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Press release from HNA Sweden Hospitality Management AB

Stockholm, Sweden on 22 December 2016

## **HNA TOURISM GROUP ANNOUNCES A MANDATORY CASH TENDER OFFER TO THE SHAREHOLDERS IN REZIDOR HOTEL GROUP AB (PUBL)**

HNA Tourism Group Co., Ltd. (“**HNA Tourism Group**”) and Carlson Hospitality Group, Inc. (“**Carlson Hospitality Group**”) announced on 27 April 2016 that they had entered into an agreement for HNA Tourism Group’s acquisition of Carlson Hotels, Inc. (“**Carlson Hotels**”) (the “**Acquisition**”). The Acquisition included 87,552,187 shares in Rezidor Hotel Group AB (publ) (“**Rezidor**”) owned by Carlson Hotels, corresponding to 51.3 per cent of the outstanding shares and votes in Rezidor. The Acquisition was completed on 7 December 2016 and triggered an obligation for HNA Tourism Group to make a mandatory tender offer for the outstanding shares in Rezidor.

HNA Tourism Group, through its indirect wholly-owned subsidiary HNA Sweden Hospitality Management AB (“**HNA Sweden**”), hereby announces a mandatory cash tender offer to the shareholders in Rezidor to acquire all outstanding shares in Rezidor (the “**Offer**”). Rezidor’s shares are admitted to trading on Nasdaq Stockholm. The Offer does not include the 87,552,187 shares in Rezidor held by HNA Sweden via its indirect wholly-owned subsidiary Carlson Hotels.

The Offer complies with the mandatory bid rules of Nasdaq Stockholm’s Takeover Rules (the “**Takeover Rules**”), and will therefore, conditional upon regulatory approvals, be completed irrespective of acceptance level.

### **The Offer in brief**

- HNA Sweden offers SEK 34.86<sup>1</sup> in cash per share in Rezidor.<sup>2</sup> The aggregate value of the Offer amounts to approximately SEK 2.9 billion.<sup>3</sup>
- The Offer is fully financed by HNA Sweden’s available funds.

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<sup>1</sup> The offered price corresponds to the volume-weighted average price (VWAP) paid for the Rezidor shares during the 20 trading days immediately preceding the date of announcement of entering into the agreement to acquire Carlson Hotels, announced on 27 April 2016, which, in accordance with rulings received from the Swedish Securities Council (see rulings AMN 2016:10 and AMN 2016:27), is the minimum price to be paid in the Offer. See further under *Rulings from the Swedish Securities Council*.

<sup>2</sup> The offered price is subject to adjustment should Rezidor pay any dividend or make any other value transfer to shareholders prior to the settlement of the Offer, and will accordingly be reduced by the amount of any such dividend or value transfer.

<sup>3</sup> Based on 170,749,304 outstanding shares in Rezidor, excluding the shares held by HNA Sweden via its indirect wholly-owned subsidiary Carlson Hotels.

- The Offer is only conditional upon regulatory approvals.
- The acceptance period for the Offer is expected to commence on 3 February 2017 and end on 10 March 2017. Settlement is expected to commence on 7 April 2017.
- No commission will be charged in connection with the Offer.
- The offer price is below the closing price of the Rezidor shares on Nasdaq Stockholm of SEK 37.20 on 22 December 2016, being the last trading day prior to the announcement of the Offer. The offer price represents a premium of approximately 7.7 per cent compared to the volume-weighted average price (VWAP) for the Rezidor shares of SEK 32.38 during the last six months up to and including 27 April 2016 (the last trading day prior to the announcement that HNA Tourism Group had entered into an agreement to acquire Carlson Hotels).

### **Background and reasons for the Offer**

HNA Tourism Group is a wholly-owned subsidiary of HNA Group Co., Ltd., a Fortune Global 500 company with operations across aviation, tourism, hospitality, finance and online services among other sectors. On 27 April 2016, HNA Tourism Group and Carlson Hospitality Group announced that they had entered into an agreement for HNA Tourism Group's Acquisition of Carlson Hotels, which owns the Quorvus Collection, Radisson Blu<sup>®</sup>, Radisson<sup>®</sup>, Radisson RED, Park Plaza<sup>®</sup>, Park Inn<sup>®</sup> by Radisson, Country Inns & Suites By Carlson<sup>SM</sup> brands and the Club Carlson<sup>SM</sup> global hotel rewards program.

The Acquisition is consistent with HNA Tourism Group's strategy to develop a global hospitality platform supported by recognized brands and premium operators across Asia, the Americas and Europe.

The Acquisition included 87,552,187 shares in Rezidor owned by Carlson Hotels, corresponding to 51.3 per cent of the outstanding shares and votes in Rezidor. The Acquisition was completed on 7 December 2016 and triggered an obligation for HNA Tourism Group to make a mandatory tender offer to the remaining shareholders in Rezidor. As a result hereof, HNA Sweden, an indirect wholly-owned subsidiary of HNA Tourism Group, hereby announces this Offer to the remaining shareholders in Rezidor in accordance with the mandatory bid rules.

The Offer enables the shareholders who wish to sell their shares in Rezidor due to the change of ownership control in Rezidor to do so in an orderly manner.

HNA Tourism Group views significant value on the competence of Rezidor's management and its employees. There are currently no decisions on any material changes to Rezidor's management or employees, including the terms of employment and locations of business.

### **The Offer**

HNA Sweden offers SEK 34.86 in cash for each share in Rezidor. The offer price is subject to adjustments should Rezidor pay any dividend or make any other value transfer prior to the settlement of the Offer, and will accordingly be reduced by the amount per share of any such dividend or value transfer.

The offered price corresponds to the volume-weighted average price (VWAP) paid for the Rezidor shares during the 20 trading days immediately preceding the date of announcement of entering into the agreement to acquire Carlson Hotels, announced on 27 April 2016, which, in accordance with rulings received from the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) (see rulings AMN 2016:10 and AMN 2016:27), is the minimum price to be paid in the Offer. See further under *Rulings from the Swedish Securities Council*.

The offer price is below the closing price of the Rezidor shares on Nasdaq Stockholm of SEK 37.20 on 22 December 2016, being the last trading day prior to the announcement of the Offer. The offer price represents a premium of approximately 7.7 per cent compared to the volume-weighted average price (VWAP) for the Rezidor shares of SEK 32.38 during the last six months up to and including 27 April 2016 (the last trading day prior to the announcement that HNA Tourism Group had entered into an agreement to acquire Carlson Hotels).

The total value of the Offer amounts to approximately SEK 2.9 billion.<sup>4</sup>

The acceptance period for the Offer is expected to commence on 3 February 2017 and end on 10 March 2017.

Settlement is expected to commence on 7 April 2017, subject to the condition for the Offer being fulfilled or waived. Settlement of the Offer will require that HNA Sweden obtains the necessary regulatory approvals to transfer funds out from China to be used for settlement. Such regulatory approvals may only be obtained once the acceptance period has ended and the final settlement amount has been determined. If final regulatory approvals for the transfer of funds out from China to be used for settlement is not obtained before 7 April 2017, the settlement may be postponed until such final regulatory approvals have been obtained, in total up to nine months from the initiation of the acceptance period. Once the condition for the Offer is fulfilled or waived, HNA Sweden will be obligated to complete the Offer irrespective of whether the settlement is postponed.

Should the settlement be postponed, the shareholders in Rezidor will be entitled to withdraw their acceptance of the Offer.

No commission will be charged in connection with the Offer.

### **Rights under Rezidor's incentive programs**

The Offer does not include any rights granted by Rezidor to its employees under any incentive program implemented by Rezidor, including the long-term equity settled performance-based incentive programs to executives approved by 2014, 2015 and 2016 Annual General Meetings. HNA Sweden intends to procure fair treatment for participants in such programs, where necessary due to the completion of the Offer.

### **HNA Sweden's holding in Rezidor**

As per the day of the announcement of the Offer, HNA Sweden, via its indirect wholly-owned subsidiary Carlson Hotels, owns 87,552,187 shares in Rezidor, corresponding to

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<sup>4</sup> Based on 170,749,304 outstanding shares in Rezidor, excluding the shares held by HNA Sweden via its indirect wholly-owned subsidiary Carlson Hotels.

51.3 per cent of the outstanding shares and votes in Rezidor.<sup>5</sup> The shares in Rezidor were acquired through the completion of the Acquisition (see above).

Apart from the above mentioned acquisition, HNA Tourism Group, HNA Sweden or any other group company have not acquired or agreed to acquire any Rezidor shares or any financial instruments that give financial exposure equivalent to shareholding in Rezidor during the six-month period preceding the announcement of the Offer.

HNA Sweden may acquire, or enter into arrangements to acquire, shares in Rezidor outside the Offer during the acceptance period. Any purchases made or arranged will be made in accordance with Swedish law and disclosed in accordance with applicable rules.

### **Condition for the Offer**

Completion of the Offer is conditional upon the Offer, the settlement of the Offer and the acquisition of Rezidor receiving all necessary regulatory, governmental or similar clearances, approvals and decisions in each case, on terms that are acceptable to HNA Sweden.

HNA Sweden reserves the right to withdraw the Offer in the event that it is clear that the above mentioned condition is not fulfilled or cannot be fulfilled. However, such withdrawal will only be made provided that the non-fulfillment of such condition is of material importance to HNA Sweden's acquisition of the shares in Rezidor.

HNA Sweden reserves the right to waive, in whole or in part, the condition above in accordance with applicable laws and regulations.

### **Financing of the Offer**

The Offer is fully financed by HNA Sweden's available funds.

### **Indicative timetable**

An offer document regarding the Offer is expected to be made public on or about 2 February 2017, and will be distributed to the shareholders in Rezidor who are registered in their own names with Euroclear Sweden AB in connection therewith.

The acceptance period for the Offer is expected to commence on or about 3 February 2017 and end on or about 10 March 2017.

Settlement will, subject to regulatory approvals, begin when HNA Sweden has announced that the condition for the Offer has been satisfied or that HNA Sweden has otherwise resolved to complete the Offer. Such announcement will include a preliminary date on which settlement is expected to begin. Assuming that such announcement is made no later than 15 March 2017, it is estimated that settlement will begin on or about 7 April 2017.

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<sup>5</sup> There are 174,388,857 issued shares in Rezidor, of which Rezidor as of 30 September 2016 owns 3,639,553, corresponding to 2.09 per cent of all the shares in Rezidor. HNA Sweden owns, via its indirect wholly-owned subsidiary Carlson Hotels, 51.3 per cent of the shares in Rezidor when calculated on the number of outstanding shares (170,749,304) in Rezidor.

HNA Sweden reserves the right to, on one or several times, extend the acceptance period for the Offer, and to postpone the date for settlement. HNA Sweden will announce any such extension(s) of the acceptance period and/or postponement(s) of the date for settlement by press release in accordance with applicable laws and regulations.

### **Rulings from the Swedish Securities Council**

HNA Tourism Group has obtained rulings from the Swedish Securities Council to the effect that the minimum price to be paid in the Offer should be determined as not less than the volume-weighted average price (VWAP) paid for the Rezidor shares during the 20 trading days preceding the date of announcement of entering into the agreement to acquire Carlson Hotels, which was announced on 27 April 2016 (see rulings AMN 2016:10 and AMN 2016:27).

The Swedish Securities Council has further approved that HNA Tourism Group's indirect wholly-owned subsidiary HNA Sweden, makes the Offer, instead of HNA Tourism Group, the parent company of the group (see ruling AMN 2016:27).

According to public information made available to HNA Tourism Group by Euroclear Sweden AB as per 30 September 2016, shareholders in the United States hold 7.60 per cent of the outstanding shares in Rezidor, shareholders in Switzerland hold 0.59 per cent of the outstanding shares in Rezidor, shareholders in Japan hold 0.13 per cent of the outstanding shares in Rezidor, shareholders in Canada hold 0.01 per cent of the outstanding shares in Rezidor, shareholders in Hong Kong hold 0.01 per cent of the outstanding shares in Rezidor and shareholders in Australia hold 0.001 per cent of the outstanding shares in Rezidor. There are no shareholders in New Zealand or South Africa. The Swedish Securities Council has approved that shareholders in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland and the United States are excluded from the Offer (see ruling AMN 2016:27).

The Swedish Securities Council has further approved the formulation of the condition of the Offer, including that settlement may take place up to one month following the end of the acceptance period in the Offer, with the possibility to further postpone the settlement until final regulatory approvals for the transfer of funds out from China to be used for settlement in the Offer has been obtained, in total up to nine months from the initiation of the acceptance period. Once the condition for the Offer is fulfilled or waived, HNA Sweden will be obligated to complete the Offer irrespective of whether the settlement is postponed (see ruling AMN 2016:27).

For the Swedish Securities Council's rulings in their entirety, see [www.aktiemarknadsnamnden.se](http://www.aktiemarknadsnamnden.se).

### **Close relationships**

HNA Sweden is, via Carlson Hotels, the parent company of Rezidor. Section III of the Takeover Rules applies to the Offer meaning, for example, that Rezidor must obtain and publish a fairness opinion.

### **Compulsory acquisition and delisting**

If HNA Sweden becomes the owner of shares representing more than 90 per cent of the total number of shares in Rezidor, HNA Sweden intends to initiate compulsory

acquisition of the remaining shares in Rezidor. In connection hereto, HNA Sweden intends to promote a delisting of Rezidor's shares from Nasdaq Stockholm.

### **Applicable law and disputes**

The Offer shall be governed by and construed in accordance with the substantive laws of Sweden, without regard to any conflict of law principles leading to the application of the laws of any other jurisdiction.

The Takeover Rules and the Swedish Securities Council's rulings and statements regarding the interpretation and application of the Takeover Rules are applicable to the Offer.

In accordance with the Swedish Takeover Act (*Sw. lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), HNA Sweden has on 22 December 2016 undertaken towards Nasdaq Stockholm to comply with the Takeover Rules, the Swedish Securities Council's rulings and statements regarding the interpretation and application of the Takeover Rules, and submit to the sanctions that Nasdaq Stockholm may decide upon in event of a breach of the Takeover Rules. HNA Sweden informed the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) about the Offer and the above mentioned undertaking on 22 December 2016.

The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm (*Sw. Stockholms tingsrätt*) shall be the court of first instance.

### **Advisers**

HNA Tourism Group and HNA Sweden<sup>6</sup> have retained J.P. Morgan and Benedetto, Gartland & Company as financial advisers and Hogan Lovells and Advokatfirman Lindahl as legal advisers in connection with the Offer.

### **Tender agent**

Handelsbanken Capital Markets is acting as tender agent in connection with the Offer.

Stockholm, Sweden on 22 December 2016

### **HNA Sweden Hospitality Management AB**

*The Board of Directors*

HNA Sweden Hospitality Management AB discloses the information provided herein pursuant to the Takeover Rules. The information was submitted for publication on 22 December 2016 at 23:00 (CET).

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<sup>6</sup> Through its parent company HNA Tourism Group.

## **Brief description of HNA**

### *HNA Sweden*

HNA Sweden Hospitality Management AB, with corporate registration number 559073-9503, is a Swedish limited liability company and an indirect wholly-owned subsidiary of HNA Tourism Group. HNA Sweden has its registered office in Stockholm and its address is c/o Advokatfirman Lindahl KB, P.O. Box 1065, SE-101 39 Stockholm, Sweden. HNA Sweden was founded on 22 August 2016 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 26 August 2016. HNA Sweden has been established for the purpose of being the parent company of Carlson Hotels and to make and carry out the Offer. HNA Sweden has not conducted any business and is currently not conducting any business.

### *HNA Tourism Group*

HNA Tourism Group, the core subsidiary of the Fortune Global 500 company HNA Group, is a comprehensive enterprise group providing multiplex services. Since its founding in 1993, HNA Group has evolved from a regional airline based on Hainan Island into a global company with over \$90 billion of assets, \$30 billion in annual revenue and an international workforce of nearly 200,000 employees, primarily across North America, Europe and Asia. HNA Tourism Group has over 700 aircraft carrying over 90 million passengers to 260 cities worldwide. Together with Carlson, HNA Tourism Group operates and invests in nearly 2,000 hotels with over 300,000 rooms across major markets.

## **Brief description of Rezidor**

Rezidor is focused on hotel management and operates the core brands Radisson Blu and Park Inn by Radisson. In 2014, Rezidor announced together with Carlson Hotels the launch of two additional brands; Radisson RED, an upscale “lifestyle select” brand inspired by the millennial lifestyle, and Quorvus Collection, a new generation of distinctive five star hotels. Rezidor also holds 49 per cent in Prizeotel, a young hotel chain in the economy segment.

Rezidor’s portfolio consists of 475 hotels with over 104,000 rooms in operation or under development in over 80 countries across Europe, the Middle East and Africa.

Rezidor’s strategy is to grow with management and franchise contracts and only selectively with leases. The strategy is furthermore also to focus its expansion in the emerging markets of Eastern Europe, the Middle East and Africa.

Rezidor is a member of the Carlson Rezidor Hotel Group.

Rezidor’s shares are listed on Nasdaq Stockholm, Mid Cap. For more information, please see [www.rezidor.com](http://www.rezidor.com).

## **Additional information**

For more information about the Offer, please see:

[www.hnagroup.com/en/discl/HNA\\_Website2017/legal.html](http://www.hnagroup.com/en/discl/HNA_Website2017/legal.html)

For additional queries, please contact:

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## **Important information**

The Offer is not being made to persons whose participation in the Offer requires that an additional offer document is prepared or registration effected or that any other measures are taken in addition to those required under Swedish law and regulations.

This press release and any related offer documentation are not being distributed and must not be mailed or otherwise distributed or sent in or into any country in which the distribution or offering would require any such additional measures to be taken or would be in conflict with any law or regulation in such country – any such action will not be permitted or sanctioned by HNA Sweden. Any purported acceptance of the Offer resulting directly or indirectly from a violation of these restrictions may be disregarded.

The Offer is not being made, directly or indirectly, by use of mail or any other means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) in or into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States, and the Offer cannot be accepted by any such use, means, instrumentality or facility of, or from within Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States. Accordingly, this press release and any related offer documentation are not being and should not be mailed or otherwise distributed, forwarded or sent in or into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States.

HNA Sweden will not deliver any consideration from the Offer into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States.

This press release is not being, and must not be, sent to shareholders with registered addresses in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States. Banks, brokers, dealers and other nominees holding shares for persons in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States must not forward this press release or any other document received in connection with the Offer to such persons.

Any purported acceptance of the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported acceptance by a person located in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States or any agent, fiduciary or other intermediate acting on a non-discretionary basis for a principal giving instructions from within Australia, Canada, Hong Kong,

Japan, New Zealand, South Africa, Switzerland or the United States will be invalid and will not be accepted. Each holder of shares participating in the Offer will represent that it is not an Australian, Canadian, Hong Kong, Japanese, New Zealand, South African, Swiss or a United States person, is not located in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States and is not participating in such Offer from Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States or that it is acting on a non-discretionary basis for a principal that is not an Australian, Canadian, Hong Kong, Japanese, New Zealand, South African, Swiss or a United States person, that is located outside Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States and that is not giving an order to participate in such Offer from Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States.

J.P. Morgan Securities (Asia Pacific) Limited ("**J.P. Morgan**") is acting as financial adviser to HNA Tourism Group, and no one else, in connection with the Offer. J.P. Morgan will not be responsible to anyone other than HNA Tourism Group for providing advice in relation to the Offer. The information in this press release has been provided by HNA Sweden and, with respect to Rezidor, by Rezidor and taken from Rezidor's publicly available information. J.P. Morgan has not assumed any obligation to independently verify, and disclaims any liability with respect to, the information herein. Neither J.P. Morgan nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of J.P. Morgan in connection with this press release, any statement contained herein, the Offer or otherwise.

This press release has been published in Swedish and English. In the event of any discrepancy in content between the language versions, the Swedish version shall prevail.