

THIS IS

**NOW**

WELL POSITIONED FOR A KICKSTART  
WHEN THE ECONOMY TURNS AROUND





# GEARED FOR PROFITABLE GROWTH

As one of the fastest growing hotel companies in the world, The Rezidor Hotel Group has delivered the strongest organic growth in the hotel industry.

In 2009, we broke our previous records with the opening of 36 new hotels and 7,100 rooms. Among them are many stunning flagship properties, now setting new standards for driving brand recognition, guest preference and market share.

Our hotels cover a broad spectrum from mid-market to luxury: including city centre and airport hotels, destination resorts and the world's first true fashion hotel brand, Hotel Missoni. The majority of our hotels fly the flags of one of Rezidor's two key brands; the up-scale Radisson Blu or the mid-scale Park Inn.

Today we manage a portfolio of nearly 390 hotels with 83,000 rooms, already in operation or under development. We have more than 35,000 Rezidorians in over 60 countries, offering our group-wide Yes I Can! service.

We believe in profitable growth and innovative hospitality in good times as well as the not so good. Here we share our thoughts and plans for the future.

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# Difficult times offer some great opportunities. *And we're on it!*

**When will the economy turn around? What scars will the current crises leave? What are the foremost challenges and opportunities for Rezidor?**

**The Executive Committee of Rezidor address some key issues, along with Pia Djupmark, District Director and General Manager at Radisson Blu Royal Viking Hotel, Stockholm, and a number of stakeholders. Participating from the Executive Committee: President and CEO Kurt Ritter, Deputy President and CFO Knut Kleiven, Chief Development Officer Puneet Chhatwal, Chief Operating Officer Jacques Dubois and Senior Vice President of Sales, Marketing, CRM and Distribution Olivier Jacquin.**

**Let's first address the question everyone wants the answer to: when can we expect a business cycle turn-around?**

**Kurt Ritter:** The truth is we have poor visibility and can only see a couple of months ahead. RevPAR might have a slow recovery in 2010, but is more likely to start picking up in 2011. Following the pattern from the last downturns, 2012 definitely should have the potential to be a strong year. However, the occupancy stabilisation seen in the end of 2009 is quite encouraging.

**Knut Kleiven:** Different industry analysts have different opinions, but the general view in the market is that RevPAR in 2010 will be in the same territory as in 2009.

**Puneet Chhatwal:** From a business development point of view, I believe in a turn-around starting sometime in 2010. Risk aversion will start to wane. Business development is the first area to go into the downturn cycle, but is also first out. Today, we are seeing new leads starting to appear, after a long quiet time.

**What changes in demand patterns and consumer behaviour have you seen, and can any of these be expected to survive into an up-turn?**

**Kurt Ritter:** In the corporate segment, trading down is the predominant trend: luxury guests settling

for five stars, five star guests for four star, and four for three. In extreme cases we have seen five star guests buy down to three star level – I know investment bankers who stay at mid-market hotels today. This is one important reason why we introduced the Park Inn brand back in 2003 – to better meet the cyclicalities in the economy. However, especially for the four star segment, I'm confident that demand will swing back to normal when the economy recovers worldwide.

**Jacques Dubois:** We have, indeed, seen much shorter lead-times on bookings. Meetings are smaller and shorter with fewer rooms required (more day meetings) and the lead-time here is much shorter as well.

**Puneet Chhatwal:** By the end of 2009, most of the major economies had started to show growth again – so we believe that corporate demand will soon resume. Restrictions on travel budgets are obviously extended, but the need to meet will soon be too strong to hold back.

**Knut Kleiven:** To a considerable extent, our industry reflects the problems in the airline industry. Shrinking capacity in air transportation reflects on our business in a negative way. The more transportation is available, the better it is for the hotel business.

**Olivier Jacquin:** Value perception has definitely become key and that

will stay in the mind of the traveller. The value you get for your money has become fully transparent through the internet. Expedia and Hotels.com are the big winners right now. Leisure guests spend approximately the same amount of money but get better value. However, well positioned brands, such as Radisson Blu and Park Inn, are strong business drivers.

**Pia Djupmark:** I have noticed that our guests are much more educated about our industry – which often leads them to expect amenities like free internet, free gym and breakfast included in their rates. I can also see that the booking lead time is much shorter today compared to before; this includes both room reservations and conference bookings. Furthermore, when it comes to consumer behaviour, we have noticed that our guests spend more time in the hotel and in our bars and restaurants instead of using the local market. I believe this behaviour will continue in an upturn.

**What changes in supply do you see in the coming years?**

**Puneet Chhatwal:** In the industry as a whole, many projects have been delayed or cancelled altogether. According to independent research, there is an 23% reduction in the industry pipelines in Europe, the Middle East and Africa (EMEA), due to fewer projects signed and increase in cancellations.

**Kurt Ritter:** The toll on Rezidor's pipeline is not as significant and our pipeline is as strong as before, with around 22,000 rooms. Our prioritised growth markets, Russia, the CIS countries and Africa, are still characterised by undersupply. We made these priorities earlier than the competition and we definitely have an "early mover" advantage in these markets.



**“We focus on emerging markets where there is still a structural demand and supply is weak.”**

of course, reduce costs in all properties in the Rezidor system, supporting not only our own bottom line, but also the financial performance of the owners of managed and franchised hotels.

**Puneet Chhatwal:** All owners have become more cost-focussed and try to push us to accept lower fees and higher financial commitments. During the last few years, we have successfully resisted contracts with financial commitments. However, asset-light comes with low fees. Low risk means lower earnings potential. Owners of unbranded hotels or smaller chains are looking to join bigger international brands in order to support their distribution.

**Pia Djupmark:** Today's owners are much more focussed on revenue and cost control and they want to take part in our strategies and the development of the market. By doing this, they will broaden their knowledge of the real estate market and can more easily find new business for the future.

**Anything unexpected from the competition?**

**Jacques Dubois:** I read somewhere recently; “In a strong market, everyone follows the leader; in a weak market everyone follows the first one to panic”. This pretty much sums up the strategies and tactics we are seeing in the marketplace today. Rezidor is trying hard to resist the trend and hang on to our pricing leadership.

**Puneet Chhatwal:** Basically, everyone is looking for the distressed assets. There is an opportunity for consolidation in all crises. Marriott just announced an 18th brand – Autograph. That's quite bold. Many other companies may well shrink their brand portfolios. There is more and more focus on asset-light growth. That franchise is growing so fast in Europe is quite unexpected.



From top left: Kurt Ritter, President and CEO, Jacques Dubois, Chief Operating Officer, Puneet Chhatwal, Chief Development Officer, Knut Kleiven, Deputy President and CFO, and Pia Djupmark, District Director and General Manager at Radisson Blu Royal Viking Hotel in Stockholm.

**Puneet Chhatwal:** Some markets are clearly suffering from oversupply today – such as Dubai, Prague and Ireland. Others, such as Moscow, are coming down from a very high level. There is an upside to this: there will be very limited additions coming into the markets during the next few years.

**Knut Kleiven:** The level of new supply hitting the market is not a major concern in general. Of course, some specific markets will experience an oversupply, that will have a short term negative effect on RevPAR

**Pia Djupmark:** In the Stockholm market, we will see a huge increase in supply with over 1,900 more room nights between 2010 and 2012. This will, of course, affect us but it also provides new opportunities. The biggest opportunity for us and in our market is our own new hotel and congress centre – Radisson Blu Waterfront Hotel. This new hotel – with its congress facilities – will give us, and

the Stockholm market, a completely new type of business opportunities on a global scale.

**Have strategies and tactics among property owners changed?**

**Kurt Ritter:** Some owners are highly leveraged and have not had the option to change strategies. Most of our owners have sound finances and some of them have even benefitted from the crisis, taking advantage of the fact that distressed assets have come up for sale. We have tried to ease the stress for the hotel owners – as well as our shareholders – as much as we can, not least by successfully implementing maybe the most aggressive cost cutting programme in the industry. These measures will,





**Knut Kleiven:** When room rates are suffering, it's usually the weak players that slash their prices first and most. In early 2009, however, we had the impression that even Hilton were being more aggressive on price than the rest of us. Buying market share through early discounting seems to have been a strategy they concluded they could afford.

**Kurt Ritter:** I've been working in this industry too long to be surprised, but I must say that I'm amazed to see how few companies dare to grow in developing countries. We focus on emerging markets where there is still a structural demand and supply is weak.

**Pia Djupmark:** Today the competition has increased enormously and "everyone knows everything about everyone", especially with the tools we use today, such as STR Global, Hotelligence and the Bench, on a daily basis. Everyone is chasing the same piece of business which very often leads to a "price war", especially for business groups where we have seen rate drops like never before. Many of our competitors have also increased their interest and knowledge for social media and have invested large amounts of money in this area.



**Is Rezidor's famous "Z factor" making a difference in a climate like this?**

**Kurt Ritter:** If you ever needed a fierce fighting spirit, it was during 2009. So I would say the Z factor was – and is – indeed our most important weapon to get through these harsh times. We were fast to respond and understand the seriousness of the crises. We were first out with a very ambitious cost reduction programme, and our continued focus to grow in emerging markets like Africa and Russia & CIS demonstrates what the Z factor is all about.

**Puneet Chhatwal:** It's only through our fighting spirit that we have been able to open so many hotels under such difficult conditions. At the IPO, we set a target to open 20,000 rooms between 2007 and 2009. We have

From top left:  
Olivier Jacquin,  
Senior Vice President  
of Sales, Marketing,  
CRM and Distribu-  
tion, Jacques Dubois,  
Kurt Ritter, Knut  
Kleiven and Puneet  
Chhatwal.

opened 18,600 rooms, which represent 93% of that targeted volume – and still have a very strong pipeline, possibly the strongest in the industry. At the same time, we also committed to grow with a maximum of 20% lease contracts and we ended up with 10%. For me that is the Z factor.

**Knut Kleiven:** Over delivering on our cost savings plan and establishing a new level of fixed costs, that is the Z factor in action, doing things our way.

**Olivier Jacquin:** We were fast to adapt to a new reality on the sales and marketing front. 80% of the marketing budget was switched from image support to tactical revenue capturing activities. Doing more with less – that's what I call Z factor.

**Jacques Dubois:** Rezidor has always been entrepreneurial as a company. The crisis has reminded us of these roots and reinforced what I would call our core behaviour.

**Pia Djupmark:** The difference between being good and being the best in our competition today is not only due to the product: we have seen how important it is to have loyal, service minded and committed staff with the right attitude in order to deliver our promises.

## What are the major challenges for Rezidor short- and long-term?

**Olivier Jacquin:** Accepting that we have to do more with less for some time. With a lot of new openings coming up, we have to find the best system to optimise our distribution channels which is very demanding.

**Jacques Dubois:** I would say: continue to grow in our marketplace. Secure our growth pipeline. Hang on to our best people and find the best managers for all our new hotels. In a longer perspective; market share, more growth.

**Puneet Chhatwal:** From a business development perspective – to keep the dynamic pace we have established!

**Kurt Ritter:** We have many challenges. Perhaps the most important

is to find the right balance between growing in new markets and defending the leading market position in our traditional core markets.

**Knut Kleiven:** One of our biggest challenges is to achieve an acceptable profitability in Western Europe and this can only be done by improving the revenues in the region.

## What are the major opportunities for Rezidor short- and long-term?

**Kurt Ritter:** Definitely to secure our pole position in the African countries and to consolidate the pole position we already have in Russia and the CIS countries. However, as I mentioned before, this has to be done without jeopardising the leading position in our Northern and Western European home markets.

**Knut Kleiven:** The growth in emerging markets and with fee-based contracts will lead to improved margins and establish a more resilient profitability.

**Puneet Chhatwal:** Radisson Blu is the largest upscale brand in Europe. Our ambition is to make Radisson Blu the #1 brand in all markets that we operate in.

**Jacques Dubois:** Distressed assets seeking new strong operators and brands. The growth potential in the mid-market segment with our young and vibrant Park Inn brand.

**Olivier Jacquin:** I believe the “old style” 5-star segment will fade away providing a huge opportunity for fresh upper up-scale brands like, Radisson Blu and Hotel Missoni.

**“It’s only through our fighting spirit that we have been able to open so many hotels under such difficult conditions.”**

## Outside In

**Gary Landesberg,**  
*owner of the  
Radisson Blu Hotel  
Portman London and three Park  
Inn Hotels in the United Kingdom.*

“In London, our occupancy has been excellent at 89%. Our Radisson Blu has attracted increased volume despite the economic climate. While our regional hotels have suffered being less resilient than the London market. We have invested more than £10m in our Park Inn hotels in the UK. With many more new Park Inns being created, we remain optimistic that our recent capital investment will be rewarded by an improvement in turnover and ultimately our investor return.”

**Ferdi Hüttemann,** *guest of  
Radisson Blu Hotel, Cologne.*

“The big range of price-offs by several hotel groups is amazing. At Radisson Blu, service levels are still extremely high, and the personal environment is great; it’s the reason why I choose them.”

**Guillaume Rascoussier,** *sell side  
analyst specialised in European  
Hotel & Leisure at the independent  
French broker Oddo Securities.*

“Our analysis suggests a RevPAR turn-around from September

2010. We believe in rising occupancy starting from Q2 and on year-on-year increase in prices from September 2010.

Big international brands have been very pro-active in cutting prices aggressively. The big question is whether an industry leader will extend the price war in the recovery phase?

We have not seen many bankruptcies yet and we’re likely to have more of that, especially among independent hotels. Industry conditions are geared for Mergers & Acquisitions activity, but we’ve seen very little so far. Some big moves are very likely, but not until the second half of 2010. Furthermore – we have not seen pipelines go down much, but that should start in early 2010.

For Rezidor, the major challenges are reducing negative cash flows, while staying competitive on price and simultaneously preserving resources for future growth, including keeping key staff and taking part in M&A activity. A tricky equation indeed. We think it necessary to make sure there is no increase in costs in 2010 versus 2009, considering the lack of visibility. But more cost-cutting efforts seem inappropriate to us and unlikely in the

recovery phase. It’s important to remain attractive for partners and owners. Rezidor has done a great job in cutting costs while maintaining high quality standards for its brands. Growing the network while limiting the risks remains another challenge for the group: we expect fewer and fewer guarantees in the new openings to come and more and more management contracts which looks to us as a profitable & relevant strategy.

The major opportunity is to grab market share and business opportunities, including limited sized acquisition opportunities. There will be plenty and 2010 could be a good year to make a move.”

**Remy Merckx,** *Director  
Global Strategic Accounts at the  
internet-based travel reservation  
website Expedia.com.*

“There is a clear shift in how people buy travel and hotels, towards being a lot more active online. The buy-down everyone is talking about was not the pattern we saw online. In fact the luxury segmented hotels were first to adapt to the new price levels and thus were able to capture business from the mid- and up-scale. We have seen mid-scale hurt

more – online people were buying up instead of down: spending the same amount of money but getting better value. Also, in multiple property markets there is a growing cannibalisation between properties carrying the same brand. The second big change is that emerging markets, such as Russia and Asia-Pacific – traditionally not as internet savvy – have become more aggressive online. We expect that to prevail.

The major movement we have seen across the board from hotel companies is very aggressive revenue management. Hotels are increasingly sophisticated in grabbing incremental business and are very flexible in targeting markets. What they offer to, for example, the French market, may be tailored for them and not for other travellers.

We see 2010 as a transition year, a good year for everyone to review their businesses – and we will certainly do that, in spite of having enjoyed a good 2009. We also strongly encourage our clients to review their e-commerce strategies and how they do business with us. Linked to the Expedia business, I would say that moving into emerging markets is a splendid way to move forward.”

# GREEN SHOOTS OF RECOVERY

**Although hit hard in the downturn, the travel industry is the largest income-generating industry in the world, employing some 220 million people today and generating more than 9% of global GDP. Long-term forecasts show steady growth.**

The economic downturn, kicked-off by the financial crisis in 2008, continued all through 2009, impacting heavily on the demand for hotel accommodation all over the world. Hitting occupancy levels first and then eroding room rates, it resulted in shrinking RevPAR in 2009, for the hotel industry in general, as well as for Rezidor.

Towards the end of 2009, the industry experienced a stabilisation in occupancy levels. This indicates that the industry is moving towards a stabilisation in demand, which is normally followed first by an increase in occupancy and then by an increase in room rates. However, with limited visibility, it is still very difficult to forecast how long it will take for such increases to be realised.

The first-class segment is the largest in branded hospitality within Europe, the Middle East and Africa. It accounts for almost two thirds of all rooms in Rezidor's peer group, including Hilton, Marriott, Starwood, InterContinental Hotels and Accor. Luxury and first-class hospitality has suffered most during the economic downturn, and so have the operators with a predominantly first class supply. Operators with a mainly mid-market focus, such as InterContinental Hotels (with its Holiday Inn brand) or a budget focus such as Accor (with Ibis, Etap and Formule1) have fared better in this climate, benefitting from the "buy down" trend in the market. When demand returns it is normally the first-class segment that benefits first.

Although hit hard in a downturn such as the current one, the travel industry is the largest income-generating industry in the world, employing some 220 million people today and generating more than 9% of global

**"A positive effect of the current weak economy is that property owners in Europe with unbranded hotels are increasingly interested in joining established international brands."**

GDP. Long-term forecasts by the World Travel & Tourism Council show steady growth with an average growth of 4.4% per year for 2009–2018. By 2018, the industry is expected to employ close to 300 million people and account for 10.5% of global GDP. The Middle East, Africa and the Asia-Pacific region are expected to be the most dynamic markets over the next ten years. The European travel market is expected to grow by an average of 3–4% annually.

A positive effect of the current weak economy is that property owners with unbranded hotels are increasingly interested in joining international operators, with well-known brands and extensive sales and marketing networks. In the US, 80% of the hotel stock is branded with a recognised chain-brand, compared to only 30–35% in Europe.

Hotel supply is unlikely to follow the pace of travel and demand growth, particularly in Western Europe, where development is constrained by land shortages and high prices. In Russia and the CIS countries, growth is impaired by fragmented land ownership and complex administrative procedures but there is a fundamental need for new supply.

Despite the downturn, the amount of room supply that entered the European market in 2009 increased. Chain supply grew by 2% net in 2009, compared to 3% net growth in 2008 and 2007. Many of these projects were initiated and financed in the peak years of 2006 and 2007.

Funding has become more difficult and this will most likely result in a shrinking new supply entering the markets in 2010 and 2011. Contracts agreed in good faith cannot be fulfilled. Many projects in the industry have been postponed and quite a few even cancelled. Industry data suggest that pipelines by room count are down by 23% from the Q2 2008 peak.

## 2009 Industry RevPAR performance, % Change

IN EUR	Occupancy	Average Room Rate	RevPAR
All Europe	-6.1%	-12.1%	-17.4%
Benelux	-8.8%	-10.6%	-18.5%
France	-4.6%	-1.8%	-8.5%
Germany	-4.9%	-7.5%	-12.0%
Nordics	-5.6%	-9.1%	-14.2%
UAE, USD	-10.4%	-11.6%	-20.8%
UK, GBP	-3.0%	-5.8%	-8.7%

Source: STR Global & MKG Hospitality

## Industry Pipeline: By Region

	Q2 2008 Pipeline Peak		Q4 2009		% Change Q2 2008 to Q4 2009	
	Projects	Rooms	Projects	Rooms	Projects	Rooms
Europe	1,022	172,249	746	128,113	-27%	-26%
Middle East	556	164,259	451	124,133	-19%	-24%
Africa	179	36,855	176	33,524	-2%	-9%
<b>Total Pipeline</b>	<b>1,757</b>	<b>373,363</b>	<b>1,373</b>	<b>285,770</b>	<b>-22%</b>	<b>-23%</b>

Source: Lodging Econometrics.



# YES! WE BELIEVE THAT CONTINUED GROWTH IS STILL THE BEST STRATEGY

**Always an industry challenger, doing things differently, Rezidor aims to become a global player, offering our innovative hotel brands and food and beverage concepts in a growing number of markets.**

In a sour business climate, like the one we're still in, it's tempting to conclude that growth must decelerate dramatically, or even come to a stop. For Rezidor, these options were never seriously considered. Instead, we've continued to actively explore the many new business opportunities offered in any market situation to support our long-term ambitions. We consistently fight for a growing share of markets, wallets and hearts, while never losing our challenger mentality – offering guests exciting value for money experiences from mid-market to luxury and attractive long-term returns for investors and property owners.

## FIRST MOVER POSITION

Geographically, our strategies vary, depending on the maturity of the markets and our market positions. We have focussed our recent strategic growth on selected emerging markets, such as Russia and the CIS countries, where we have established a first mover pole position, to be fully enjoyed as the market turns around. Our core strategy is non-committed growth, expanding our portfolio mainly through management contracts without performance guarantees. This is an option everywhere, especially in emerging markets. We've become the first mover of new breed hotels to venture into the dynamic sub-Saharan African countries, many of which are growing fast due to rising commodity prices, with an increasing demand for quality accommodation.

In mature markets, where we already have a substantial presence, our approach is more opportunistic, with further growth stemming from new management, franchise or lease agreements. We are working to further strengthen our leading

position in the Nordic Region – our original home market – with new and high-profile properties. We will also continue to develop our strong positions in United Kingdom, Germany, France, Benelux and the Middle East, as well as in the Southern European markets, where our brands are still underrepresented.

Today Radisson Blu is the largest and fastest growing up-scale brand in Europe. Our aim is to turn it into the leading first-class brand in Europe, Russia and Africa, through leveraging its “new breed” identity and by adding strong destinational features, such as highly competitive bars, restaurants and spa facilities.

Another key strategy, even more crucial in a downturn economy, is to grow through the conversion of other branded or unbranded hotels that can swiftly be turned into income-producing operations. This strategy has resulted, most notably, in the rapid growth of our Park Inn brand, which has soared from zero to almost 140 hotels in just seven years.

## PRIME LOCATIONS

We aim to increase our presence in major metropolitan areas, capital and secondary cities, primarily through management agreements, with guarantees only where necessary. Lease agreements will still be used for strategic development opportunities in prime locations in mature markets, where commitment is more frequently required. In smaller cities, we will focus on un-committed management and franchise contracts. At times, we may make strategic minority investments in properties and management companies to help us obtain other profitable management agreements.

Furthermore, we will seek to bal-

## OUR PURPOSE

*We provide business and leisure guests with a choice of relevant and excellent hospitality products and services that offer good value, while assuring a good return to owners and shareholders, and inspiration to employees.*



## OUR VISION

*Our vision, Yes I Can! launched as a training programme in 1995, has become a Rezidor way of life, uniting Rezidorians of 142 nationalities in a pro-active attitude to the daily operation, based on empowerment. Yes I Can! impacts on Guest Satisfaction, Employee Satisfaction and Financial Performance.*

ance our portfolio by hotel type. As one of Europe's leading airport hotel operators, we are building a portfolio of contemporary airport hotels, under both the Radisson Blu and Park Inn brands. In addition, we will continue adding resort hotels to our portfolio, most of them with excellent meetings and conference facilities as well as destinational spas and wellness outlets, offering corporate and private customers a wider choice along with attractive redemption options in our goldpoints plus<sup>SM</sup> loyalty programme.

While our long-term strategies remain the same, our tactics must reflect the current business environment. Successful business development is always about focussing on the right projects for the right markets. In a downturn, the right projects usually mean the ones with a high likelihood of completion, with strong backing and experienced developers. In 2009, numerous projects have had to be re-examined to make them more viable and fundable. Focussing on the right projects in the right markets allows us to promote efficient, profitable growth at all times.

# SECURING THE

*Rezidor has a long history of record-breaking growth. Having transformed ourselves from a Scandinavian operator to a global industry challenger of up- and mid-scale hotels, we will always keep our first mover mentality and our passion for doing things differently.*

**B**orn in Scandinavia 50 years ago as a subsidiary to Scandinavian Airlines, today The Rezidor Hotel Group is a publicly listed global hotel management company, operating primarily in EMEA. We have a strong history of fast growth and of developing innovative first mover solutions to everything from managing brands, hotels and people, to pioneering in new markets. 44 % of our top-line earnings now comes from the Nordics market, compared with 61 % five years ago. We anticipate the non-Nordic proportion of our business will continue to grow, as we expand further and deeper into new markets. Today, we have a diverse portfolio present in more than 60 countries.

In the period 2007–2009, we achieved unprecedented growth by pursuing our asset light strategy; prioritising growth primarily through management or franchise agreements. Time-to-market is cut to a minimum through a larger proportion of conversion properties, which contribute immediately to EBITDA. Entering 2010, Rezidor managed a portfolio of nearly 390 hotels and 83,000 rooms, either in operation or under development.

In 2009, Rezidor broke its previous launch record with the opening of 36 new hotels and 7,100 rooms in one year. In addition, a substantial number of hotels and rooms were fully refurbished and “re-launched” – including the landmark Radisson Blu Hotel Hamburg, reclaiming our lead in this flourishing city.

In 2009 we signed 7,800 rooms which further expanded our impressive pipeline to 22,500 rooms. Notwithstanding the fact that many conversions go straight into operation, never entering the pipeline, Rezidor has one of the strongest up- and mid-scale pipelines of any major hotel company in EMEA. The European pipelines of Park Inn and Radisson Blu are the largest in their respective categories, according to independent estimates.

Rezidor’s core strategy is to grow fast with a moderate risk profile, through mainly fee-based growth and preferably straight management contracts in most markets. Performance guarantees are used as a strategic weapon in strategic locations.

## AN ARMADA OF FLAGSHIPS

Among the many flagship hotels opened in 2009, the first Hotel Missoni in Edinburgh launched a new era of design hotels, with its elaborate concept, totally based on the thinking of a true fashion icon. It’s quite logical that this evolutionary step should be a Rezidor innovation: we opened the first true design hotel 50 years ago. This was the Radisson Blu Royal Hotel in Copenhagen by world-famous architect Arne Jacobsen – a landmark property for which Jacobsen also designed some of his most iconic furniture pieces.

Other flagships opened or signed in 2009 are the Radisson Blu Resort & Spa Dubrovnik which is the largest resort in Croatia, the Radisson Royal Hotel in Moscow which is one of the most prominent architectural buildings in Russia and Radisson Blu Hotel in Milan with one of the most admired contemporary designs in hotels worldwide.

The flagship strategy has been successfully applied to all of our Rezidor brands. Radisson Blu has made the fastest ever brand recognition journey in up-scale European hospitality, partly because of its aggressive growth: but also, to no small degree, as a result of its new breed flagship properties, with their spectacularly distinctive design solutions. One notch down, Park Inn has lately added equally high-profile properties all over Western and Eastern Europe, contributing to its brand recognition rising quickly. Regent has nothing but flagships in its small, but powerful, portfolio.

However, you can’t win a market war solely through flagships. The

Rezidor armada certainly includes many smaller units, fighting the ongoing war for business; doing much of the hard work in building bottom-lines and in making guests happy so they come back for more.

## THE RIGHT PROJECTS FOR THE RIGHT MARKETS

The key to successful development and management of the pipeline is to focus on the right projects at the right time – this is Rezidor’s policy in any economic scenario and the only way to secure the upper hand. Which projects are right at any given time must always balance strategic and tactical considerations.

For several years Rezidor has focussed on emerging markets in order to switch quickly to a larger proportion of non-committed growth and preferably management agreements, one of our core strategies. Property owners in emerging markets tend to prefer fee-based contracts for the operation of their hotels, which supports our strategy.

In Russia and parts of the Middle East and Africa, high oil and other commodity prices have led to massive liquidity and have fuelled interest in hotel development. More importantly, strong demand/supply ratios in these markets allow for RevPAR premiums and robust margins, while keeping a low to moderate risk profile through contracts without any performance guarantees. Growth in emerging markets certainly has its challenges and risks, such as construction delays, a lack of experienced developers and sometimes government corruption and interference. Furthermore, under our asset-light business model many of the emerging markets have weathered the economic storm better than the mature markets.

The right projects for the right markets goes beyond just focussing on emerging markets. During a financial crisis, it is wise to focus on projects most likely to be completed, such as conversions or projects with secure financing.

Rezidor’s aggressive growth in emerging markets is facilitated through development offices in Moscow, Dubai and Cape Town. The office

# UPPER HAND



Park Inn Krakow



Radisson Blu Hotel, Milan

Airport hotels are one of the most profitable segments in the industry over time. Rezidor operates more than 24 airport hotels in EMEA and recently expanded this segment with the Radisson Blu Hotel Trondheim Airport in August and Radisson Blu Hotel Hamburg Airport in October 2009.



Radisson Blu Hotel, Trondheim Airport



Park Inn and Radisson Blu Hotel, Abu Dhabi Yas Island



Radisson Royal Hotel, Moscow



**“The key to successful development is to focus on the right projects at the right time – this is Rezidor’s policy in any economic scenario and the only way to secure the upper hand when growing.”**

in Moscow alone has 23 staff, targeting over 60 cities in the region with limited or no brand supply.

#### MAINTAINING THE MARKET LEADERSHIP IN THE NORDICS

As our original homeland, we have a very strong market position in the Nordics, enjoying unrivalled brand awareness and substantial RevPAR premiums. We have a total of 62 hotels in operation or under development, many of which are centrally located landmarks.

The Nordic markets are mature, with a fair balance between business and leisure travel, offering hedging options in up- as well as downturn cycles.

Radisson Blu has been recognised by BDRC research as the #1 hotel chain in the Nordics countries for a number of consecutive years. The Stockholm Waterfront Building will house the most spectacular Radisson Blu built to date. In the years to come, we will continue keeping Radisson Blu as the Nordics’ leading brand by opening iconic new breed hotels in key locations. Park Inn is quickly growing its brand recognition, with 15 properties in operation or under development in the area, some of them intended to boost regional brand awareness.

Both key brands are set to grow through new builds and conversions in primary cities, resorts and airports. We will also actively look for suitable projects for Hotel Missoni.

In the coming years, a few of our lease contracts in the Nordics will come to an end. As they contribute substantially to our earnings, renegotiating these contracts successfully will be a priority. On the other hand, it will also offer opportunities to reduce high gearing through costly lease commitments.

In addition to our leading brands, our strong regional network of sales professionals makes us a well-recognised business partner within the meetings market, corporate travel and leisure sectors.

#### FOCUSSING ON ACHIEVING CRITICAL MASS IN REST OF WESTERN EUROPE KEY MARKETS

For Rezidor, the key markets in Western Europe, outside the Nordics, include Germany, France, Benelux, the UK and Ireland – all mature and crowded markets.

The research by BDRC suggests that Radisson Blu, with its 85 properties in operation in the region, has grown its brand recognition faster than any other up-scale brand during the last five years. By rooms count (rooms in operation and under development) it is already the largest brand. Park Inn is quickly growing its coverage and brand recognition, with 80 properties in operation or under development. Regent currently defines the ultimate in luxury hospitality in Bordeaux and Berlin. Hotel Missoni will follow up its success in Edinburgh with expansion in stylish cities all over Europe.

Germany, currently with 25 properties in operation or under development, has been a pioneer market in redefining Radisson Blu to its present brand status. To a large extent, the much-acclaimed Radisson Blu new breed concept evolved here through spectacular newly built properties. Germany is also a pioneer market for the large-scale growth of the Park Inn brand, with its 22 properties to date and housing one of the biggest flagships in the capital, Berlin. Rezidor has a long history of operating hotels in the UK and Ireland. Some 15 Radisson Blu hotels and an

additional 25 Park Inn hotels fly their colourful flags in most key destinations across the area, including 5 properties in London alone.

France is Rezidor’s latest growth market, with 24 hotels in operation or under development – most of them in top destinations and locations. A mature and highly competitive hotel market, France is also highly fragmented with a low penetration of branded hospitality, offering excellent growth opportunities through conversions. Rezidor has been particularly successful in Paris, with almost 10 properties in operation and under development.

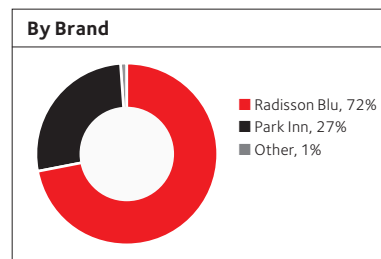
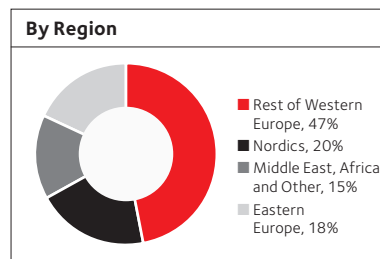
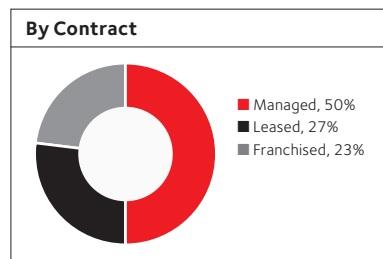
With fair to excellent penetration in our key markets, growth will be opportunistic and mainly pursued by expanding existing partnerships into new projects, with a strong focus on management contracts and conversions. We will have a cautious approach to expanding our leased portfolio.

#### LEVERAGING OUR POLE POSITION IN EASTERN EUROPE

Rezidor was a pioneer in Russia and the CIS countries in the early 1990’s and we have established a pole position – as unparalleled as it is unrivalled – with 46 hotels in operation and under development. Eastern Europe is still one of the most dynamic and untapped hospitality markets in the world, offering development opportunities in all market segments, with the potential to reap very strong investment returns.

Rezidor is securing the upper hand in this region, by being the first international hotel group to have invested in a full development, technical and operational support office. This regional office not only secures a continued lead in business development, but it also facilitates quick ramp-up

**In operation, 60,600 rooms / 286 hotels**



## *Strong demand/supply ratios in emerging markets promote RevPAR premiums and robust margins, while keeping a low risk profile through non-guaranteed contracts.*

programmes for converted hotels and growing operating synergies.

Radisson Blu was one of the first international hotel brands to venture into Russia and the Ukraine. And now, with 11 hotels and almost 2,000 rooms in operation in Russia & CIS, it enjoys a position as the uncontested brand leader in first-class hospitality across the region. Following in its footsteps, Park Inn has established itself – in record time – as the leading mid-market brand in Russia and the CIS countries, with almost 3,000 rooms in the region. The demand for mid-market full-service hotels far exceeds the current supply.

In the rest of Eastern Europe, Rezidor has established our brands in key locations such as Warsaw, Krakow, Prague, Budapest, Bucharest, Sofia and many more.

Regent has one hotel in operation in the region, in Zagreb, and another under development, in Dubrovnik – the first European resort hotel for the brand. Eastern Europe is home to many magnificent palaces with true Regent potential, not least Russia itself, which with its clear taste for luxury is likely to respond to such an offer.

During the last couple of years, we have maintained a focus on conversions to further strengthen our market leadership and on fee-based business to curtail risks. In the years to come, we are targeting more than 60 cities, many of them with no international branded hotels, to join our successful Eastern expansion.

### **BUILDING CRITICAL MASS IN THE MIDDLE EAST AND A STRONG POSITION IN AFRICA**

For Rezidor the Middle East is not really a new market. Our presence in the region dates back to 1980, when we opened our first hotel outside Scandinavia – in Kuwait. Today, Rezidor's Middle East portfolio encompasses 42 properties in operation or under development, covering the full spectrum of Rezidor brands, with 28 Radisson Blu hotels in the lead.

The Middle East and Northern Africa have strong first class and luxury markets and will be our foremost platform for expanding Regent and Hotel Missoni brands. The launch of Missoni in the region is planned for mid 2010 in Kuwait City, again serving as a launch pad for innovative Rezidor hospitality. However, we also believe that the demand for a mid-market hotel with an upmarket quality of service and product is increasing rapidly, paving the way for a massive Park Inn rollout.

Rezidor strongholds in the area include the United Arab Emirates with 15 hotels, Saudi Arabia, with 10 hotels, and Egypt, with 6 hotels. Sub-Saharan Africa has not experienced the rapid economic growth of Russia and the Middle East, although GDP growth has averaged 5–7% since 2003. Some markets have experienced much stronger growth, partly due to oil exploration, including Nigeria and South Africa: two of Rezidor's key markets in the region.

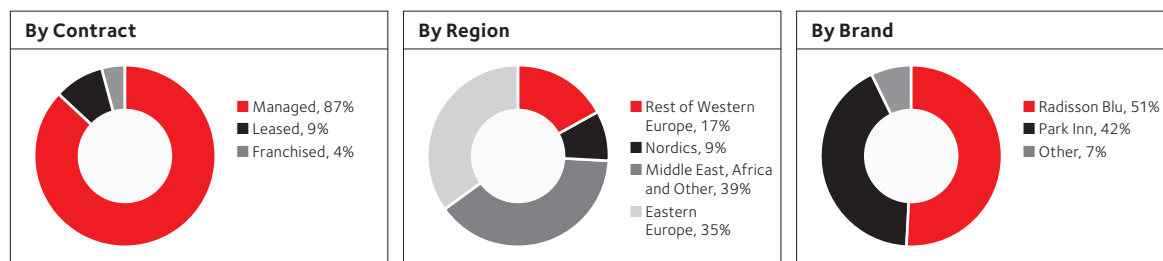
Furthermore, the Sub-Saharan countries have benefited from a banking network that is less intertwined with global markets, and therefore was not severely hit by the credit and bank crisis during 2008–09.

Recognising Africa's growing potential – and the lack of international standard and quality hotels in most countries – Rezidor has intensified its focus on Africa and the Indian Ocean Islands. Deploying our “first mover” strategy of new inventory, we have already built a strong portfolio of 28 properties in operation and development in a very short time, with the largest pipeline of any international operator in the region.

Rezidor entered the region in 1999 through its most beautiful city, Cape Town, where we re-branded the most prominently positioned property, the Cape Town Waterfront hotel, to a Radisson. Today, we have 5 Radisson Blu hotels in operation or under construction in Cape Town, Sandton/Johannesburg and Port Elizabeth, and one Park Inn hotel. The continent's first Hotel Missoni is due to open late 2010 in trendy Cape Town.

Acting from our regional development and operations office in Cape Town, we will seek further development opportunities, primarily in capital cities all over the continent, and prime tourist destinations in South Africa, Kenya, Tanzania, Mozambique and the Indian Ocean Islands.

### **In pipeline, 22,500 rooms / 103 hotels**



# RADISSON BLU A WINNER OF HEARTS — GOING BLU FOR YOU







Radisson Blu Hotel Hotel, Zurich Airport

**B**uilding strong brands is all about fulfilling your promises, winning respect, preference and loyalty – building market share through winning hearts. Radisson Blu, rebranded to the world's favourite colour from Radisson SAS in 2009, is a great success story in up-scale European hospitality. It has improved its brand recognition faster than any other up-scale brand over the last five years.

Today, Radisson Blu is the largest first-class full service brand in Europe and the leading brand in Russia and CIS, differentiating itself from its competitors – mainly Hilton, Marriott, Sheraton and Sofitel – through innovative design and service concepts. Its many new breed hotels have a built-in wow! factor that contributes to making them destinational. Furthermore, by combining attentive one-to-one hospitality with clever service concepts, Radisson Blu offers a unique experience with a 100% Guest Satisfaction Guarantee. At Radisson Blu, Yes I Can! service translates into treating each and every guest as a true individual, understanding and catering to every need and wish before even being asked.

As our core brand, Radisson Blu is key to establishing our presence in new countries. As of December 31, 2009 there are 47 Radisson Blu hotels in operation or under development in the Nordics, 90 in the Rest of Western Europe, 48 in Eastern Europe and 51 in the Middle East, Africa and China.



Radisson Blu Resort & Spa, Dubrovnik



The fundamental structural need for new hotels in many larger cities throughout the former Soviet Union is extensive. Rezidor is the biggest operator in Russia & CIS, and has the largest pipeline of new hotels to be opened in the region over the next couple of years.

A combination of designated leisure destinations as well as inner city business hotels is of major importance to enhance brand loyalty for a brand like Radisson Blu. The newly opened Radisson Blu Resort hotels in Croatia, Turkey and Tunisia are all excellent examples of Rezidor's expansion in the leisure segment.







Radisson Blu Hotel, Dakar

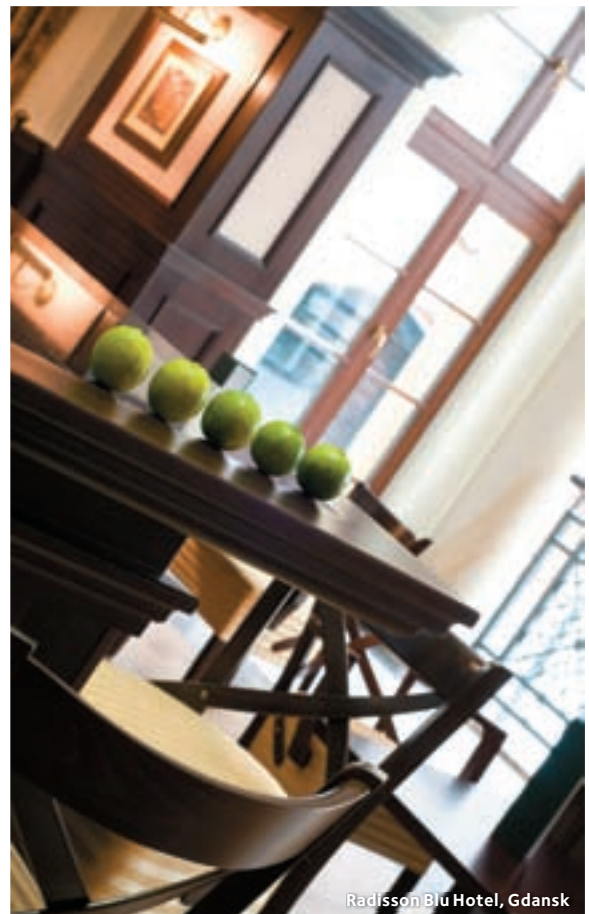
For decades, Africa has seen limited investments going into new hotels. With tourism growing and an urgent need for new modern hotels in many African capital cities, Rezidor sees Sub-Saharan Africa as one of the most interesting emerging markets.



Radisson Blu Hotel, Madrid



Radisson Blu Hotel, Hamburg Airport



Radisson Blu Hotel, Gdansk



# PARK INN A NEW GENERATION HITS TOWN

**P**ark Inn is a young, fresh and fun brand, offering warm and casual full service and mid-market value with an upbeat, up-scale style. This formula has proven to be a fast-track to success, allowing the brand to grow from zero to 140 hotels in just seven years.

Park Inn prides itself on mastering the essentials better than the competition, and on top of that “adding colour to life”. The brand lives up to its motto in the most striking way, splashing its colours on the exterior and interior of the hotels but also on trains, planes, buses and cars visually promoting its easily recognisable multi-coloured squares. It comes as no surprise that, over the last couple of years, Park Inn has improved its brand recognition better than any competitor, including Holiday Inn, Novotel and Scandic Hotel and is the recipient of the prestigious J.D. Power and Associates Award in the European Hotel Guest satisfaction Index.

Furthermore, Park Inn is designed to make re-branding easy! For property owners, it offers the smartest and fastest conversion act in the industry. It is mainly operated under management and franchise agreements. We aim to expand the Park Inn portfolio, especially in markets where we already operate Radisson Blu or Park Inn. In doing so, we prioritise market depth instead of market width, promoting the clustered growth and potential synergies between the properties that we have already achieved in Germany, Russia and the United Kingdom.

As of December 31, 2009, there are 15 Park Inn hotels in operation or under development in the Nordics, 80 in the Rest of Western Europe, 28 in Eastern Europe and 15 in the Middle East and Africa.

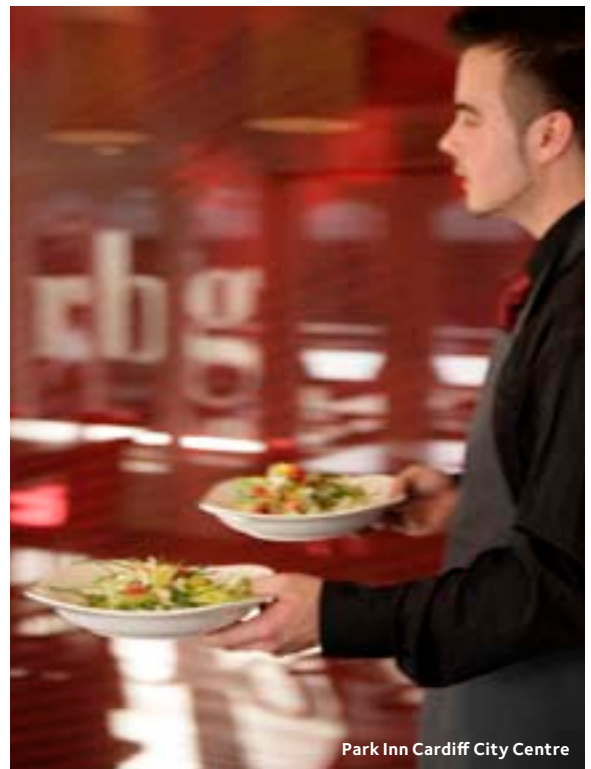
“Highest in Guest Satisfaction Among  
Mid-scale Full Service Hotel Chains”

Park Inn received the highest numerical score among mid-scale full service hotels in the proprietary J.D. Power and Associates 2009 European Hotel Guest Satisfaction Index Study<sup>SM</sup>. Study based on responses from 13,291 European guests who stayed at a hotel in Europe between May 2009 and September 2009, measuring 17 hotel chains. Proprietary study results are based on experiences and perceptions of consumers surveyed August–September 2009. Your experiences may vary. Visit [jdpower.com](http://jdpower.com)



Park Inn Prague

Park Inn is the new kid on the block in Europe and has grown from nothing to 140 hotels in just seven years. With its competitive conversion formula, the fast growing brand attracts hotel owners that want to take advantage of a wider network by franchising an international brand.



Two thirds of European Hotels are unbranded, offering a huge opportunity to convert existing hotels to an international brand. The mid-market brand Park Inn is very well positioned to take advantage of the growing market for conversions. Rezidor has recently converted existing hotels in Djerba, Brighton, Doncaster, Antwerp and Berlin to Park Inn hotels.





# MISSION MISSONI REDEFINING HOSPITALITY CHIC

The Missoni aesthetic, born in high fashion and intelligently translated into interior design, is one of the world's most iconic styles: its bold colours and patterns are immediately identifiable. Now, with the first Hotel Missoni open in Edinburgh, it also offers a unique hotel experience.

Our brilliant, new fashion hotel brand is the result of Rezidor's special collaboration with Rosita Missoni, the legendary creator of the celebrated Italian fashion and design label. One major defining feature of the original vision for Hotel Missoni was that it would offer the same sort of genuine warmth, style and tasteful hospitality that the Missoni family extend to guests in their own Italian town and country homes. And so it does. Rosita's personal influence is evident in every detail of Hotel Missoni Edinburgh: in the welcoming draught prosecco; in the menu for the elegant Cucina restaurant – which she devised with Georgio Locatelli; in the choice of iconic designer furniture; in the fabrics and patterns and in the colourful "Moons" artwork by her son Luca in the hotel's buzzing destination Bar.

Drama and warmth, in this unique combination, can only be staged by the Missoni family itself. Thus, Hotel Missoni represents a new standard of design hotels, combining the style and personal involvement of a fashion icon with the expertise of one of the world's leading hotel operators.

The Missoni trademark is licensed to Rezidor on a global scale. We intend to develop the brand in capital and primary city centres and select resort destinations, solely through management agreements. Its competitors include W Hotels, Morgans, Malmaison, Bulgari and Armani.

As of December 31, 2009, there are 5 Missoni hotels in operation or under development in the UK, South Africa, Brazil, Kuwait and Oman.





# REGENT A LUXURY LEGEND WITH A CONTEMPORARY TWIST

Whether housed in a grand classic palace or a glittering brand new high-rise tower, the style and personal service is still the same and inimitably elegant. A hospitality legend, Regent is a full service, luxury brand targeting primarily individuals, who value a contemporary approach to traditional luxury and timeless traditions. This global brand name, offers a small portfolio of top-notch luxury hotels.

We develop Regent branded hotels under management agreements in major metropolitan areas, in capital cities and select resort destinations. The main competitors are: Four Seasons, St Regis, One-and-Only and Ritz-Carlton.

As of December 31, 2009, there are six Regent hotels in operation or under development in Germany, France, Croatia, Qatar and the United Arab Emirates.



The Regent Esplanade, Zagreb



The Regent Grand Hotel, Bordeaux



The Regent Grand Hotel, Bordeaux

# THE PROOF IS IN THE PUDDING

**Sitting in an empty dining room, ordering a tasteless club sandwich, and paying too much – guests know how disappointing hotel restaurants can be. Working hard on a menu, developing new marketing ideas, and loosing money over and over again – also General Managers know how disappointing hotel restaurants can be. Rezidor now helps both: The group's bar & restaurant concepts are stylish, sophisticated and successful.**

In 2009, Rezidor continued to bring the Italian way of living to countries across Europe, Middle East and Africa, and further rolled out the well-established Filini restaurants for Radisson Blu. 18 venues are in operation (another six are in the pipeline) where a smart Mediterranean experience, food and mood go together in harmony. For those preferring the French art de vivre, Rezidor has launched Brasserie de Verres en Vers – a true modern tribute to the classic brasserie. And if one of your fondest memories of Ireland is enjoying a pint, Rezidor welcomes you in their award winning Sure bars, designed like the famous bars of Dublin.

The fun and funky RBG already adds colour to 23 Park Inns, with another 32 in the pipeline – looking forward to serving perfectly simple and simply perfect specialities fresh from the charcoal grill. And although developed initially for Park Inn, RBG will not be exclusively found at these hotels, there's room for more...

At Hotel Missoni, the Cucina is located in the heart of the hotel – like in the heart of an Italian family home – offering fashionable menus and Missoni's iconic décor. A Cucina will open in every new Hotel Missoni, along with Bar Missoni for the best Italian coffee and wine.

Was there anybody saying that hotel restaurants were disappointing and boring?





# VALUE & VALUE PERCEPTION KEY TO ATTRACTING BUSINESS

**Maintaining and improving our overall brand awareness, whilst always offering the guest great value for money. Delivering on expectations, but not destroying price leadership through discounting. In 2009, Rezidor successfully performed a number of tactical balancing acts in sales & marketing for the downturn.**

Despite the crisis, Rezidor grew the leisure segment in 2009 – on the back of campaigns executed with massive reach, mixing traditional print media, television commercials, direct mail, on-line exposure and multi-night rate discounts. In 2010, the group will build on this success and will further support market penetration for leisure and business travel by targeting the discretionary mid-week business traveller, maintaining the Meeting & Events profile in readiness for the market returning by promoting a “Good for Business” meetings message, and continuing to build the leisure proposition.

Rezidor focusses especially on value – and value perception! In today’s market, the internet has created full transparency and perceived value has become key to keeping and attracting new clients. And whether it is the young and award-winning loyalty programme goldpoints plus – with one million members across EMEA in 2010, who can benefit at all Rezidor and Carlson hotels worldwide – or a feature like Free high-speed internet access – which Rezidor was first to offer in September 2005 for all Radisson Blu hotels – the company offers added-values that are always unique, and sometimes far from being an industry standard.

Our values were highlighted during the successful transition from Radisson SAS to Radisson Blu. The brand’s new name, look and feel are reflected in the new logo, new collaterals and on the new website radissonblu.com. The distinctive contemporary

## FOR 2010, THE MAJOR THEMES FOR REZIDOR’S SALES AND MARKETING ARE:

### • It’s All About You.

We will customise the service experience online, in print and in person for our leisure customers: we want them to see Rezidor as the host for making the most of your time off.

### • Tell the World.

Social media – actively engaging in the dialogue seeding growth in brand awareness and revenue generation and ensuring no feedback go unnoticed.

### • The Brands are Listening.

Through our research, and through Medallia – our customer satisfaction tracking – we’ll be all ears to the feedback of our customers

design of the brand is clearly expressed and its value proposition showcased, including the competitive retail rates. And following the re-launch, traffic on the site increased by 25%. Whether it’s SAS or Blu – Radisson is still the No. 1 choice for business travellers in the Nordics, which was also recognised by the BDRC Business Traveler Hotel Guest Survey 2009.

Park Inn is also a winner. Rezidor’s dynamic mid-market brand received

the prestigious J.D. Power and Associates European Hotel Guest Satisfaction Index award. Park Inn ranks highest in guest satisfaction in the mid-scale full service segment, and performs particularly well in reservations, food & beverage and costs and fees.

Rezidor’s portfolio of added-values is constantly expanding. Early 2010 saw the launch of a pre-paid Gift Card Programme that can be used in all hotels and restaurants, and the group will work on further concepts such as “Your Event” and “Smart Meetings”. For travel trade partners, Rezidor aims to create more value through the exclusive Look To Book programme, as well as the ever popular “Stay for Free” room night offered during off peak periods. And through a strong focus on the crew business, Rezidor looks at volume recovery. In 2010, one of the fastest growing hotel groups worldwide is yet again ready for take off.

**“Rezidor offers added-values which are always unique and sometimes even far from being an industry standard”**



# A PEOPLE DRIVEN ORGANISATION

Successful programmes and courses like the Business School@Rezidor, the Management Development Programme, the Rezidor Learning Network, the Mentor Mentee Programme, On-Job Skills and Living & Leading Responsible Business are all crucial tools that are helping us handle the downturn. Our strong tradition of promoting General Managers from within is another important strength. But the real key to our ongoing success is our unique Yes I Can! philosophy: it's the life blood that runs through our veins.

The spectacular, empowering effects of our Yes I Can! service culture were actually scientifically proven last year by a research project conducted at the École Hôtelière de Lausanne in Switzerland. Their findings showed that our Yes I Can! ethos makes a fundamental contribution to a better service performance at both the individual and organisational levels, resulting in increased guest satisfaction. At Rezidor, we see Yes I Can! as a fundamental driver of our entire business.

Our annual climate analysis, designed to measure our employees' satisfaction and loyalty, remains high and has actually increased since last year: the figure rose from 85.1 in 2008 up to 85.8 in 2009. According to the analysts, the main driver of this loyalty factor is the fact that Rezidor inspires and empowers its employees to give their very best performance. In the currently challenging climate, it is essential that we take good care of our employees – and that we continue to inspire them. The way we handle our employees through the crisis will determine whether they choose to stay with the company in the coming upturn.

We need our loyal champions. They are the main factor behind our equally high customer satisfaction score: they're doing an amazing job of delivering top quality services, with fewer resources and fewer colleagues. And in times like these, quality measurements are more important than ever.

We are determined to enter the coming upturn better resourced and stronger than we were when we entered the downturn. This will only be possible through a firm commitment to our people development strategy.



*The service industry is a people industry. We've said it before, but it's worth saying again because a strong clear people development strategy is all the more important in these challenging times, when cost cutting measures are forcing us – along with our competitors – to reduce our staffing levels.*



## YES I CAN!

Yes I Can! is the core service philosophy – and vision – of Rezidor. More than just a slogan, Yes I Can! is a way of life for all employees at the hotels operated by the Group. Seven hotel trainer workshops were held during 2009 and 'Yes I Can! – the HEART of Radisson Blu' training materials were distributed to every Radisson Blu property in August, as a result of the re-branding. A new e-learning course, Leading Yes I Can! for Radisson Blu, was also introduced. Aimed at all Radisson Blu managers and supervisors, it teaches them how to use Yes I Can! on a daily basis, both for themselves and for their staff.

All Rezidor employees are empowered to make the right decisions to ensure that all our guests are satisfied. Doing it right from the beginning is our natural approach. But if things go wrong – which, of course, sometimes happens – then Making it Right, preferably with a little bit extra, is the method we use to ensure that we fulfil our other key service concept: 100% Guest Satisfaction Guarantee.

## 5-STEP PEOPLE DEVELOPMENT PROGRAMME

Our 5-Step People Development Programme is at the heart of Rezidor's people development strategy. This programme allows for every ambitious employee to aim for the top, thanks to our simple – but efficient – policy of recruiting from within. The programme covers five levels of increasingly more advanced training levels, including the mandatory New Hire Orientation, On-Job Skills, Yes I Can! and Living Responsible Business.

## MENTOR-MENTEE PROGRAMME

The success story of our promotion from within philosophy speaks for itself. With 95% of our General Managers promoted from within the company, the vision has now become a reality. In 2009, we saw 21 Mentees appointed to their first time General Manager assignment. This adds up to 25% of the General Manager appointments for the year. And, yet again, more than 95% of our General Managers came from within the company.

# 56%

of the workforce are male and 44% female

# 142

different nationalities

# 50%

of the workforce are below 30 years old

## BUSINESS SCHOOL @REZIDOR

The Business School@Rezidor is an integrated part of the 5 Step People Development Programme. During 2009, two successful Rezidor Business Schools were held in Dublin, Ireland, and Zurich, Switzerland. In addition to these bigger schools, several Business School courses were also organised independently in various locations. In total, 500 participants from over 30 countries were invited to the leadership programme, now running since 1996. Four LOTS (Logical Thinking System) workshops were also held in 2009, giving 75 participants a deeper understanding of business planning within Rezidor and the hotel management industry.

## NEW E-LEARNING NETWORK

The Rezidor Learning Network (RLN) was launched in July 2009. A learning management system, offering virtual tools, it aims to increase Rezidor's curriculum of on-line learning opportunities – both now and in the future. All hotels that are owned,



## PEOPLE DEVELOPMENT

leased or managed by Rezidor will automatically be signed up to the RLN network, and our franchised hotels are also very welcome to join. The system already has more than 5,000 registered users.

### MANAGEMENT DEVELOPMENT PROGRAMME

In 2009, our people development strategy was boosted by the introduction of the new Management Development Programme (MDP) for the leaders of tomorrow. The programme offers exciting national and international opportunities. The MDP is designed to develop, train and prepare existing Supervisors to become Department Heads within two years. The programme usually lasts for 24 months, and involves a real role from day one. We have grown to become one of the world's leading hospitality companies. And as we continue this success story, we need to keep looking for and create new managers and leaders – for today and tomorrow.

### RESPONSIBLE LIVING

Rezidor was one of the first hotel companies in the world to implement a dedicated Responsible Business pro-



gramme as early as mid 1990s: we were also one of the first to offer carbon-offsetting possibilities to guests. In 2009, we rolled out our ambitious new training programme Living Responsible Business for all 35,000 Rezidorians. Along with the additional module for Managers, Leading Responsible Business, it encourages each employee to adopt an earth-friendly approach in every aspect of their daily lives.

**911**  
international  
Internships

**400**  
Nearly 400 internal  
company transfers



MANAGEMENT  
DEVELOPMENT  
PROGRAMME

## FROM BELLBOY TO GENERAL MANAGER IN 9 YEARS

**Recruiting managers from within is not headline news at Rezidor, with a 95% rate of internal promotions. Still, there is no doubt that Jan Hanak is a real success story. Starting out as bellboy at the Radisson Blu Alcron Hotel, Prague in 1998, he was appointed General Manager at the Radisson Blu Hotel, Belfast in October 2009.**

The porter job seemed like the perfect intermediary solution, while Jan was studying finance and economics at the University in Prague. But right from the beginning, he realised that the hotel industry was something special and his superiors quickly spotted a greater potential in the ambitious bellboy.

Half a year later, Jan was employed as Guest Service Representative – and the success story continued. Between 1998 and 2009 he held positions including Night Manager, Senior Service

Manager, Revenue Manager and Executive Assistant Manager in Prague and at the Radisson Blu Portman Hotel, London.

“Working at Rezidor is hard work, but fun! It's great that even employees holding lower positions are empowered to take their own decisions. For people who are willing to develop and progress – to really commit to the company – there are fantastic opportunities,” Jan says.

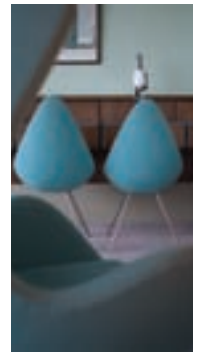
He tries to encourage his employees as often as he can, perhaps even more so consider-



ing his own background. “If I see a potential in someone, I show him or her the vast possibilities. I train them, give them the resources they need and show them what opportunities they really have. Initiative is also very important if you want to work at Rezidor. You can't wait for people to tell you what to do”.

“There are great development and education possibilities at Rezidor, with courses, internships, mentor programmes, etc. I got to study hotel management at the Cornell University in the USA through the Per-Axel Brommesson Scholarship offered by Rezidor”.





# THE WORLD'S FIRST DESIGNER HOTEL CELEBRATES 50 YEARS

*...and so do we. It all began with The Royal. When the Radisson Blu Royal Hotel Copenhagen opened in 1960 as the world's first designer hotel, it also meant the birth of Rezidor.*

At the time of its construction 50 years ago by world-renowned Danish architect Arne Jacobsen, the Royal could pride itself on being the highest building and biggest hotel in Scandinavia. It was also the beginning of Rezidor – or SAS International Hotels which was the name of the hotel business within Scandinavian Airlines Systems. From these prophetic beginnings sprang the first set of hotels that would come to define Rezidor and its dynamic portfolio of brands and hotels.

But although architecturally acclaimed and a huge commercial success, this first designer hotel in the world did not immediately find its way to the locals' hearts. Nicknames included "the glass cigar box", "the punch card" or even "the ugly build-

ing". Now, the 20-storey high five-star hotel celebrates its 50th birthday as a highly appreciated landmark and a true homage to Danish design.

The Radisson Blu Royal offers 260 rooms, including two suites and the original Arne Jacobsen designed "Suite 606". All rooms enjoy spectacular panoramic views over Copenhagen, even the bathrooms. Suite 606 is a virtual time machine. The suite is dressed up in the same grey, blue-green colours, featuring the same wenge wood and built-in makeup mirrors – and a selection of the famous Arne Jacobsen furniture, as in 1960. Among these classics that were designed specifically for the Royal are the Egg and Swan chairs, as well as the rarer Drop chair.

The guest rooms of the Royal have recently been refurbished to restore the original glory of this 50-year-old fashion diva. Renovations have been carried out cautiously with a sophisticated and contemporary touch, showing great respect for Arne Jacobsen's vision.

Design has always played a leading role in Rezidor's history. Creating a whole new standard through our new breed Radisson Blu hotels, we incarnate our passion for contemporary design in every little detail – often in close collaboration with industry-leading designers and architects.

The Royal was originally built as the solution to a growing demand for luxurious accommodation that SAS' marketing department foresaw, in the wake of their new America-Scandinavia route in the 1940s. Arne Jacobsen was chosen for this prestigious mission, in the midst of a true golden age for Danish design.