

**Rezidor Falconer Center A/S**  
**Central Business Registration No**  
**77541012**  
**Falkoner Alle 9**  
**2000 Frederiksberg**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 31/5-16

**Chairman of the General Meeting**

\_\_\_\_\_  
Name: Monica Reib

## Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	8
Income statement for 2015	12
Balance sheet at 31.12.2015	13
Statement of changes in equity for 2015	15
Notes	16

## Entity details

### Entity

Rezidor Falconer Center A/S  
Falkoner Alle 9  
2000 Frederiksberg

Central Business Registration No: 77541012  
Registered in: Frederiksberg  
Financial year: 01.01.2015 - 31.12.2015

Phone: +4538158001  
Fax: +4538158002  
Internet: [www.radissonblu.com](http://www.radissonblu.com)

### Board of Directors

Thomas Christopher Flanagan, Chairman  
Sonja Dive Dahl  
Steen Block Gartmann  
Poul Annard Stenzel  
Kim Ladeby Johnsen

### Executive Board

Steen Block Gartmann

### 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 Falconer Center A/S 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.

Frederiksberg, 26.05.2016

### Executive Board



Steen Block Gartmann

### Board of Directors

Thomas Christopher Flanagan  
Chairman



Sonja Dive Dahl



Steen Block Gartmann



Poul Annard Stenzel



Kim Ladeby Johnsen

## 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 Falconer Center A/S 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.

Frederiksberg, 26.05.2016

### Executive Board



Steen Block Gartmann

### Board of Directors



Thomas Christopher Flanagan  
Chairman



Sonja Dive Dahl



Steen Block Gartmann



Poul Annard Stenzel



Kim Ladeby Johnsen

## Independent auditor's reports

### To the owners of Rezidor Falconer Center A/S

#### Report on the financial statements

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

#### Management's responsibility for the financial statements

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

#### Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

#### Opinion

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

## Independent auditor's reports

### Statement on the management commentary

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

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

Copenhagen, 26.05.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab



Ove Nielsen

State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

	<u>2015</u> DKK'000	<u>2014</u> DKK'000	<u>2013</u> DKK'000	<u>2012</u> DKK'000	<u>2011</u> DKK'000
<b>Financial high-lights</b>					
<b>Key figures</b>					
Revenue	79.078	79.481	80.998	81.408	74.615
Gross profit/loss	38.420	38.888	40.874	41.179	38.416
Operating profit/loss	4.153	4.447	5.321	3.437	2.197
Net financials	(52)	(56)	(35)	(34)	(10)
Profit/loss for the year	2.997	3.300	3.969	2.515	1.614
Total assets	36.950	34.348	30.983	26.834	21.554
Investments in property, plant and equipment	215	3.427	280	1.211	0
Equity	20.481	17.484	14.184	10.215	7.700
<b>Ratios</b>					
Net margin (%)	3,8	4,2	4,9	3,1	2,2
Return on equity (%)	15,8	20,8	32,5	28,1	23,4
Solvency ratio (%)	56,4	50,9	45,8	38,1	35,7



## Management commentary

### Primary activities

The activities of Rezidor Falconer Center A/S consist in the operation of hotel and restaurant as well as congress and theatre facilities.

In connection with the agreed cooperation on sales and marketing with Radisson Hotels International, the Company applies the business name Radisson BLU Falconer Hotel & Congress Center.

### Development in activities and finances

Total revenue for the year amounts to DDK 79,078 thousand.

Profit for the year amounts to DKK 2,997 thousand.

### Description of material changes in activities and finances

In December 2014, the Company terminated the lease contract with ATP relating to the hotel premises. The Company will no longer be operating the hotel as of 31.12.2016. The Company will continue to operate the hotel for 2016 and, consequently, the annual report is still prepared using the going concern principle. The Company does not anticipate any major risks related to the termination of the lease contract.

### Outlook

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

The Company's operating profit is influenced by the rental agreement with ATP, as the rent depends on the Company's operations.

### Particular risks

The most material operating risks are related to the general economic development and in particular to the development in the hotel, congress and event markets in Copenhagen.

The financial risk is limited, as the Company is free from debt apart from the usual short-term liabilities other than provisions.

### Environmental performance

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

## **Management commentary**

impacts and of planning the operations of the hotel in which consideration for the environment is integrated as an important factor.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

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

## Accounting policies

### Cost of sales

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

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, 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.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

## Balance sheet

### Property, plant and equipment

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

## Accounting policies

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

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

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

China, glassware and cutlery are not depreciated as a continuous supplementing takes place. Therefore, the inventory constitutes a fixed value.

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

### Inventories

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

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

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

### Receivables

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

## 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

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

### Financial highlights

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

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

## Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue		79.078	79.481
Cost of sales		(6.386)	(6.709)
Other external expenses		<u>(34.272)</u>	<u>(33.884)</u>
<b>Gross profit/loss</b>		<b>38.420</b>	<b>38.888</b>
Staff costs	2	(32.332)	(33.462)
Depreciation, amortisation and impairment losses		<u>(1.935)</u>	<u>(979)</u>
<b>Operating profit/loss</b>		<b>4.153</b>	<b>4.447</b>
Other financial expenses		<u>(52)</u>	<u>(56)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>4.101</b>	<b>4.391</b>
Tax on profit/loss from ordinary activities	3	<u>(1.104)</u>	<u>(1.091)</u>
<b>Profit/loss for the year</b>		<b><u>2.997</u></b>	<b><u>3.300</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>2.997</u>	<u>3.300</u>
		<b><u>2.997</u></b>	<b><u>3.300</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other fixtures and fittings, tools and equipment		3.454	4.315
Leasehold improvements		276	1.061
Property, plant and equipment in progress		<u>0</u>	<u>74</u>
<b>Property, plant and equipment</b>	4	<u><b>3.730</b></u>	<u><b>5.450</b></u>
<b>Fixed assets</b>		<u><b>3.730</b></u>	<u><b>5.450</b></u>
Manufactured goods and goods for resale		<u>436</u>	<u>428</u>
<b>Inventories</b>		<u><b>436</b></u>	<u><b>428</b></u>
Trade receivables		6.907	4.947
Receivables from group enterprises		21.196	18.730
Other short-term receivables		206	321
Prepayments	5	<u>4.036</u>	<u>3.912</u>
<b>Receivables</b>		<u><b>32.345</b></u>	<u><b>27.910</b></u>
<b>Cash</b>		<u><b>439</b></u>	<u><b>560</b></u>
<b>Current assets</b>		<u><b>33.220</b></u>	<u><b>28.898</b></u>
<b>Assets</b>		<u><u><b>36.950</b></u></u>	<u><u><b>34.348</b></u></u>



## Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	6	1.200	1.200
Retained earnings		19.281	16.284
<b>Equity</b>		<u><b>20.481</b></u>	<u><b>17.484</b></u>
Provisions for deferred tax		519	634
<b>Provisions</b>		<u><b>519</b></u>	<u><b>634</b></u>
Trade payables		6.530	7.702
Debt to group enterprises		222	264
Income tax payable		1.227	674
Other payables	7	7.971	7.590
<b>Current liabilities other than provisions</b>		<u><b>15.950</b></u>	<u><b>16.230</b></u>
<b>Liabilities other than provisions</b>		<u><b>15.950</b></u>	<u><b>16.230</b></u>
<b>Equity and liabilities</b>		<u><u><b>36.950</b></u></u>	<u><u><b>34.348</b></u></u>
Unusual circumstances	1		
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Related parties with control	10		
Ownership	11		
Consolidation	12		

**Statement of changes in equity for 2015**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.200	16.284	17.484
Profit/loss for the year	0	2.997	2.997
<b>Equity end of year</b>	<b>1.200</b>	<b>19.281</b>	<b>20.481</b>

## Notes

### 1. Unusual circumstances

In December 2014, the Company terminated the lease contract with ATP relating to the hotel premises. The Company will no longer be operating the hotel as of 31.12.2016. The Company will continue to operate the hotel for 2016 and, consequently, the annual report will still be prepared using the going concern principle. The Company does not anticipate any major risks related to the termination of the lease contract.

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
<b>2. Staff costs</b>		
Wages and salaries	29.762	30.827
Pension costs	1.966	2.021
Other staff costs	604	614
	<u>32.332</u>	<u>33.462</u>
Average number of employees	<u>61</u>	<u>64</u>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	1.219	661
Change in deferred tax for the year	(115)	430
	<u>1.104</u>	<u>1.091</u>

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>4. Property, plant and equipment</b>			
Cost beginning of year	31.172	5.936	74
Transfer to and from other items	815	(741)	(74)
Additions	215	0	0
<b>Cost end of year</b>	<b>32.202</b>	<b>5.195</b>	<b>0</b>
Depreciation and impairment losses beginning of the year	(26.857)	(4.875)	0
Impairment losses for the year	(803)	0	0
Depreciation for the year	(1.088)	(44)	0
<b>Depreciation and impairment losses end of the year</b>	<b>(28.748)</b>	<b>(4.919)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>3.454</b>	<b>276</b>	<b>0</b>

## 5. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK'000</b>
<b>6. Contributed capital</b>			
Ordinary shares	1	1.000.000,00	1.000
Ordinary shares	2	100.000,00	200
	<b>3</b>		<b>1.200</b>

	<b>2015 DKK'000</b>	<b>2014 DKK'000</b>
<b>7. Other short-term payables</b>		
Wages and salaries, personal income taxes, social security costs, etc. payable	147	163
Holiday pay obligation	1.560	1.952
Other costs payable	6.264	5.475
	<b>7.971</b>	<b>7.590</b>

## 8. Unrecognised rental and lease commitments

The annual rent commitment incumbent on the Company partly depends on the revenue and partly on the Company's operations. For 2016, the rent commitment is expected to amount to DKK 13,226 thousand.

## Notes

### 9. Contingent liabilities

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

### 10. Related parties with control

The following related parties have a controlling interest in Rezidor Falconer Center A/S:

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

### 11. Ownership

Rezidor Falconer Center A/S is a wholly owned subsidiary of Rezidor Hotels ApS Danmark, Amager Strandvej 60-64, 3<sup>rd</sup> floor, 2300 Copenhagen S.

### 12. Consolidation

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

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