



Interim report January-March 2011

First quarter, 2011

- RevPAR Like-for-like increased by 6.5% to EUR 55.6 (52.2). Like-for-like Occupancy was 55.7% (53.8).
- Revenue increased by 16.3% or MEUR 27.0 to MEUR 192.7 (165.7). On a Like-for-like basis Revenue increased by 5.6%.
- EBITDA was MEUR -8.5 (-11.5), and EBITDA margin was -4.4% (-6.9%).
- Loss after tax amounted to MEUR -17.4 (-17.7).
- Basic and diluted Earnings Per Share amounted to EUR -0.12 (-0.12).
- Cash flow from operating activities amounted to MEUR -21.7 (-17.5). Total available cash at the end of the quarter, including unutilised credit facilities, amounted to MEUR 100.5 (MEUR 73.0 in March 10).

Other developments

- Circa 1,400 new rooms were added into operations in the first quarter.
- Circa 2,200 rooms were signed in the first quarter all of which were managed or franchised.

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MEUR	First quarter		Rolling 12-months	
	Jan-Mar 11	Jan-Mar 10	Apr 10-Mar 11	Apr 09-Mar 10
Revenue	192.7	165.7	812.7	690.3
EBITDAR	52.7	45.1	261.6	217.6
EBITDA	-8.5	-11.5	34.3	8.4
EBIT	-16.5	-19.0	6.0	-22.7
Profit/loss after Tax	-17.4	-17.7	-2.4	-26.6
EBITDAR Margin %	27.3%	27.2%	32.1%	31.5%
EBITDA Margin %	-4.4%	-6.9%	4.2%	1.2%
EBIT Margin %	-8.6%	-11.5%	0.7%	-3.3%

Comment from the CEO

- A continued strong recovery in our key markets



"We are pleased to report continued strong RevPAR growth in the first quarter. Eastern Europe was the best performing market followed by the Nordics, where the improvement was partly supported by the fact that Easter falls in the second quarter this year. Rest of Western Europe also reported substantial growth and we see a continued solid development in Germany. In the Middle East and North Africa, the recent political unrest, as expected, had a negative impact on RevPAR development.

The first quarter is seasonally the weakest of the year. We recorded a strong revenue growth and an improved EBITDA over last year. The margin development was however dampened by the opening up of a significant number of leased hotels since the first quarter of 2010.

The beginning of 2011 has been very strong in terms of new hotel openings and signings. We opened 1,400 rooms in key markets like Stockholm, Brussels and Kuwait and added more than 2,200 rooms to our pipeline. All the new signings were under management or franchise contracts, supporting our asset-light strategy."

Kurt Ritter, President & CEO

Market Development

The European hotel market continues on its road of recovery and RevPAR is growing in all significant markets. On an aggregated European level industry numbers show an accumulated RevPAR growth of nine percent for the two first months of 2011. So far the numbers reflect a good mix between occupancy and rate as drivers of the growth. Also the market development is helped by a lower than usual growth in supply.

At this point the growth is led by the countries that experienced a particularly weak 2009 and 2010. A very positive RevPAR development in the Baltic markets is a good example of poor performers bouncing back.

The major Western European markets that started to recover already in 2010 continue to experience positive development. Last year German RevPAR was supported by a lowered VAT. Despite the lack of a similar support this year the German market continues to show a stable growth. The pattern in the UK is the same, but with London being the engine and a slower RevPAR growth in regional destinations. The effects of government spending cuts in the UK still remain to be seen.

All Nordic markets have had steady RevPAR growth in the beginning of 2011 with Denmark taking the lead after a weak 2010. Both Norway and Sweden are growing while Norway seems to have benefitted more from the fact that the Easter holiday falls in April this year.

In North Africa and the Middle East, the recent political unrest has had a negative impact on RevPAR development. The economic development in southern Europe has less impact on Rezidor as the group has no presence in Greece and less than one percent of rooms in operation are in Portugal and Spain.

RevPAR

First quarter, 2011

Three of the four geographic segments reported a like-for-like RevPAR growth, in total driven almost equally by occupancy (+3.5%) and AHR (+2.9%). The biggest growth was seen in Eastern Europe with +11.5%, followed by the Nordics with +10.0% and RoWE with +8.6%. In MEOA, impacted by the events in Bahrain, Egypt, Libya and Tunisia, RevPAR declined 6.1%. Excluding these four countries, like-for-like RevPAR for the group grew by 9.5% in the quarter.

The increase in Eastern Europe was primarily driven by occupancy (+11.7%) with a minor AHR increase (+0.4%) and with the Baltics, Russia and Turkey being the key growth drivers.

In the Nordics, occupancy was also the main driver (+7.9%), but combined with a modest AHR growth (+1.9%). Denmark was the only country with a RevPAR growth derived only from Occupancy. The region, especially Norway, benefitted from the timing of Easter this year.

In RoWE, the development was more evenly split between Occupancy (+3.6%) and AHR (+4.8%) with Belgium and the Netherlands being the only two markets with a purely rate driven RevPAR growth.

For MEOA, the unrest in the region in the latter part of the quarter heavily impacted the RevPAR development and off-set the positive developments in Saudi Arabia, South Africa and the UAE.

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

RevPAR	Jan-Mar
L/L growth	6.5%
FX impact	2.9%
New openings	-4.3%
Reported growth	5.1%

The positive FX impact was mainly attributable to the appreciation of the CHF (ca 14%), the SEK (ca 12%), the GBP (ca 4%), the NOK (ca 4%) and the USD linked currencies in the Middle East (ca 1%).

Rezidor's performance

RevPAR Like-for-like, EUR¹⁾	Jan-Mar 11	Jan-Mar 10	Change
Radisson Blu	63.9	60.2	6.1%
Park Inn by Radisson	30.7	28.3	8.4%
Group	55.6	52.2	6.5%

Occupancy Like-for-like

Radisson Blu	57.9%	56.5%	140 bps
Park Inn by Radisson	48.8%	45.8%	300 bps
Group	55.7%	53.8%	190 bps

RevPAR, EUR

Radisson Blu	63.1	59.0	6.9%
Park Inn by Radisson	31.1	28.8	8.0%
Group	54.2	51.6	5.1%

Occupancy

Radisson Blu	56.3%	55.5%	80 bps
Park Inn by Radisson	46.3%	46.3%	-
Group	53.5%	53.0%	50 bps

1) At constant exchange rates

Jan-Mar 11 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like ¹⁾	10.0%	8.6%	11.5%	-6.1%	6.5%
Occupancy Like-for-like	7.9%	3.6%	11.7%	-7.5%	3.5%
AHR Like-for-like ¹⁾	1.9%	4.8%	0.4%	1.6%	2.9%
Reported RevPAR	10.0%	9.9%	7.9%	-3.9%	5.1%

1) At constant exchange rates

Comments to Statements of Operations (p.8)

First quarter, 2011

Total Revenue, increased by 16.3% or MEUR 27.0. 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	6.8	-1.7	4.8	16.5
F&B Revenue	-0.3	5.4	-1.2	2.4	6.3
Other Hotel Revenue	0.2	0.4	-0.1	0.3	0.8
Total Leased Revenue	6.5	12.6	-3.0	7.5	23.6
Fee Revenue	0.8	1.1	-	0.7	2.6
Other Revenue	0.8	0.0	-	0.0	0.8
Total Revenue	8.1	13.7	-3.0	8.2	27.0

Like-for-like rooms and fee revenue grew in line with the RevPAR increase. F&B revenue, however, witnessed a decline compared to the same period last year as meetings and events continued to lag behind in the recovery.

The contribution from the seven new leased hotels opened since Q1 last year was substantial. Together with new managed and franchised hotels, they accounted for more than half of the revenue increase. The weakening of the EUR also continued to have a significant positive impact, whereas the loss of the revenue from the Regent business sold in 2010 had a negative effect on revenue compared to the same period last year.

Like-for-like leased hotels managed to combine the revenue increase with a good flow-through and as a result they reported increased margins, despite the weak performance for meetings and events, increased energy costs due to harsh winter conditions and some additional costs for variable salaries linked to revenue enhancing activities. Pre-opening expenses, which amounted to MEUR 1.1 during the period, were only marginally higher than in Q1 last year (by MEUR 0.2). However, the softer performance of the many newly leased hotels in their ramp-up phase, of which two opened during the quarter, pulled down the margins. In addition, central costs increased by MEUR 3.3 compared to the same period last year. A bigger portion of the marketing activities also took place in the first quarter this year. As a result, the EBITDAR margin for the group came in at 27.3%, in line with that of last year, despite an increase in EBITDAR of MEUR 7.6.

Additional rent from the new leases and the increase in variable rent linked to the revenue increase led to higher rental expenses than in Q1 last year. However, shortfall guarantees for managed hotels with performance guarantees went down by MEUR 1.7 compared to last year. This was the result of improved operational margins as a consequence of the positive revenue trend and the

fact that certain hotels reached their contractual cap on guarantees in 2010.

Share of income from associates and joint ventures improved by MEUR 0.5, as one joint venture was classified as held for sale in Q1 last year with no share of income reported.

EBITDA improved by MEUR 3.0 as a result of the EBITDAR increase. The fixed rent structure in ROWE and lower shortfall guarantees helped to improve the EBITDA margin which came in at -4.4%, an improvement by 250 bps. Despite a good growth in Revenue, the EBITDA growth was modest. The EBITDA flow through from like-for-like hotels was strong, which was also supported by the sale of the Regent business last year. However, these gains were partly offset by negative contribution from the new hotels in a seasonal weak quarter. Although FX had a positive impact on Revenue, there was no flow through at the EBITDA level.

Depreciations and amortisations were MEUR 0.5 higher than last year, all coming from new hotels.

The financial net improved compared to the same period last year due to lower negative exchange differences and a one-off financial income of MEUR 0.6.

The higher effective tax rate is mainly explained by improved performance in countries with taxable profits and a one-off tax expense of MEUR 1.5 related to prior years.

Q1 Comments by Region

Nordics

Like-for-like RevPAR increased by 10.0% as both occupancy (+7.9%) and AHR (+1.9%) improved versus last year. Denmark was the strongest performing country with a RevPAR growth of 13.3%, driven by a 14.8% increase in occupancy; a result of improved volume in all segments with the exception of leisure groups. In Sweden, with a like-for-like RevPAR growth of +10.6%, the increase was mainly driven by occupancy (+7.5%) but supported by an AHR increase of 2.9% and was, as in Denmark, the result of improved volume in all segments with the exception of leisure groups. In Norway, the RevPAR growth of 9.0% was the result of improvements in both occupancy (+4.9%) and AHR (+3.9%). A growth in the corporate segments (individuals and groups) offset declines in the crew and leisure segments (individuals and groups). Norway was also negatively affected by the partial closure of one hotel due to renovation, but positively impacted by the timing of Easter last year.

Leased revenue grew as a result of the positive RevPAR development, but the increase was mainly attributable to the addition of four new leased hotels since Q1 last year (MEUR 7.8) and to FX (MEUR 4.8).

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

EBITDA for leased hotels went up due to the revenue increase in like-for-like hotels combined with a good flow through to EBITDA. The newly opened properties however, still in their ramp-up phase, had a negative contribution at EBITDA level which together with higher pre-opening expenses than last year in the region (MEUR -0.6) had a negative impact on the margins and the EBITDA margin therefore came just below that of Q1 2010.

EBITDA and EBITDA margin for managed and franchised hotels increased as a result of the revenue development and the higher incentive fees from profit sharing.

Rest of Western Europe

Like-for-like RevPAR witnessed a growth of 8.6%, coming from both AHR (+4.8%) and occupancy (+3.6%) and driven by a growth in all key business segments with the exception of crew. All markets reported RevPAR increases, with Switzerland (+23.7%), France (+11.3%), Germany (+7.6%) and the Benelux (+7.5%) having the most significant improvements.

Revenue from leased operations grew by MEUR 6.8. The positive impact from the RevPAR increase was softened by the poor development for F&B revenue, which stagnated due to weak demand for meetings and events. Instead, the biggest contribution came from the newly opened entities. Positive FX effects of MEUR 2.7 were offset by the loss in revenue from the sale of the Regent business last year.

Revenue from managed and franchised hotels grew in line with the RevPAR development, although slightly negatively impacted by the sale of Regent last year.

The strong contribution to revenue from the three new leased hotels opened since Q1 last year did not flow through to EBITDA, as the hotels are still in their ramp-up phase with yet too low EBITDAR to cover their rent. Despite this dampening effect on EBITDA from new leases, EBITDA and EBITDA margins improved as the like-for-like hotels reported an improved performance, supported by the fixed rent structure in ROWE. The quarter also had MEUR 0.4 less in pre-opening expenses compared to the same period last year. The sale of the Regent business also had a positive impact on EBITDA of MEUR 1.1 and the margins.

EBITDA and EBITDA margin for managed hotels increased as a consequence of the positive revenue trend and reduced costs for shortfall guarantees. EBITDA for the franchised business was in line with the increase in revenue.

Eastern Europe

Like-for-like RevPAR increased by 11.5%, coming entirely from occupancy (+11.7%). AHR noted a minor growth (+0.4%). The growth in occupancy came from all key business segments. The Baltics saw the strongest growth (RevPAR +36.0%) as both occupancy (+29.3%) and AHR (+5.2%) increased. The weakest development was noted in Slovakia (RevPAR -12.6%), driven by lower AHR (-19.8%).

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

EBITDA for managed hotels increased as a result of the revenue growth, but the EBITDA margin noted a minor decline as the shortfall guarantees increased for a few hotels in some underperforming cities. EBITDA from franchised hotels increased in line with the revenue development.

Middle East, Africa and Others

The events in Bahrain, Egypt, Libya and Tunisia had a significant impact on the performance of the area and like-for-like RevPAR came in at -6.1% in Q1, as occupancy fell by 7.5%. The gains in January were overcome by the negative development the last two months of the quarter. The strongest performing RevPAR countries were the UAE (+15.2%) and Saudi Arabia (+4.8%) but this growth was over-shadowed by the steep declines in Libya (-47.3%), Tunisia (-36.3%), Egypt (-31.9%) and Bahrain (-43.1%). Excluding these four countries, the region grew by 9.4%.

Despite the negative RevPAR development in countries affected by the political unrest, revenue from managed hotels increased because of hotels opened since last year. As a consequence EBITDA also increased and the margin noted a slight improvement.

Central costs

Central costs amounted to MEUR 11.9, an increase of MEUR 3.3 compared to the same period last year. Approximately MEUR 2 of the increase was the result of some exceptionally high negative exchange differences on receivables in foreign currencies and higher costs for variable salaries related to 2010. The remaining increase is a result of more centrally generated activities including a strengthening of the organisation.

Segmental Revenue, EBITDA and Central Costs

Revenue, MEUR	Jan-Mar 11	Jan-Mar 10	Change
Nordics	89.7	71.4	25.6%
Rest of Western Europe	93.4	86.2	8.4%
Eastern Europe	5.0	3.7	35.1%
Middle East, Africa & Others	4.6	4.4	4.5%
Total Revenue	192.7	165.7	16.3%

EBITDA, MEUR	Jan-Mar 11	Jan-Mar 10	Change
Nordics	6.2	5.0	24.0%
Rest of Western Europe	-8.5	-12.7	n/m
Eastern Europe	2.4	1.9	26.3%
Middle East, Africa & Others	3.3	2.9	13.8%
Central Costs	-11.9	-8.6	n/m
Total EBITDA	-8.5	-11.5	n/m

Comments to balance sheet (p 9)

Compared to year-end 2010, 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 -64.0 (-72.7 at year-end 2010).

Cash and Cash Equivalents went down from MEUR 26.7 at year-end 2010 to MEUR 8.6 and bank overdrafts increased from zero to 10.7. This was due to the negative cash flow from operating activities and the investments carried out during the quarter.

Compared to year-end 2010, equity including non-controlling interests went down by MEUR 18.6, mainly due the loss for the period and negative exchange differences from translation of foreign operations.

Comments to cash flow and liquidity (p 10)

Cash flow from operating activities amounted to MEUR -21.7 in Q1 2011, which was MEUR 4.2 worse than that of last year. The difference is mainly coming from a more negative development in working capital and exchange differences.

Cash flow from change in working capital was MEUR -9.3, which was MEUR 5.9 worse than last year. The first quarter normally sees a negative working capital development, but the effect this quarter was increased by the settlement of some of the large accruals at year-end 2010.

Cash flow from investing activities amounted to MEUR -6.8 (-2.1). The investments in leased hotels during the quarter, mainly carried out in the Nordics and Benelux, were higher than those of last year, as investments were kept at a minimum during to the recession.

The total credit facilities by the end of the quarter amounted to MEUR 106.8. MEUR 4.2 was used for bank guarantees and MEUR 10.7 was used as overdrafts, leaving MEUR 91.9 available for use. At the end of March 2011, Rezidor had MEUR 8.6 in Cash and Cash Equivalents. The tenor of the committed credit lines range between one and three years combined with customary covenants.

Net interest bearing assets (including pension assets and retirement benefit obligations) amounted to MEUR 9.4 (39.0 at year-end 2010). 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 -2.1 (26.7 at year-end 2010).

Incentive programmes

The Annual General Meetings of 2008, 2009 and 2010 have approved three 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, 2012 and 2013 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 may be awarded in the 2009 and 2010 programmes is 1,101,491 and 960,535 respectively. By the end of 2010 it was clear that the performance criteria of the 2008 would not be met, but the shares conditional upon continuous employment in the 2008 programme, in total 25,540 shares, may still vest.

The cost for the incentive programmes in Q1, calculated in accordance with IFRS 2, amounted to MEUR 0.4 (0.2). Costs for social security charges related to the programmes in Q1 amounted to MEUR 0.2 (0.1).

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 its own shares held by the Company during the quarter was 3,694,500 (3,694,500). The shares were 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 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 based on the authorisation given by the Annual General Meeting in 2010.

Post balance sheet events

There are no significant post balance sheet events to report.

Material risks and uncertainties

No material changes have taken place during the period and reference is therefore made to the detailed description provided in the annual report for 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 slower than expected 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.

Business development

Rooms added into operation

By brand	Jan-Mar 11
Radisson Blu	775
Park Inn by Radisson	457
Missoni	169
Total	1,401

By contract type	Jan-Mar 11
Leased	646
Managed	753
Franchised	2
Total	1,401

By geography	Jan-Mar 11
Nordics	646
Rest of Western Europe	280
Eastern Europe	306
Middle East, Africa & Others	169
Total	1,401

* In Q1 11, 2 hotels (409 rooms) left the system, resulting in a net opening of 992 rooms

Rooms signed

By brand	Jan-Mar 11
Radisson Blu	1,162
Park Inn by Radisson	1,010
Missoni	-
Total	2,172

By contract type	Jan-Mar 11
Leased	-
Managed	1,601
Franchised	571
Total	2,172

By geography	Jan-Mar 11
Nordics	266
Rest of Western Europe	362
Eastern Europe	1,205
Middle East, Africa & Others	339
Total	2,172

Condensed consolidated statement of operations

MEUR	Jan-Mar 11	Jan-Mar 10
Revenue	192.7	165.7
F&B and other related expenses	-14.8	-12.7
Personnel cost and contract labour	-74.1	-63.6
Other Operating expenses	-47.5	-41.5
Insurance of properties and property tax	-3.6	-2.8
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	52.7	45.1
Rental expense	-61.7	-56.6
Shares of income in associates and Joint Ventures	0.5	0.0
Operating profit/loss before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	-8.5	-11.5
Depreciation, amortisation and write-downs	-8.0	-7.5
Operating profit/loss	-16.5	-19.0
Financial income	0.7	0.1
Financial expense	-0.9	-1.8
Profit/loss before tax	-16.7	-20.7
Income tax	-0.7	3.0
Profit/loss for the period	-17.4	-17.7
Attributable to:		
Owners of the company	-17.3	-17.7
Non-controlling interests	-0.1	-0.0
Profit/loss for the period	-17.4	-17.7
Basic average no. of shares outstanding	146,307,540	146,307,540
Diluted average no. of shares outstanding	147,759,988	147,060,632
Earnings per share, in EUR		
Basic	-0.12	-0.12
Diluted	-0.12	-0.12

Consolidated statement of comprehensive income

Profit/loss for the period	-17.4	-17.7
Other comprehensive income:		
Exchange differences on translation of foreign operations	-1.6	4.9
Tax on exchange differences recognised directly in equity	-0.0	0.0
Other comprehensive income for the period, net of tax	-1.6	4.9
Total comprehensive income for the period	-19.0	-12.8
Attributable to:		
Owners of the Company	-18.9	-12.8
Non-controlling interests	-0.1	-0.0

Condensed consolidated balance sheet statements

MEUR	31-Mar 11	31-Dec 10
ASSETS		
Intangible assets	78.2	78.6
Tangible assets	108.2	108.7
Investments in associated companies and joint ventures	4.8	4.6
Other shares and participations	6.7	6.9
Pension funds, net	10.4	9.8
Other long-term receivables	11.9	12.7
Deferred tax assets	30.7	27.3
Total non-current assets	250.9	248.6
Inventories	4.8	4.8
Other current receivables	112.6	94.3
Other short term investments	2.1	3.3
Cash and cash equivalents	8.6	26.7
Current assets	128.1	129.1
TOTAL ASSETS	379.0	377.7
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	156.6	175.1
Non-controlling interests	0.0	0.1
Total equity	156.6	175.2
Deferred tax liabilities	17.9	17.6
Retirement benefit obligations	2.5	2.6
Other long-term liabilities	12.3	12.2
Total non-current liabilities	32.7	32.4
Liabilities to financial institutions	10.7	0.0
Other current liabilities	179.0	170.1
Current liabilities	189.7	170.1
TOTAL EQUITY AND LIABILITIES	379.0	377.7
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

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
Ending balance as of Dec 31, 2009	10.0	120.3	3.1	3.0	30.1	166.5	0.2	166.7
Long term incentive plan	-	-	-	-	0.2	0.2	-	0.2
Non-controlling interests arising business combinations	-	-	-	-	-	-	0.7	0.7
Total comprehensive income for the period	-	-	4.9	-	-17.7	-12.8	0.0	-12.8
Ending balance as of Mar 31, 2010	10.0	120.3	8.0	3.0	12.6	153.9	0.9	154.8
Long term incentive plan	-	-	-	-	0.7	0.7	-	0.7
Payments of dividends to non-controlling interests	-	-	-	-	-	-	-0.6	-0.6
Total comprehensive income for the period	-	-	7.0	-1.7	15.2	20.5	-0.2	20.3
Ending balance as of Dec 31, 2010	10.0	120.3	15.0	1.3	28.5	175.1	0.1	175.2
Long term incentive plan	-	-	-	-	0.4	0.4	-	0.4
Total comprehensive income for the period	-	-	-1.6	-	-17.3	-18.9	-0.1	-19.0
Ending balance as of Mar 31, 2011	10.0	120.3	13.4	1.3	11.6	156.6	0.0	156.6

Condensed consolidated statement of cash flow

MEUR	Jan-Mar 11	Jan-Mar 10
Operating profit/loss	-16.5	-18.9
Non cash items	7.5	10.4
Interest, taxes paid and other cash items	-3.4	-5.6
Change in working capital	-9.3	-3.4
Cash flow from operating activities	-21.7	-17.5
Purchase of intangible assets	-0.6	-0.3
Purchase of tangible assets	-7.4	-3.0
Other investments/divestments	1.2	1.2
Cash flow from investing activities	-6.8	-2.1
External financing, net	10.5	21.5
Cash flow from financing activities	10.5	21.5
Cash flow for the period	-18.0	1.9
Effects of exchange rate changes on cash and cash equivalents	-0.1	0.1
Cash and cash equivalents at beginning of the period	26.7	5.2
Cash and cash equivalents at end of the period	8.6	7.2

Parent Company, condensed statement of operations

MEUR	Jan-Mar 11	Jan-Mar 10
Revenue	0.7	0.7
Personnel cost	-0.8	-0.7
Other Operating expenses	-2.6	-2.6
Operating loss before depreciation and amortization	-2.7	-2.6
Depreciation and amortization expense	-0.0	-0.0
Operating loss	-2.7	-2.6
Financial income	0.0	0.0
Financial expense	-0.3	-1.7
Loss before tax	-3.0	-4.3
Income Tax	0.8	1.1
Loss for the period	-2.2	-3.2

Parent Company, statement of comprehensive income

Profit/loss for the period	-2.2	-3.2
Other comprehensive income:	-	-
Total comprehensive income for the period	-2.2	-3.2

Parent Company, condensed balance sheet statement

MEUR	31-Mar 11	31-Dec 10
ASSETS		
Tangible assets	0.2	0.2
Shares in subsidiaries	233.6	233.2
Deferred tax assets	8.0	7.4
Total non-current assets	241.8	240.8
Inventories	0.0	0.0
Current receivables	5.3	5.0
Cash and cash equivalents	0.0	0.0
Total current assets	5.3	5.0
TOTAL ASSETS	247.1	245.8
EQUITY AND LIABILITIES		
Equity	176.8	178.2
Current liabilities	70.3	67.6
Total current liabilities	70.3	67.6
TOTAL EQUITY AND LIABILITIES	247.1	245.8

Parent Company, statement of changes in equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
Balance as of Dec. 31, 2009	10.0	197.3	-20.2	187.1
Long term incentive plan	-	-	0.2	0.2
Total comprehensive income for the period	-	-	-3.2	-3.2
Balance as of Mar. 31, 2010	10.0	197.3	-23.2	184.1
Long term incentive plan	-	-	0.7	0.7
Group contribution	-	-	4.1	4.1
Tax effect on group contribution	-	-	-1.1	-1.1
Total comprehensive income for the period	-	-	-9.6	-9.6
Balance as of Dec. 31, 2010	10.0	197.3	-29.1	178.2
Long term incentive plan	-	-	0.4	0.4
Group contribution	-	-	0.5	0.5
Tax effect on group contribution	-	-	-0.1	-0.1
Total comprehensive income for the period	-	-	-2.2	-2.2
Balance as of Mar. 31, 2011	10.0	197.3	-30.5	176.8

Comments to parent company 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 Q1 11 the inter-company revenue of the Parent Company amounted to MEUR 0.7 (0.6). The inter-company costs in Q1 11 amounted to MEUR 2.0 (2.1).

In Q1 11 inter-company interest income amounted to MEUR 0.0 (0.0) and intercompany interest expenses to MEUR 0.1 (0.1).

Comments to parent company balance sheet

At the end of the quarter the inter-company receivables amounted to MEUR 4.1 (4.5 at year-end 10) and the inter-company liabilities to MEUR 68.2 (65.6 at year-end 10). 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, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

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 2010, except for the impact of the adoption of the standards and interpretations described below.

Amended standards are *Improvements to IFRSs 2010, IAS 24 Related Party Disclosures (Partial Exemption for Government-related Entities and Revised Definition of a Related party)* and *IAS 32 Financial Instruments: Presentation (Classification of Rights Issues)*.

New and amended interpretations effective for Rezidor as from January 1st, 2011 are *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Prepayments of a Minimum Funding Requirement)* and *IFRIC 19 Extinguishing financial liabilities with equity instruments*. All these revised standards and new and amended 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 31th of March 2011 Rezidor had ordinary current receivables related to Carlson of MEUR 0.0 (0.3 as at 31st December 2010) and ordinary current liabilities of MEUR 1.1 (0.7 as at 31st December 2010). 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 Q1 2011, Rezidor had operating costs towards Carlson of MEUR 2.9 (2.4). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.2 (0.2). For these specific commissions Rezidor had current liabilities of MEUR 0.1 (0.1 as at 31st December 2010).

Information on the long-term equity settled performance-based incentive programmes is included on page 6.

Pledged assets and contingent liabilities

Asset pledged, MEUR	31-Mar 2011	31-Dec 2010
Securities on deposits (restricted accounts)	2.1	3.3

Contingent liabilities, MEUR	31-Mar 2011	31-Dec 2009
Miscellaneous guarantees provided	4.2	4.2
Total guarantees provided	4.2	4.2

Revenue per area of operation

MEUR	Jan-Mar 11	Jan-Mar 10	Change %
Rooms revenue	108.2	91.8	17.9%
F&B revenue	57.0	50.6	12.6%
Other hotel revenue	5.1	4.3	18.6%
Total hotel revenue	170.3	146.7	16.1%
Fee revenue	18.9	16.4	15.2%
Other revenue	3.5	2.6	34.6%
Total revenue	192.7	165.7	16.3%

Total fee revenue

MEUR	Jan-Mar 11	Jan-Mar 10	Change %
Management Fees	5.8	5.4	7.4%
Incentive Fees	4.8	3.7	29.7%
Franchise Fees	1.4	1.4	0.0%
Other Fees (incl. marketing, reservation fee etc.)	6.9	5.9	16.9%
Total fee revenue	18.9	16.4	15.2%

Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	84.4	67.7	85.8	79.0	-	-	-	-	170.2	146.7
Managed	1.3	0.7	5.1	4.9	4.8	3.5	4.6	4.4	15.8	13.5
Franchised	1.2	1.1	1.8	1.6	0.2	0.1	-	-	3.2	2.9
Other	2.7	1.9	0.7	0.7	-	-	0.0	-	3.5	2.6
Total	89.7	71.4	93.4	86.2	5.0	3.6	4.6	4.4	192.7	165.7

Rental expenses

MEUR	Jan-Mar 11	Jan-Mar 10	Change %
Fixed rent	49.3	45.7	7.9%
Variable rent	7.1	3.9	82.1%
Rent	56.4	49.6	13.7%
Rent as a % of leased hotel revenue	33.1%	33.8%	-70 bps
Shortfall guarantees	5.3	7.0	-24.3%
Rental expense	61.7	56.6	9.0%

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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	4.3	3.5	-8.8	-10.3	-	-	-	-	-	-	-4.5	-6.8
Managed	1.0	0.4	-0.5	-3.0	2.3	1.8	3.2	2.9	-	-	6.0	2.1
Franchised	0.6	0.5	0.8	0.6	0.1	0.1	-	-	-	-	1.5	1.2
Other ¹⁾	0.3	0.6	-0.0	-0.0	-0.0	-0.0	0.1	0.0	-	-	0.4	0.6
Central costs	-	-	-	-	-	-	-	-	-11.9	-8.6	-11.9	-8.6
Total	6.2	5.0	-8.5	-12.7	2.4	1.9	3.3	2.9	-11.9	-8.6	-8.5	-11.5

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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	0.9	0.5	-12.3	-13.7	-	-	-	-	-	-	-11.4	-13.1
Managed	0.9	0.3	-0.5	-3.0	2.2	1.8	3.2	2.9	-	-	5.8	2.0
Franchised	0.7	0.5	0.7	0.5	0.1	0.1	-	-	-	-	1.5	1.1
Other ¹⁾	-0.3	-0.0	-0.3	-0.3	-0.0	-0.0	0.1	0.0	-	-	-0.5	-0.3
Central costs	-	-	-	-	-	-	-	-	-11.9	-8.6	-11.9	-8.6
Total	2.2	1.3	-12.4	-16.5	2.3	1.9	3.3	2.9	-11.9	-8.6	-16.5	-19.0

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

Reconciliation of profit/(loss) for the period

MEUR	Jan-Mar 11	Jan-Mar 10
Total operating profit/loss (EBIT) for reportable segments	-16.5	-19.0
Financial income	0.7	0.1
Financial expense	-0.9	-1.8
Group's total profit/loss before tax	-16.7	-20.7

Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	31-Dec 2011	31-Dec 2010	31-Dec 2011	31-Dec 2010	31-Dec 2011	31-Dec 2010	31-Dec 2011	31-Dec 2010	31-Dec 2011	31-Dec 2010
Assets	162.5	136.6	158.3	182.0	21.5	21.0	36.7	38.1	379.0	377.7
Investments (tangible & intangible assets)	4.7	12.3	3.3	11.6	0.0	0.0	0.0	0.2	8.0	24.1

Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	29	25	49	48	-	-	-	-	78	73
Managed	7	7	64	64	55	38	37	35	163	144
Franchised	22	22	47	43	6	7	-	-	75	72
Total	58	54	160	155	61	45	37	35	316	289

Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	7,581	6,457	10,183	9,889	-	-	-	-	17,746	16,346
Managed	1,936	1,934	10,496	10,435	14,047	9,970	9,122	8,737	35,601	31,076
Franchised	4,074	4,074	8,598	8,034	1,330	1,240	-	-	14,002	13,348
Total	13,591	12,465	29,277	28,358	15,377	11,210	9,122	8,737	67,367	60,770

Hotels and rooms in development

31-Mar, 2011	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Leased	-	71	-	-	-	-	-	-	-	71
Managed	2	458	17	3,070	34	7,473	37	8,146	90	19,147
Franchised	5	957	4	1,001	1	305	-	-	10	2,263
Total	7	1,486	21	4,071	35	7,778	37	8,146	100	21,481

Historic quarterly data

MEUR	2011		2010			2009			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
RevPAR	54.2	60.1	64.7	68.4	51.6	56.5	59.0	61.5	54.0
Revenue	192.7	211.7	205.3	203.0	165.7	186.0	165.4	173.2	152.6
EBITDAR	52.7	63.2	75.1	70.6	45.1	61.4	54.2	56.9	37.7
EBITDA	-8.5	6.9	18.4	17.5	-11.5	9.7	3.1	7.1	-14.9
EBIT	-16.5	-0.9	9.4	14.2	-19.0	2.0	-4.9	-0.8	-21.2
Profit/loss after Tax	-17.4	-6.8	4.6	17.2	-17.7	-0.3	-6.1	-2.5	-19.2
EBITDAR Margin %	27.3%	29.9%	36.6%	34.8%	27.2%	33.0%	32.7%	32.8%	24.7%
EBITDA Margin %	-4.4%	3.3%	9.0%	8.6%	-6.9%	5.2%	1.9%	4.1%	-9.8%
EBIT Margin %	-8.6%	-0.4%	4.6%	7.0%	-11.5%	1.1%	-3.0%	-0.5%	-13.9%

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-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 13th April 2011.

Stockholm 13th April, 2011

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

Webcast

13th April 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

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 6096478#.



Park Inn Brussels Midi
Opened in March 2011



Radisson Blu Waterfront, Stockholm
Opened in January 2011



Hotel Missoni, Kuwait
Opened in February 2011

In Q1 2011 Rezidor opened six new hotels

For further information, please contact:
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