

FROM CONTRACT INTO OPERATIONS

Thorsten Kirschke
Chief Operating Officer
Radisson SAS & Regent Hotels

CONTENT

1. Owner Relations
2. Ramp-up Development
3. Case I: Radisson SAS Hotel, Edinburgh
4. Case II: Park Inn Ekaterinburg
5. Case III: Radisson SAS Media Harbour Hotel, Düsseldorf



OWNER RELATIONS



OWNER RELATIONS



OWNER RELATIONS MANAGED HOTELS



HOTELS

- Contract management:
 - Reporting structure
 - Approval process
 - Accounts management
 - FF&E reserve management
- First line relationship management
 - Regular information flow

REGIONS

- Hotel support
- GM appointment / change
- Asset management
- Performance Review (Budget)
- Corporate Info Updates
- Regular Meetings (2x year)
- Follow-up on contract management

CORPORATE OFFICE

- Regional and hotel support
- Contract amendments
- Asset Management (support)
- Regular Meetings
- Annual Business Conference
- Audit and Control
- Explore further business opportunities (business development)



OWNER RELATIONS LEASED HOTELS



HOTELS

- Contract management:
 - Reporting structure
 - Approval process
 - Accounts management
 - FF&E reserve management
- First line relationship management
 - Regular information flow

REGIONS

- Hotel support
- GM appointment / change
- Asset management
- Performance Review (Budget)
- Corporate Info Updates
- Regular Meetings (2x year)
- Follow-up on contract management

CORPORATE OFFICE

- Regional and hotel support
- Contract amendments
- Asset Management (support)
- Regular Meetings
- Annual Business Conference
- Audit and Control
- Explore further business opportunities (business development)



OWNER RELATIONS FRANCHISE HOTELS



HOTELS

- Contract management:
 - Reporting structure
 - Approval process
 - Accounts management
 - FF&E reserve management
- First line relationship management
 - Regular information flow

REGIONS

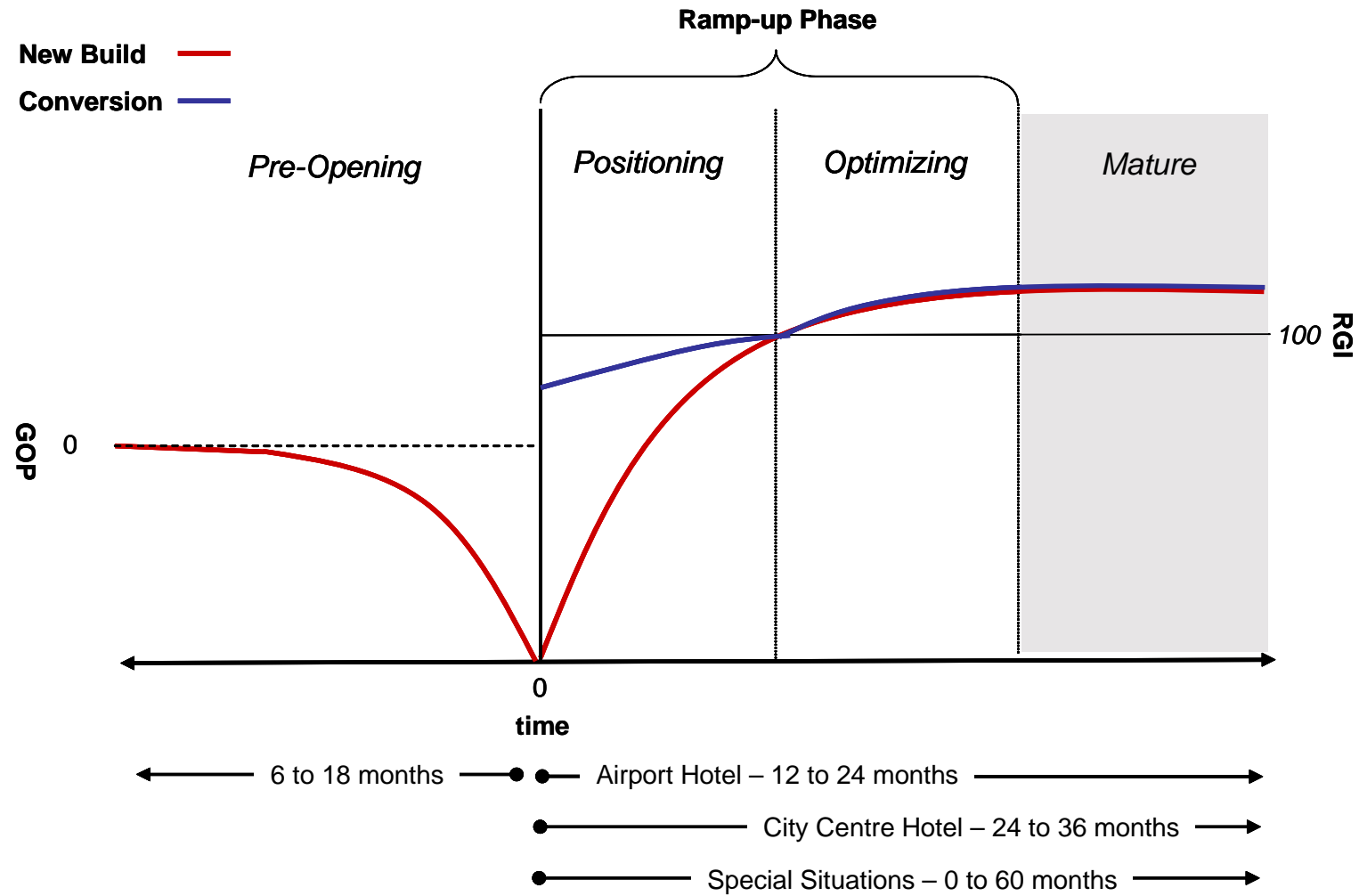
- Hotel support
- GM appointment / change
- Asset management
- Performance Review (Budget)
- Corporate Info Updates
- Regular Meetings (2x year)
- Follow-up on contract management

CORPORATE OFFICE

- Regional and hotel support
- Contract amendments
- Asset Management (support)
- Regular Meetings
- Annual Business Conference
- Audit and Control
- Explore further business opportunities (business development)

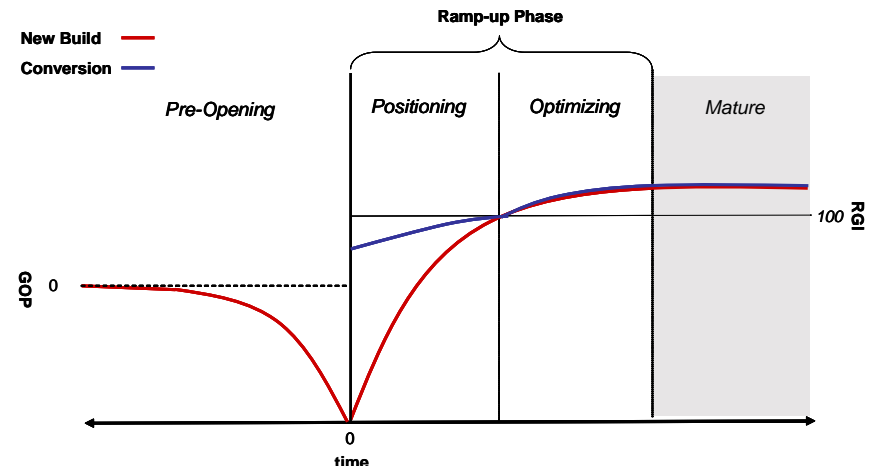


RAMP-UP DEVELOPMENT

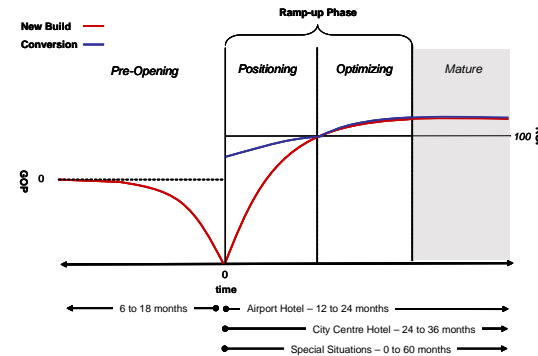


PRE-OPENING

- Gathering market intelligence / Contract signing
- Technical assistance
- Design scope / details
- Construction ongoing
- Operational start-up
 - Sales, marketing, distribution
 - Equipment
 - Hiring, training, etc.
 - Launch campaign
- Identify synergies in multi property destinations
- Pre-Opening Budget + Working Capital (500 – 1,000 EUR)
- Managed + Franchised = no cost to Rezidor



RAMP-UP PHASE



A. Positioning

- Fair share 100% RPP
- Price positioning relative to CompSet
- Occ.% vs. AHR strategy
- Materialization ratio to grow
- Implementation of all systems, collect real time market data
- Analyzing business patterns (weekday / weekend and other seasonality)

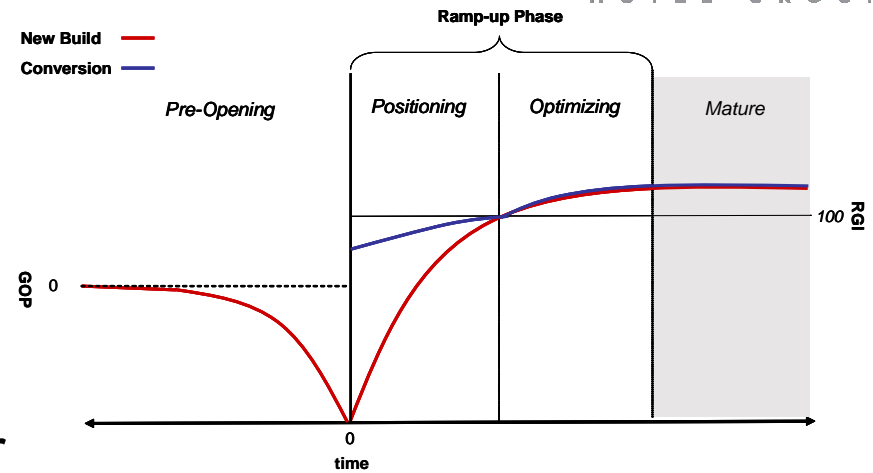
B. Optimizing

- Exceed 100% fair share RPP
- Improve GOP margins
- Testing price sensitivity
- Review all distribution channels
- Deepen marketing penetration
- Optimize quality aspects
- Review property opportunities
- Grow retail sales



MATURE

- Sustain 100% + RPP
- Maximise EBITDA Margin
- Become a brand ambassador
- Asset management opportunity
- Community involvement
- Active succession planning and people development



CASE I: RADISSON SAS HOTEL, EDINBURGH



RADISSON SAS EDINBURGH

Overview

- **HOTEL CONVERSION**

- Re-opened in 2003
- 238 rooms

- **LEASE CONTRACT**

- with capped result

- **LOCATION**

- primary location with high visibility and brand exposure in a historic building

- **OPPORTUNITIES**

- strong economic growth of the city
- respected and growing 'conference' destination
- lack of internationally branded hotels at that time

- **RISKS**

- risk limited to the agreed Cap amount



RADISSON SAS EDINBURGH

Performance

GBP	2004	2005	2006	2007F
Rooms	238	238	238	238
RevPAR	62	59	76	80
RevPAR Penetration	108	97	115	114
EBITDAR	3,507	2,800	4,363	4,834
EBITDAR %	44%	38%	46%	48%
EBITDA	344	-429	869	1,151
EBITDA %	4%	-6%	9%	11%



CASE II: PARK INN EKATERINBURG



Park Inn Ekaterinburg Overview

- **NEW-BUILD**

- opened in 2006
- 160 rooms

- **STRAIGHT MANAGEMENT AGREEMENT**

- **LOCATION**

- located in the heart of the business district near the commercial and shopping centres

- **OPPORTUNITIES**

- strong economic growth of the city
- economic, cultural and industrial centre of the region

- **RISKS**

- no proven tourism potential yet
- More internationally branded hotels will enter the market



PARK INN EKATERINBURG

Performance

USD	2006	2007F
Rooms	238	238
RevPAR	65	91
RevPAR Penetration	n/a	n/a
EBITDAR	2,141	4,386
EBITDAR %	47.9%	57.2%



CASE III: RADISSON SAS MEDIA HARBOUR HOTEL, DÜSSELDORF



RADISSON SAS MEDIA HARBOUR

Overview

- **NEW-BUILT HOTEL**

- opened in 2005
- 135 rooms

- **LEASE AGREEMENT**

- **LOCATION**

- Stylish location, in close vicinity of Dusseldorf's old town

- **OPPORTUNITIES**

- Strategic new-breed project, in Germany's 'design-city'
- Positive contribution to the Radisson brand

- **RISKS**

- Guaranteed fixed rent (Capped)
- Turn down of the German hotel market



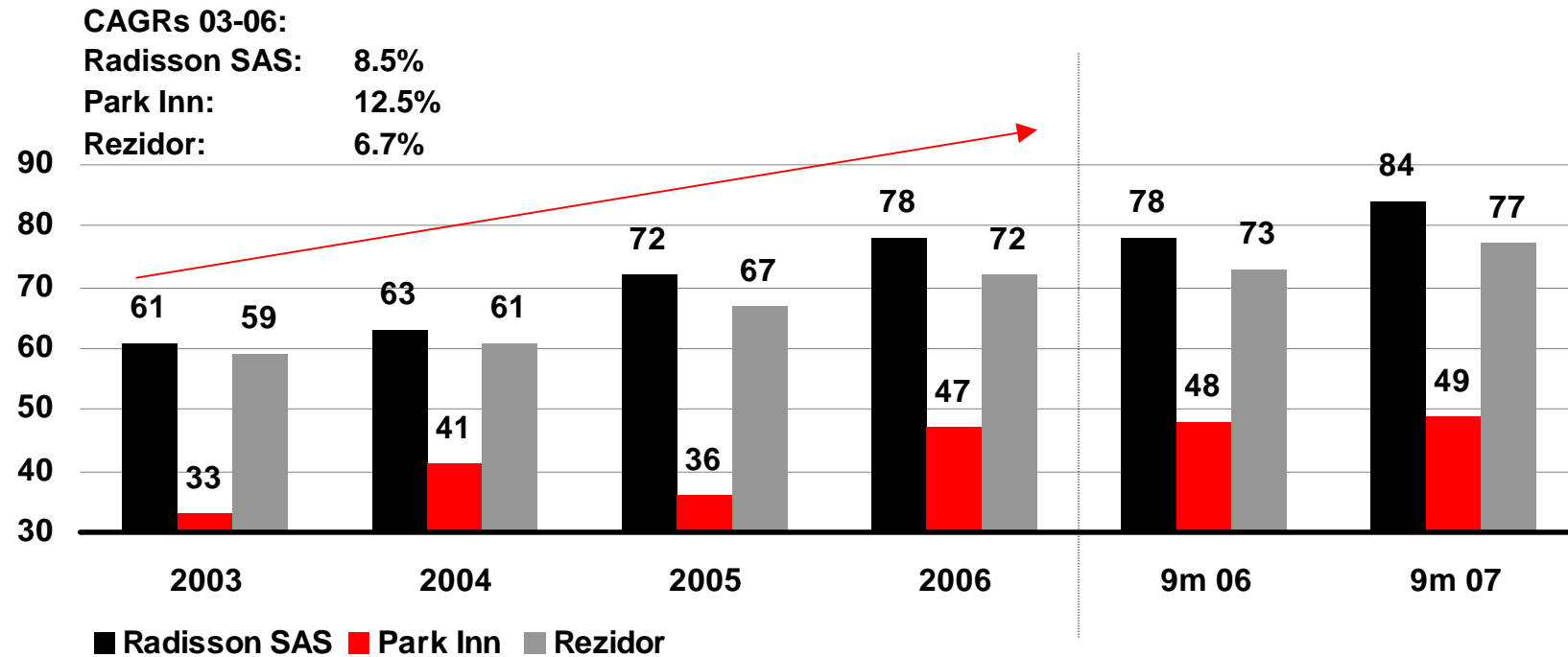
RADISSON SAS MEDIA HARBOUR

Performance

EUR	2005	2006	2007F
Rooms	135	135	135
RevPAR	63	82	97
RevPAR Penetration	89	91	104
EBITDAR	-242	1.952	2.721
EBITDAR %	-21,5%	34,8%	41,8%
EBITDA	-769	-8	738
EBITDA %	-68,2%	-0,1%	11,3%



REVPAR BY BRAND



- Radisson SAS had an average RevPAR growth of nearly 9% over the period, most of which was driven by improved AHR levels
- Figures for Park Inn were heavily impacted by new hotel openings during the period



2007-Q3 YTD REVPAR DEVELOPMENT Europe & Middle East Markets

	Rezidor (Like for Like)	Rezidor Total	Europe (First Class)	Europe (Mid-Market)	Middle East (First Class) ¹	Middle East (Mid-Market) ¹
2007 Q3 YTD RevPAR Growth	8.6%	5.8%	6.1%	6.6%	4.9%	(1.3%)

	Rezidor (Like for Like)	First Class	Mid-Market
Eastern Europe	9.9%	7.5%	-
Middle East, Africa & Other ¹	8.8%	4.9%	(1.3%)
Nordics	9.7%	9.1%	10.5%
Rest of Western Europe	7.6%	5.3%	6.1%

Markets



NOTE 1 Euro denominated RevPAR in the Middle East is impacted by the weakening of the USD.

SUPPORTING THE GROWTH AN INTEGRATED APPROACH

- Sales
 - Global & National Sales Teams
- Marketing & CRM
 - Brand Awareness & Brand Loyalty
- Distribution
 - It is all about reach!
- Dynamic Value Based Pricing Model
 - The Right Price at the Right Time
- Relevant Brand Development & Positioning
- Glocal Revenue Generation Team

