MANAGING THE PIPELINE
AND GROWING THE PORTFOLIO

Puneet Chhatwal
Chief Development Officer

TODAY’S AGENDA

REZIDOR TODAY

A CHANGING BUSINESS MODEL

FACING THE CHALLENGES OF 2009

REGIONAL STRATEGIES AND EMERGING MARKETS

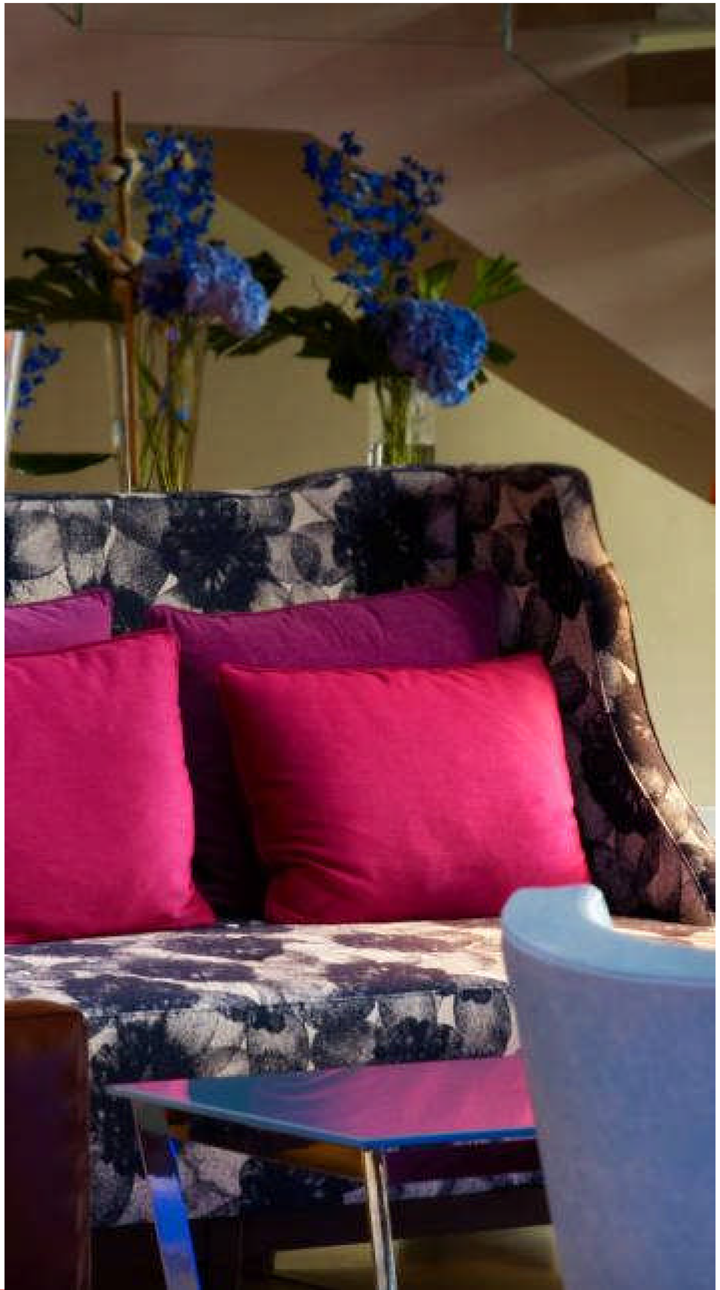
REZIDOR TODAY
2008 RESULTS

A record-breaking year for signings:

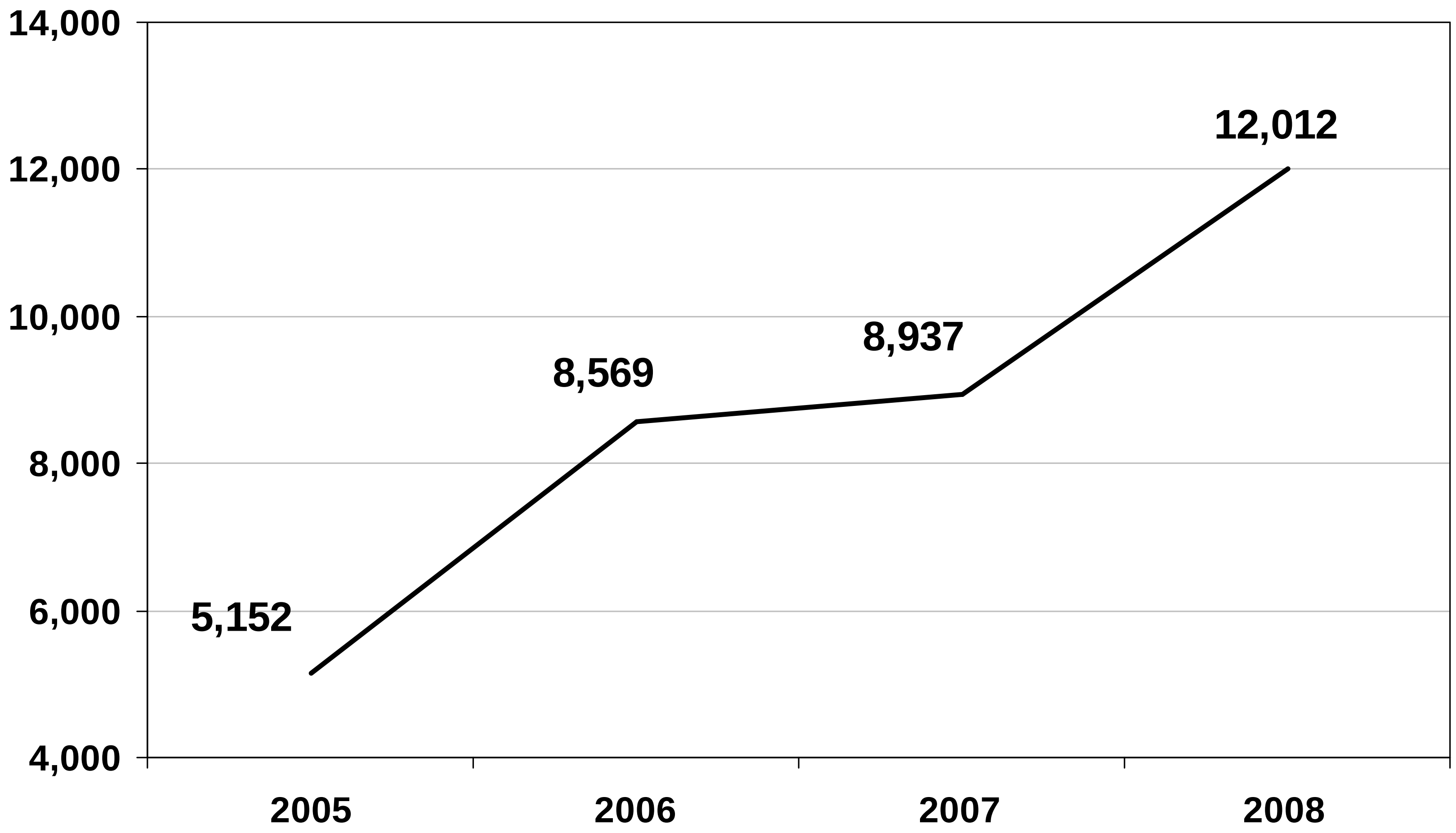
- 53 new hotels
- Ca. 12,000 rooms
- 93% fee based agreements

And, potentially a record-breaking year for openings:

- 34 new hotels
- Ca. 6,000 rooms

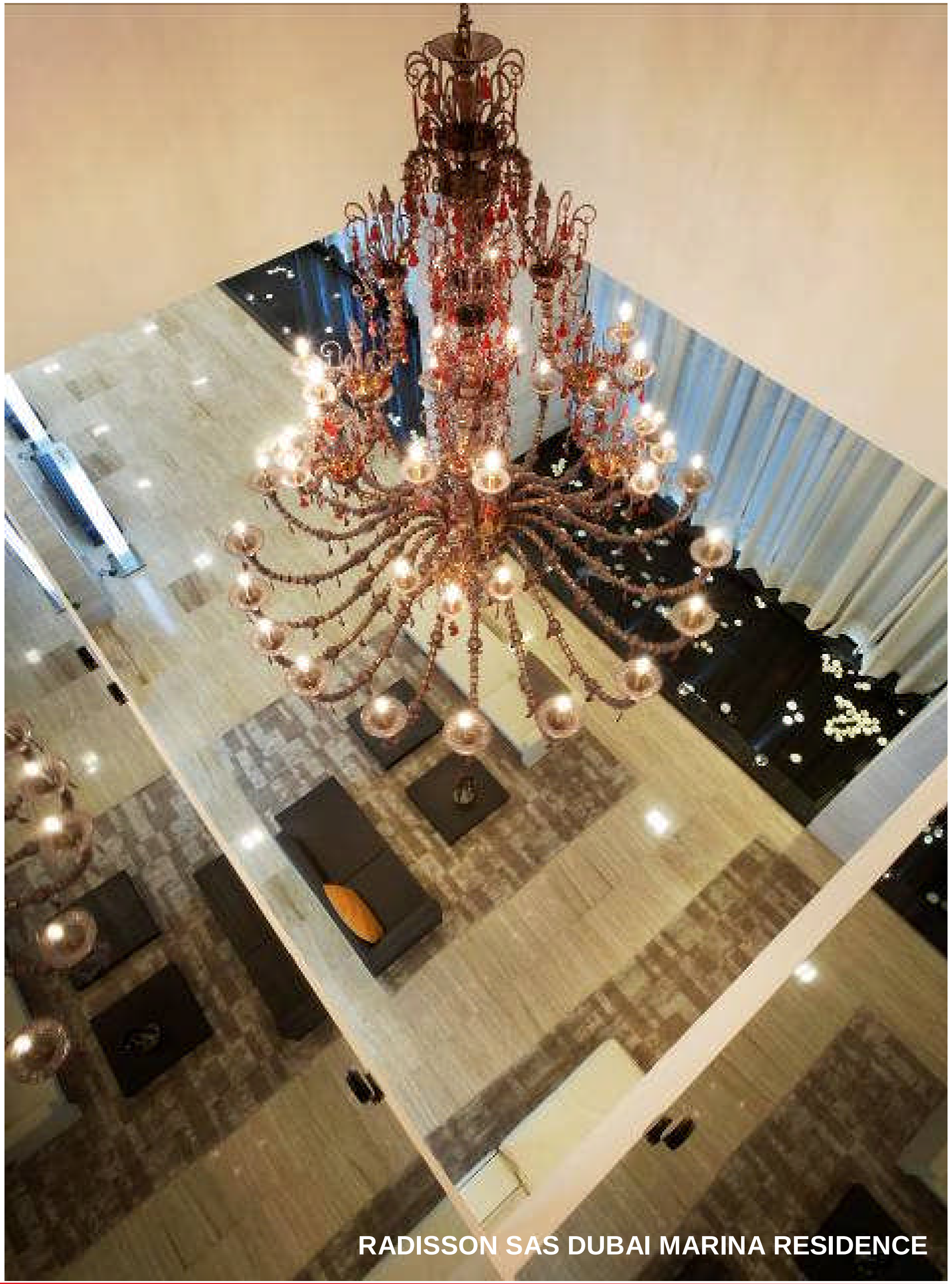


REZIDOR TODAY
ROOMS CONTRACTED BY YEAR



REZIDOR TODAY
PIPELINE GROWTH 2007 – 2008

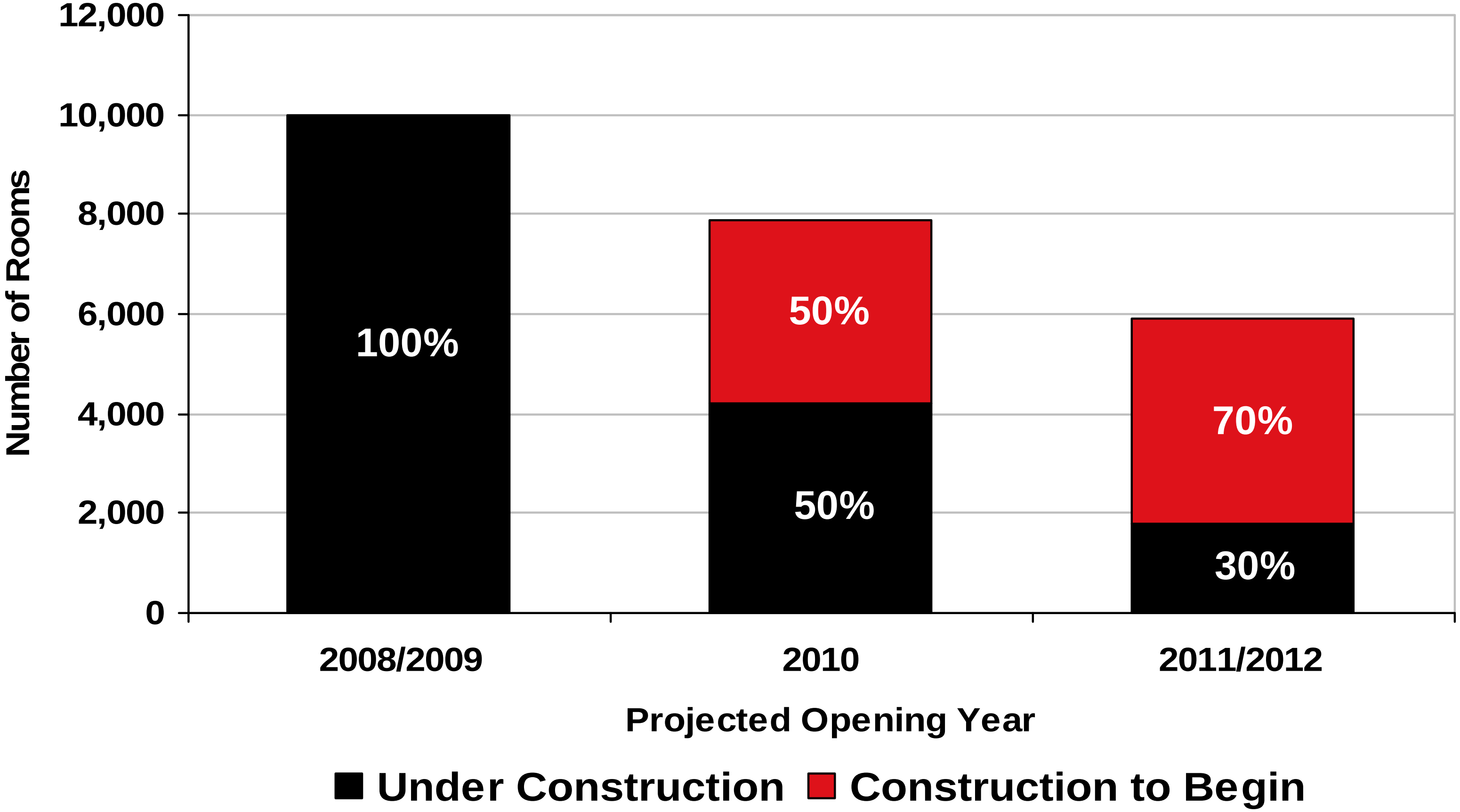
- Added **104** hotels to the pipeline
- **91%** fee based
- **54%** in mega and primary markets
- **23%** resort or airport properties
- **50%** will be open by end 2009



RADISSON SAS DUBAI MARINA RESIDENCE

REZIDOR TODAY
PIPELINE CONSTRUCTION STATUS

- ca. 65% of Rezidor Pipeline is under construction



REZIDOR TODAY
2nd LARGEST EUROPEAN PIPELINE

- Rezidor #2 with 10,434 rooms
- Highest growth relative to existing portfolio

BRANDS	ROOMS	HOTELS
IHG InterContinental Hotels Group	14,523	97
THE REZIDOR HOTEL GROUP	**10,434**	**58**
Marriott	5,457	28
Hilton	4,827	25
STARWOOD HOTELS & RESORTS WORLDWIDE, INC.	4,421	20

REZIDOR TODAY
LARGEST EUROPEAN PIPELINE (UPPER UPSCALE)

- Radisson SAS #1 Upper Upscale with 4,376 rooms

BRANDS	ROOMS	HOTELS
Radisson SAS Hotels & Resorts	**4,376**	**21**
Hilton	2,422	10
Sheraton Hotels & Resorts	1,317	5
Renaissance Hotels & Resorts	1,189	5
Marriott	1,063	5

REZIDOR TODAY
LARGEST EUROPEAN PIPELINE (MIDSCALE W/ F&B)

- Park Inn #1 Midscale with F&B with 5,928 rooms

BRANDS	ROOMS	HOTELS
park inn	**5,928**	**36**
Holiday Inn HOTELS · RESORTS	4,108	25
Jurys Inns	2,143	10
Park Plaza Hotels & Resorts	1,021	1
DOMINA HOTEL GROUP	886	5

REZIDOR TODAY
AN HISTORIC DECEMBER 2008

CONTRACTED OPENINGS		
DATE	**HOTEL**	**ROOMS**
1st	Park Inn Peterborough	115
9th	Radisson Antwerp	247
	Radisson Sandton Johannesburg	290
15th	Radisson Trysil	209
	Park Inn Belfast	145
	Park Inn Antwerp	59
17th	Radisson Dresden-Radebeul	574
TBC	Radisson Ambassador Paris	296
	Park Inn Berlin City West	94
TOTAL		**2,029**

REZIDOR TODAY
KEY DRIVERS TO GROWTH

- Leveraging our strong position in emerging markets
- Ambitious organization with “First Mover” experience
- Entrepreneurial, flexible and capable of thriving in a difficult economic environment
- Track record of converting existing hotels (signed and opened 2,000 rooms in 2008)
- 65% of pipeline is under construction

CHANGING BUSINESS MODEL

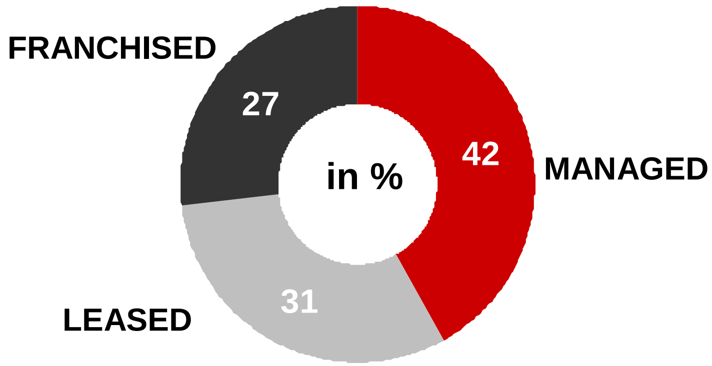
CHANGING BUSINESS MODEL

- Controlling risks with Fee-Based Contracts (93% of 2008 signings)
- Expanding the Portfolio: more Park Inn's, airport hotels and resorts
- Seizing opportunities in Emerging Markets

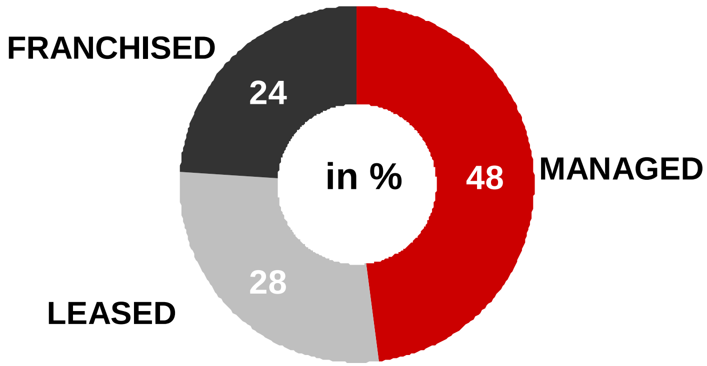
RADISSON SAS DUBAI MARINA RESIDENCE

CHANGING BUSINESS MODEL
PORTFOLIO BY CONTRACT TYPE

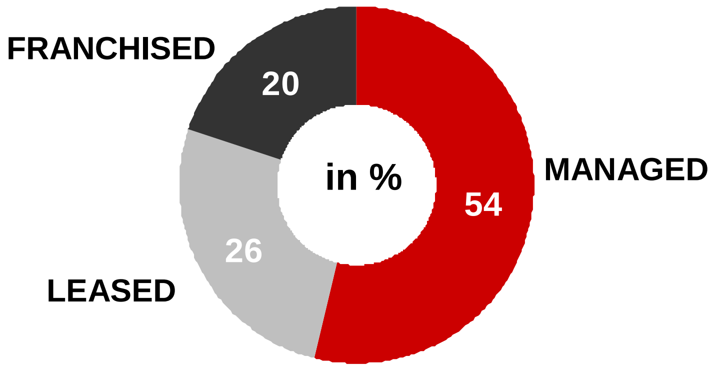
December 2006
46,000 ROOMS



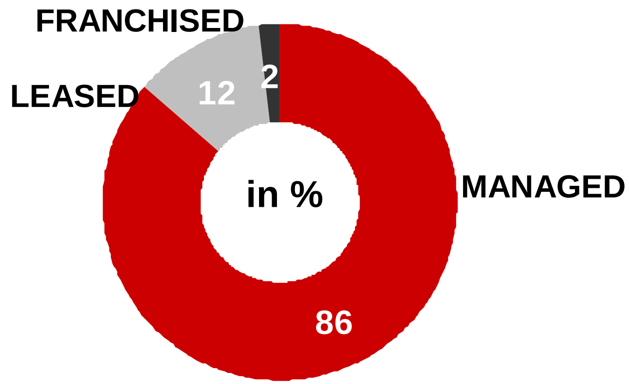
December 2008
54,000 ROOMS



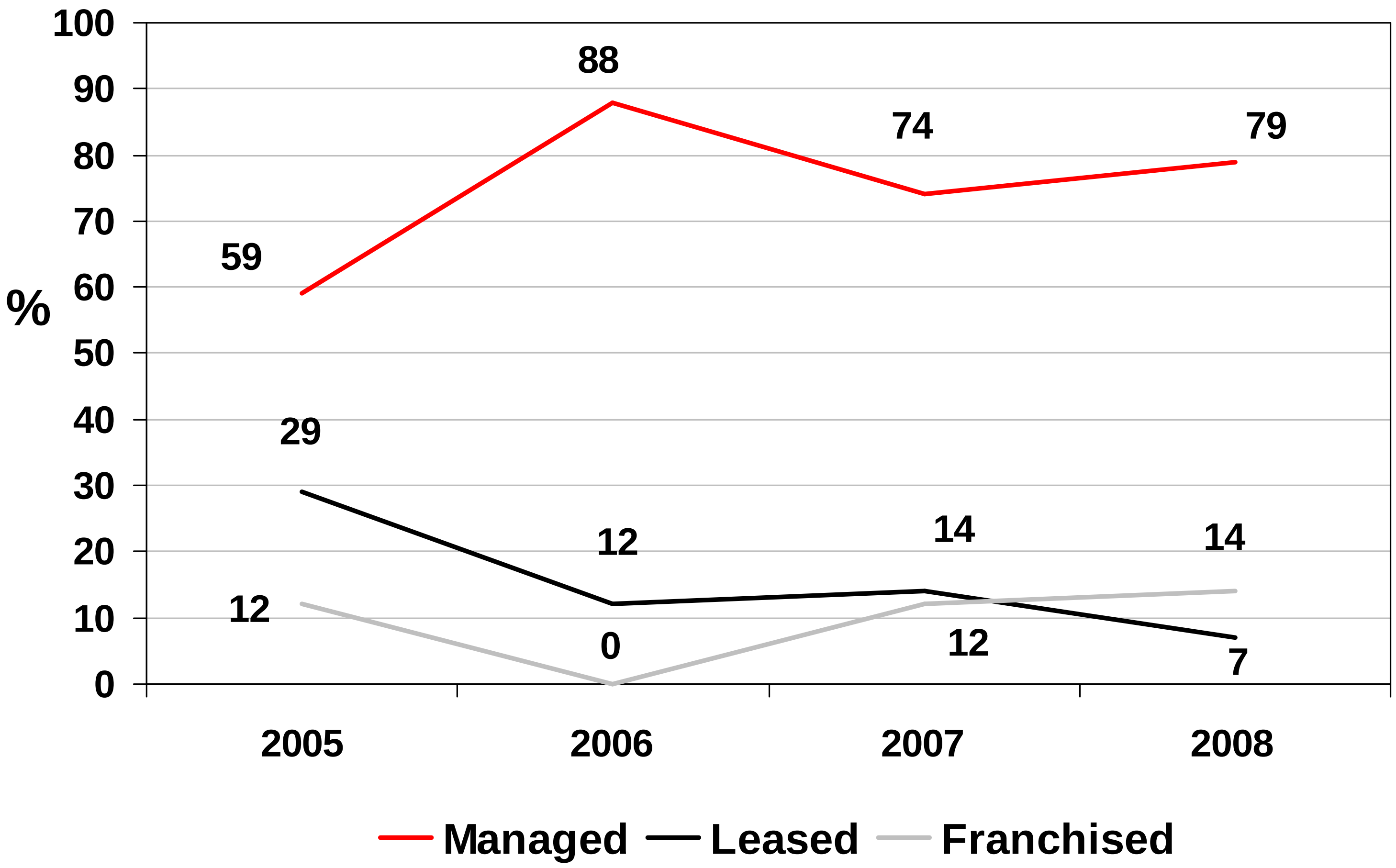
December 2009
62,000 ROOMS



Pipeline
22,000 ROOMS



CHANGING BUSINESS MODEL
CONTRACT TYPES BY SIGNING YEAR



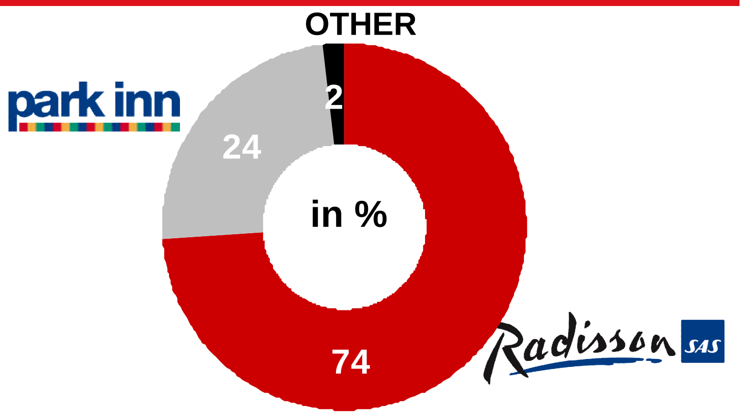
Result of:

Focus on Management Agreements

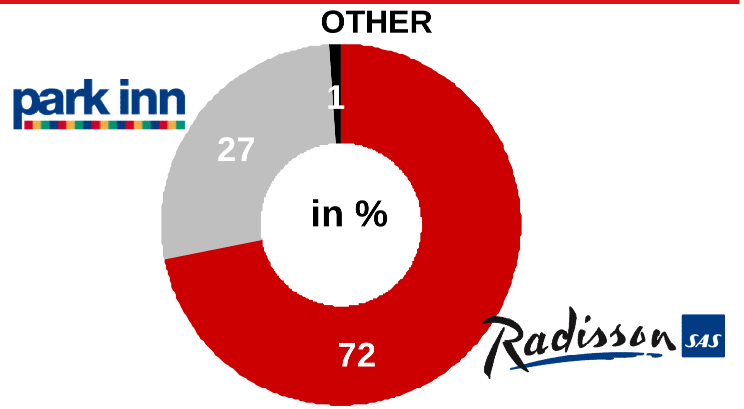
Increased importance of Middle East, Russia, Africa

CHANGING BUSINESS MODEL
PORTFOLIO BY BRAND

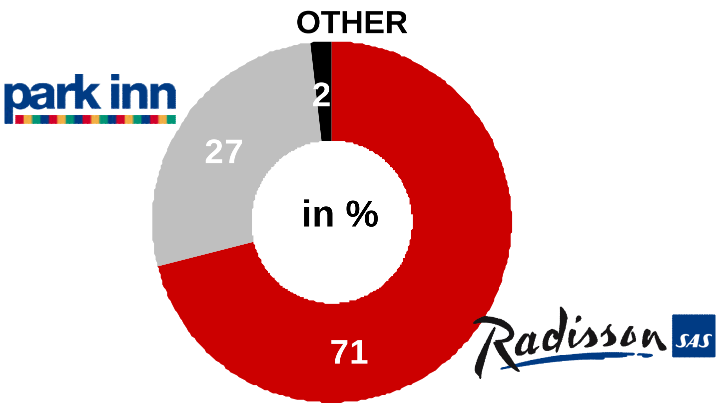
December 2006
46,000 ROOMS



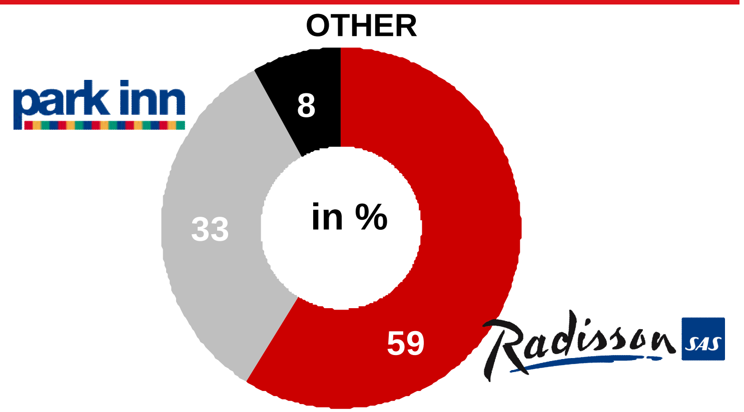
December 2008
54,000 ROOMS



December 2009
62,000 ROOMS



Pipeline
22,000 ROOMS



CHANGING BUSINESS MODEL
EXPANDING THE PORTFOLIO – AIRPORT HOTELS

The Importance of Airport Hotels

- Prominent locations enhance brand awareness
- High revenue potential particularly if terminal-connected
- General reputation for being tired and dated; great opportunity to revitalise the concept

Performance Measures	On-Site Premium
Occupancy	3.1%
ADR	12.9%
RevPAR	16.5%

SOURCE: HVS, "Airport Hotels: On-site Locations Yield Premium Performance, October 2008

CHANGING BUSINESS MODEL
EXPANDING THE PORTFOLIO

In Operation →	**21 hotels, 5,600 rooms**
Pipeline →	**8 hotels, 2,000 rooms**

Europe's Leading Operator of Airport Hotels:

- Park Inn Heathrow
- Radisson SAS Stansted
- Radisson SAS Manchester
- Radisson SAS Gardermoen (Oslo)
- Radisson SAS Schiphol (Amsterdam)
- Radisson SAS Zurich
- Radisson SAS SkyCity, Stockholm

Coming soon:

- Park Inn Frankfurt
- Park Inn Gardermoen (Oslo)
- Radisson Hamburg

RADISSON SAS ZURICH AIRPORT, SWITZERLAND

CHANGING BUSINESS MODEL
EXPANDING THE PORTFOLIO – RESORT HOTELS

The Importance of Resort Hotels

- Important for loyalty programme
- Longer lasting memories
- Satisfying changing traveller habits towards short breaks
- Increasing tendency for MICE segment to mix business and leisure
- Balancing portfolio risk and improving sustainability of business model

CHANGING BUSINESS MODEL
EXPANDING THE PORTFOLIO

In Operation →	**22 hotels with 4,800 rooms**
Pipeline →	**15 hotels with 3,900 rooms**

Adding key resort locations to broaden our portfolio:

- Radisson SAS Resort & Thalasso, Djerba, Tunisia
- Radisson SAS Tala Bay Resort, Aqaba, Jordan
- Radisson SAS Sharm el Sheikh, Egypt
- Radisson SAS Lazurnaya, Sochi, Russia
- Radisson SAS Golden Sands, Malta

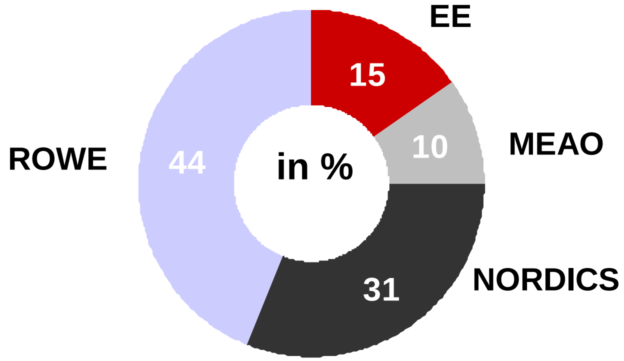
Coming soon:

- Radisson SAS Resort Saidia, Morocco
- Radisson SAS Resort Cesme, Turkey
- Radisson SAS Resort Tangier, Morocco
- Radisson SAS Resort Dubrovnik, Croatia

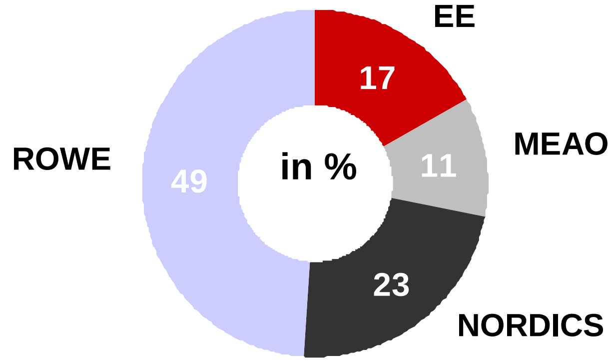
RADISSON SAS DJERBA, TUNISIA

CHANGING BUSINESS MODEL
PORTFOLIO BY REGION

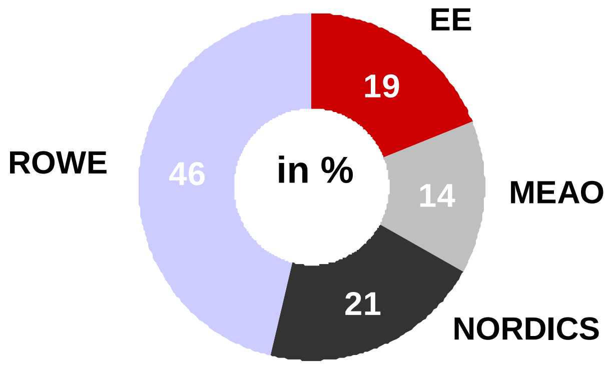
December 2006
46,000 ROOMS



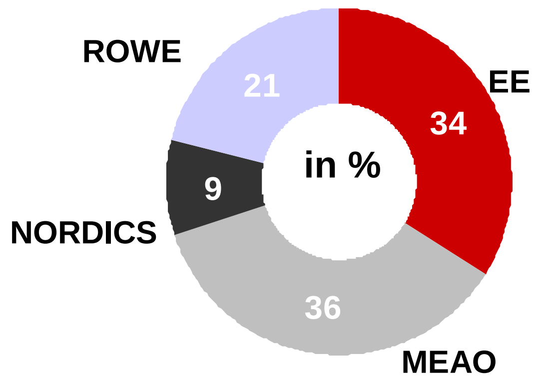
December 2008
54,000 ROOMS



December 2009
62,000 ROOMS



Pipeline
22,000 ROOMS



FACING THE CHALLENGES

FACING THE CHALLENGES
ECONOMIC CONTEXT

First Wave:

- Affecting Business Development since late 2007
- LTV's down at least 20 percentage points; spreads widening
- Higher margins/spreads being charged by banks
- Some banks have suspended hotel lending
- *UBS Investment Bank*: hotel transactions down 62% in EMEA in H1 2008
- *Jones Lang LaSalle*: global sales of hotel properties down 70%

Second Wave:

- Requests for financial help – from current owners
- Crisis moves into the real economy, leading to "R"
- Declining RevPAR
- Diminished interest in hotel investment
- Emerging markets affected: Russian stock market declines, Dubai faces drop in European tourism and real estate prices

FACING THE CHALLENGES
BUSINESS DEVELOPMENT OUTLOOK

- Business Development was first to be affected by credit crunch, will be first to feel recovery
- Effective Asset Management for existing properties
- Anticipated surge in distressed properties seeking buyers or international branding
- Focus on brand enhancing conversions

REGIONAL STRATEGIES

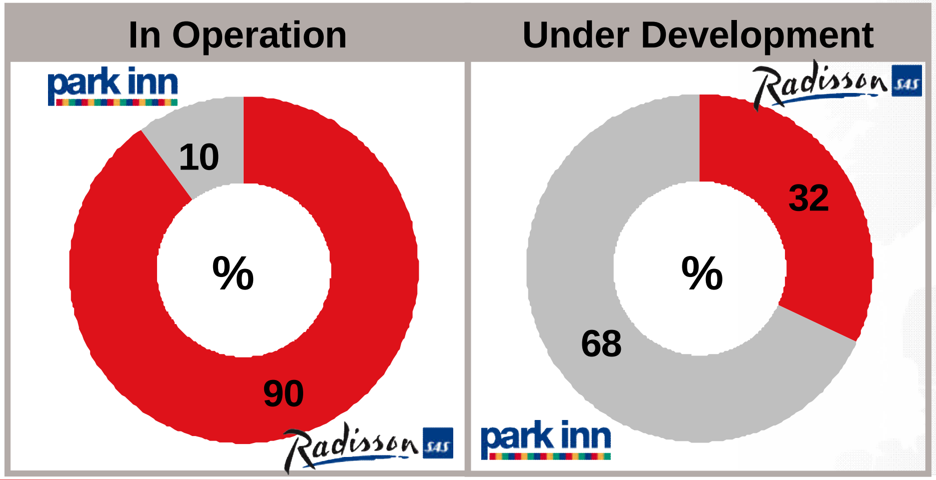
REGIONAL STRATEGIES
NORDICS

Objective

To defend our position as the best first class brand and fuel growth of Park Inn

Strategy

- Capitalise on historical value of Radisson SAS origins and brand awareness
- Opportunities for conversions of locally-branded hotels
- Asset manage to maintain high performance of our existing portfolio
- Use existing franchise partners to expand Park Inn



Portfolio by Brand

REGIONAL STRATEGIES
REST OF WESTERN EUROPE

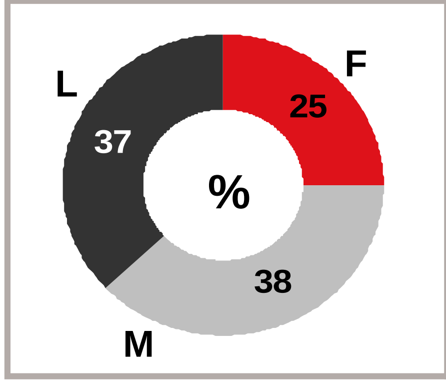
Objective

To encourage the growth of Park Inn and add “new breed” Radisson properties in key locations

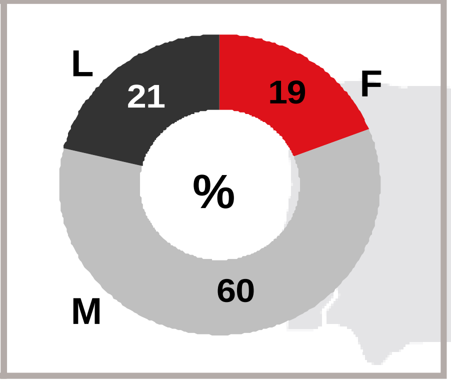
Strategy

- Opportunities for portfolios and franchising
- Focus on conversion opportunities (ca. 2,000 rooms signed and opened in 2008)
- Revitalise Park Inn portfolio through renovations and new-build properties
- Expand into new markets, particularly in Southern Europe
- Focus on management agreements

In Operation



Under Development



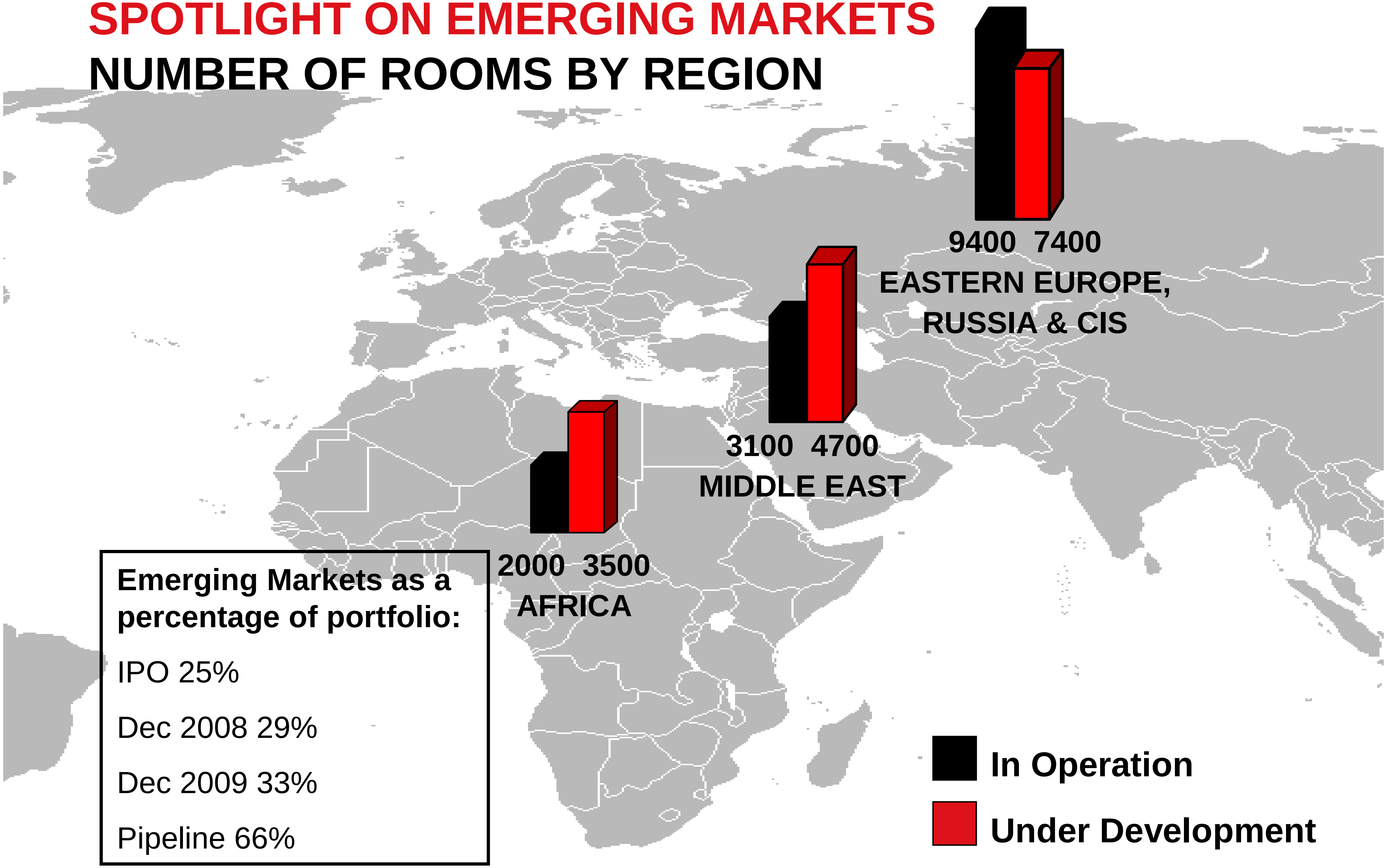
Portfolio by Contract Type

F - Franchised

M - Managed

L - Leased

SPOTLIGHT ON EMERGING MARKETS
NUMBER OF ROOMS BY REGION



Emerging Markets as a percentage of portfolio:

IPO 25%

Dec 2008 29%

Dec 2009 33%

Pipeline 66%

SPOTLIGHT ON EMERGING MARKETS
AFRICA

2008 SIGNINGS:

- Radisson Maputo, Mozambique
- Radisson Addis Ababa, Ethiopia
- Park Inn Dakar, Senegal
- Radisson Tripoli, Libya
- Radisson Cairo, Egypt
- Radisson Tangier, Morocco
- Radisson Saidia, Morocco
- Radisson Nairobi, Kenya
- Radisson Blaauwberg, South Africa
- Radisson Sandton/J’burg, South Africa

2008 OPENINGS:

- Radisson Bamako, Mali
- Radisson Sandton /J’Burg, South Africa

2009 OPENINGS:

- Radisson Alexandria, Egypt
- Radisson Port Elizabeth, South Africa
- Radisson Cairo-Heliopolis, Egypt
- Radisson Lagos, Nigeria
- Radisson Dakar, Senegal
- Radisson Addis Ababa, Ethiopia
- Radisson Tripoli, Libya

EMERGING MARKETS
AFRICA

The Opportunities

- Many capital cities lack internationally-branded hotels
- Considerable, untapped economic potential

The Challenges

- Difficult to obtain long-term financing
- Slow development process, lack of experienced developers
- Bureaucracy, corruption, government interference
- Regional instability

EMERGING MARKETS
AFRICA

Our Strategy

- Focus on capital cities
- Expand Rezidor development team based in Cape Town
- Facilitate project investment through Afrinord
- Growth through management contracts

RADISSON SAS DAKAR, SENEGAL

SPOTLIGHT ON EMERGING MARKETS
MIDDLE EAST

2008 SIGNINGS:

- Regent Doha, Qatar
- Radisson Yas Island, Abu Dhabi
- Radisson World Trade Centre, Dubai
- Radisson DMCC, Dubai
- Radisson Sohar, Oman

2008 OPENINGS:

- Radisson SAS Residence, Dubai
- Radisson SAS Tala Bay, Jordan

2009 OPENINGS:

- Park Inn Al Khobar, Saudi Arabia
- Park Inn Muscat, Oman
- Hotel Missoni Kuwait City
- Park Inn Riyadh, Saudi Arabia
- Radisson Yas Island, Abu Dhabi, UAE

EMERGING MARKETS
MIDDLE EAST

The Opportunities

- One of the fastest growing tourist destinations in the world
- Heavy, oil-fuelled investment in tourist infrastructure
- Dubai, Abu Dhabi, Doha emerging as new financial capitals
- Gateway between Europe and Asia

The Challenges

- Slow development process
- Liquidity drying up
- Risk of oversupply as worldwide tourism market softens

EMERGING MARKETS
MIDDLE EAST

Our Strategy

- Selective expansion for Missoni and Regent
- Lack of branded midmarket hotels creates opportunity for Park Inn expansion
- Leverage our advantage of development office in Dubai and 30 years of operational experience
- Growth through management agreements

SPOTLIGHT ON EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

2008 SIGNINGS:

- Radisson Chelyabinsk, Russia
- Radisson Batumi, Georgia
- Radisson Alushta, Ukraine
- Radisson Olympic, Minsk, Belarus
- Radisson Rostov-on-Don, Russia
- Park Inn Almaty Airport, Kazakhstan
- Park Inn Izhevsk, Russia
- Park Inn Volgograd, Russia
- Park Inn Omsk, Russia
- Park Inn Tula, Russia
- Park Inn Kazan, Russia
- Park Inn Kaliningrad, Russia
- Radisson Cesme, Turkey

SPOTLIGHT ON EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

2008 OPENINGS:

- Radisson Alushta, Ukraine
- Radisson Rostov-on-Don, Russia
- Radisson Bucharest, Romania
- Park Inn Sadu, Russia
- Park Inn Voronezh, Russia
- Park Inn Izhevsk, Russia
- Park Inn Ostrava, Czech Republic

2009 OPENINGS:

- Radisson Gdansk, Poland
- Park Inn Krakow, Poland
- Radisson Kaliningrad, Russia
- Park Inn Prague, Czech Republic
- Radisson Split, Croatia
- Radisson Iveria, Tbilisi, Georgia
- Park Inn Volgograd, Russia
- Radisson Dubrovnik, Croatia
- Park Inn Almaty Airport, Kazakhstan
- Radisson Cesme, Turkey

EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

The Opportunities

- Numerous CIS cities with population >500,000 lacking international-standard hotels
- Demand and supply imbalance in many markets
- Rezidor’s “First Mover” advantage

PARK INN EKATERINBURG

EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

The Challenges

- Stock market declines precursor to slower growth
- Slow development process and lack of experience in “finishing”
- Finding the right partners
- Competitors have opened development offices… finally
- Difficult to manage franchises
- Lack of transparency

EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

Our Strategy

- Leverage our status as the leading international operator in CIS
- Utilise our development team in Moscow to pursue remote, yet promising opportunities unavailable to other international brands
- Conversion opportunities in Eastern Europe
- Growing air travel opens opportunities for airport hotels
- Growth through management contracts and occasionally franchising in Eastern Europe

EMERGING MARKETS
EASTERN EUROPE, RUSSIA & CIS

MANAGING THE PIPELINE
AND GROWING THE PORTFOLIO

- Our success in 2008 includes a new record year for rooms signed and possibly a record year for openings.
- Our evolving business model has transformed us into a dynamic and flexible international player, light on assets and heavy on innovation.
- Economic turmoil will continue to challenge our resources and goals and Business Development will focus increasingly on conversions and managing our portfolio.