



## Year-end report January-December 2010

### Fourth quarter, 2010

- RevPAR Like-for-like increased by 6.9% to EUR 61.0 (57.0). Like-for-like Occupancy was 62.9% (59.0).
- Revenue increased by 13.8% or MEUR 25.7 to MEUR 211.7 (186.0). On a Like-for-like basis Revenue increased by 5.4%.
- EBITDA was MEUR 6.9 (9.7), and EBITDA margin was 3.3% (5.2).
- Loss after tax amounted to MEUR -6.8 (-0.3).
- Basic and diluted Earnings Per Share amounted to EUR -0.05 (-0.00).

### Twelve month ending December, 2010

- RevPAR Like-for-like increased by 4.6% to EUR 62.8 (60.0). Like-for-like Occupancy was 65.0% (61.1).
- Revenue increased by 16.0% or MEUR 108.5 to MEUR 785.7 (677.2). On a Like-for-like basis Revenue increased by 3.2%.
- EBITDA was MEUR 31.5 (4.9), and EBITDA margin was 4.0% (0.7).
- Loss after tax amounted to MEUR -2.7 (-28.2).
- Basic and diluted Earnings Per Share amounted to EUR -0.02 (-0.19).
- Cash flow from operating activities was 49.0 (-6.1). Total available cash at the end of the period, including unutilised credit facilities, amounted to MEUR 129.3 (97.0).

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### Other developments

- Circa 500 new rooms were added into operations in the fourth quarter and ca 7,200 during the year.
- Circa 1,800 rooms were signed in the fourth quarter and ca 8,100 in 2010. All of the new rooms signed during the year were managed or franchised.
- The Board of Directors proposes no dividend (EUR 0.00).

MEUR	Fourth quarter		Twelve months	
	Oct-Dec 10	Oct-Dec 09	Jan-Dec 10	Jan-Dec 09
Revenue	211.7	186.0	785.7	677.2
EBITDAR	63.2	61.4	254.1	210.1
EBITDA	6.9	9.7	31.5	4.9
EBIT	-0.9	2.0	3.9	-25.0
Profit/loss after Tax	-6.8	-0.3	-2.7	-28.2
EBITDAR Margin %	29.9%	33.0%	32.3%	31.0%
EBITDA Margin %	3.3%	5.2%	4.0%	0.7%
EBIT Margin %	-0.4%	1.1%	0.5%	-3.7%

## Comment from the CEO

- A year of record openings and strongly improved cash-flow



*"2010 has been a very positive year for us. We experienced a recovery in all geographical regions and a robust increase in margins as a result of the RevPAR improvement and the cost saving measures initiated in 2008/2009. We also reported a substantial increase in free cash flow coming from good operating results, improved working capital and tight CAPEX control. Rest of Western Europe led the recovery throughout the year and we witnessed significant RevPAR increases in key markets such as Germany, France and Benelux.*

*The fourth quarter, however, recorded a drop in margins compared to last year. This was mainly the result of exceptional costs, such as higher variable salaries due to better than expected performance during 2010, allocation of marketing costs to the quarter and one-offs in the Nordics. The extraordinary costs in the quarter do not represent an increase in the cost base going forward.*

*We have continued with our growth strategy, and despite the continuation of difficult trading, 2010 was another record year of new openings. 7,200 new rooms were added to operations, and we continue to have one of the largest pipelines in the industry. Going forward we will continue adding new hotels to our portfolio and invest in further enhancing the quality of the existing hotels."*

**Kurt Ritter, President & CEO**

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## Market Development

Since the beginning of 2010, the hotel industry has benefited from the improvement in the economic environment. The overall pattern in most countries in Europe points to a steady increase in RevPAR over the past twelve months. During the first half of the year, growth was primarily driven by occupancy. The second half, however, witnessed a modest increase in room rates, which contributed to the RevPAR growth. This strengthening performance was due to many different factors in different markets; some of which will not be repeated in 2011.

Western Europe led the upturn - particularly Germany, France, Benelux and the UK. All key destinations in this region have experienced strong or even exceptional RevPAR growth. In most cases the growth has followed the economic recovery of each of these countries, but has sometimes also been helped by other factors. In Germany, for instance, the reduction in the VAT rate helped to boost occupancy and rate. An equivalent factor does not exist in 2011 and it is therefore reasonable to expect a somewhat slower development in Germany during this year. The UK had a strong performance in 2010, driven by double-digit RevPAR growth in London, which was heavily supported by international tourism due largely to the strong euro and weak pound. Regional UK fared less well, as these regions have a much higher share of domestic customers. The effects of government spending cuts and the increase in the VAT rate in the UK remain hard to predict at this time.

In the Nordics, Sweden was the only country that marked a solid improvement during the year, supported by the

country's strong economic recovery. Stockholm emerged as the star performer, thanks to a high proportion of domestic business and leisure tourism during the summer.

Denmark and Norway had a weaker economic recovery and were also affected by an increase in room supply during the year, which had a negative effect on RevPAR development.

Eastern Europe has noted healthy occupancy development since this summer but is still lagging behind on room rate growth. The Middle East reported an overall weak result with mixed performances observed in different countries.

## RevPAR

### **Fourth quarter, 2010**

Three of the four geographic segments reported a like-for-like RevPAR growth. The biggest growth was in ROWE with 13.4% followed by MEAO with 9.6% and EE achieved 2.5%. The Nordics was down -2.8%.

The significant increase in ROWE was driven by an AHR increase of 7.4% and an occupancy increase of 5.6%. All countries experienced strong growth in demand during the quarter.

For MEAO the RevPAR growth was driven by an occupancy increase of 14.8% which compensated for AHR decrease of 4.5%. Except South Africa, all key countries experienced a strong growth in demand during the quarter.

In EE the growth was positive but not as strong as in the third quarter and was mainly on account of higher occupancy. The strongest performance was witnessed in the Baltics where RevPAR grew by 14.1%.

In the Nordics, the RevPAR was lower (-2.8%) as Denmark benefitted from the UN Climate Change Conference in December, 2009, as well as a decline in Norway during the period of -2.2%.

The RevPAR development for the quarter, split into like-for-like growth, FX impact, and new openings is presented in the table below.

RevPAR	Oct-Dec
L/L growth	6.9%
FX impact	4.6%
New openings	-5.2%
Reported growth	6.3%

The positive FX impact was mainly attributable to the appreciation of the CHF (ca 14%), the SEK (ca 12%), the

USD linked currencies in the Middle East (ca 9%), the GBP (ca 5%) and the NOK (ca 4%).

### Twelve month ending December, 2010

All customer segments noted an increase in volume compared to 2009. As a result, occupancy grew by 6.3 %. Combined with a marginal AHR decline of 1.6% this resulted in a like-for-like RevPAR growth of 4.6%. The strongest development was seen in ROWE.

The RevPAR development for the twelve month period, split into like-for-like growth, FX impact, and new openings is presented in the table below.

RevPAR	Jan-Dec
L/L growth	4.6%
FX impact	4.8%
New openings	-2.2%
Reported growth	7.2%

### Rezidor's performance

RevPAR Like-for-like, EUR <sup>1)</sup>	Oct-Dec 10	Oct-Dec 09	Change	Jan-Dec 10	Jan-Dec 09	Change
Radisson Blu	69.1	65.6	5.3%	71.1	68.1	4.3%
Park Inn by Radisson	35.7	31.1	14.8%	35.4	33.3	6.6%
<b>Group</b>	<b>61.0</b>	<b>57.0</b>	<b>6.9%</b>	<b>62.8</b>	<b>60.0</b>	<b>4.6%</b>

#### Occupancy Like-for-like

Radisson Blu	64.6%	61.4%	320 bps	66.9%	63.9%	300 bps
Park Inn by Radisson	57.5%	51.3%	620 bps	59.3%	53.4%	590 bps
<b>Group</b>	<b>62.9%</b>	<b>59.0%</b>	<b>390 bps</b>	<b>65.0%</b>	<b>61.1%</b>	<b>390 bps</b>

#### RevPAR, EUR

Radisson Blu	68.9	64.6	6.7%	70.5	65.9	7.0%
Park Inn by Radisson	36.3	32.1	13.1%	37.5	33.6	11.6%
<b>Group</b>	<b>60.1</b>	<b>56.5</b>	<b>6.3%</b>	<b>62.0</b>	<b>57.8</b>	<b>7.2%</b>

#### Occupancy

Radisson Blu	62.6%	60.7%	190 bps	63.9%	62.2%	170 bps
Park Inn by Radisson	55.2%	51.9%	330 bps	58.0%	52.6%	540 bps
<b>Group</b>	<b>60.6%</b>	<b>58.3%</b>	<b>230 bps</b>	<b>62.3%</b>	<b>59.5%</b>	<b>280 bps</b>

1) At constant exchange rates

Oct-Dec 10 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like <sup>1)</sup>	-2.8%	13.4%	2.5%	9.6%	6.9%
Occupancy Like-for-like	2.0%	5.6%	6.0%	14.8%	6.6%
AHR Like-for-like <sup>1)</sup>	-4.7%	7.4%	-3.4%	-4.5%	0.4%
Reported RevPAR	0.0%	12.8%	-1.7%	21.5%	6.3%

Jan-Dec 10 Y/Y Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like <sup>1)</sup>	1.0%	8.3%	-0.3%	4.0%	4.6%
Occupancy Like-for-like	2.9%	6.5%	10.6%	5.5%	6.3%
AHR Like-for-like <sup>1)</sup>	-1.9%	1.8%	-9.8%	-1.4%	-1.6%
Reported RevPAR	8.2%	10.1%	4.3%	10.2%	7.2%

1) At constant exchange rates

## Comments to Statements of Operations (p.9)

### Fourth quarter, 2010

Total Revenue, increased by 13.8% or MEUR 25.7. The change in Revenue from operations, split into like-for-like hotels (L/L), new hotels (New), hotels leaving the system (Out) and FX as compared to the same period last year is presented below.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	6.6	5.9	-1.8	4.8	15.5
F&B Revenue	0.0	3.0	-1.4	2.6	4.2
Other Hotel Revenue	0.8	0.1	-0.2	0.3	1.0
<b>Total Leased Revenue</b>	<b>7.4</b>	<b>9.0</b>	<b>-3.4</b>	<b>7.7</b>	<b>20.7</b>
Fee Revenue	0.6	2.7	-0.5	0.7	3.5
Other Revenue	1.4	0.0	0.0	0.1	1.5
<b>Total Revenue</b>	<b>9.4</b>	<b>11.7</b>	<b>-3.9</b>	<b>8.5</b>	<b>25.7</b>

Like-for-like rooms revenue and like-for-like fee revenue grew in line with the RevPAR increase. The business for meetings and events continued to lag the improvement in the economic conditions and as a consequence like-for-like F&B revenue came in flat to last year. The contribution from new hotels was substantial and accounted for almost half of the revenue increase. The weakening of the EUR also continued to have a significant positive impact. The loss of the revenue from the Regent business sold earlier in 2010 had a negative effect on revenue compared to the same period last year.

Costs increased more than revenue and the quarter consequently witnessed a drop in margins compared to the same period last year. This was the result of several factors. A bigger portion of marketing activities was pushed to the last quarter this year, negatively impacting the margins compared to Q4 last year and previous quarters this year. Additional accruals for variable salaries due to the improved operational performance and changes in the Norwegian pension plans also had a negative impact on the margins compared to last year; thereby increasing personnel costs as a percent of revenue. The quarter also experienced higher costs for maintenance and purchases of operating equipment, which were delayed during the recession but are now necessary to incur. Furthermore, increased costs for travel agent commissions as well as higher energy costs due to the cold winter, added to the pressure on margins. Pre-opening expenses were MEUR 0.5 higher compared to the same period last year. The positive effects from the lower cost base established in the cost savings programme in 2008/2009 helped offset the impact from all these negative factors, but the EBITDAR margin nonetheless came in 310 bps lower than in Q4 last year.

Central costs increased during the quarter, mainly due to higher variable salaries and rental expenses for new administrative offices.

Fixed rent was higher than the same period last year due to the several leased hotels opened during the year and to FX effects of MEUR 2.3. Variable rent was also higher, primarily in the Nordics, as improved performance in some hotels outweighed the impact of negative revenue development in that region. The fixed rent structure in ROWE helped to offset the negative impact on margins from new leased hotels and rent as a per cent of revenue was slightly lower than in Q4 2009. Shortfall payments for managed hotels with shortfall guarantees decreased due to better performance in the hotels and the fact that some hotels have reached their contractual cap on guarantees.

Share of income from associates and joint ventures was in line with that of last year.

Although softened by lower shortfall payments, the negative effects from higher costs during the quarter was also reflected at EBITDA level, and the margin was 3.3%, 190 bps lower than the same period last year. FX had a positive effect on EBITDA of MEUR 0.5.

Depreciations, amortisations and write-downs were in line with those of last year.

The net financial expenses were higher than last year, mainly due to exchange differences.

The effective tax rate was negatively impacted by the decision to write down deferred tax assets of MEUR 4.4 after a revision of the possibility to utilise certain tax losses carry forward.

### Twelve months ending December, 2010

Total Revenue, increased by 16.0% or MEUR 108.5. The change in Revenue from operations, split into like-for-like hotels (L/L), new hotels (NEW), hotels leaving the system (Out) and FX as compared to the same period last year is presented below.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	20.1	29.9	-3.3	21.4	68.1
F&B Revenue	-0.4	13.8	-2.7	10.0	20.7
Other Hotel Revenue	0.7	0.7	-0.3	1.1	2.2
<b>Total Leased Revenue</b>	<b>20.4</b>	<b>44.4</b>	<b>-6.3</b>	<b>32.5</b>	<b>91.0</b>
Fee Revenue	-1.1	14.7	0.1	3.1	16.8
Other Revenue	0.5	0.0	0.0	0.2	0.7
<b>Total Revenue</b>	<b>19.8</b>	<b>59.1</b>	<b>-6.2</b>	<b>35.8</b>	<b>108.5</b>

Like-for-like rooms revenue increased in line with the RevPAR growth, helped by stronger development in countries with many leased hotels. Like-for-like fee revenue on the other hand declined, reflecting the weaker RevPAR development in 2010 in countries with only managed hotels. F&B revenue noted a weak performance and decreased on a like-for-like basis as the recovery has not yet reached the business for meetings and events. More than half of the revenue increase was attributable to new hotels and one third was coming from FX.

Margins benefitted from the lower cost base established through the cost savings programme in 2008/2009, despite pressure from the many new leased hotels in their ramp-up phase, a MEUR 0.9 increase in pre-opening expenses, increased costs for energy due to the harsh weather conditions and higher costs for travel agent commissions. Personnel costs as a per cent of revenue also went down, in spite of higher variable salaries due to improved operational performance and the negative effects from changed pension plans in Norway. As a result, the EBITDAR margin increased by 130 bps to 32.3%.

Rental expenses, including shortfall guarantees went up by MEUR 17.5 of which MEUR 9.8 was explained by FX. The newly opened leased hotels had a negative impact of MEUR 13.8 and variable rent, mainly in the Nordics, increased in line with the positive revenue trend. Shortfall guarantees for managed contracts with performance guarantees, on the other hand, decreased as the performance of these hotels improved and some hotels have reached their contractual cap.

EBITDA improved compared to last year by MEUR 26.6. FX had a positive effect of MEUR 3.8 on EBITDA. The EBITDA margin improvement of 330 bps to 4.0% was due to the increased EBITDAR margin, lower shortfall guarantees and the fixed rent structure in ROWE.

Write-downs of fixed assets amounting to MEUR 2.7 were recognised during the period as a result of impairment tests. However, MEUR 2.2 of write-downs from prior years, of which MEUR 1.8 was related to Regent, was reversed during the period. The sale of Regent resulted in a capital gain of MEUR 3.9.

The net financial expenses were higher than last year due to exchange differences and commitment fees related to the renegotiated credit facilities.

The effective tax rate improved as a result of better performance in countries where tax losses carry forward are not capitalised as deferred tax assets. In addition, deferred tax assets of MEUR 9.3 were capitalised and MEUR 5.2 written down, following a review of the likelihood to utilise tax losses carry forward within the group. This resulted in a net increase of MEUR 4.1.

## Q4 Comments by Region

### **Nordics**

Like-for-like RevPAR declined by 2.8% as the Occupancy increase (+2.0%) could not offset the AHR decrease (-4.7%). Sweden was the strongest performing country with a RevPAR growth of 6.6%, driven by both Occupancy (+4.4%) and AHR (+2.1%) following increased volumes in corporate and leisure individuals and crew. Both Denmark (-16.5%) and Norway (-2.2) witnessed a RevPAR decrease during the fourth quarter. The main reason for the dramatic RevPAR drop in Denmark was the UN Climate Change Conference that took place in December 2009. In Norway, the RevPAR development was mainly impacted

by the partial closure due to renovation of one hotel and increased supply of new hotels in key cities.

The negative impact on revenue from the RevPAR decline was offset by the positive impact from FX (MEUR 4.8) and the addition of new leased hotels (MEUR 4.8). This resulted in a net increase of MEUR 9.4 in leased revenue compared to Q4 2009. Already under pressure from the negative development in rooms revenue, the business for Meetings & Events also noted a drop in the quarter compared to Q4 2009 due to the UN Climate Change Conference in December last year. This could not be offset by the positive contribution from newly opened leased hotels in the region.

Management and franchise fees grew as the negative impact from the RevPAR drop was offset by the additional revenue from new hotels and increased incentive fees from profit sharing.

The profit for the quarter was pulled down by accruals for variable salaries, pension cost adjustments and higher energy costs linked to the extreme winter conditions. Pre-opening costs (MEUR -0.5) and the many newly opened properties also had a negative effect on the EBITDA and EBITDA margins for the quarter.

EBITDA and EBITDA margin from managed hotels increased in line with the revenue trend and the increased incentive fees. The EBITDA and EBITDA margin for franchised hotels noted a slight decrease as profits were under pressure from higher marketing costs.

### **Rest of Western Europe**

Like-for-like RevPAR witnessed a growth of 13.4%, coming from both AHR (+7.4%) and Occupancy (+5.6%), driven by a growth in all key business segments. All markets had RevPAR reported increases, with Switzerland (+19.4%), France (+17.2%), Germany (+16.7%) and the Benelux (+14.2%) having the most significant improvements.

Revenue from leased operations grew by MEUR 11.7 as a result of the RevPAR increase, the contribution from new properties of MEUR 6.3 and the positive effect from FX (MEUR 3.1). The sale of the Regent business in Q2 this year had a negative impact on the revenue development. The increase in rooms revenue following the RevPAR increase was not followed by a similar increase in F&B revenue. Instead, the F&B business stagnated mainly due to weak demand in Meeting & Events and the negative impact of the sale of one F&B outlet.

Fee income from managed hotels increased in line with the RevPAR development but was also positively impacted by increased incentive fees and new hotels added to the portfolio. Fee income from managed hotels noted a minor negative impact from a few contracts converted into franchise contracts. As a consequence fee income from franchised hotels increased more than the overall RevPAR increase in ROWE.

EBITDA for leased hotels improved as revenue grew. The margins also improved as a result of the fixed rent structure and the lower cost base established through the cost savings programme. The negative impact from the newly added hotels in their ramp-up phase, higher variable salaries and higher energy costs related to the harsh weather conditions could only partly offset the positive development in margins. The sale of the Regent business during the year, also contributed to an improved EBITDA margin.

EBITDA and EBITDA margin for managed hotels increased as a result of the overall positive revenue trend, reduced costs for shortfall guarantees and lower provisions for doubtful accounts. EBITDA for the franchised business was in line with that of last year.

### **Eastern Europe**

Like-for-like RevPAR increased by 2.5% based on Occupancy performance (+6.0%) which off-set the AHR decline (-3.4%). The growth in Occupancy came from all key business segments with the exception of corporate groups. The Baltics had the strongest growth (RevPAR +14.1%) as both Occupancy (+9.0%) and AHR increased (+4.7%). The weakest development was noted in Turkey (RevPAR -16.2%), driven mainly by lower Occupancy (-14.1%).

Fee income from managed and franchised hotels grew more than RevPAR due to a strong contribution from new hotels and incentive fees.

EBITDA and EBITDA margin for managed hotels increased in line with the revenue development and a minor reduction in shortfall guarantees compared to Q4 2009. EBITDA and EBITDA margins from franchised hotels noted a minor decrease due to a higher portion of marketing expenses.

### **Middle East, Africa and Others**

Driven by Occupancy (+14.8%), the like-for-like RevPAR increased by 9.6% in the quarter. The AHR declined 4.5%. The positive development was a result of increased leisure individuals and groups. Saudi Arabia was the strongest performing market based on a strong RevPAR development (+16.8%) mainly coming from corporate individuals and group business.

The fee income from managed hotels increased because of hotels opened since last year and the continued ramping up of hotels taken into operation in the latter part of 2009. As a consequence, EBITDA also increased, despite a minor decrease in the margin as a result of a higher portion of marketing expenses.

### **Segmental Revenue, EBITDA and Central Costs**

Revenue, MEUR	Oct-Dec 10	Oct-Dec 09	Change	Jan-Dec 10	Jan-Dec 09	Change
Nordics	93.6	83.0	12.8%	338.6	295.2	14.7%
Rest of Western Europe	106.1	93.5	13.5%	401.3	348.2	15.2%
Eastern Europe	6.0	5.0	20.0%	24.5	19.2	27.6%
Middle East, Africa & Others	6.0	4.5	33.3%	21.3	14.6	45.9%
<b>Total Revenue</b>	<b>211.7</b>	<b>186.0</b>	<b>13.8%</b>	<b>785.7</b>	<b>677.2</b>	<b>16.0%</b>

EBITDA, MEUR	Oct-Dec 10	Oct-Dec 09	Change	Jan-Dec 10	Jan-Dec 09	Change
Nordics	8.0	12.9	-38.0%	42.1	41.8	0.7%
Rest of Western Europe	1.5	-2.3	165.2%	-4.6	-22.6	79.6%
Eastern Europe	4.1	3.4	20.6%	17.6	12.4	41.9%
Middle East, Africa & Others	4.0	3.5	14.3%	16.4	11.1	47.7%
Central Costs	-10.6	-7.8	35.9%	-40.1	-37.9	5.8%
<b>Total EBITDA</b>	<b>6.9</b>	<b>9.7</b>	<b>-28.9%</b>	<b>31.5</b>	<b>4.9</b>	<b>542.9%</b>

### **Central costs**

Despite a leaner organisation established through the cost saving measures in 2008/2009, central costs increased by MEUR 2.8 during the quarter due to higher variable salaries, certain one-off savings in Q4 last year and higher rental expenses for administrative offices.

### **Comments to balance sheet (p 10)**

Compared to year-end 2009, Non-Current Assets noted a minor increase, mainly as a result of the increase in deferred tax assets. Net working capital, excluding Cash and Cash Equivalents but including current tax assets and liabilities, at the end of the period was MEUR -72.7 (-46.7 at year-end 2009).

Cash and Cash Equivalents went up from MEUR 5.2 at year-end 2009 to MEUR 26.7 and bank overdrafts decreased from MEUR 12.6 to zero. This was on account

of a better performance by operations and a better working capital development compared to last year and the sale of the Regent business.

Compared to last year, equity including non-controlling interests went up by MEUR 8.5, mainly due to exchange differences from translation of foreign operations.

No assets were classified as held for sale by the end of Q4. One hotel and certain non-core assets classified as held for sale in Q3 are no longer classified as held for sale as it is no longer deemed likely that the sale will occur.

## Comments to cash flow and liquidity (p 11)

Cash flow from operating activities amounted to MEUR 47.6 during 2010, which was MEUR 53.7 better than that of last year. The improvement to last year is coming from better performance by operations and an exceptionally favourable change in working capital.

Cash flow from change in working capital came in at MEUR 21.8, which was MEUR 22.5 better than that of last year, most of which comes from a substantial increase in accruals for variable salaries and variable rent due to improved performance and in operating liabilities in the newly leased hotels opened during the year.

Cash flow from investing activities amounted to MEUR -12.4 (-23.5). The investments in leased hotels were in line with last year and were to a large extent related to hotels in Scandinavia and the UK. The cash flow from investing activities was positively impacted by the proceeds from the sale of Regent which amounted to MEUR 10.6.

The total credit facilities available for use by the end of the quarter amounted to MEUR 106.8. MEUR 4.2 was used for bank guarantees and MEUR 0.0 was used as overdrafts, leaving MEUR 102.6 available for use. At the end of December 2010, Rezidor had MEUR 26.7 in Cash and Cash Equivalents. In 2010, Rezidor renegotiated its long-term credit facilities, by extending the tenor of its committed credit lines to now range between one and three years combined with customary covenants.

Net interest bearing assets (including pension assets and retirement benefit obligations) amounted to MEUR 39.0 (9.6 at year-end 2009). Net debt/cash, defined as Cash & Cash Equivalents plus short-term interest-bearing assets minus interest-bearing financial liabilities (short-term & long-term), amounted to MEUR 26.7 (-7.5 at year-end 2009).

## Incentive programmes

The Annual General Meetings of 2008 and 2009 have approved two long-term equity settled performance-based incentive programmes to be offered executives within the Rezidor Group. Based on the outcome of certain performance criteria, defined as growth in earnings per share and total shareholder return relative to a defined peer group, the participants of the programmes may be awarded shares in the Company at the end of the vesting periods (in 2011 and 2012 respectively). In addition, the participants of the 2008 programme are entitled to receive shares conditional on continuous employment during the vesting period. The maximum number of shares that can be awarded in the 2008 and 2009 programmes is 636,319 and 1,131,108 respectively. By the end of 2010 it was clear that the performance criteria of the 2008 would not be met, but the shares are not yet formally forfeited as the vesting period ends in 2011. The shares conditional upon continuous employment in the 2008 programme may still vest.

On April 16, 2010 the Annual General Meeting approved a new long-term equity settled performance-based incentive programme to be offered to no more than 30 executives within the Rezidor Group. Based on the outcome of certain performance criteria, defined as total shareholder return relative to a defined peer group and growth in earnings per share during the financial years 2010-2012, the participants of the programme may be awarded a certain number of shares in the Company at the end of the vesting period. Allotments of shares will take place in conjunction with the release of the Q1 report in 2013. The maximum number of shares that can be awarded is 960,535. At grant date (July 23, 2010), the fair value of the portion linked to total shareholder return (75% of the shares that can be awarded) was SEK 17.63 per share and the fair value of the portion linked to earnings per share (25% of the shares that can be awarded) was SEK 37.50 per share.

The cost for the incentive programmes in Q4 and YTD, calculated in accordance with IFRS 2, amounted to MEUR 0.4 (0.3) and MEUR 0.9 (0.8) respectively. Costs for social security charges related to the programmes in Q4 and YTD amounted to MEUR 0.3 (0.1) and MEUR 0.6 (0.3).

## Share buy-back

The number of treasury shares held by the Company at the end of quarter was 3,694,500, corresponding to 2.5% of all registered shares. No shares have been bought back during the period and the average number of own shares held by the Company during the quarter was 3,694,500 (3,694,500). The shares have been bought back in 2007 and 2008 following authorisations at the Annual General Meetings in the same years. The authorisations have been given to secure delivery of shares to participants in the share based incentive programmes decided and to cover social security costs pertaining to these programs as well as to ensure that the Group has a more efficient capital structure. All shares bought back are held to secure

delivery of shares in the incentive programmes and the related social security costs.

On April 16, 2010 the Annual General Meeting authorised the Board of Directors to decide on the acquisition and transfer of the company's own shares. The purpose of the authorisation is to give the Board of Directors an increased capacity to act in respect of organising the capital structure of the company. Shares may be acquired to the extent that the company's holding of its own shares following the acquisition at the most reaches one tenth of all shares in the company. No shares have been acquired during the year.

## Proposed dividend and Annual General Meeting

The Board of Directors recommends the Annual General Meeting no dividend for the financial year 2010.

The Annual General Meeting 2011 of the Rezidor Hotel Group AB will take place on 13 April 2011 in Stockholm.

## Post balance sheet events

There are no significant post balance sheet events to report.

## Business development

### Rooms added into operation<sup>1)</sup>

<b>By brand</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Radisson Blu	64	3,810
Park Inn by Radisson	379	3,299
Other	64	64
<b>Total</b>	<b>507</b>	<b>7,173</b>
<b>By contract type</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Leased	182	1,258
Managed	325	5,246
Franchised	-	669
<b>Total</b>	<b>507</b>	<b>7,173</b>
<b>By geography</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Nordics	-	615
Rest of Western Europe	182	1,651
Eastern Europe	324	4,411
Middle East, Africa & Others	1	496
<b>Total</b>	<b>507</b>	<b>7,173</b>

1) Including Asset Management and inventory adjustments

2 hotels (264 rooms) went offline in Q4 and 6 hotels (1,444 rooms) in 2010

### Rooms signed

<b>By brand</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Radisson Blu	919	5,513
Park Inn by Radisson	697	2,431
Other	202	202
<b>Total</b>	<b>1,818</b>	<b>8,146</b>
<b>By contract type</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Leased	-	-
Managed	1,212	6,372
Franchised	606	1,774
<b>Total</b>	<b>1,818</b>	<b>8,146</b>
<b>By geography</b>	<b>Oct-Dec 10</b>	<b>Jan-Dec 10</b>
Nordics	405	749
Rest of Western Europe	677	2,195
Eastern Europe	496	4,315
Middle East, Africa & Others	240	887
<b>Total</b>	<b>1,818</b>	<b>8,146</b>

## Material risks and uncertainties

In 2010, the general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates, continued to be the most important factors influencing the company's earnings. An increased focus on portfolio management or a setback in the economic recovery, with major implications on the performance of the company's hotels, may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts. The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.



## Condensed consolidated statement of operations

MEUR	Oct-Dec 10	Oct-Dec 09	Jan-Dec 10	Jan-Dec 09
Revenue	211.7	186.0	785.7	677.2
F&B and other related expenses	-16.9	-15.3	-58.9	-52.3
Personnel cost and contract labour	-75.8	-64.3	-278.9	-246.4
Other Operating expenses	-52.2	-41.8	-180.7	-156.0
Insurance of properties and property tax	-3.6	-3.2	-13.1	-12.4
<b>Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)</b>	<b>63.2</b>	<b>61.4</b>	<b>254.1</b>	<b>210.1</b>
Rental expense	-56.9	-52.3	-224.9	-207.3
Shares of income in associates and Joint Ventures	0.6	0.6	2.3	2.1
<b>Operating profit/loss before depreciation and amortisation and gain on sale of fixed assets (EBITDA)</b>	<b>6.9</b>	<b>9.7</b>	<b>31.5</b>	<b>4.9</b>
Depreciation, amortisation and write-downs	-7.8	-7.7	-31.5	-29.9
Gain on sale of shares and tangible fixed assets	0.0	0.0	3.9	0.0
<b>Operating profit/loss</b>	<b>-0.9</b>	<b>2.0</b>	<b>3.9</b>	<b>-25.0</b>
Financial income	0.2	0.9	0.8	1.2
Financial expense	-1.1	-0.7	-4.5	-1.9
<b>Profit/loss before tax</b>	<b>-1.8</b>	<b>2.2</b>	<b>0.2</b>	<b>-25.7</b>
Income tax	-5.0	-2.5	-2.9	-2.5
<b>Profit/loss for the period</b>	<b>-6.8</b>	<b>-0.3</b>	<b>-2.7</b>	<b>-28.2</b>
<b>Attributable to:</b>				
Owners of the company	-6.6	-0.3	-2.5	-28.2
Non-controlling interests	-0.2	-	-0.2	-
<b>Profit/loss for the period</b>	<b>-6.8</b>	<b>-0.3</b>	<b>-2.7</b>	<b>-28.2</b>
Basic average no. of shares outstanding	146,307,540	146,307,540	146,307,540	146,307,540
Diluted average no. of shares outstanding	147,876,268	146,307,540	147,448,368	146,307,540
<b>Earnings per share, in EUR</b>				
Basic	-0.05	-0.00	-0.02	-0.19
Diluted	-0.05	-0.00	-0.02	-0.19

## Consolidated statement of comprehensive income

<b>Profit/loss for the period</b>	<b>-6.8</b>	<b>-0.3</b>	<b>-2.7</b>	<b>-28.2</b>
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	3.6	2.0	11.6	8.2
Available-for-sale financial assets	-	-	-1.7	-
Tax on exchange differences recognised directly in equity	0.1	0.3	0.3	1.6
<b>Other comprehensive income for the period, net of tax</b>	<b>3.7</b>	<b>2.3</b>	<b>10.2</b>	<b>9.8</b>
<b>Total comprehensive income for the period</b>	<b>-3.1</b>	<b>2.0</b>	<b>7.5</b>	<b>-18.4</b>
<b>Attributable to:</b>				
Owners of the Company	-2.9	2.0	7.7	-18.4
Non-controlling interests	-0.2	-	-0.2	-

## Condensed consolidated balance sheet statements

MEUR	31-Dec 10	31-Dec 09
<b>ASSETS</b>		
Intangible assets <sup>1)</sup>	78.6	82.7
Tangible assets	108.7	108.6
Investments in associated companies and joint ventures	4.6	4.1
Other shares and participations	6.9	8.4
Pension funds, net	9.8	10.9
Other long-term receivables	12.7	12.2
Deferred tax assets	27.3	21.0
<b>Total non-current assets</b>	<b>248.6</b>	<b>247.9</b>
Inventories	4.8	4.4
Other current receivables	94.3	84.7
Other short term investments	3.3	3.3
Cash and cash equivalents	26.7	5.2
<b>Current assets</b>	<b>129.1</b>	<b>97.6</b>
Assets classified as held for sale	0.0	7.4
<b>Total current assets</b>	<b>129.1</b>	<b>105.0</b>
<b>TOTAL ASSETS</b>	<b>377.7</b>	<b>352.9</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent	175.1	166.5
Non-controlling interests	0.1	0.2
<b>Total equity</b>	<b>175.2</b>	<b>166.7</b>
Deferred tax liabilities	17.6	23.3
Retirement benefit obligations	2.6	1.7
Other long-term liabilities	12.2	10.8
<b>Total non-current liabilities</b>	<b>32.4</b>	<b>35.8</b>
Liabilities to financial institutions	0.0	12.6
Other current interest bearing liabilities	0.0	1.3
Other current liabilities	170.1	135.9
<b>Current liabilities</b>	<b>170.1</b>	<b>149.8</b>
Liabilities directly associated with assets classified as held for sale	0.0	0.6
<b>Total current liabilities</b>	<b>170.1</b>	<b>150.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>377.7</b>	<b>352.9</b>
Number of ordinary shares outstanding at the end of the period	146,307,540	146,307,540
Number of ordinary shares held by the company	3,694,500	3,694,500
Number of registered ordinary shares at the end of the period	150,002,040	150,002,040

1) Goodwill has been reclassified to other intangible assets and is now being amortised. MEUR 13.6 of other intangible assets was reported as goodwill on 31 Dec 2009.

## Consolidated statement of changes in equity

MEUR	Share capital	Other paid in capital	Translation reserves	Fair value reserve available for sale financial assets	Retained earnings incl. net profit/loss for the period	Attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Ending balance as of Dec 31, 2008</b>	<b>10.0</b>	<b>120.3</b>	<b>-6.7</b>	<b>3.0</b>	<b>57.5</b>	<b>184.1</b>	<b>0.2</b>	<b>184.3</b>
Long term incentive plan	-	-	-	-	0.8	0.8	-	0.8
Total comprehensive income for the period	-	-	9.8	-	-28.2	-18.4	-	-18.4
<b>Ending balance as of Dec 31, 2009</b>	<b>10.0</b>	<b>120.3</b>	<b>3.1</b>	<b>3.0</b>	<b>30.1</b>	<b>166.5</b>	<b>0.2</b>	<b>166.7</b>
Long term incentive plan	-	-	-	-	0.9	0.9	-	0.9
Non-controlling interests arising business combinations	-	-	-	-	-	-	0.7	0.7
Payments of dividends to non-controlling interests	-	-	-	-	-	-	-0.6	-0.6
Total comprehensive income for the period	-	-	11.9	-1.7	-2.5	7.7	-0.2	7.5
<b>Ending balance as of Dec 31, 2010</b>	<b>10.0</b>	<b>120.3</b>	<b>15.0</b>	<b>1.3</b>	<b>28.5</b>	<b>175.1</b>	<b>0.1</b>	<b>175.2</b>

## Condensed consolidated statement of cash flow

MEUR	Jan-Dec 10	Jan-Dec 09
<b>Operating profit/loss</b>	<b>3.9</b>	<b>-25.0</b>
Non cash items	34.1	27.5
Interest, taxes paid and other cash items	-12.2	-7.9
Change in working capital	21.8	-0.7
<b>Cash flow from operating activities</b>	<b>47.6</b>	<b>-6.1</b>
Purchase of intangible assets	-0.4	-1.8
Purchase of tangible assets	-23.7	-21.3
Other investments/divestments	11.7	-0.4
<b>Cash flow from investing activities</b>	<b>-12.4</b>	<b>-23.5</b>
External financing, net	-13.5	7.9
Dividends paid to non-controlling interests	-0.6	-
<b>Cash flow from financing activities</b>	<b>-14.1</b>	<b>7.9</b>
<b>Cash flow for the period</b>	<b>21.1</b>	<b>-21.7</b>
Effects of exchange rate changes on cash and cash equivalents	0.4	0.5
<b>Cash and cash equivalents at beginning of the period</b>	<b>5.2</b>	<b>26.4</b>
<b>Cash and cash equivalents at end of the period</b>	<b>26.7</b>	<b>5.2</b>

## Parent Company, condensed statement of operations

MEUR	Oct-Dec 10	Oct-Dec 09	Jan-Dec 10	Jan-Dec 09
Revenue	1.2	0.7	3.3	3.0
Personnel cost	-1.1	-0.7	-3.4	-2.6
Other Operating expenses	-3.9	-2.2	-14.0	-9.1
<b>Operating loss before depreciation and amortization</b>	<b>-3.8</b>	<b>-2.2</b>	<b>-14.1</b>	<b>-8.7</b>
Depreciation and amortization expense	0.0	0.0	-0.1	-0.1
<b>Operating loss</b>	<b>-3.8</b>	<b>-2.2</b>	<b>-14.2</b>	<b>-8.8</b>
Financial income	0.0	0.0	0.0	0.0
Financial expense	-0.8	-0.1	-4.3	-1.8
<b>Loss before tax</b>	<b>-4.6</b>	<b>-2.3</b>	<b>-18.5</b>	<b>-10.6</b>
Income Tax	2.1	0.4	5.7	2.6
<b>Loss for the period</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-12.8</b>	<b>-8.0</b>

## Parent Company, statement of comprehensive income

<b>Profit/loss for the period</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-12.8</b>	<b>-8.0</b>
<b>Other comprehensive income:</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-12.8</b>	<b>-8.0</b>
<b>Total comprehensive income for the period</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-12.8</b>	<b>-8.0</b>

## Parent Company, condensed balance sheet statement

MEUR	31-Dec 10	31-Dec 09
<b>ASSETS</b>		
Tangible assets	0.2	0.2
Shares in subsidiaries	233.2	232.4
Deferred tax assets	7.4	2.7
<b>Total non-current assets</b>	<b>240.8</b>	<b>235.3</b>
Inventories	0.0	0.0
Current receivables	5.0	0.6
Cash and cash equivalents	0.0	0.0
<b>Total current assets</b>	<b>5.0</b>	<b>0.6</b>
<b>TOTAL ASSETS</b>	<b>245.8</b>	<b>235.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>178.2</b>	<b>187.1</b>
Current liabilities	67.6	48.8
<b>Total current liabilities</b>	<b>67.6</b>	<b>48.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>245.8</b>	<b>235.9</b>

## Parent Company, statement of changes in equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
<b>Balance as of Dec. 31, 2008</b>	<b>10.0</b>	<b>197.3</b>	<b>-13.0</b>	<b>194.3</b>
Long term incentive plan	-	-	0.8	<b>0.8</b>
Total comprehensive income for the period	-	-	-8.0	<b>-8.0</b>
<b>Balance as of Dec. 31, 2009</b>	<b>10.0</b>	<b>197.3</b>	<b>-20.2</b>	<b>187.1</b>
Long term incentive plan	-	-	0.9	<b>0.9</b>
Group contribution	-	-	4.1	<b>4.1</b>
Tax effect on group contribution	-	-	-1.1	<b>-1.1</b>
Total comprehensive income for the period	-	-	-12.8	<b>-12.8</b>
<b>Balance as of Dec. 31, 2010</b>	<b>10.0</b>	<b>197.3</b>	<b>-29.1</b>	<b>178.2</b>

## Comments to income statement

The primary purpose of the Parent Company is to act as a holding company for the Group's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a Shared Service Centre for all hotels in Sweden.

The main revenue of the Company is internal fees charged to the hotels in Sweden for the related administrative services provided by the Shared Service Centre. In Q4 10 and YTD 10 the inter-company revenue of the Parent Company amounted to MEUR 1.1 (0.7) and MEUR 3.2 (2.8) respectively. The inter-company costs in Q4 10 and YTD 10 amounted to MEUR 3.7 (1.9) and MEUR 11.7 (6.3) respectively.

In Q4 10 and YTD 10 inter-company interest income amounted to MEUR 0.0 (0.1) and MEUR 0.0 (0.1) respectively and intercompany interest expenses to MEUR 0.2 (0.1) and MEUR 0.4 (0.5) respectively.

## Comments to balance sheet

At the end of the quarter the inter-company receivables amounted to MEUR 4.5 (0.1 at year-end 09) and the inter-company liabilities to MEUR 65.6 (47.0 at year-end 09). The changes in the balance sheet since year-end are mainly related to changes in short-term inter-company borrowing and lending.

## Notes to condensed consolidated financial statements

### **Basis of preparation**

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim report has been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS).

The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2.3, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

Goodwill has been reclassified to other intangible assets and is now being amortised. This has no material effect on the earnings for the period. The comparative numbers have been changed accordingly. Apart from that, the same accounting policies, presentation and methods of computation have been followed in this interim report as were applied in the Company's annual report for the year ended 31 December 2009, except for the impact of the adoption of the standards and interpretations described below.

Revised standards are the *Improvements to IFRSs 2009*, *IFRS 3 Business Combinations*, *IAS 27 Consolidated Separate Financial Statements*, *IAS 39 Financial Instruments: Recognition and measurement (clarification of what constitutes a hedge item)* and *IFRS 2 Share Based Payment (Group cash-settled share-based payment transactions)*. New interpretation effective for Rezidor as from January 1<sup>st</sup>, 2010 is *IFRIC 12 Service Concession Agreements*, *IFRIC 15 Agreement for Construction of Real Estate*, *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*, *IFRIC 17 Distributions of non-cash assets to owners* and *IFRIC 18 Transfers of Assets from Customers*. New interpretation effective for Rezidor as from July 1<sup>st</sup>, 2010 is *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*. All these revised standards and new interpretations have had little or no effect on the reported results or financial position of the Group.

### **Related party transactions**

Related parties with significant influence are: The Carlson Group (Carlson) owning 51.3% of the shares. Rezidor also has some joint ventures and associated companies. On the 31<sup>th</sup> of December 2010 Rezidor had ordinary current receivables related to Carlson of MEUR 0.3 (0.2 as at 31<sup>st</sup> December 2009) and ordinary current liabilities of MEUR 0.7 (0.9 as at 31<sup>st</sup> December 2009). The business relationship with Carlson mainly consisted of operating costs related to the use of the brands and the use of the Carlson reservation system. During 2010, Rezidor had operating costs towards Carlson of MEUR 10.0 (8.6). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.7 (0.5). For these specific commissions Rezidor had current liabilities of MEUR 0.1 (0.0 as at 31<sup>st</sup> December 2009).

In Q4 2010, Rezidor sold the right to use one F&B concept to Carlson for MEUR 0.3.

Information on the long-term equity settled performance-based incentive programmes is included on page 7.

### **Pledged assets and contingent liabilities**

	31-Dec 2010	31-Dec 2009
<b>Asset pledged, MEUR</b>		
Securities on deposits (restricted accounts)	3.3	3.3
<b>Contingent liabilities, MEUR</b>		
Miscellaneous guarantees provided	4.2	2.4
<b>Total guarantees provided</b>	<b>4.2</b>	<b>2.4</b>

## Revenue per area of operation

MEUR	Oct-Dec 10	Oct-Dec 09	Change %	Jan-Dec 10	Jan-Dec 09	Change %
Rooms revenue	112.0	96.5	16.1%	442.8	374.8	18.1%
F&B revenue	64.9	60.7	6.9%	218.2	197.4	10.5%
Other hotel revenue	6.3	5.4	18.5%	21.9	19.7	11.2%
<b>Total hotel revenue</b>	<b>183.2</b>	<b>162.6</b>	<b>12.7%</b>	<b>682.9</b>	<b>591.9</b>	<b>15.4%</b>
Fee revenue	23.4	19.8	18.2%	88.3	71.4	23.7%
Other revenue	5.1	3.6	41.7%	14.5	13.9	4.3%
<b>Total revenue</b>	<b>211.7</b>	<b>186.0</b>	<b>13.8%</b>	<b>785.7</b>	<b>677.2</b>	<b>16.0%</b>

## Total fee revenue

MEUR	Oct-Dec 10	Oct-Dec 09	Change %	Jan-Dec 10	Jan-Dec 09	Change %
Management Fees	7.1	6.4	10.9%	27.8	22.9	21.4%
Incentive Fees	7.6	5.7	33.3%	25.3	18.5	36.8%
Franchise Fees	1.5	1.2	25.0%	5.8	5.6	3.6%
Other Fees (incl. marketing, reservation fee etc.)	7.2	6.5	10.8%	29.4	24.4	20.5%
<b>Total fee revenue</b>	<b>23.4</b>	<b>19.8</b>	<b>18.2%</b>	<b>88.3</b>	<b>71.4</b>	<b>23.7%</b>

## Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	86.8	77.8	96.5	84.8	-	-	-	-	183.3	162.6
Managed	1.4	1.2	6.9	6.7	5.8	4.8	5.9	4.5	20.0	17.2
Franchised	1.1	1.0	2.1	1.4	0.2	0.2	-	-	3.4	2.6
Other	4.2	3.0	0.7	0.6	-	-	0.1	-	5.0	3.6
<b>Total</b>	<b>93.6</b>	<b>83.0</b>	<b>106.1</b>	<b>93.5</b>	<b>6.0</b>	<b>5.0</b>	<b>6.0</b>	<b>4.5</b>	<b>211.7</b>	<b>186.0</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	318.1	275.8	364.8	316.0	-	-	-	-	682.9	591.9
Managed	4.7	4.0	25.8	22.7	23.7	18.5	21.1	14.6	75.3	59.8
Franchised	4.6	4.4	7.6	6.6	0.8	0.7	-	-	13.0	11.7
Other	11.2	11.0	3.1	2.8	-	-	0.2	-	14.5	13.8
<b>Total</b>	<b>338.6</b>	<b>295.2</b>	<b>401.3</b>	<b>348.2</b>	<b>24.5</b>	<b>19.2</b>	<b>21.3</b>	<b>14.6</b>	<b>785.7</b>	<b>677.2</b>

## Rental expenses

MEUR	Oct-Dec 10	Oct-Dec 09	Change %	Jan-Dec 10	Jan-Dec 09	Change %
Fixed rent	47.0	41.9	12.2%	184.3	166.7	10.6%
Variable rent	7.5	6.7	11.9%	25.7	21.2	21.2%
<b>Rent</b>	<b>54.5</b>	<b>48.6</b>	<b>11.9%</b>	<b>210.0</b>	<b>187.9</b>	<b>11.8%</b>
Rent as a % of leased hotel revenue	29.7%	29.9%	-20 bps	30.8%	31.7%	-90 bps
Shortfall guarantees	2.4	3.7	-35.1%	14.9	19.4	-23.2%
<b>Rental expense</b>	<b>56.9</b>	<b>52.3</b>	<b>8.8%</b>	<b>224.9</b>	<b>207.3</b>	<b>8.5%</b>

## Operating profit before depreciation and amortization and gain on sales of fixed assets (EBITDA)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	7.4	11.1	-2.3	-4.5	-	-	-	-	-	-	5.1	6.6
Managed	0.9	0.7	2.0	1.6	4.0	3.3	3.8	3.3	-	-	10.7	8.9
Franchised	0.4	0.4	0.7	0.6	0.1	0.1	-	-	-	-	1.2	1.1
Other <sup>1)</sup>	-0.7	0.7	1.1	0.0	0.0	0.0	0.2	0.2	-	-	0.6	0.9
Central costs	-	-	-	-	-	-	-	-	-10.6	-7.8	-10.6	-7.8
<b>Total</b>	<b>8.0</b>	<b>12.9</b>	<b>1.5</b>	<b>-2.3</b>	<b>4.1</b>	<b>3.4</b>	<b>4.0</b>	<b>3.5</b>	<b>-10.6</b>	<b>-7.8</b>	<b>6.9</b>	<b>9.7</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	32.4	32.3	-13.6	-25.4	-	-	-	-	-	-	18.8	6.9
Managed	3.1	2.5	5.4	-0.9	17.2	12.0	15.5	10.4	-	-	41.2	24.1
Franchised	2.4	2.2	3.5	3.9	0.4	0.4	-	-	-	-	6.3	6.5
Other <sup>1)</sup>	4.2	4.8	0.1	-0.2	0.0	0.0	0.9	0.7	-	-	5.2	5.2
Central costs	-	-	-	-	-	-	-	-	-40.1	-37.9	-40.1	-37.9
<b>Total</b>	<b>42.1</b>	<b>41.8</b>	<b>-4.6</b>	<b>-22.6</b>	<b>17.6</b>	<b>12.4</b>	<b>16.4</b>	<b>11.1</b>	<b>-40.1</b>	<b>-37.9</b>	<b>31.5</b>	<b>4.9</b>

1) Other also includes share of income from associates and joint ventures.

## Operating profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	4.1	7.9	-5.9	-7.9	-	-	-	-	-	-	-1.8	0.0
Managed	0.9	0.7	1.7	1.6	3.9	3.4	3.7	3.2	-	-	10.2	8.9
Franchised	0.4	0.4	0.6	0.6	0.1	0.1	-	-	-	-	1.1	1.1
Other <sup>1)</sup>	-0.8	-	0.9	-0.4	0.0	0.0	0.2	0.2	-	-	0.3	-0.2
Central costs	-	-	-	-	-	-	-	-	-10.6	-7.8	-10.6	-7.8
<b>Total</b>	<b>4.7</b>	<b>9.0</b>	<b>-2.6</b>	<b>-6.1</b>	<b>4.0</b>	<b>3.5</b>	<b>3.9</b>	<b>3.4</b>	<b>-10.6</b>	<b>-7.8</b>	<b>-0.9</b>	<b>2.0</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	20.3	20.9	-24.8	-40.0	-	-	-	-	-	-	-4.6	-19.1
Managed	3.0	2.5	5.1	-1.1	17.4	12.0	15.2	10.3	-	-	40.7	23.7
Franchised	2.3	2.1	3.4	3.8	0.4	0.4	-	-	-	-	6.0	6.3
Other <sup>1)</sup>	1.8	2.8	-0.9	-1.4	0.0	0.0	0.9	0.6	-	-	1.9	2.0
Central costs	-	-	-	-	-	-	-	-	-40.1	-37.9	-40.1	-37.9
<b>Total</b>	<b>27.4</b>	<b>28.3</b>	<b>-17.3</b>	<b>-38.7</b>	<b>17.8</b>	<b>12.4</b>	<b>16.1</b>	<b>10.9</b>	<b>-40.1</b>	<b>-37.9</b>	<b>3.9</b>	<b>-25.0</b>

1) Other also includes share of income from associates and joint ventures.

## Reconciliation of profit/(loss) for the period

MEUR	Oct-Dec 10	Oct-Dec 09	Jan-Dec 10	Jan-Dec 09
<b>Total operating profit/(loss) (EBIT) for reportable segments</b>	<b>-0.9</b>	<b>2.0</b>	<b>3.9</b>	<b>-25.0</b>
Financial income	0.2	0.9	0.8	1.2
Financial expense	-1.1	-0.7	-4.5	-1.9
<b>Group's total profit/(loss) before tax</b>	<b>-1.8</b>	<b>2.2</b>	<b>0.2</b>	<b>-25.7</b>



## Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009
Assets	136.6	131.8	182.0	161.4	21.0	24.3	38.1	35.4	377.7	352.9
Investments (tangible & intangible assets)	12.3	6.3	11.6	25.0	0.0	0.0	0.2	0.0	24.1	31.3

## Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	31-Dec, 2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	27	24	50	48	-	-	-	-	77	72
Managed	7	7	64	61	55	37	36	35	162	140
Franchised	22	23	46	44	5	7	-	-	73	74
<b>Total</b>	<b>56</b>	<b>54</b>	<b>160</b>	<b>153</b>	<b>60</b>	<b>44</b>	<b>36</b>	<b>35</b>	<b>312</b>	<b>286</b>

## Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	31-Dec, 2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	6,936	6,319	10,335	9,889	-	-	-	-	17,271	16,208
Managed	1,934	1,934	10,499	10,217	14,149	9,720	8,953	8,829	35,535	30,700
Franchised	4,075	4,172	8,572	8,308	922	1,258	-	-	13,569	13,738
<b>Total</b>	<b>12,945</b>	<b>12,425</b>	<b>29,406</b>	<b>28,414</b>	<b>15,071</b>	<b>10,978</b>	<b>8,953</b>	<b>8,829</b>	<b>66,375</b>	<b>60,646</b>

## Hotels and rooms in development

31-Dec, 2010	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Leased	2	711	-	150	-	-	-	-	2	861
Managed	2	530	18	3,102	32	7,227	37	8,081	89	18,940
Franchised	4	691	4	1,001	-	-	-	-	8	1,692
<b>Total</b>	<b>8</b>	<b>1,932</b>	<b>22</b>	<b>4,253</b>	<b>32</b>	<b>7,227</b>	<b>37</b>	<b>8,081</b>	<b>99</b>	<b>21,493</b>

## Historic quarterly data

MEUR	2010				2009				2008
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
RevPAR	60.1	64.7	68.4	51.6	56.5	59.0	61.5	54.0	67.8
Revenue	211.7	205.3	203.0	165.7	186.0	165.4	173.2	152.6	193.6
EBITDAR	63.2	75.1	70.6	45.1	61.4	54.2	56.9	37.7	64.1
EBITDA	6.9	18.4	17.5	-11.5	9.7	3.1	7.1	-14.9	13.6
EBIT	-0.9	9.4	14.2	-19.0	2.0	-4.9	-0.8	-21.2	5.3
Profit/loss after Tax	-6.8	4.6	17.2	-17.7	-0.3	-6.1	-2.5	-19.2	1.3
EBITDAR Margin %	29.9%	36.6%	34.8%	27.2%	33.0%	32.7%	32.8%	24.7%	33.1%
EBITDA Margin %	3.3%	9.0%	8.6%	-6.9%	5.2%	1.9%	4.1%	-9.8%	7.0%
EBIT Margin %	-0.4%	4.6%	7.0%	-11.5%	1.1%	-3.0%	-0.5%	-13.9%	2.7%

## Definitions

### **Average House Rate**

Average House Rate – Rooms revenue in relation to number of rooms sold. Also referred to as ARR (Average Room Rate) or ADR (Average Daily Rate) in the hotel industry.

### **Central Costs**

Central Costs represent costs for corporate and regional functions, such as Executive Management, Finance, Business Development, Legal, Communication & Investor Relations, Technical Development, Human Resources, Operations, IT, Brand Management & Development, and Purchasing. These costs are incurred to the benefit of all hotels within the Rezidor group, i.e. leased, managed and franchised.

### **Earnings per share**

Profit for the period, before allocation to minority interest divided by the weighted average number of shares outstanding.

### **EBIT**

Operating profit before net financial items and tax.

### **EBITDA**

Operating profit before depreciation and amortisation and gain on sale of shares and fixed assets and net financial items and tax.

### **EBITDA margin**

EBITDA as a percentage of Revenue.

### **EBITDAR**

Operating profit before rental expense and share of income in associates and before depreciation and amortisation and gain on sale of shares and of fixed assets and net financial items and tax.

### **FF&E**

Furniture, Fittings and Equipment.

### **Like-for-like hotels**

Same hotels in operation during the previous period compared.

### **Net Cash/Debt**

Cash & cash equivalents plus short-term interest-bearing assets (with maturity within 3 months) minus interest-bearing liabilities (short-term & long-term).

### **Net Interest Bearing Assets/Liabilities**

Interest Bearing assets minus interest bearing liabilities.

### **Net working capital**

Current non-interest-bearing receivables minus current non-interest-bearing liabilities.

### **Occupancy (%)**

Number of rooms sold in relation to the number of rooms available for sale.

### **Revenue**

All related business revenue (including rooms revenue, food & beverage revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

### **RevPAR**

Revenue Per Available Room: Rooms revenue in relation to rooms available.

### **RevPAR Like-for-like**

RevPAR for Like-for-like hotels at constant exchange rates.

### **System-wide revenue**

Hotel revenue (including rooms revenue, food & beverage, conference & banqueting revenue and other hotel revenue) from leased, managed and franchised hotels, where revenue from franchised hotels is an estimate. It also includes other non-hotel revenue from administration units, such as revenue from Rezidor's print shop that prepares marketing materials for Rezidor hotels and revenue generated under Rezidor's loyalty programs.

## Geographic regions/segments

### **Nordics (NO)**

Denmark, Finland, Iceland, Norway and Sweden.

### **Rest of Western Europe (ROWE)**

Austria, Belgium, France, Germany, Ireland, Italy, Luxemburg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

### **Eastern Europe (incl. CIS countries) (EE)**

Azerbaijan, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Slovakia, Turkey, Ukraine and Uzbekistan.

### **Middle East, Africa and Others, (MEAO)**

Angola, Bahrain, Brazil, China, Egypt, Ethiopia, Jordan, Kenya, Kuwait, Lebanon, Libya, Mali, Mongolia, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, South Africa, Tunisia, the United Arab Emirates and Zambia.

## Financial calendar

Interim Report January-March 2011: 13 April 2011  
Annual General Meeting 2011: 13 April 2011  
Interim Report January-June 2011: 21 July 2011  
Interim Report January-September 2011: 28 October 2011

This quarterly report comprises information which Rezidor Hotel Group AB (publ) is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08:30 Central European Time on 22<sup>nd</sup> February 2011.

Stockholm 22<sup>nd</sup> February, 2011

Kurt Ritter  
President & CEO  
Rezidor Hotel Group AB

## Webcast

22<sup>nd</sup> February 2011 at 15:30 (Central European Time).

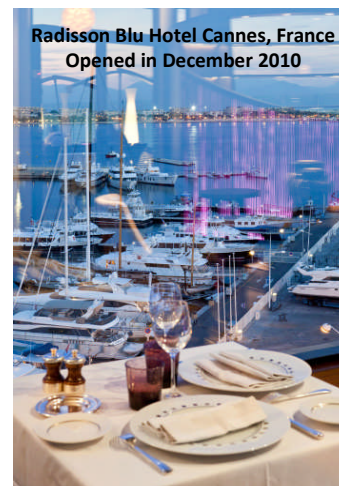
Kurt Ritter, President & CEO, Knut Kleiven, Deputy President & CFO and Puneet Chhatwal, Chief Development Officer, will present the report and answer questions.

To participate in the teleconference, please dial:

Sweden:	+46 (0)8 5066 2770
Sweden toll-free:	0200 897 065
UK:	+44 (0)20 7784 1036
UK toll-free:	0800 279 9640
US:	+1 718 354 1152
US toll-free:	1866 850 2201

To follow the webcast, please visit [www.rezidor.com](http://www.rezidor.com)

A replay of the conference call will be available one month following the call by dialling +46 (0)8 5051 3897 (Sweden), +44 (0)20 7111 1244 (UK) and +1 347 366 9565 (US), access code 7147173#.



In Q4 2010 Rezidor opened five new hotels

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