

RevPAR recovery driven by increased Occupancy

Comment from the CEO

"Rezidor's RevPAR improved in the second quarter mainly driven by higher Occupancy. Room rates, too, have seen a gradual recovery in recent months. All of Rezidor's operating regions reported RevPAR growth; most significantly in Germany, France, Benelux and an encouraging rebound in the important Norwegian market. Although the market is improving, the absolute RevPAR is still at a historically low level and will need continued improvement to yield a satisfying profitability.

Overall, Rezidor performed well compared to the market. The market recovery combined with our successful cost reduction strategies will continue to support delivery of improved margins. Importantly, Rezidor also concluded a portfolio agreement to manage 10 hotels in the Baltics (former Reval Hotels) and completed the disposition of the Regent business. Such portfolio actions also add to the focus and profitability of the business." **Kurt Ritter, President & CEO**

Second quarter, 2010

- RevPAR Like-for-like increased by 6.8% to EUR 67.1 (62.8). Like-for-like Occupancy was 67.7% (62.7).
- Revenue increased by 17.2% or MEUR 29.8 to MEUR 203.0 (173.2). On a Like-for-like basis Revenue increased by 5.3%.
- EBITDA was MEUR 17.5 (7.1), and EBITDA margin was 8.6% (4.1).
- Profit after tax amounted to MEUR 17.2 (-2.5).
- Basic and diluted Earnings Per Share amounted to EUR 0.12 (-0.02).

Six month ending June, 2010

- RevPAR Like-for-like increased by 2.4% to EUR 60.8 (59.4). Like-for-like Occupancy was 62.1% (58.3).
- Revenue increased by 13.2% or MEUR 42.9 to MEUR 368.7 (325.8). On a Like-for-like basis Revenue increased by 2.9%.
- EBITDA was MEUR 6.0 (-7.8), and EBITDA margin was 1.6% (-2.4).
- Loss after tax amounted to MEUR -0.6 (-21.6).
- Basic and diluted Earnings Per Share amounted to EUR -0.00 (-0.15).
- Cash flow from operating activities was zero (-19.1). Total available cash at the end of the period, including unutilised credit facilities, amounted to MEUR 96.1 (MEUR 97.0 in Dec 09 and MEUR 89.0 in June 09).

Other developments

- Rezidor opened ca 4,000 rooms in the second quarter, of which ca 90% were managed or franchised. One hotel, representing ca 200 rooms, left the system. During the first six months, Rezidor opened ca 4,700 rooms, of which ca 90% were managed or franchised.
- Rezidor signed ca 3,500 rooms in the second quarter, of which ca 2,400 relate to the agreement to manage a portfolio of 10 hotels (former Reval Hotels) in the Baltics, and ca 5,100 during the first six months. All of the new rooms contracted during the year were managed or franchised.
- Rezidor completed the sale of its part of the Regent business in the second quarter, which resulted in a positive cash inflow of MEUR 10.6 and a capital gain of MEUR 3.9. In addition, write-downs of fixed assets from prior years of MEUR 1.8 were reversed, leading to a combined positive effect from the sale of MEUR 5.7.

Selected financial data, MEUR	Apr-Jun 10	Apr-Jun 09	Jan-Jun 10	Jan-Jun 09
Revenue	203.0	173.2	368.7	325.8
EBITDAR	70.6	56.9	115.7	94.6
EBITDA	17.5	7.1	6.0	(7.8)
EBIT	14.2	(0.8)	(4.7)	(21.9)
Profit/(loss) after Tax	17.2	(2.5)	(0.6)	(21.6)
EBITDAR Margin %	34.8%	32.8%	31.4%	29.0%
EBITDA Margin %	8.6%	4.1%	1.6%	(2.4)%
EBIT Margin %	7.0%	(0.5)%	(1.3)%	(6.7)%

Market Development

Across the main European markets, RevPAR showed a continued positive trend, driven by increasing Occupancy. As per STR Global, RevPAR in Europe was up +9% in May (versus +9% in April and +7% in March) and +6% May YTD. Western Europe has taken the lead in the recovery, particularly Germany (+11% in May), France (+11% in May), UK (+11% in May) and Belgium (+9% in May) have shown very strong RevPAR growth recent months.

Supply growth in Europe has come down considerably from the high levels that were witnessed at the end of the last recession. Recent research from MKG Hospitality suggests that the supply of branded rooms in Europe grew by only 1% last year.

Rezidor's Strategy

Rezidor continues with its strategy to grow its portfolio with mainly managed and franchised contracts with limited or no financial commitment. The company is also building strongly on its pole position in emerging markets, and accelerating the expansion of its core brands – Radisson Blu and Park Inn. This strategy is successfully supporting the gradual shift in the business model and is expected to secure greater resilience in the future.

The group will continue to expand the Park Inn brand in markets where it already operates a Radisson Blu or a Park Inn hotel. By doing so, Rezidor will focus on growing the brand depth versus width in a market, promoting clustered growth and potential synergies between the hotels and the brands. In the second quarter, the company announced the renaming of Park Inn to "Park Inn by Radisson". Such rebranding will take place in markets where Rezidor has the right to do so during the remainder of 2010. This endorsement by Radisson is created to further accelerate the growth and performance of Rezidor's mid-market brand, and achieve an increase in brand awareness for both Park Inn and Radisson. Radisson is already established as Europe's largest upscale brand and enjoys strong brand recognition in its segments and key markets.

In the second quarter the company, together with Carlson, completed the sale of the Regent business to Formosa International Hotels Corporation. With this transaction, Rezidor will benefit from a positive cash flow and profit, and free resources for growing its two core brands as well as developing its lifestyle brand, Hotel Missoni.

Another important strategic highlight of the second quarter was the re-branding of 10 Reval Hotels (ca 2,400 rooms) in the Baltics to Radisson Blu and Park Inn. This agreement will help Rezidor to substantially improve its position in key markets of Riga, Tallinn and Vilnius, where the company already operates the Radisson Blu brand. The agreement will also further strengthen Rezidor's leading position in Eastern Europe including Russia and other CIS countries.

RevPAR

Second quarter, 2010

Like-for-like RevPAR in Q2 increased by 6.8% as a modest AHR decline (-1.2%) was more than fully offset by increased Occupancy (+8.0%). The Occupancy development accelerated in the latter part of the quarter and the AHR decline slowed down as the quarter progressed. All customer segments noted an increase in volume compared to 09, especially the corporate segments (individuals and groups) which showed a strong improvement.

The following table shows the RevPAR development during Q2 10:

RevPAR	Apr-Jun 10
L/L growth	6.8%
FX impact	6.0%
New openings	(1.5)%
Reported growth	11.3%

The positive FX impact was mainly attributable to the appreciation of the NOK (ca 12%), the SEK (ca 11%), the USD linked currencies in the Middle East (ca 8%), the CHF (ca 7%) and the GBP (ca 3%).

Like-for-like RevPAR increased in all four of the geographic segments with RoWE having the strongest growth (+10.4%). The strongest performing markets, based on RevPAR development, were South Africa (+86.5% - related to the World Cup), Switzerland (+20.5%), Germany (+18.6%), the Netherlands (+15.6%) and Belgium (+14.8%). The only market with a significant decrease was Denmark (-9.7%).

Like-for-like AHR increased in two of the four geographic segments (RoWE +3.4% and MEAO +1.3%). Significant negative developments were noted in Denmark (-15.3%), Russia (-14.7%), UAE (-11.7%) and Poland (-7.4%). Positive developments were in South Africa (+73% - related to the World Cup), Germany (+13.5%) and the Netherlands (+7.0%).

Like-for-like Occupancy increased in all four of the geographic segments with Eastern Europe (+16.9%) having the most significant increase. None of the key markets noted declines. The best performing markets, based on Occupancy development, were Russia (+24.5%), Switzerland (+18.3%), Belgium (+14.4%) and France (+11.8%).

Half year, 2010

Like-for-like RevPAR in H1 increased by 2.4% as the AHR decline (-3.9%) was offset by increased Occupancy (+6.5%). The strongest development was seen in RoWE. The Occupancy development accelerated in the latter part of H1 and the AHR decline slowed as H1 progressed. All customer segments noted an increase in volume compared to 09.

The following table shows the RevPAR development during H1 10:

RevPAR	Jan-Jun 10
L/L growth	2.4%
FX impact	4.2%
New openings	(2.8)%
Reported growth	3.8%

Rezidor's performance

Leased and managed hotels	Apr-Jun 10	Apr-Jun 09	Change	Jan-Jun 10	Jan-Jun 09	Change
RevPAR Like-for-like, EUR¹⁾						
Radisson Blu	75.9	71.6	6.0%	68.9	67.6	2.0%
Park Inn	39.2	36.2	8.3%	33.5	32.8	2.2%
Rezidor	67.1	62.8	6.8%	60.8	59.4	2.4%
Occupancy Like-for-like						
Radisson Blu	69.3%	65.6%	370bps	64.4%	61.2%	320bps
Park Inn	63.2%	55.0%	820bps	55.6%	50.1%	550bps
Rezidor	67.7%	62.7%	500bps	62.1%	58.3%	380bps
RevPAR, EUR						
Radisson Blu	77.6	70.2	10.6%	68.4	66.3	3.2%
Park Inn	41.3	36.4	13.5%	35.2	33.0	6.7%
Rezidor	68.4	61.4	11.4%	60.1	57.9	3.8%
Occupancy						
Radisson Blu	67.1%	64.7%	240bps	61.4%	60.5%	90bps
Park Inn	62.8%	54.7%	810bps	54.8%	49.6%	520bps
Rezidor	65.9%	61.8%	410bps	59.6%	57.4%	220bps

1) At constant exchange rates

Apr-Jun 10 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Rezidor
RevPAR Like-for-like ¹⁾	2.4%	10.4%	3.5%	6.9%	6.8%
Occupancy Like-for-like	4.2%	6.6%	16.9%	5.6%	8.0%
AHR Like-for-like ¹⁾	(1.8)%	3.4%	(11.5)%	1.3%	(1.2)%
RevPAR	11.9%	11.1%	9.2%	20.0%	11.3%

Jan-Jun 10 Y/Y Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Rezidor
RevPAR Like-for-like ¹⁾	(0.1)%	6.2%	(3.2)%	2.6%	2.4%
Occupancy Like-for-like	2.1%	7.0%	10.8%	6.5%	6.5%
AHR Like-for-like ¹⁾	(3.1)%	(0.8)%	(12.6)%	(3.7)%	(3.9)%
RevPAR	8.4%	6.8%	0.1%	(1.1)%	3.8%

1) At constant exchange rates

Comments to Statements of Operations (p.11)

Second quarter, 2010

Total Revenue, increased by 17.2% or MEUR 29.8. The change in Revenue from operations, split into Like-for-like hotels, new hotels, and FX as compared to the same period last year is presented below.

MEUR	Like-for-like	New	FX	Tot. Change
Rooms Revenue	6.2	6.1	6.5	18.9
F&B Revenue	(0.0)	2.7	2.9	5.6
Other Hotel Revenue	0.2	0.2	0.3	0.7
Total Leased Revenue	6.4	9.0	9.7	25.1
Fee Revenue	2.7	0.9	1.3	4.9
Other Revenue	(0.3)	0.0	0.1	(0.2)
Total Revenue	8.8	9.9	11.1	29.8

Like-for-like rooms revenue developed in line with Like-for-like RevPAR. Like-for-like fees grew even more, due to increased incentive fees as the performance of the hotels improved during the period. Despite this, total like-for like revenue increased less than indicated by Like-for-like RevPAR. This was due to F&B and Meetings and Events, which, in contrast to Q1 and despite the increase in Occupancy, had no growth on a Like-for-like basis. The Icelandic volcano eruption had only a limited negative impact on revenue and profit.

As much as one third of the revenue growth came from new hotels. As in Q1, revenue was also positively affected by FX, mainly due to the weakened EUR.

Personnel Costs increased in absolute terms as a result of the Occupancy driven RevPAR growth and more leased hotels in operation. Despite higher variable salaries due to better operational performance and the impact from several hotels with lower margins in their pre-opening or ramp-up phase, personnel costs as a per cent of leased hotel revenue were only slightly higher than in Q2 09.

Although the number of hotels in their pre-opening phase was higher than in Q2 09, the pre-opening costs for the quarter were MEUR 0.4 lower than the same period last year and amounted to MEUR 1.0. Central costs decreased by 4% from MEUR 10.3 to MEUR 9.9 as a result of the cost saving measures last year. The effect from the savings was however partly offset by accruals for higher variable salaries. The positive effect of MEUR 1.0 from the reversal of an accrual related to a loyalty program was offset by a provision for onerous contracts amounting to MEUR 0.7. In total, Other operating expenses as a per cent of revenue went down compared to last years, also reflecting the cost saving measures taken last year.

EBITDAR increased by MEUR 13.7, of which FX contributed MEUR 4.6. The EBITDAR margin increased by 200 bps to 34.8% as a result of

the lower cost base established last year through the cost savings programme and the increase in high margin fee revenue; more than offsetting the negative effect from hotels in their ramp-up phase.

Fixed rent was negatively affected by a MEUR 2.7 FX impact and the additional leased hotels opened since last year. Variable rent, however, was lower than the same period last year, mainly due to a performance based rent in one hotel. The shortfall payments for management contracts with performance guarantees went down, as performance has improved and several hotels have reached their contractual cap on guarantees.

EBITDA and EBITDA margin improved compared to same period last year. FX had a positive impact of MEUR 1.9. The margin improved as much as 450 bps to 8.6%, and the improvement was substantially better than for EBITDAR, a result of the fixed rent structure in RoWE and the improved performance there as well as the lower shortfall guarantees.

Depreciation, amortisation and write-downs decreased compared to the same period last year. Write-downs of fixed assets amounting to MEUR 1.7 were recognised in the quarter 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 in the quarter, resulting in a net positive effect of MEUR 0.4.

The proceeds from sale of Regent amounted to MEUR 10.6, which resulted in a capital gain of MEUR 3.9.

The financial net was in line with that of last year and the slight improvement was mainly coming from exchange differences.

The effective tax rate improved substantially, which was almost entirely related to a net increase in deferred tax assets of MEUR 8.4 attributable to tax losses carry forward. An additional MEUR 13.6 was capitalised, whereas MEUR 5.2 was written off, following a review of the likelihood to utilise the tax losses incurred within the group.

Half year, 2010

Total Revenue, increased by 13.2% or MEUR 42.9. The change in Revenue from operations, split into Like-for-like hotels, new hotels, and FX compared to the same period last year is presented below.

MEUR	Like-for-like	New	FX	Tot. Change
Rooms Revenue	6.3	9.8	10.9	27.0
F&B Revenue	0.3	4.6	5.2	10.1
Other Hotel Revenue	(0.1)	0.3	0.5	0.7
Total Leased Revenue	6.5	14.7	16.6	37.8
Fee Revenue	4.0	1.0	2.0	7.0
Other Revenue	(2.0)	0.0	0.1	(1.9)
Total Revenue	8.5	15.7	18.7	42.9

Both Like-for-like leased hotel revenue and Like-for-like fee revenue increased as RevPAR grew during the first six months of the year. Several new hotels and the effect of the weakened EUR also contributed to a robust revenue growth during the period. Revenue from F&B, including Meetings and Events, saw a relatively strong increase during the first few months of the year, but weakened as the year progressed. The drop in other revenue is related to last year's sale of certain intellectual property to Carlson.

Personnel costs as a per cent of leased hotel revenue are in line with last year, in spite of increased accruals for variable salaries during the end of the period as a result of the improved performance. Other operating expenses, however, went down as a per cent of leased hotel revenue, reflecting the cost savings programme last year. For the same reason, central costs were 13.2% lower than the same period last year and ended on MEUR 18.4.

As a result of the lower cost base established through the cost savings programme last year and higher fee revenue, EBITDAR margin increased by 240 bps and came in at 31.4%. EBITDAR was MEUR 21.1 above last year, of which MEUR 7.1 was explained by FX.

Rental expenses, including shortfall guarantees went up by MEUR 6.8 of which MEUR 4.6 was explained by FX. The newly opened leased hotels had a negative impact of MEUR 3.1 and variable rent, mainly in the Nordics, increased in line with the positive revenue trend. On the other hand, shortfall guarantees for managed contracts with performance guarantees decreased as the performance of these hotels improved and several hotels have reached their contractual cap.

EBITDA and EBITDA margin improved compared to last year. FX had a positive effect of MEUR 2.5, whereas new leased hotels had a MEUR 1.5 negative effect. The margin improvement of 400 bps to 1.6% was on account of the increased EBITDAR margin, lower shortfall guarantees and the fixed rent structure in RoWE.

Write-downs of fixed assets amounting to MEUR 1.7 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, resulting in a net positive effect of MEUR 0.4. The sale of Regent resulted in a capital gain of MEUR 3.9.

Financial net came in lower, mainly due to exchange differences.

The effective tax rate improved substantially, largely related to the net capitalisation of deferred tax assets in Q2 10.

Q2 Comments by Region

Nordics

Like-for-like RevPAR increased by 2.4% as a result of increased Like-for-like Occupancy (+4.2%) which offset the Like-for-like AHR decline (-1.8%). As in Q1, Denmark witnessed the most significant RevPAR decline (-9.7%) due to the increased hotel supply in Copenhagen, resulting in lower corporate individual and business group volumes, partly compensated by lower yielding leisure and crew business. In Sweden the Q2 RevPAR decline was slightly less than in Q1 (-3.0% versus -3.2%) as the lower business group and crew volumes continued to have an impact. In Norway, the RevPAR increased (+9.2%) based on improved group (business and leisure) and crew volumes.

The trend in RevPAR combined with a positive impact from FX (MEUR 8.4) and the addition of new leased hotels (MEUR 2.0) resulted in an increase of MEUR 14.4 in leased revenue compared to Q2 09.

Management and Franchise fees were also affected by the RevPAR increase, but more importantly positively affected by the increase in incentive fees from profit sharing.

EBITDA and EBITDA margin were positively impacted by a good cost control, despite higher pre-opening expenses, newly opened properties and accruals for incentive schemes. This positive impact was however offset by higher rental expenses, originating from newly opened hotels and the EBITDA margin therefore came in on the same level as last year.

EBITDA and EBITDA margin from managed hotels increased mainly as a result of higher incentive fees, whereas EBITDA and EBITDA margin from franchised was in line with the revenue trend.

Rest of Western Europe

Like-for-like RevPAR increased by 10.4%, driven by an increase in Occupancy (+6.6%) and AHR (+3.4%) as all key business segments had positive growth. All markets had RevPAR increases with Switzerland (+20.5%), Germany (+18.6%), the Netherlands (+15.6%) and Belgium (+14.8%) being the most significant.

Leased hotel revenue grew by MEUR 11.9 net of FX impact. This was on account of the RevPAR increase and the new leased properties taken into operation.

Fee income from managed hotels increased more than the overall RevPAR increase for RoWE due to new hotels added, a strong performance of certain managed hotels ramping up after renovation and increased incentive fees. Fee income from franchised

hotels came in below last year as Q2 09 included a one-off fee.

The addition of leased hotels in operation and the accruals for incentive schemes have offset the effect of the cost saving programme from last year. Nevertheless with the fixed rent structure, the region noted a higher EBITDA and EBITDA margin compared to last year.

EBITDA for the franchised business was negatively affected by higher provisions for doubtful accounts affecting the margins. EBITDA and EBITDA margins for managed hotels increased in line with the revenue trend and reduced costs for shortfall guarantees.

Eastern Europe

Like-for-like RevPAR increased by 3.5% based on strong Occupancy growth (+16.9%) which more than offset the AHR drop (-11.5%). Poland was the only key market with a RevPAR drop (-2.1%). RevPAR in Russia (+6.2%) and the Baltics (+2.6%) improved versus Q2 last year based on increased business group and leisure (individual and group) volumes.

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

EBITDA from franchised and managed hotels increased in line with the revenue development, despite a minor increase in provisions for doubtful accounts and shortfall guarantees compared to Q2 09, negatively affecting the margins.

Middle East, Africa and Others

Like-for-like RevPAR increased by 6.9% in the quarter driven mainly by Occupancy (+5.6%). As in Eastern Europe, the increase in Occupancy was based on increased leisure (individual and group) volume. South Africa was the strongest performing market based on RevPAR development (+86.5% - related to the World Cup). The UAE, which also had the most significant RevPAR decline in previous quarters, ended Q2 -2.1%.

The income from managed properties increased because of hotels opened since Q2 09, the World Cup event in South Africa and the RevPAR increase. EBITDA increased in line with the strong revenue base and the margin remained relatively stable.

Segmental Revenue, EBITDA and Central Costs

Revenue, MEUR	Apr-Jun 10	Apr-Jun 09	Change	Jan-Jun 10	Jan-Jun 09	Change
Nordics	87.3	74.6	17.0%	158.7	143.5	10.6%
Rest of Western Europe	102.7	89.3	15.0%	189.0	166.1	13.8%
Eastern Europe	6.8	5.6	21.4%	10.5	8.9	18.0%
Middle East, Africa & Others	6.1	3.8	60.5%	10.5	7.4	41.9%
Total Revenue	203.0	173.2	17.2%	368.7	325.8	13.2%

EBITDA, MEUR	Apr-Jun 10	Apr-Jun 09	Change	Jan-Jun 10	Jan-Jun 09	Change
Nordics	14.7	11.3	30.1%	19.7	19.3	2.1%
Rest of Western Europe	2.7	(1.3)	307.7%	(10.0)	(16.3)	38.7%
Eastern Europe	4.9	4.4	11.4%	6.9	5.0	38.0%
Middle East, Africa & Others	4.9	3.1	58.1%	7.8	5.5	41.8%
Central Costs	(9.9)	(10.3)	3.9%	(18.4)	(21.2)	13.2%
Total EBITDA	17.5	7.1	145.1%	6.0	(7.8)	176.9%

Central costs

Central costs amounted to MEUR 9.9 and were MEUR 0.4, or 4%, below that of last year as a result of the cost saving measures initiated in 09. The effect from the savings was however partly offset by accruals for higher variable salaries.

Comments to balance sheet (p 12)

Compared to year-end 09, Non-Current Assets have increased mainly due to an increase in deferred tax assets as a result of the capitalised tax losses carry forward in certain countries, offsetting the effect from depreciations and amortisations.

Net working capital, excluding Cash and Cash Equivalents but including current tax assets and liabilities, at the end of the period was MEUR -43.4 (-46.7 at year-end 09). Cash and Cash Equivalents went up from MEUR 5.2 at year-end 09 to MEUR 12.2 and bank

overdrafts increased from MEUR 12.6 at year-end 09 to MEUR 17.7.

Compared to year-end 09, Equity including non-controlling interests went up by MEUR 11.6, mainly due to positive exchange differences from translation of foreign operations. Including tax effects, it had a positive effect on Equity of MEUR 10.8.

Following the continued focus on portfolio management, MEUR 22.7 of the assets and MEUR 2.5 of the liabilities related to one hotel and certain non-core assets were classified as held for sale.

Comments to cash flow and liquidity (p 14)

Cash flow from operating activities was zero in H1 10, which was MEUR 19.1 better than that of last year. The improvement to last year is a combination of a better performance by operations and a better working capital development.

Due to the continued efforts to keep inventory and accounts receivables at stable levels as the economy recovers, the cash flow from change in working capital came in MEUR 4.4 better than last year. The positive effects from these efforts were partly offset by the timing of rent payments.

Cash flow from investing activities amounted to MEUR 2.9 (-16.3). The investments in leased hotels were primarily related to hotels in Norway and the UK. The lower investments YTD are a consequence of investments being pushed forward to the other quarters. 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 5.2 was used for bank guarantees and MEUR 17.7 was used as overdrafts, leaving MEUR 83.9 available for use. At the end of June 10, Rezidor had MEUR 12.2 in Cash and Cash Equivalents. In April 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 13.9 (9.6 at year-end 09). 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 -5.5 (-7.5 at year-end 09).

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 667,691 and 1,131,108 respectively.

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 2012. No shares had been granted by the end of Q2, but the maximum number of shares that can be awarded is 1,120,000.

The cost for the incentive programmes in Q2 and H1, calculated in accordance with IFRS 2, amounted to MEUR 0.2 (-0.1) and MEUR 0.5 (-0.2) respectively. Costs for social security charges related to the programmes in Q2 and H1 amounted to MEUR 0.2 (-0.0) and MEUR 0.3 (-0.0) respectively.

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 two share based incentive programmes decided in 2007 and 2008 and to cover social security costs pertaining to these programs as well as to ensure that the Group has a more efficient capital structure. A total of 1,089,207 shares has been bought back 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.

Post balance sheet events

There are no significant post balance sheet events to report.

Business development

Rooms added into operation*	Apr-Jun 10	Jan-Jun 10
By brand		
Radisson Blu	3,061	3,058
Park Inn	979	1,616
Other	-	-
Total	4,040	4,674
By contract type		
Managed	3,309	3,696
Leased	429	567
Franchised	302	411
Total	4,040	4,674
Rooms contracts signed	Apr-Jun 10	Jan-Jun 10
By brand		
Radisson Blu	2,777	3,980
Park Inn	769	1,101
Other	-	-
Total	3,546	5,081
By contract type		
Managed	3,119	4,129
Leased	-	-
Franchised	427	952
Total	3,546	5,081
By geography		
Nordics	-	176
Rest of Western Europe	809	1,302
Eastern Europe	2,517	3,091
Middle East, Africa & Others	220	512
Total	3,546	5,081

*Including Asset Management and inventory adjustments

In Q2 10, Rezidor signed 16 contracts for new hotels (3,546 rooms). Of these rooms, 96% were non-committed contracts.

In Q2 10, 16 hotels (4,040 rooms) were opened and one hotel (202 rooms) left the system, resulting in a net opening of 3,838 rooms.

In H1 10 a total of 24 contracts (5,081 rooms) were signed and 20 hotels opened (4,674 rooms).

Other developments

The sale of the Regent business to Formosa International Hotels Corporation was completed in the second quarter. Rezidor's share of the transaction proceeds amounted to a cash consideration of MEUR 10.6, which gave rise to a capital gain of MEUR 3.9. The sale will have an annual positive effect of MEUR 2-3 on EBITDA in the foreseeable future. With this transaction, Rezidor will free up resources to improve Rezidor's operations and accelerate the expansion of its core brands Radisson Blu and Park Inn. Rezidor will however provide management services to the hotels based on a transitional service agreement.

A new name for Park Inn was announced in the second quarter: "Park Inn by Radisson". This new name is in line with Rezidor's decision to strongly focus on the development of its core brands. The link with Radisson will allow Park Inn to grow even faster and further increase the brand awareness.

An agreement to re-brand 10 Reval Hotels (ca 2,400 rooms) in the Baltics to Radisson Blu and Park Inn was announced in the second quarter. The portfolio agreement will considerably strengthen Rezidor's position in the key markets of Riga, Tallinn and Vilnius.

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 2009. 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. 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 as well as an increased focus on portfolio management. The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

Statement from the Board of Directors and the CEO

The Board of Directors and the CEO declare that the half-year report provides a fair view of the development of the Group's and the Parent Company's financial position and result of operations and describes material risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, July 23, 2010

Urban Jansson
Chairman of the Board

Hubert Joly
Vice Chairman of the Board

Benny Zakrisson
Board Member

Trudy Rautio
Board Member

Wendy Nelson
Board Member

Göte Dahlin
Board Member

Barry Wilson
Board Member

Göran Larsson
Employee Representative

Emil Bäckström
Employee Representative

Kurt Ritter
President and CEO

Report on review of interim report¹⁾

Introduction

We have reviewed the interim report of Rezidor Hotel Group AB (publ) (Corp. i.d. no. 556674-0964) as of June 30, 2010 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the recommendation SÖG 2410 issued by the Institute for the Accounting Profession in Sweden which is substantially consistent with the rules issued by the Certified International Federation of Accountants (IFAC) for a review of interim financial information as described in the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all essential respects, has not been prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

Stockholm, July 23, 2010

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

¹⁾ This review report is an unofficial translation of the original review report in Swedish.

Condensed consolidated statement of operations

MEUR	Apr-Jun 10	Apr-Jun 09	Jan-Jun 10	Jan-Jun 09
Revenue	203.0	173.2	368.7	325.8
F&B and other related expenses	(14.2)	(12.8)	(26.9)	(24.9)
Personnel cost and contract labour ¹⁾	(70.6)	(59.4)	(134.2)	(119.0)
Other Operating expenses ¹⁾	(44.4)	(41.0)	(85.9)	(81.3)
Insurance of properties and property tax	(3.2)	(3.1)	(6.0)	(6.0)
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	70.6	56.9	115.7	94.6
Rental expense	(53.5)	(50.2)	(110.0)	(103.2)
Shares of income in associates and Joint Ventures	0.3	0.4	0.3	0.8
Operating profit/(loss) before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	17.5	7.1	6.0	(7.8)
Depreciation, amortisation and write-downs	(7.2)	(7.9)	(14.7)	(14.1)
Gain on sale of shares and tangible fixed assets	3.9	-	3.9	-
Operating profit/(loss)	14.2	(0.8)	(4.7)	(21.9)
Financial income	0.9	0.7	0.4	0.9
Financial expense	(0.4)	(0.4)	(1.6)	(0.7)
Profit/(loss) before tax	14.7	(0.5)	(5.9)	(21.7)
Income tax	2.4	(2.0)	5.4	0.1
Profit/(loss) for the period	17.2	(2.5)	(0.6)	(21.6)
Attributable to:				
Owners of the company	17.2	(2.5)	(0.6)	(21.6)
Non-controlling interests	-	-	-	-
Profit/(loss) for the period	17.2	(2.5)	(0.6)	(21.6)
Basic average no. of shares outstanding	146,307,540	146,307,540	146,307,540	146,307,540
Diluted average no. of shares outstanding	147,091,511	146,307,540	147,076,157	146,307,540
Earnings per share, in EUR				
Basic	0.12	(0.02)	(0.00)	(0.15)
Diluted	0.12	(0.02)	(0.00)	(0.15)

Consolidated statement of comprehensive income

Profit/(loss) for the period	17.2	(2.5)	(0.6)	(21.6)
Other comprehensive income:				
Exchange differences on translation of foreign operations	5.4	2.5	10.3	6.3
Tax on exchange differences recognised directly in equity	0.5	0.5	0.5	1.4
Other comprehensive income for the period, net of tax	5.9	3.0	10.8	7.7
Total comprehensive income for the period	23.1	0.5	10.2	(13.9)
Attributable to:				
Owners of the Company	23.1	0.5	10.2	(13.9)
Non-controlling interests	-	-	-	-

1) A reclassification from Personnel costs and contract labour to Other operating expenses has been done for 2009. The reclassification amounted to MEUR 2.4 for the quarter and MEUR 4.4 for the six month period.

Condensed consolidated balance sheet statements

MEUR	30-Jun 10	31-Dec 09
ASSETS		
Intangible assets ¹⁾	81.3	82.7
Tangible assets	93.1	108.6
Investments in associated companies and joint ventures	2.5	4.1
Other shares and participations	8.4	8.4
Pension funds, net	11.3	10.9
Other long-term receivables	14.0	12.2
Deferred tax assets	36.8	25.2
Total non-current assets	247.4	252.1
Inventories	4.0	4.4
Other current receivables	103.8	84.7
Other short term investments	3.5	3.3
Cash and cash equivalents	12.2	5.2
Current assets	123.5	97.6
Assets classified as held for sale	22.7	7.4
Total current assets	146.2	105.0
TOTAL ASSETS	393.6	357.1
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	177.2	166.5
Non-controlling interests	1.1	0.2
Total equity	178.3	166.7
Deferred tax liabilities	28.1	27.5
Retirement benefit obligations	1.6	1.7
Other long-term liabilities	12.0	10.8
Total non-current liabilities	41.7	40.0
Liabilities to financial institutions	17.7	12.6
Other current interest bearing liabilities	-	1.3
Other current liabilities	153.4	135.9
Current liabilities	171.1	149.8
Liabilities directly associated with assets classified as held for sale	2.5	0.6
Total current liabilities	173.6	150.4
TOTAL EQUITY AND LIABILITIES	393.6	357.1
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. MEUR 13.6 of other intangible assets were reported as goodwill on 31 Dec 09 and MEUR 13.2 would have been reported as goodwill on 30 June 10, had the reclassification not been done.

Consolidated statement of changes in equity

MEUR	Share capital	Other paid in capital	Translation reserves	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, 2008	10.0	120.3	(6.7)	60.5	184.1	0.2	184.3
Long term incentive plan	-	-	-	0.3	0.3	-	0.3
Total comprehensive income for the period	-	-	7.7	(21.6)	(13.9)	-	(13.9)
Ending balance as of Jun 30, 2009	10.0	120.3	1.0	39.2	170.5	0.2	170.7
Long term incentive plan	-	-	-	0.5	0.5	-	0.5
Total comprehensive income for the period	-	-	2.1	(6.6)	(4.5)	-	(4.5)
Ending balance as of Dec 31, 2009	10.0	120.3	3.1	33.1	166.5	0.2	166.7
Long term incentive plan	-	-	-	0.5	0.5	-	0.5
Additional non-controlling interests arising from full consolidation	-	-	-	-	-	0.9	0.9
Total comprehensive income for the period	-	-	10.8	(0.6)	10.2	-	10.2
Ending balance as of Jun 30, 2010	10.0	120.3	13.9	33.0	177.2	1.1	178.3

Condensed consolidated statement of cash flow

MEUR	Jan-Jun 10	Jan-Jun 09
Operating profit/(loss)	(4.7)	(21.9)
Non cash items	14.7	13.5
Interest, taxes paid and other cash items	(6.9)	(3.2)
Change in working capital	(3.1)	(7.5)
Cash flow from operating activities	(0.0)	(19.1)
Purchase of intangible assets	(0.4)	(0.6)
Purchase of tangible assets	(8.5)	(13.0)
Other investments/divestments	11.8	(2.7)
Cash flow from investing activities	2.9	(16.3)
External financing, net	3.8	15.8
Cash flow from financing activities	3.8	15.8
Cash flow for the period	6.7	(19.6)
Effects of exchange rate changes on cash and cash equivalents	0.3	0.3
Cash and cash equivalents at beginning of the period	5.2	26.4
Cash and cash equivalents at end of the period	12.2	7.1

Parent Company, Condensed statement of operations

MEUR	Apr-Jun 10	Apr-Jun 09	Jan-Jun 10	Jan-Jun 09
Revenue	0.8	0.7	1.5	1.6
Personnel cost	(0.8)	(0.6)	(1.5)	(1.2)
Other Operating expenses	(3.3)	(2.7)	(5.9)	(4.9)
Operating loss before depreciation and amortization	(3.3)	(2.6)	(5.9)	(4.5)
Depreciation and amortization expense	(0.0)	(0.0)	(0.1)	(0.1)
Operating loss	(3.4)	(2.7)	(6.0)	(4.6)
Financial income	0.0	0.0	0.0	0.1
Financial expense	(0.4)	(0.3)	(2.1)	(0.4)
Loss before tax	(3.8)	(3.0)	(8.1)	(4.9)
Income Tax	1.0	0.8	2.1	1.3
Profit/(loss) for the period	(2.8)	(2.2)	(6.0)	(3.6)

Consolidated statement of comprehensive income

Profit/(loss) for the period	(2.8)	(2.2)	(6.0)	(3.6)
Other comprehensive income:				
Exchange differences on translation of foreign operations	-	-	-	-
Tax on exchange differences recognised directly in equity	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	(2.8)	(2.2)	(6.0)	(3.6)

Parent Company, condensed balance sheet statement

MEUR	30-Jun 10	31-Dec 09
ASSETS		
Tangible assets	0.2	0.2
Shares in subsidiaries	232.8	232.4
Deferred tax assets	4.9	2.7
Total non-current assets	237.9	235.3
Inventories	0.0	0.0
Current receivables	0.5	0.6
Cash and cash equivalents	0.0	0.0
Total current assets	0.5	0.6
TOTAL ASSETS	238.4	235.9
EQUITY AND LIABILITIES		
Equity	181.6	187.1
Current liabilities	56.8	48.8
Total current liabilities	56.8	48.8
TOTAL EQUITY AND LIABILITIES	238.4	235.9

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, 2008	10.0	197.3	(13.0)	194.3
Long term incentive plan	-	-	0.3	0.3
Total comprehensive income for the period	-	-	(4.1)	(4.1)
Balance as of Jun. 30, 2009	10.0	197.3	(16.9)	190.4
Long term incentive plan	-	-	0.5	0.5
Total comprehensive income for the period	-	-	(3.9)	(3.9)
Balance as of Dec. 31, 2009	10.0	197.3	(20.2)	187.1
Long term incentive plan	-	-	0.5	0.5
Total comprehensive income for the period	-	-	(6.0)	(6.0)
Balance as of Jun. 30, 2010	10.0	197.3	(25.7)	181.6

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 Q2 10 and YTD 10 the inter-company revenue of the Parent Company amounted to MEUR 0.7 (0.6) and MEUR 1.4 (1.4) respectively. The inter-company costs in Q2 10 and YTD 10 amounted to MEUR 2.5 (1.7) and MEUR 4.6 (3.1) respectively. In Q2 10 and YTD 10 inter-company interest income amounted to MEUR 0.0 (0.0) and MEUR 0.0 (0.0) respectively and intercompany interest expenses to MEUR 0.1 (0.1) and MEUR 0.1 (0.4) respectively.

Comments to balance sheet

At the end of the quarter the inter-company receivables amounted to MEUR 0.1 (0.1 at year-end 09) and the inter-company liabilities to MEUR 54.2 (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. 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 1st, 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*. 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 30th of June 2010 Rezidor had ordinary current receivables related to Carlson of MEUR 0.3 (0.2 as at 31st December 2009) and ordinary current liabilities of MEUR 1.3 (0.9 as at 31st 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 the first six months of 2010, Rezidor had operating costs towards Carlson of MEUR 5.0 (4.1). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.3 (0.5). For these specific commissions Rezidor had current liabilities of MEUR 0.1 (0.0 as at 31st December 2009).

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

Pledged assets and contingent liabilities

Asset pledged, MEUR	30-Jun 2010	31-Dec 2009
Securities on deposits (restricted accounts)	3.3	3.3

Contingent liabilities, MEUR	30-Jun 2010	31-Dec 2009
Miscellaneous guarantees provided	5.2	2.4
Total guarantees provided	5.2	2.4

Revenue per area of operation

MEUR	Apr-Jun 10	Apr-Jun 09	Change %	Jan-Jun 10	Jan-Jun 09	Change %
Revenue						
Rooms revenue	116.1	97.2	19.4%	207.8	180.9	14.9%
F&B revenue	54.8	49.3	11.2%	105.5	95.4	10.6%
Other hotel revenue	5.3	4.6	15.2%	9.6	8.8	9.1%
Total hotel revenue	176.2	151.1	16.6%	322.9	285.1	13.3%
Fee revenue	23.9	19.0	25.8%	40.3	33.3	21.0%
Other revenue	2.9	3.1	(6.5)%	5.5	7.4	(25.7)%
Total revenue	203.0	173.2	17.2%	368.7	325.8	13.2%

Total fee revenue

MEUR	Apr-Jun 10	Apr-Jun 09	Change %	Jan-Jun 10	Jan-Jun 09	Change %
Management Fees	7.5	6.0	25.0%	12.9	10.8	19.4%
Incentive Fees	7.6	5.0	52.0%	11.3	8.2	37.8%
Franchise Fees	1.4	1.9	(26.3)%	2.8	3.0	(6.7)%
Other Fees (incl. marketing, reservation fee etc.)	7.4	6.2	19.4%	13.3	11.3	16.8%
Total fee revenue	23.9	19.0	25.8%	40.3	33.3	21.0%

Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	82.4	70.7	93.8	80.4	-	-	-	-	176.2	151.1
Managed	1.5	0.6	6.6	5.5	6.6	5.4	6.0	3.8	20.7	15.3
Franchised	1.1	1.2	1.8	2.4	0.2	0.2	-	-	3.2	3.7
Other	2.3	2.1	0.5	1.0	-	-	-	-	2.9	3.1
Total	87.3	74.6	102.8	89.3	6.8	5.6	6.0	3.8	203.0	173.2

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	150.1	133.8	172.9	151.4	-	-	-	-	322.9	285.2
Managed	2.2	1.3	11.4	9.8	10.1	8.5	10.5	7.4	34.2	26.9
Franchised	2.2	2.3	3.4	3.6	0.4	0.4	-	-	6.1	6.3
Other	4.2	6.1	1.2	1.3	-	-	-	-	5.5	7.4
Total	158.7	143.5	189.0	166.1	10.5	8.9	10.5	7.4	368.7	325.8

Rental expenses

MEUR	Apr-Jun 10	Apr-Jun 09	Change %	Jan-Jun 10	Jan-Jun 09	Change %
Fixed rent	45.2	40.3	12.2%	90.8	81.8	11.0%
Variable rent	6.5	6.9	(5.8)%	10.4	9.9	5.1%
Rent	51.7	47.2	9.5%	101.2	91.7	10.4%
Rent as a % of leased hotel revenue	29.3%	31.2%	(190)bps	31.3%	32.2%	(90)bps
Shortfall guarantees	1.8	3.0	(40.0)%	8.8	11.5	(23.5)%
Rental expense	53.5	50.2	6.6%	110.0	103.2	6.6%

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
Apr-Jun												
Leased	11.4	9.8	(1.1)	(4.9)	-	-	-	-	-	-	10.3	4.9
Managed	1.0	0.2	2.9	1.5	4.8	4.2	4.6	3.0	-	-	13.4	8.9
Franchised	0.6	0.8	0.8	1.9	0.1	0.2	-	-	-	-	1.6	2.8
Other ¹⁾	1.7	0.5	0.0	0.2	(0.0)	(0.0)	0.3	0.1	-	-	2.0	0.8
Central costs	-	-	-	-	-	-	-	-	(9.9)	(10.3)	(9.9)	(10.3)
Total	14.7	11.3	2.7	(1.3)	4.9	4.4	4.9	3.1	(9.9)	(10.3)	17.5	7.1

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
Jan-Jun												
Leased	15.0	14.6	(11.4)	(15.7)	-	-	-	-	-	-	3.6	(1.2)
Managed	1.4	0.6	(0.0)	(2.7)	6.7	4.8	7.5	5.3	-	-	15.5	8.0
Franchised	1.1	1.3	1.4	2.3	0.2	0.3	-	-	-	-	2.7	3.8
Other ¹⁾	2.3	2.9	0.0	(0.2)	(0.0)	(0.0)	0.3	0.2	-	-	2.6	2.8
Central costs	-	-	-	-	-	-	-	-	(18.4)	(21.2)	(18.4)	(21.2)
Total	19.7	19.3	(10.0)	(16.3)	6.9	5.0	7.8	5.5	(18.4)	(21.2)	6.0	(7.8)

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
Apr-Jun												
Leased	8.4	7.0	(0.6)	(8.9)	-	-	-	-	-	-	7.8	(1.9)
Managed	1.1	0.2	4.0	1.5	5.4	4.1	5.0	2.9	-	-	15.5	8.7
Franchised	0.8	0.8	1.1	1.8	0.1	0.2	-	-	-	-	2.0	2.8
Other ¹⁾	(1.3)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	0.3	0.1	-	-	(1.2)	(0.1)
Central costs	-	-	-	-	-	-	-	-	(9.9)	(10.3)	(9.9)	(10.3)
Total	9.0	7.9	4.3	(5.7)	5.5	4.3	5.3	3.0	(9.9)	(10.3)	14.2	(0.8)

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
Jan-Jun												
Leased	9.0	9.1	(14.3)	(22.6)	-	-	-	-	-	-	(5.3)	(13.5)
Managed	1.4	0.5	1.0	(2.8)	7.2	4.7	7.8	5.2	-	-	17.4	7.7
Franchised	1.2	1.2	1.6	2.3	0.2	0.3	-	-	-	-	3.1	3.7
Other ¹⁾	(1.3)	2.0	(0.6)	(0.7)	(0.0)	(0.0)	0.3	0.2	-	-	(1.5)	1.4
Central costs	-	-	-	-	-	-	-	-	(18.4)	(21.2)	(18.4)	(21.2)
Total	10.3	12.8	(12.2)	(23.8)	7.4	5.0	8.1	5.4	(18.4)	(21.2)	(4.7)	(21.9)

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

Reconciliation of profit/(loss) for the period

MEUR	Apr-Jun 10	Apr-Jun 09	Jan-Jun 10	Jan-Jun 09
Total operating profit/(loss) (EBIT) for reportable segments	14.2	(0.8)	(4.7)	(21.9)
Financial income	0.9	0.7	0.4	0.9
Financial expense	(0.4)	(0.4)	(1.6)	(0.7)
Group's total profit/(loss) before tax	14.7	(0.5)	(5.9)	(21.7)

Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30-Jun 2010	31-Dec 2009	30-Jun 2010	31-Dec 2009	30-Jun 2010	31-Dec 2009	30-Jun 2010	31-Dec 2009	30-Jun 2010	31-Dec 2009
Assets	153.6	136.0	172.7	161.4	26.5	24.3	40.8	35.4	393.6	357.1
Investments (tangible & intangible assets)	2.5	6.3	6.7	25.0	0.0	0.0	0.2	0.0	9.4	31.3

Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	26	23	49	46	-	-	-	-	75	69
Managed	7	8	64	60	49	35	36	29	156	132
Franchised	22	23	45	44	6	7	-	-	73	74
Total	55	54	158	150	55	42	36	29	304	275

Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Leased	6,636	6,139	10,139	9,564	-	-	-	-	16,775	15,703
Managed	1,934	2,106	10,435	10,106	13,063	9,063	8,953	6,769	34,385	28,044
Franchised	4,074	4,137	8,336	8,034	1,038	1,258	-	-	13,448	13,429
Total	12,644	12,382	28,910	27,704	14,101	10,321	8,953	6,769	64,608	57,176

Hotels and rooms in development

30-Jun, 2010	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Radisson Blu	3	957	8	1,918	17	4,407	21	4,847	49	12,129
Park Inn	4	842	15	2,388	17	2,973	9	1,791	45	7,994
Missoni	-	-	-	-	-	-	4	696	4	696
Regent	-	-	-	-	1	130	2	798	3	928
Total	7	1,799	23	4,306	35	7,510	36	8,132	101	21,747

Historic quarterly data

MEUR	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
RevPAR	68.4	51.6	56.5	59.0	61.5	54.0	67.8	75.8
Revenue	203.0	165.7	186.0	165.4	173.2	152.6	193.6	192.5
EBITDAR	70.6	45.1	61.4	54.2	56.9	37.7	64.1	70.8
EBITDA	17.5	(11.5)	9.7	3.1	7.1	(14.9)	13.6	20.0
EBIT	14.2	(19.0)	2.0	(4.9)	(0.8)	(21.2)	5.3	13.4
Profit/(loss) after Tax	17.2	(17.7)	(0.3)	(6.1)	(2.5)	(19.2)	1.3	10.1
EBITDAR Margin %	34.8%	27.2%	33.0%	32.7%	32.8%	24.7%	33.1%	36.8%
EBITDA Margin %	8.6%	(6.9)%	5.2%	1.9%	4.1%	(9.8)%	7.0%	10.4%
EBIT Margin %	7.0%	(11.5)%	1.1%	(3.0)%	(0.5)%	(13.9)%	2.7%	7.0%

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-September 2010: 29 October 2010
Year-end Report January-December 2010: 11 February 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 08h30 Central European Time on 23rd July 2010.

Stockholm 23rd July, 2010

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

Webcast

23rd July 2010 at 15:30

Kurt Ritter, President & CEO, Knut Kleiven, Deputy President & CFO and Puneet Chhatwal, Chief Development Officer, will present the report and answer questions on 23th June 2010 at 15:30 (Central European Time).

To participate in the teleconference, please dial:

Sweden:	+46 (0)8 5352 6408
Sweden toll-free:	020 795 893
UK:	+44 (0)20 7806 1953
UK toll-free:	0800 028 1243
US:	+1 212 444 0412
US toll-free:	1888 935 4575

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 4161916#.



In Q2 2010 Rezidor opened 16 new hotels

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