(14.240)	0
Other financial income	7	28.294	19.116
Other financial expenses	8	<u>(41.040)</u>	<u>(20.676)</u>
Profit/loss from ordinary activities before tax		446.085	(292.781)
Tax on profit/loss from ordinary activities	9	<u>(60.993)</u>	<u>(32.967)</u>
Profit/loss for the year		<u>385.092</u>	<u>(325.748)</u>
Proposed distribution of profit/loss			
Extraordinary dividend		76.681	0
Retained earnings		<u>308.411</u>	<u>(325.748)</u>
		<u>385.092</u>	<u>(325.748)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Acquired intangible assets		2.677	0
Acquired rights		9.445	11.592
Goodwill		19.109	21.658
Intangible assets	10	<u>31.231</u>	<u>33.250</u>
Land and buildings		280	280
Other fixtures and fittings, tools and equipment		0	1.336
Property, plant and equipment	11	<u>280</u>	<u>1.616</u>
Investments in group enterprises		3.188.713	3.072.268
Investments in associates		942	862
Receivables from associates		33.563	35.116
Other investments		6.677	21.709
Other receivables		53.956	34.472
Fixed asset investments	12	<u>3.283.851</u>	<u>3.164.427</u>
Fixed assets		<u>3.315.362</u>	<u>3.199.293</u>
Trade receivables		59.741	69.643
Receivables from group enterprises		97.392	89.950
Receivables from associates		5.091	1.762
Other short-term receivables		174.176	149.145
Prepayments	13	21.260	0
Receivables		<u>357.660</u>	<u>310.500</u>
Cash		<u>577</u>	<u>626</u>
Current assets		<u>358.237</u>	<u>311.126</u>
Assets		<u>3.673.599</u>	<u>3.510.419</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	14	212.000	212.000
Retained earnings		<u>2.506.445</u>	<u>2.198.636</u>
Equity		<u>2.718.445</u>	<u>2.410.636</u>
Provisions for deferred tax	15	<u>711</u>	<u>2.408</u>
Provisions		<u>711</u>	<u>2.408</u>
Trade payables		5.533	5.348
Payables to group enterprises		852.451	1.013.102
Income tax payable		50.006	34.722
Other payables	16	<u>46.453</u>	<u>44.203</u>
Current liabilities other than provisions		<u>954.443</u>	<u>1.097.375</u>
Liabilities other than provisions		<u>954.443</u>	<u>1.097.375</u>
Equity and liabilities		<u>3.673.599</u>	<u>3.510.419</u>
Contingent liabilities	17		
Related parties with controlling interest	18		
Ownership	19		
Consolidation	20		

Statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	212.000	2.198.636	2.410.636
Extraordinary dividend paid	0	(76.681)	(76.681)
Other adjustments	0	(822)	(822)
Tax of equity postings	0	220	220
Profit/loss for the year	0	385.092	385.092
Equity end of year	212.000	2.506.445	2.718.445

Other adjustments on equity relate to fair value adjustment on interest rate swap of DKK 822 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 for The Rezidor Hotel Group AB which is referred:

<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 for The Rezidor Hotel Group AB.

Notes

	2015	2014
	DKK'000	DKK'000
1. Revenue		
Denmark	60.546	56.272
Other countries	1.083.992	938.545
	1.144.538	994.817

2. Other external expenses

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

	2015	2014
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	30.834	22.353
Pension costs	2.334	2.009
Other social security costs	184	183
Other staff costs	2.994	2.494
	36.346	27.039
Average number of employees	43	38

	2015	2014
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5.052	4.466
Depreciation of property, plant and equipment	718	735
Profit/loss from sale of intangible assets and property, plant and equipment	(3.049)	0
	2.721	5.201

5. Income from investments in group enterprises

	2015	2014
	DKK'000	DKK'000
Reversal of impairment losses prior years	145.957	10.003
Write-down of investment	(1.872)	(754.723)
Dividends received	109.312	56.031
Reversal of write-down of receivables from group enterprises prior years	0	250.672
Liquidation surplus from liquidation of subsidiaries	0	12.456
	253.407	(425.561)

Notes

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

Income from other investments and receivables that are fixed assets amounts to DKK (14,240) thousand which can be broken down by the following items: Write-down of investments (expense: DKK 15,032 thousand) and dividends received (income: DKK 792 thousand).

	2015	2014
	DKK'000	DKK'000
7. Other financial income		
Financial income arising from group enterprises	4.384	9.275
Interest income	2.701	92
Exchange rate adjustments	21.209	9.749
	28.294	19.116
	2015	2014
	DKK'000	DKK'000
8. Other financial expenses		
Financial expenses from group enterprises	20.257	14.802
Exchange rate adjustments	19.505	4.772
Other financial expenses	1.278	1.102
	41.040	20.676
	2015	2014
	DKK'000	DKK'000
9. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	62.470	35.589
Change in deferred tax for the year	(1.477)	(2.622)
	60.993	32.967

Notes

	<u>Acquired intangible assets DKK'000</u>	<u>Acquired rights DKK'000</u>	<u>Goodwill DKK'000</u>
10. Intangible assets			
Cost beginning of year	0	23.118	50.971
Transfer to and from other items	695	0	0
Additions	2.494	3.625	0
Disposals	0	(5.169)	0
Cost end of year	<u>3.189</u>	<u>21.574</u>	<u>50.971</u>
Amortisation and impairment losses beginning of year	0	(11.526)	(29.313)
Transfer to and from other items	(77)	0	0
Amortisation for the year	(435)	(2.068)	(2.549)
Reversal regarding disposals	0	1.465	0
Amortisation and impairment losses end of year	<u>(512)</u>	<u>(12.129)</u>	<u>(31.862)</u>
Carrying amount end of year	<u>2.677</u>	<u>9.445</u>	<u>19.109</u>
		<u>Land and buildings DKK'000</u>	<u>Other fix- tures and fittings, tools and equipment DKK'000</u>
11. Property, plant and equipment			
Cost beginning of year		280	2.476
Transfer to and from other items		0	(695)
Disposals		0	(1.781)
Cost end of year		<u>280</u>	<u>0</u>
Depreciation and impairment losses beginning of the year		0	(1.140)
Transfer to and from other items		0	77
Depreciation for the year		0	(718)
Reversal regarding disposals		0	1.781
Depreciation and impairment losses end of the year		<u>0</u>	<u>0</u>
Carrying amount end of year		<u>280</u>	<u>0</u>

Notes

	Investments in group enter- prises DKK'000	Investments in associates DKK'000	Receivables from associates DKK'000	Other invest- ments DKK'000
12. Fixed asset invest- ments				
Cost beginning of year	4.534.930	373	35.116	29.083
Additions	0	0	5.086	0
Disposals	(27.650)	0	(6.639)	0
Cost end of year	4.507.280	373	33.563	29.083
Revaluations beginning of year	0	489	0	0
Share of profit/loss for the year	0	80	0	0
Revaluations end of year	0	569	0	0
Impairment losses beginning of year	(1.462.662)	0	0	(7.374)
Impairment losses for the year	(1.872)	0	0	(15.032)
Reversal of impairment losses	145.967	0	0	0
Impairment losses end of year	(1.318.567)	0	0	(22.406)
Carrying amount end of year	3.188.713	942	33.563	6.677
				Other re- ceivables DKK'000
12. Fixed asset investments				
Cost beginning of year				34.472
Additions				19.484
Disposals				0
Cost end of year				53.956
Revaluations beginning of year				0
Share of profit/loss for the year				0
Revaluations end of year				0
Impairment losses beginning of year				0
Impairment losses for the year				0
Reversal of impairment losses				0
Impairment losses end of year				0
Carrying amount end of year				53.956

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:					
Rezidor Falconer Center A/S	Frederiksberg	A/S	100,0	21.284	3.800
Rezidor Scandinavia Hotel Aarhus A/S	Aarhus	A/S	100,0	11.572	2.901
Rezidor Services A/S	Copenhagen	A/S	100,0	5.272	312
SIHKA A/S	Copenhagen	A/S	100,0	54.481	(4.863)
Hotel Development S. Africa A/S	Copenhagen	A/S	100,0	10.190	(640)
Rezidor Hotel Kiev A/S	Copenhagen	A/S	100,0	22.822	(105)
Rezidor Hotel Investment Egypt A/S	Copenhagen	A/S	100,0	3.441	(491)
Rezidor Hotel Management & Development A/S	Copenhagen	A/S	100,0	12.970	4.662
Rezidor Scandinavia ApS	Copenhagen	ApS	100,0	18.545	12.351
Rezidor Royal ApS	Copenhagen	ApS	100,0	17.232	8.889
Rezidor Hotel Group SPRL	Brussels	S.A.	100,0	1.136.178	37.946
Rezidor Hotel Amsterdam B.V.	Amsterdam	B.V.	100,0	55.968	19.858
Rezidor Hotels UK Ltd., United Kingdom	London	Ltd.	100,0	684.764	(785)
Rezidor Park UK Limited	London	Ltd.	100,0	(747.056)	(36.001)
SAS Rezidor Hospitality France	Paris	SAS	100,0	263.179	(935)
Rezidor Hotels Deutschland GmbH	Hamburg	GmbH	100,0	1.817.100	45.595
Rezidor Hotel Switzerland A.G.	Basel	AG	100,0	11.293	1.076
Park Inn Lully AG	Zurich	AG	100,0	8	18
Park Inn Zurich Airport AG	Zurich	AG	100,0	6.649	1.155
Radisson Blu Zurich Airport AG	Zurich	AG	100,0	16.067	10.401
SIA Rezidor Baltics	Riga	SIA	100,0	981	(454)
Rezidor Hotel Milan	Milan	S.r.l.	100,0	3.187	(282)

Notes

13. Prepayments

Prepayments consist of prepaid marketing expenses.

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
14. Contributed capital			
Ordinary shares	212.000	1.000	212.000
	<u>212.000</u>		<u>212.000</u>

	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
15. Deferred tax		
Property, plant and equipment	5.960	7.188
Other investments	(5.249)	(4.780)
	<u>711</u>	<u>2.408</u>

Changes during the year

Beginning of year	2.408
Recognised in the income statement	(1.477)
Recognised directly in equity	(220)
End of year	<u>711</u>

	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
16. Other payables		
VAT and duties	191	171
Wages and salaries, personal income taxes, social security costs, etc payable	9.553	5.864
Derivative financial instruments	5.722	7.941
Other costs payable	30.987	30.227
	<u>46.453</u>	<u>44.203</u>

17. Contingent liabilities

Letters of support

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

The Company states in these letters of support that it will provide funds to the subsidiaries in order for them to continue their ordinary operations as well as states that it will abstain from demanding repayment of any intra-group loans these subsidiaries may have with the Company or other Rezidor group companies.

Notes

The negative equity in the subsidiaries has been calculated applying local accounting rules, and at 31.12.2015 the equity is:

- Park Hotels Management Limited (UK) – Negative equity of GBP 51.973 thousand
- Park Hotel Heathrow Limited (UK) – Negative equity of GBP 21.791 thousand

The subsidiary in France has a positive equity at 31.12.2015.

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, the group companies will make the necessary funds available to the Company. Therefore, no provision for losses has been recognised in this respect.

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.

A claim of EUR 34,5 million 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 on the same grounds as before. Based on external legal advice and opinions, Rezidor believes that the appeal claim is without merit. Proceedings are ongoing.

Rezidor Hotels ApS Danmark was awarded EUR 4,7 million in arbitral proceedings in 2000 against a partnership for its wrongful termination of a management agreement. In the course of Rezidor's enforcement of the award, it transpired that the partnership's assets (the hotel) had been transferred to a related company. The partnership was declared bankrupt and Rezidor pursued debt collection against the related company and the partners of the partnership based on the fact that the latter had caused bankruptcy by fraud. The respondents filed two compensation claims against Rezidor Hotels ApS Danmark; one claim of EUR 13,9 million, which was rejected by the court in 2011, and which case is finally closed in favour of Rezidor Hotels ApS Danmark; and a second claim of EUR 23 million which is still pending. EUR 23 million equals the debt collection claim that Rezidor is pursuing (the awarded amount plus interest, moral damages and costs of miscellaneous legal cases). External counsel advice is that also the second compensation claim filed by the respondents is likely to be rejected. Proceedings are ongoing.

Notes

An outlet tenant at a hotel leased by Rezidor Hotels ApS Danmark terminated its tenancy contract in 2014 and filed a lawsuit for damage claim of EUR 0,6 million alleging that it was forced to close its business in the rented premises due to press statements made by hotel management concerning upcoming closing and renovation of the hotel. The court in first instance ruled against the hotel owner and awarded the former tenant EUR 335 thousand plus costs. The ruling has been appealed, and Rezidor and its external counsel believe that the real reason for the termination is the tenant's financial difficulties. Proceedings are ongoing.

On 20 November 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 3 employees. The terrorist attack is subject to governmental investigations, and Rezidor has engaged outside counsel who is conducting an internal investigation of the incident. As of today, no formal claims have been brought against Rezidor Hotels ApS Danmark.

Rezidor Hotels ApS Danmark has a 20% equity stake in Afrinord Hotel Investments A/S ("Afrinord") to develop/acquire projects in Africa. Afrinord has a total investment commitment by its shareholders of EUR 35.000 thousand at 31 December 2015, of which EUR 50 thousand has been contributed as share capital by Rezidor in 2016. Afrinord has partly financed hotels in Addis Ababa (Ethiopia), Nairobi (Kenya), Freetown (Sierra Leone) and Cape Town (South Africa) through loan agreements. In relation to these projects, EUR 25.704 thousand was outstanding at 31 December 2015 of which Rezidor's contribution was EUR 5.141 thousand. Consequently, the remaining commitment by Rezidor is EUR 1.809 thousand.

Joint taxation

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

The Company participates in joint taxation (DK) with Rezidor Hospitality ApS as the administration company and, consequently, is jointly and severally liable as of the financial year 2013 with the other jointly taxed 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.

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.

Notes

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.

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

18. Related parties with controlling interest

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

<u>NameRegistered office</u>	<u>Basis of influence</u>	<u></u>
Rezidor Hospitality ApS	Copenhagen	Parent
Rezidor Hotel Holdings AB	Stockholm	Parent
Rezidor Hotel Group AB	Stockholm	Parent
Carlson Holding Inc.	Minnetonka	Ultimate Parent

19. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

- Rezidor Hospitality ApS, Copenhagen

20. Consolidation

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

Rezidor Hotel Group AB, Stockholm

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