

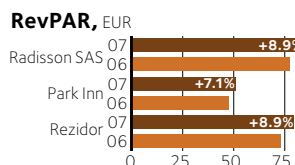
REZIDOR FINANCIAL

THE
REZIDOR
HOTEL GROUP

REZIDOR FINANCIAL is a financial and operational review of Rezidor Hotel Group in 2007. It includes REZIDOR LIFE – a corporate presentation in a magazine format (only available in English). The full Annual & Sustainability Report is available on www.rezidor.com.

Financial Review 2007

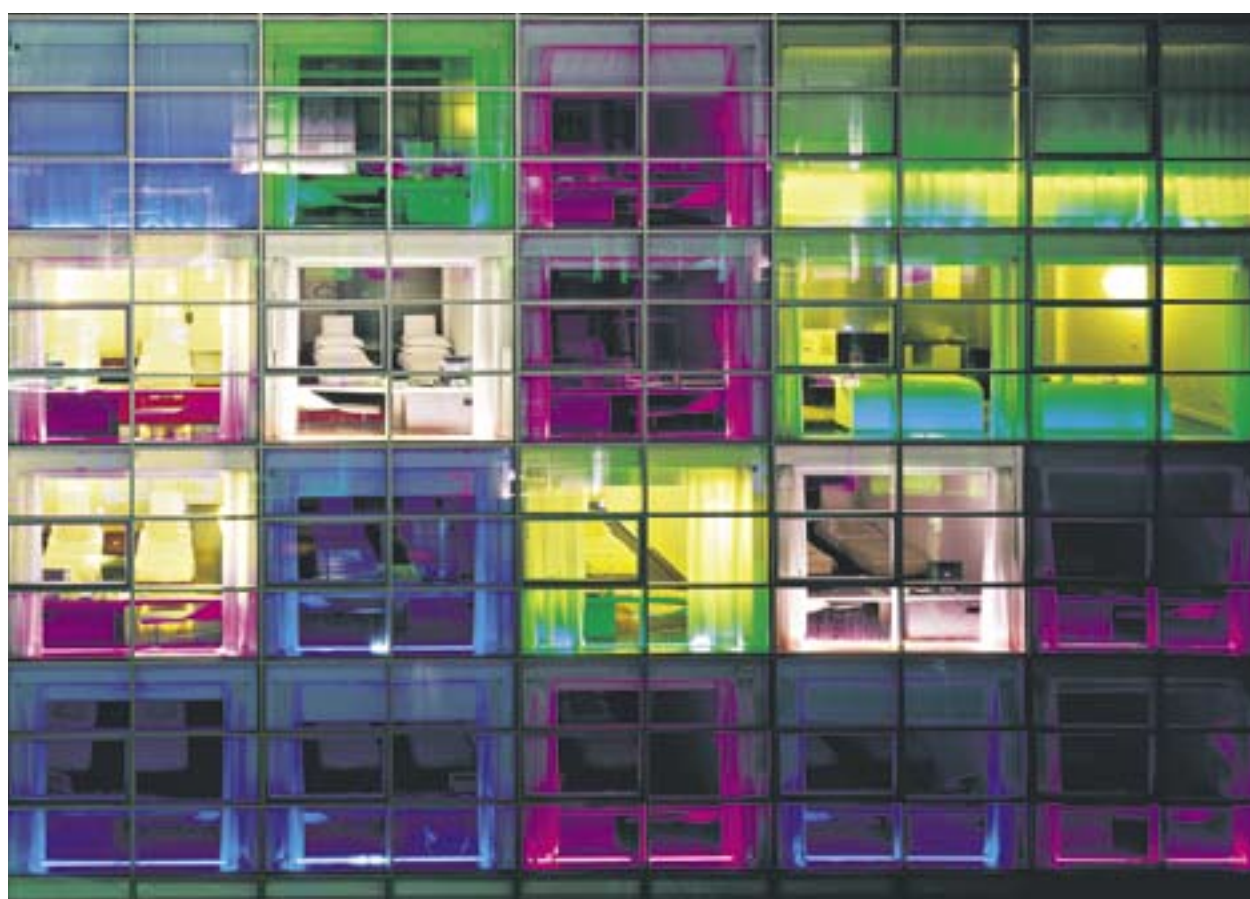
Park Inn
passing the
magic 100 *Page 12*



Like-for-like
RevPAR continued
to show strong
growth *Page 24*



Rezidor's CEO Kurt Ritter:
Yet another year
of growth! *Page 2*



The Radisson SAS Es. Hotel, Rome.

Rezidor emerging as EMEA's new major hotel group

With two key brands; Radisson SAS and Park Inn, and three development brands; Regent, Hotel Missoni and Country Inn, Rezidor Hotel Group is one of the fastest growing hotel companies in the world. From its Nordic home base, Rezidor has emerged as a leading industry player in the EMEA (Europe, the Middle East and Africa) area, especially with its core brand Radisson SAS, which is now outperforming other upscale brands in most areas, including guest satisfaction. *Page 7*. Increasingly, the mid-market Park Inn is also making an industry imprint. *Page 12*.

As of December 31st 2007, Rezidor had 237 hotels in operation and 85 hotels under development, located in the EMEA area. This corresponds to 65,840 rooms, including 16,544 under development. The aim is to add 20,000 new hotel rooms to operation during the three-year period from 2007 through 2009.

Rezidor has specialised in hotel management and has divested all its hotel properties. Currently, all hotels in

Rezidor's portfolio are either operated by Rezidor itself under a lease or a management agreement, or by a separate operator using one of the Rezidor brands under a franchise agreement. Of the 237 hotels in operation as of December 31st 2007, 65 were under lease agreements, 104 were under management agreements and 68 under franchise agreements.

Formerly a subsidiary of SAS, The Rezidor Hotel Group was listed on the Stockholm Stock Exchange in November 2006 with its US based, long-time partner Carlson Companies becoming its largest shareholder. In May 2007, SAS divested its remaining shareholding (6.7%) in the Group to Carlson, which increased its stake up to 41.7%.

In 2007, Rezidor's total revenue increased by 11.0% to MEUR 785.2 (707.3). EBITDA improved by 41.8% to MEUR 86.5 (61.0 before IPO costs). This corresponds to an EBITDA margin of 11.0% (8.6). Profit after tax amounted to MEUR 45.7 (29.0). *Page 22*.

322 hotels in operation and under development

"In 2007, we opened 5,027 rooms for trade and added 8,937 rooms to our growing pipeline", says Puneet Chhatwal, Rezidor's Chief Development Officer. "This makes Rezidor possibly THE fastest growing hotel company in the world right now." 2008 has started off equally well, with the signing of nearly 2,000 new rooms and ten agreements during the first two months, of which 214 rooms are already in operation. *Page 6*.



Radisson SAS now No.1 in Guest Satisfaction

With more than 200 hotels in operation or signed in the EMEA markets, Radisson SAS is now No.2 in sheer numbers and closing in fast on No.1. In Europe, Radisson SAS has improved its brand recognition faster than any competitor. A survey by leading global market research company J.D. Power and Associates also ranked Radisson SAS as No.1 in Guest Satisfaction in the "upper upscale" segment in Europe. *Page 7*.

Closer to the EBITDA margin target

Rezidor improved its EBITDA margin by more than 2 percentage points in 2007. Growing RevPAR and a changed business model are factors that strongly contribute to Rezidor approaching its margin target. *Page 3*.

95% of all 20,000 new rooms targeted to open for trade in 2007 through 2009 were secured by December 31st 2007.

+41.8% EBITDA improved by 41.8% to MEUR 86.5 in 2007.

+32.6% The Board is proposing a dividend of EUR 0.10 per share, corresponding to 32.6% of profit after tax.



“Profitable and sustainable growth is close to a religion in our company. We are missionaries of creative hospitality and we want to convert a continuously larger number of properties to fly our flags.”

We intend to continue to grow fast, while lowering overall risk

Yet another year of growth! I have now been able to say that for fourteen consecutive years, and for eleven of those years, I have been able to fortify the statement by saying “record growth”. I am very happy to present 2007 as yet another year of record growth!

The Rezidor Hotel Group is one of the fastest growing hotel companies in the world and has been so for some time. During 2007, we signed 53 new contracts, corresponding to a total of 8,937 rooms, and we opened 5,027 rooms for business. This is record growth. We have shifted into a higher gear, especially when it comes to contracts signed. It is also with great pleasure that we notice that more than 60% of the hotel property owners have chosen Rezidor as partner for more than one of their hotels.

We have committed to open 20,000 new rooms during the three-year period from 2007 to 2009. By year-end 2007, we had contracted 95% of this capacity and I'm very confident that we will deliver on our growth target.

The importance of growth

Profitable and sustainable growth is close to a religion in our company. We are missionaries of creative hospitality and we want to convert a continuously larger number of properties to fly our flags and engage a growing body of new guests to start enjoying our hospitality products.

Why is growth so important to us? Mainly because there is a huge potential out there: profitable business opportunities that are far too good to not go after. The hotel industry in EMEA (Europe, the Middle East and Africa) is changing fast, transforming into a more mature commerce where scale is important and strong brands take a growing share of business. Mature and emerging markets offer slightly different business opportunities, but they have one thing in common – hard work is the only way to turn opportunity into reality. We also believe that growing our top line is the most efficient way to build a strong bottom line in the long term. In our industry economies of scale are important and that adds another rationale to growth. Finally, growth is important to us because we are expansive people who are always hungry for more. This is the culture that we have built. Others may lie back, but we continue to push forward.

No guts, no glory

As we all know, doing business involves risk. Optimising opportunity and controlling risk is what successful business is all about, and also, deciding on the right level at which to find the balance to support your overall strategy. At Rezidor, we have been fairly risk prone over the years, pioneering into new emerging markets and innovating our

industry with a number of bold service initiatives, such as free in-room Internet.

We have also focussed heavily on developing the Radisson SAS brand and its RevPAR performance relative to competition in local markets. To breakthrough with our major brand outside our initial Nordic home markets, we decided to re-engineer the brand through spectacular properties that could quickly capture a share of mind and heart on top of a growing share of market. We now see this “new breed” strategy starting to pay off with the fastest growing brand recognition for an upscale brand in Europe. Plus an improvement in RevPAR relative to competition in local markets to match!

Furthermore, the freshest inventory in the industry helps us to secure rising guest satisfaction scores, that, we expect, will translate into strong RevPAR premiums in the years to come. We are extremely proud that Radisson SAS was awarded with the J.D. Powers Award for Best Guest Satisfaction 2007 in the upper upscale hotel segment in Europe – and equally proud, perhaps even more so, that our new volume brand Park Inn achieved the same award in the economy segment, only five years after its launch. This is very impressive indeed!

By focussing on primarily growing the Park Inn brand, we have already shifted growth onto a lower risk level, regardless of entering a weaker business cycle or not. It has taken us fourteen years to grow the Radisson SAS brand to 200+ properties, but only five years to take Park Inn to its first 100. We have now established a powerful growth machine in the mid-market. Historic data confirms that the mid-market and economy segments are more resilient to a weakening economy than the upscale segments.

It is also our strategy to grow Park Inn mainly through conversions and management and franchise agreements, to reduce risk even further.

To sum it up: In the years to come, it is our strategy to continue growing fast, while lowering overall risk.

We promise, we deliver

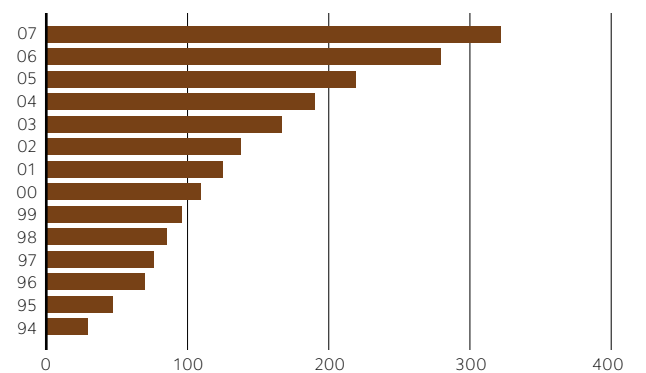
RevPAR, revenue per available room, has become the key operational performance indicator in our industry. As a function of room rate and occupancy, RevPAR generally ramps up in good times, like those we have enjoyed for a couple of years now. The opposite is usually the case in less good times, when demand softens, affecting occupancy as well as rates.

In 2007, like-for-like RevPAR continued to show strong growth, with various geographic markets increasing their RevPAR by 8.9% on an average. RevPAR growth was basically rate driven. Rezidor's RevPAR growth rates exceeded the growth rates for the market in general, in all geographic segments.

System-wide revenue in the whole Rezidor system, including leased, managed and franchised hotels, increased

2007 – A record growth year

Hotels in operation and under development



by 16% to approximately MEUR 2,000 (1,729). This is our “top top line”, and it reflects system-wide growth. However, total statutory operating revenue in Rezidor increased by 11% to MEUR 785.2 (707.3). This growth reflects a growing share of management and franchise contracts – contract types that impact less on revenue than lease contracts. We are exposed to 100% by the lease business performance, but substantially less by the other two. This is one effect of our strategy to continuing growing fast, while at the same time, reducing overall risk.

Apart from our growth target, we have targeted to improve our EBITDA margin to 12% over a business cycle. In 2007, we closed in on this target by performing with an 10,6% (8.6) adjusted EBITDA margin.

The big challenge for the coming years is managing to grow the top and the bottom line simultaneously and in such a way that the EBITDA margin continues to improve – especially with the prospect of entering a weakening cycle.

With the very dedicated and focussed management team that we have at Rezidor, and with more than 25,000 highly committed people, I'm confident that we will deliver.

So, now we intend to focus on what we do best – growing our business, and making property owners and guests happy. By doing so, we will also get happy shareholders.

Brussels in March

Kurt Ritter
President and CEO

Contents	
President's Note	2
Analysis	3
Markets.....	4-5
Business Development	6
Brands & Operations.....	7-12
Responsible Business	13
Luxury and lifestyle.....	14-15
People Management.....	16
Corporate Social Responsibility & Awards.....	17
Financial market.....	19
Corporate Governance.....	20-21
Financial Highlights 2007.....	22-24

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Closing in on the EBITDA margin target

The major financial challenge ahead for Rezidor is to grow the business volume and the margin at the same time. In 2007, Rezidor achieved an EBITDA margin of 11.0% (10.6 if adjusted for one-off items), an improvement of 2.4 percentage points over the previous year's 8.6% (pre-IPO costs), closing in on the target of 12% over a business cycle.

The key drivers of Rezidor's margin and profit growth include RevPAR development in Rezidor's markets, how we manage the existing portfolio as an asset, how fast recently opened hotels ramp-up to full operational performance and how we make up the pipeline of new hotels.

Rate driven RevPAR growth

We have now enjoyed rate-led RevPAR growth since 2004. Rising average room rates have a more positive impact on our margin and bottom

line than rising occupancy, because higher occupancy levels require additional resources to deliver service according to the brand standards. If RevPAR declines as a result of decreasing room rates, there are fewer opportunities to save operational costs because the hotel will still have to serve the same level of occupancy. If RevPAR declines as a result of lower occupancy, we are able to save on variable costs.

This emphasises the need to get pricing right. Rezidor applies a "priced to sell, not discount" strategy, which in-

cludes pricing that is "fair", easy to understand and accept. In order to grow average room rates, and still be regarded as "fair", we have put considerable effort into understanding what premium rates different target groups are prepared to pay.

Growing the business volume in itself favourably impacts the EBITDA margin by gradually strengthening economies of scale. But this positive result cannot be achieved without a continued focus on cost control. Furthermore, economies of scale are easier to achieve in existing markets than in new markets.

Growing business volume results mainly from signing new hotels and also, increasingly, from expanding the existing portfolio through active asset management. Adding new rooms to existing properties generally pays back faster than opening completely new hotels. Essentially, additional capacity would be added only when there is sufficient demand.

As a fast growing company, we have developed techniques and routines for an efficient "ramp-up" to bring new properties up to full operational and financial performance. New build properties generally take longer to establish at a full performance level than conversion properties. This is one good reason why we are focussing on conversions for the coming years.

Long-term shift in business model

A gradual shift in Rezidor's business model from leased business to fee-based business will also contribute to margin growth, although this will take time given that the portfolio of lease contracts has an

average life span of 20 years. At the start of 2007, hotels operated under lease agreements accounted for 30% of the entire portfolio, management contracts accounted for 40% and franchise contracts for 30%. The long term target is to keep the same proportion of franchise agreements, while reducing lease agreements to 20% and increasing management agreements to 50%. New contracts signed so far, and which are scheduled to open between 2007 and 2009, have a higher proportion of management agreements – 70%, with lease and franchise contracts at 15% each. This mix, if unchanged during 2008 and 2009, would improve the EBITDA margin by circa 1.5%.

In general, we believe that the shift in our business model will contribute to improving our EBITDA margin by circa 0.5% annually. That alone will not take us to the margin target of 12% over a business cycle. The remainder will have to be derived from RevPAR expansion and cost savings.

In 2007, fee-based revenue increased by 25.2%, while leased business revenue increased by 9.8%. However, leased business still accounted for 88% (89) of total revenue.

It is important to understand that shifting the business model to fee-based revenue will slow down top line development. We need ten to fifteen managed or franchised hotels to get the same top line effect as one leased hotel. Business volume will continue to grow with new management and franchise contracts, but only less than 10% of their business will register as operating revenue (as fee income) in our books, compared to 100% for a leased hotel.



"The key drivers of Rezidor's margin and profit growth include RevPAR development in Rezidor's markets, how we manage the existing portfolio as an asset, how fast recently opened hotels ramp-up to full operational performance and how we make up the pipeline of new hotels", says Knut Kleiven, Deputy President and CFO.

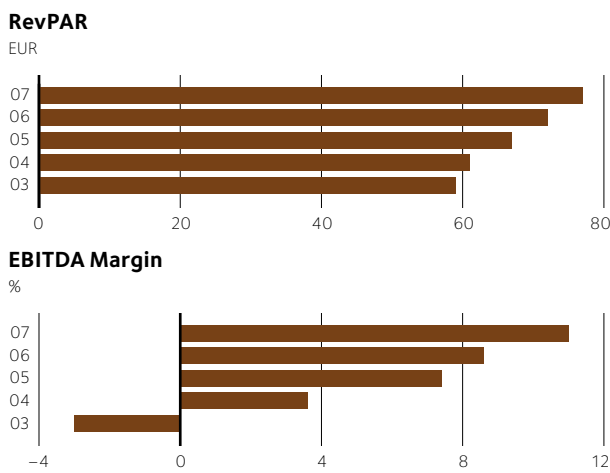
However, this business model shift will contribute to lowering our risk level. A decrease in RevPAR has a bigger impact on our leased hotels; we receive full room and other revenue from them and are also responsible for the full cost for those hotels. In comparison, a decrease in RevPAR has a more limited impact on income from managed hotels as our fee revenue is defined as a percentage of hotel revenue and operating profit. The impact of a decrease in RevPAR in our franchised hotels is even more limited as we only charge a percentage of room revenue as our royalty

fee, which is not linked to the result of those hotels.

Decreased sensitivity to RevPAR changes

With our current contract mix, we estimate that a eur 1.0 RevPAR variation would result in a MEUR 5-6 change in our EBITDA. By moving into more fee-based business, the RevPAR effect on EBITDA will decrease, in both directions.

To summarise, we have committed to a long term EBITDA margin of 12%, and we will play all instruments available to achieve that, while doing our best to keep up our growth pace.



Financial and Growth Targets

- Profitability Target** EBITDA margin of 12% over a business cycle
- Balance Sheet** Small positive average net cash position
- Dividend Policy** Approximately one third of annual after-tax income to be distributed to shareholders
- Growth Targets** 20,000 new hotel rooms to be opened from 2007 to 2009

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Hedging for a possibly bumpier road ahead

Like the industry as a whole Rezidor has enjoyed a favourable business climate for four consecutive years. Strongly cyclical on a global level, a general downturn will affect all travel related businesses in a negative way, as it did during the previous soft period in the early 2000's.

However, Rezidor has worked hard to reduce the impact of a general slowdown, as a part of its risk management programme. Some of the main focal points in this programme are:

Geographical spread to reduce risk

Operating in 48 countries in various business cycles is in itself a strong risk moderator. As a comparison Rezidor traded in 36 countries in 2003.

A multi-brand portfolio to reduce risk

Several brands catering to different market segments assist in addressing the market strategically as well as tactically.

Rezidor's strategy has been to establish a strong mid-market position through Park Inn, which can be expected to be less exposed to a general downturn. Historically the three star segment has proven to be more resilient over a business cycle than the more volatile four and five star segment.

Shift in business model to reduce risk

During the last couple of years Rezidor has moved towards a fee-based revenue structure to balance risk and reward, generally opting for management and franchise contracts rather than lease contracts. In 2007 EBITDA from fee-based business was almost on par with lease-based business. However, it takes ten to fifteen management/franchise contracts to achieve the same revenue stream and top line effect as from one typical lease contract. Of the nearly 49,000 rooms in operation by year-end 2007 46% were managed, 24% franchised and 30% leased. Of the circa 66,000 rooms to be in operation by year-end 2009, 55% will be managed, 19% franchised and 26% leased.

Rezidor's lease commitments represent off-balance sheet liabilities, which create high operational gearing. Even though Rezidor's lease contracts are typically variable with an underlying minimum fixed rent, the company is highly geared compared to other lease-based operators, with a high proportion of fixed rent. The ambition is to increase the variable rent component in the leased portfolio.

Furthermore "committed" contracts, with performance guarantees to owners, become less frequent. Of all new contracts signed in 2007, only 24% were committed. Currently, in emerging markets, such as Russia and the CIS, there are no committed contracts at all.

Development strategy to reduce risk

Growth will have a stronger focus on conversions instead of new-builds, securing faster average operational and financial maturity. Of the 20,000 new rooms to be opened between 2007 and 2009 35% will be conversions.

The "cap" function

To limit our financial exposure under a lease agreement, we will typically limit the "shortfall" amount by which the fixed rent exceeds the variable rent to an amount corresponding to two to three years minimum lease payment. This is what we call the "cap". If cumulative shortfall payments reach such cap, the lessor will continue to receive "only" variable rent.

A similar structure is in place for management agreement with performance guarantee. In case the cap is reached for such a contract, the performance guarantee expires and the contract will continue without performance guarantees.

Operative initiatives to reduce risk

Good cost control has resulted in higher profit conversion and better EBITDAR margins. This, combined with the gradual shift in our business model, has helped in reducing RevPAR break-even from EUR 60 in 2003 to EUR 55 in 2007.

Contributing to this are also significantly reduced royalty fee charges for franchising the Carlson brands, part of the agreement when Carlson Hospitality Worldwide took a 25% stake in Rezidor Hotel Group in 2005.

Rezidor embarked on a general move from fixed to variable cost during the last downturn cycle, and has identified a number of additional areas where such a move is possible.

With operating costs among the lowest in its peer group, Rezidor has nevertheless devised a cost-cutting programme that can be put into effect on a short notice, should the need arise.

Continued strong demand with mid-market expected to be more resilient

Rate driven RevPAR growth reflects an overall dynamic upmarket. Geographical markets however vary dramatically following their position in the business cycle.

Europe is the largest hotel market in the world with 6.6 million rooms, and demand is expected to grow substantially over the next ten year period, especially in the mid-market and economy segments. The Middle East is the world's fastest growing hotel region along with South Africa. With EMEA being Rezidor's market, the company is geographically well positioned regarding the future growth prospect.

With fundamentals remaining robust, 2007 was the fourth consecutive year of growing business volume in most of Rezidor's markets.

Mainly driven by higher average room rates, RevPAR increased in all EMEA markets, and especially so in the Nordics, Russia and CIS, Middle East and South Africa. In Western Europe the UK market showed very healthy development, while Germany increased its RevPAR only marginally, especially so in the upmarket segment.

Occupancy stayed stable

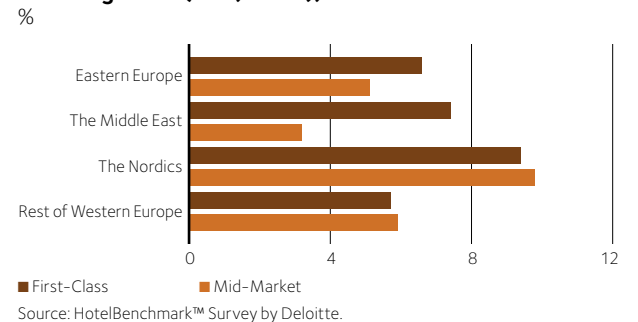
at high levels, and increased substantially in the Middle East. The UK enjoyed very high occupancy at 76% in the upmarket segment and 72% in the mid-market segment. Again Germany lagged behind with a 63% occupancy in both segments.

The mid-market segment in general had a slightly better development than upmarket, while the upmarket segment still enjoyed higher occupancy. Mid-market is expected to continue to have a stronger development in a negative market scenario.

South Africa showed phenomenal development, with RevPAR growing 17.3% in upmarket and 15.6% in mid-market. The country can be expected to continue to show strong growth, not least as an effect of the up-coming 2010 FIFA World Cup.

Rezidor's key city markets display a varying pattern of whereabouts in the business cycle. In general more key city markets are in growth mode rather than maturity and decline. German key cities such

RevPAR growth (YTD, 2007), EUR



as Cologne, Düsseldorf and Frankfurt can be expected to have bottomed out and now switch into growth mode.

A number of cities showed very strong RevPAR growth in 2007, notably Geneva, Moscow, Warsaw and Zürich with a 10 to 20% growth. Brussels, Edinburgh, London and Vienna came in close growing their RevPAR by 5 to 10%.

The RevPAR growth outlook continues to be very positive in a number of key markets, with London, Moscow and Warsaw taking the lead with an expected growth of 10 to 20%, while Amsterdam, Budapest, Edinburgh, Frank-

furt, Geneva, Hamburg, Leeds, Rome and Vienna is expected to grow their RevPAR by 5 to 10%.

Europe still has a very low penetration of branded hospitality with only 30% of all hotels affiliated to major brands, compared to 70% in the US. This is the major business opportunity for a fast-growing hotel company such as Rezidor.

During the last four years the hotel transaction market has been very dynamic, and 2007 was no exception. The hotel industry is now firmly established as an asset class for investors.



Park Inn Pribaltiyskaya is Rezidor's largest hotel with 1,200 rooms.

Securing the No.1 position in Russia and CIS

Having pioneered into Russia and the CIS (Commonwealth of Independent States) in the late 1990's, Rezidor now enjoys a strong market leadership in these very dynamic markets.

By year-end Rezidor had 12 hotels in operation and a muscular pipeline of 18 hotels, taking a clear lead over No.2, Marriott, with almost twice as many guestrooms trading and signed.

"Our growth in Russia comes without taking a high degree of risk", says

Puneet Chhatwal, Rezidor's Chief Development Officer. "Quite confident with the growing demand in their market, property owners in Russia do not opt for guarantees. Pure management contracts is the rule here, and that's what we prefer."

In November 2007, Rezidor inaugurated its new extended office in Moscow, headed by Arild Hovland. Rezidor first opened its Business Development office in the city in 2004. With the extension it became a fully integrated Russian Regional Office with Sales & Market-

ing, Business Development, Technical, Operations, etc. Rezidor is the first international hotel company to have a full integrated regional office in the country.

"The business is so intense here", says Hovland. "You have to be present all the time to take advantage of the many opportunities. We now have ample resources for owners and developers to manage ongoing business and to support new projects all over the region."

The dynamics of the region, a strong brand presence, and a deep experience

from doing business here have resulted in excellent property performance with occupancies and revenues well above average market performance for individual markets.

Radisson SAS was the first international hotel brand to venture into Russia. Today Park Inn is Rezidor's prime growth vehicle in Russia and the CIS. Park Inn is already the leading brand in the region, with nine properties in operation or signed. Its two major St Petersburg hotels; the 840 rooms Park Inn Pulkovskaya and the 1,200 rooms Park Inn Pribaltiyskaya, offer more rooms than the closest competitor in all of Russia. As well, Park Inn recently announced the new 118 rooms property Park Inn Sadu in Moscow, the group's fifth hotel in the city.

The Russian and CIS markets have matured fast, and they are now ready for upscale niche brands such as The Regent and Hotel Missoni.

"We intend to secure our pole position here", says Kurt Ritter, CEO of Rezidor. "We have identified 50 cities in the region with limited or no branded supply and aim to construct or to convert hotels of international standards there. A global brand such as Radisson SAS, Park Inn, The Regent or Missoni will bring not only financial rewards. An international hotel of ten is the first step for a city's overall development, putting it onto the world map. We're proud to be part of that."



Rezidor enjoys a very strong position with unrivalled brand awareness in the Nordics, the company's home market since the beginning of the 60s.

Getty/Dag Sundberg

Strong performance in the Nordics and potential in Rest of Western Europe

Going forward, we expect our leased portfolio in Rest of Western Europe to ramp-up and achieve higher EBITDA margins.

The Nordic countries are the original home markets of Rezidor, with a history dating back to the early 1960's. These are mature markets where Rezidor enjoys a very strong position with unrivalled brand awareness and consequently, substantial RevPAR premium. With 63 properties in the region, most of them well established, the Nordics accounted for 45.0% of Rezidor's total revenue in 2007 and 75.5% of its EBITDA.

"The substantial improvement of our results reflects the dominance of mature lease contracts in the Nordics more than anything else", says CFO Knut Kleiven. "Certainly the Nordics show strong demand, boosting RevPAR growth further. In a market situation like the one we have enjoyed for some time a leased portfolio of mainly mature properties leverages into a strong EBITDA performance."

In 2007 the Nordics performed a very strong EBITDA

margin of 16.1% (13.1) for leased business and 18.5% (15.0) for the total portfolio, whereas Rest of Western Europe performed 3.1% (3.3) and 8.2% (6.4).

"The margin improvement in the Nordics is quite an achievement while Rest of Western Europe presents a huge potential for margin growth in the future, reflecting a portion of our portfolio gradually growing into mature phases of operation", claims Knut Kleiven. In order to reach a critical mass in Rest of Western Europe, we have focussed our development efforts in that region over the last few years. Naturally the new-build properties initially produced negative results. The investment has now started to pay back and we expect these properties to steadily improve their financial performance as they advance further into maturity. Going forward, we expect our leased portfolio in Rest of Western Europe to ramp-up and achieve higher EBITDA margins.

Whereas Park Inn has grown primarily through conversions, the way forward for Radisson SAS has been the "new-breed new-build strategy" which has helped to grow the brand recognition faster than any competitor, something we expect will reflect favourably on its RevPAR development.

"The Radisson SAS new-breeds are a major investment in market capture and brand awareness", says Thorsten Kirschke, COO Radisson SAS & Regent Hotels. "In Germany, where many of the new-breeds operate, these properties have contributed significantly to a strong market share growth and also to position Radisson SAS as the leading upper upscale brand. The new-breeds are now starting to yield strong RevPAR growth and fuel growth for the brand in general".

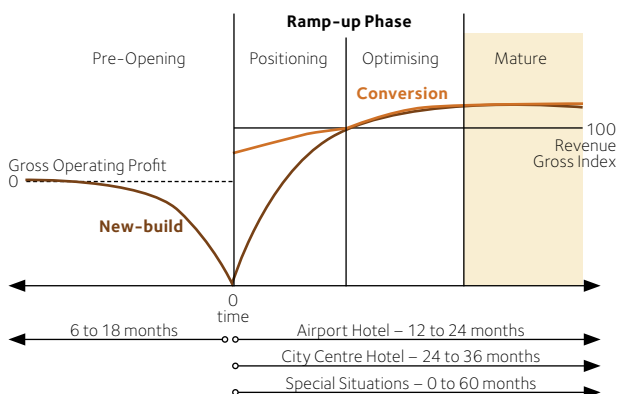
"With 40% of all Radisson SAS in the "new-breed" category, we have the youngest inventory in the European hotel industry today", says CEO Kurt Ritter. No competitor is even close. This gives us a major advantage in our efforts to attract business, satisfy guests and build customer loyalty in the years to come."

Of the 20,000 rooms to be opened between 2007 and 2009, over 5,000 opened for trade in 2007. Of these 51% were operated in Rest of Western Europe. Of the nearly 66,000 rooms planned to be online by the end of 2009, circa 28,000 – or 42% – will operate in Rest of Western Europe. This is almost twice the size of the future room stock in the Nordics.

The strategy for Rest of Western Europe is to accu-

mulate growth of Park Inn through conversions, and to secure market leadership for Radisson SAS in mature markets such as UK & Ire-

land, Germany and Benelux – with a combination of new-builds and conversions.



Rezidor has sophisticated processes for 'ramp-up' of new properties joining Rezidor. A conversion can be brought into maturity much faster than a new-build, for which you have to start with a negative balance from the pre-opening phase and where the positioning of the hotel versus the local competitive set always takes some time to get right. Having brought so many new-builds into the market during the last five years, we are now the industry benchmark in taking a new property into moneymaking, reaching a breakeven point between two and four years from the opening of a property.



Radisson SAS in Dakar, Senegal, opening mid 2008.

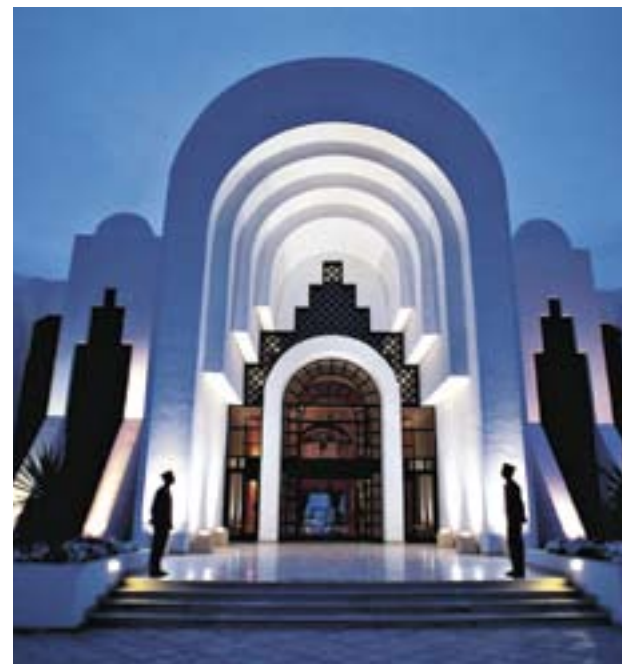
Africa next

Rezidor operates in 48 countries from Iceland to South Africa, from China to Portugal. In 2007 Mali was added to the Rezidor map, when the new Radisson SAS Bamako joined the brand. As an all-suite hotel it will be the capital's foremost upscale property, strategically located in the new administrative quarter. It will open for business in the second quarter of 2008.

By year-end 2007 Rezidor had two hotels in operation in sub-Saharan Africa, and in addition five hotels in the pipeline. South Africa is Rezidor's key market in the region, with flagship properties in Cape Town for Radisson SAS as well as Park Inn. In 2008 a new flagship Radisson SAS will open in exclusive Sandton, Johannesburg and in 2009 another one in Port Elisabeth.

So far Africa is mainly Radisson SAS territory, with new hotels to open in Lagos, Nigeria and Dakar, Senegal, during 2008. Park Inn will follow where Radisson SAS has already established a stronghold.

The target is having a critical volume of hotels in operation or development by 2010.



Understanding and respecting differences in business cultures, Rezidor is conducting business from North to South, from West to East. Clockwise: Radisson SAS Waterfront, Cape Town, South Africa, Radisson SAS Djerba, Tunisia, and Radisson SAS St Petersburg, Russia.

The right contract for every location – the key to record growth

With 53 contracts signed by year-end, 2007 was the most successful business development year ever for The Rezidor Hotel Group.

An additional ten contracts signed by February 28 strengthened Rezidor's claim to be one of the fastest growing hotel groups in the world.

"In fact I think we are probably THE fastest growing hotel company in the world at the moment", says Puneet Chhatwal, Rezidor's Chief Development Officer. "This year we opened 5,027 rooms for trade and added 8,937 rooms to our growing pipeline. Our asset management activity is also expanding with the addition of new rooms to existing properties and by the renewal of existing contracts. It shows the trust and faith of our existing owners in Rezidor; while at the same time enhancing the value of our company. In 2007 we signed 13 asset management projects and added circa 1,000 rooms to our portfolio."

"Operating three different basic contract types is a strong competitive advantage", continues Chhatwal. "While most competitors only operate franchise contracts, we have an asset-light model that includes lease, management and franchise contracts. This way we can meet the needs and demands of more property owners."

Contract Types – Across Markets

Nordics

- High proportion of (internationally) branded hotels
- High barriers to entry
- Stable market with strong RevPAR growth

Today: Leased and Franchised
Pipeline: Leased and Franchised

Rest of Western Europe

- Mature markets
- Strong increase in demand
- Fierce competition due to lack of available sites and relatively high prices

Today: Leased, Managed and Franchised
Pipeline: Managed and Franchised

Eastern Europe

- Fast emerging markets
- Lack of (internationally) branded hotels
- Fast growth in both supply and demand

Today: Managed
Pipeline: Managed

Middle East, Africa & Others

- Strong growth in both supply and demand
- High interest and presence of all international hotel operators (Middle East)
- Strong interest to enter African markets from all international operators

Today: Managed
Pipeline: Managed and Leased

Of Rezidor's total portfolio of 237 properties in operation with a total of 49,296 rooms, 30% of rooms are leased, 46% are operated through management contracts and 24% through franchised contracts. Of all of the rooms signed in 2007, 14% are under leased agreements, 74% under management agreements and 12% under franchise agreements.

"It has been our strategy for some time to expand primarily by management contracts", says Chhatwal. "The basic rationale is to leverage what we do best and also to hedge against volatility and create a healthy correlation to have better risk management."

With a management contract, Rezidor operates the hotel on behalf of the property owner. The trade belongs to the owner who is responsible for all investments in the hotel and for operating costs. The owner also employs all staff members, while Rezidor is responsible for every aspect of the "day to day" business. For management services rendered Rezidor receives a package of fees – typically a base fee (a percentage of gross revenue), a management or incentive fee (a percentage of adjusted gross operating profit), a marketing fee (based on room revenue) and a reservation fee (based on numbers of reservations made).

"In strategic primary locations a guaranteed result has been agreed in the management contract", says Chhatwal, "But this is more rarely the case today, especially in emerging and high growth markets like Russia, the CIS and the Middle East where nobody is opting for a guarantee. Out of all signed contracts in 2007 only 24% had a financial commitment."

Under a franchise contract, the hotel owner is authorised to operate its hotel under one of Rezidor's brands. The owner also commits to meet the specific brand standards provided by Rezidor. Rezidor's income from a franchise agreement includes a royalty fee, a marketing fee (based on room revenue) and a reservation fee.

Whereas management and franchise business have grown their share over the last five years, lease business still dominates the top and bottom lines of Rezidor. With a lease contract, all trade belongs to Rezidor and income derives from all revenues less operating costs and rent paid to the property owner. Rezidor carries all the benefits and risks associated with operating the hotel.

"To reduce risk we're shifting our business model towards a fee-based revenue structure", says Puneet Chhatwal. "Today 88% of total revenue still comes from lease operations. To have the same top line effect as one single leased hotel, we have to add 10–15 hotels under management or franchise."

"With our history as a hotel owner, we simply understand property owners better than many competitors", says Puneet Chhatwal, Rezidor's Chief Development Officer.



We prefer management contracts as they provide a balanced risk and reward profile, while still allowing us to keep a high control of the brands, quality and standards."

There are clear cultural differences in various markets and regions as to what kind of contracts owners prefer. In the US 80% of all hotels are operated under franchise agreements, compared to only 30% in Europe. In the stable Nordic markets, leased and franchised are most common. The mature Rest of Western Europe markets see all types of agreements, whereas owners in the fast emerging Eastern Europe markets prefer management contracts, as do the Middle East and Africa.

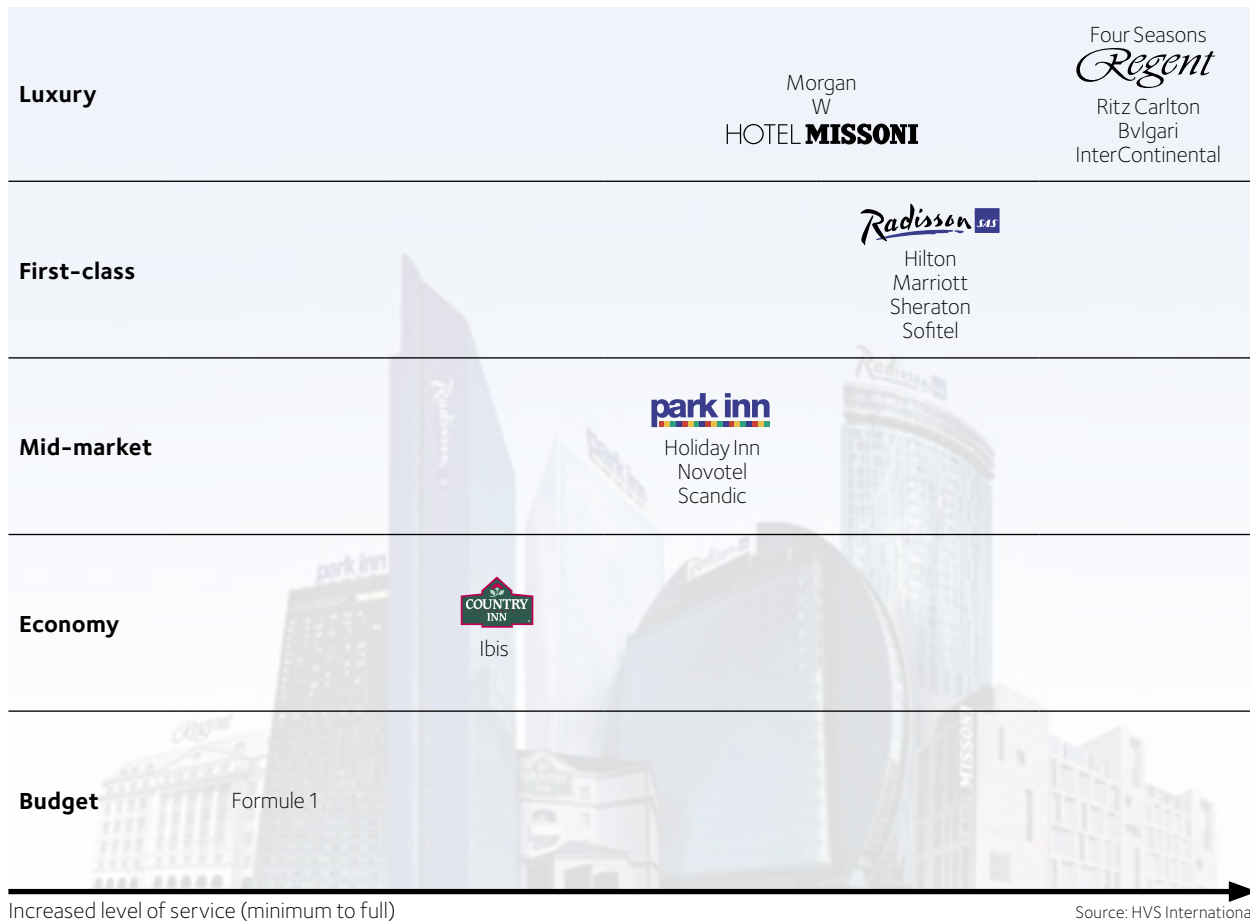
"There is always a right contract for every location and every owner", says Chhatwal. "And that's the contract we're going for. Our strategy is to continue to expand fast and with limited risk in Eastern Europe, The Middle East and Africa with management agreements. The focus is on our core brand Radisson and our growth brand Park Inn. Park Inn will be driven by conversions, whereas we will continue to expand and purify Radisson also through "new breed" new-builds. We intend to go in-depths in our home markets, before entering into new markets. In our mature home markets we are also looking at smaller portfolios that fit into our brand structure."

Today Rezidor is Europe's largest airport hotel operator with 25 properties open for business. Increasingly, Rezidor has also expanded into resorts, with 27 properties in operation and under development.

"There is a logic to it", claims Chhatwal. "We have to cater to business and leisure travellers alike, as these are often the same people in different roles. We are increasing the attractiveness of our loyalty programme by providing a wide selection of leisure destinations where our business customers, who usually stay in our hotels for work, can spend their miles. It is the "360° offer".

A portfolio of great international brands

Rezidor's brands cover the brandmap from economy to luxury.



Radisson SAS – now taking the lead in Europe’s “upper upscale”

Fast growth translates into brand recognition and the highest guest satisfaction in Europe.

Radisson SAS celebrated its magical No.200 when the contract for the highly prestigious Radisson SAS Hotel Jumeirah in Dubai was signed in December 2007. The 240 room hotel is scheduled to welcome its first guests at the end of 2009, and will further consolidate Radisson SAS’ position as the leading “upper upscale” hotel brand in EMEA.

The property is a typical “new breed” Radisson SAS – flagship properties with stunning architecture and bold design solutions – that have increasingly become synonymous with the brand.

“Over the last five years we have re-engineered the brand more or less completely”, says COO Thorsten Kirschke. “We realised that a growing number of business and leisure travellers want their stay to be a truly exciting and rewarding experience in addition to providing all the functionalities at top efficiency. The focus on contemporary design, style, culture, food and wine is really a lifestyle hotel format applied to a grand scale and a big brand context. New breed hotels dominate our supply in key markets such as Germany, UK and France and have shaped the brand perception there, but new-breed energy fuels the whole portfolio.”

With more than 200 hotels in operation or signed in the EMEA markets, Radisson

SAS is now No.2 in sheer numbers and closing in fast on No.1.

“We have the freshest rooms supply in the industry by far”, claims Kirschke. “With our muscular pipeline, this will become more and more visible, and will boost brand recognition and customer preference even further in the years to come. That, in turn, will fuel RevPAR development and eventually establish strong premiums.”

Having reached critical mass in a growing number of markets, while at the same time repositioning itself in the “upper upscale full service” segment, Radisson SAS now benefits from a growing brand power. This was verified through independent research during the year. In its 2007 Nordic study, BDRC (Business Development Research Consultants) concluded that Radisson SAS has been the “No.1 hotel brand in the Nordics since 2001” in the deluxe/upper full service segment.

“We have invested heavily in brand awareness in challenger as well as incumbent markets, and of course we’re happy to see it pay off”, says Olivier Jacquin, Senior Vice President Sales & Marketing.

“It’s our ambition to develop and communicate a brand personality in all relevant customer touch points that levels with the contemporary design concept. Our image advertising has become widely recognised.”

However, there is not only style, there’s also substance behind the repositioning of Radisson SAS. New pioneering service elements have been added, such as in-room Nespresso machines and free Internet access – Radisson SAS continues to be the only international brand to offer this service which is now being extended into Meetings & Events. Guests have taken notice. In the 2007 European Hotels Guest Satisfaction survey – by leading global market research company J. D. Power and Associates – Radisson SAS ranked highest in guest satisfaction of all hotel companies in the “upper upscale” segment (see page 11).

“Our approach is based on a deep commitment to contemporary hospitality: continuously reinventing what an upscale hospitality experience – and being a good host – is all about”, says Kirschke. “Our guests choose Radisson SAS because they are looking for a fresh and different upscale hotel experience. Having taken the lead in innovation and with faster growth than any other brand upmarket, it was even more important to have our service performance endorsed. Big is not beautiful in itself – but growing big by being beautiful is!”



Thorsten Kirschke

What are the major factors behind the success of Radisson SAS?

- Organic, geographic spread and growth plus our ability to support and serve the markets we’re expanding into
- Management competence and continuity, combined with international and cultural diversity
- The Z factor, daring to be different, pioneering in many fields...
- New breed supply and the general brand image as of today

What are the most compelling reasons to stay at Radisson SAS?

- “Yes I Can” service culture and genuine hospitality with clever service concepts
- Individuality by design and concept application – all with a twist of Now! and Wow!
- Value for money

What are the most compelling reasons to join the Radisson SAS brand?

- Flexible and bespoke contract solutions and continued, genuine owner relations
- Approachable management and a small hierarchy to make fast decisions
- We promise – We deliver!

Radisson SAS Edinburgh goes green

In 2007, the Radisson SAS Hotel Edinburgh became the first Rezidor hotel to have a full-time Responsible Business (RB) consultant. And the hotel quickly reaped the rewards.

Apart from being internally awarded “Best 2007 Responsible Business Hotel”, Edinburgh was listed as a finalist in numerous national environmental awards. In addition, the hotel reduced its utility costs by 5%. Moreover, the hotel gained new business, especially in the Meetings & Events segment, and press coverage as a result of its green achievements, to a value of GBP 25,000. The salary of consultant Alexandra Hammond was recouped after only six months.

After nearly a year on the job, Hammond has gained several new insights into further possible developments, and more importantly – how these could be applied to other Rezidor hotels. The programme can not be accomplished in a few weeks; it is a long-term and exceptionally well organised project. Nevertheless, the Edinburgh example will surely inspire many other hotels to follow in its footsteps.

A golden starting point

The foundation of the programme was already in place when Hammond came onboard – including energy, waste and water reduction, and the Carbon Trust (a UK government funded energy savings company) had carried out a free energy audit. The hotel had identified many opportunities to considerably reduce the hotel’s environmental impact, as well as saving significant sums of money. Actions included changing to energy efficient lighting, installing a pool cover to avoid heat loss and evaporation, and increasing staff awareness of energy savings opportunities. The only thing still missing was enough time, and that is how the idea of a full-time consultant was born.

“A successful RB programme such as this one depends on two key components: the first is a sincere commitment from the executive management, and the second is the commitment from the employees. The rest – recycling schemes, awards, charitable donations, ethical purchasing – will come with time and effort. I was very happy to find out that commitment was the cornerstone here, which gave me a tremendous potential to make Edinburgh’s Responsible Business programme not just strong, but outstanding”, Alexandra Hammond explains.

Monthly goals and actions

Each month saw a new set of goals and actions. Among the success areas are the reduction of electricity use per occupied room by 8.2% with estimated savings of GBP 9,000 per year. Through various waste management actions, a total of 9 tonnes of waste was diverted from landfill. Increasingly, cardboard, paper, cans and glass are collected and recycled, and old equipment such as pillows and conference chairs are no longer thrown away but instead, are given to charity. As a result, the hotel won the 2007 Considerate Hoteliers Association WRAP Waste Reduction Challenge for reducing waste volume by over 50%.

“Responsible Business isn’t just something that we should be doing, it’s something that can help us achieve better value from our business, as well as set us apart from our competitors. When it is communicated well, it can help all areas – from Sales to Meetings & Events to reservations – to achieve their aims”, Hammond concludes.



Key actions for a successful RB programme

- Ensure commitment from executive management
- A committee with one representative from each department with participants who are excited and motivated, not necessarily people who know a lot about Responsible Business
- Budget for initial costs and investment
- Set achievable but ambitious targets – for energy, water, waste and linen
- Communicate these targets to all employees and guests
- Investigate free energy, waste and water audits available
- Record your actions and track utility usage to measure progress.
- Communicate your efforts to guests and public, the impact potential is much greater when people know about your efforts.
- Consider environmental accreditation.



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Radisson 

 COUNTRY
INN

MISSONI

park inn

Regent



"This magnificent landmark property will support Stockholm's status as one of the world's most beautiful cities", says Kurt Ritter, CEO of Rezidor.

Jarl Asset Management

Covering the Stockholm Waterfront

Boldly iconic, while at the same time respectful of the sensitive waterfront skyline, the new Park Inn Waterfront will support Stockholm's claim to be the Capital of Scandinavia.

Located between Stockholm's iconic City Hall and the busy World Trade Center it is already being referred to as one of the world's leading meeting venues.

The new Park Inn Congress Centre Stockholm – with meeting facilities

for up to 3,000 delegates, smack in the very heart of Stockholm – is one of the major projects in Park Inn's pipeline. Rezidor has signed a 20 year contract to operate the congress centre as well as the adjacent hotel. Park Inn Stockholm Waterfront,

with its 418 guest rooms, will be the brand's flagship hotel in Stockholm when opening its door for guests in 2010.

"Our roots are Scandinavian and we are very proud to contribute to securing a position for Stockholm in the global meetings and events market", says CEO Kurt Ritter. "This project will impact far beyond its own walls. It will add sub-

stance to Stockholm's claim to being the financial capital of Northern Europe. Furthermore this magnificent landmark property will support Stockholm's status as one of the world's most beautiful cities."

The congress centre and the hotel are built on the site of the former Post Office Main Terminal, a long-standing eyesore in the delicate Stockholm cityscape.

Its highly modern architecture is boldly iconic. But it's also respectful of the sensitive waterfront skyline that Stockholm's inhabitants hold so very dear. The banqueting facilities offer splendid views for up to 2,000 people of the City Hall and Lake Mälaren and an all-day restaurant, bar and fitness centre ensure that Park Inn Stockholm Waterfront will be a meet-

ing point for locals and visitors alike.

The 13,000 m² of congress facilities will be state-of-the-art hi-tech with numerous innovations that will make Park Inn Congress Centre Stockholm a new benchmark for the meetings and events industry. Stockholm Waterfront also includes a 25,000 m² office complex.

goldpoints plusSM for a better environment

The Rezidor Hotel Group and Carlson joined forces to found a new and truly global loyalty programme across all brands which was rolled out in October 2007.

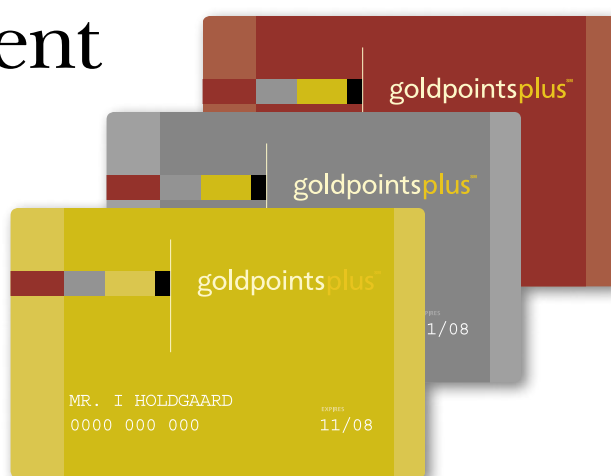
Already available before this re-launch was the possibility for guests to carbon neutralise their stay. Rezidor is the first international hotel group in the world to offer its loyal guests the opportunity to offset the emissions associated with their trips to its hotels and the arrangement has been made possible through a cooperation with The CarbonNeutral Company.

"The goal is to make it simple for the guests to do something beneficial for the environment or society when staying with us", explains Pia

Heidenmark-Cook, Vice President Responsible Business. "That's why we have created a possibility for our goldpoints plusSM members to convert their Gold Points[®] to climate neutralise their stay".

The points are earned each time the member stays with or arranges a meeting at Regent, Radisson SAS, Park Inn, Country Inn & Suites, Park Plaza & Resorts, Radisson or Radisson Edwardian. The points can normally be converted to free hotel nights, room upgrades, airline miles or other services – and now also to make an active standpoint in favour of a better environment.

All calculations have been conducted in conjunction with The CarbonNeutral Company. For example you would need 2,000 Gold



Points[®] to offset 270 kg carbon dioxide, roughly equivalent to one to two hotel nights including travel by car. The carbon dioxide emissions are offset through donating money to projects in developing countries focussing on renewable energy solutions, which saves the equivalent amount of

carbon dioxide as the member choose to offset.

"Another alternative is to donate your Gold Points[®] to The World Childhood Foundation, the chosen international charity organisation, both for the Rezidor Hotel Group and the Carlson Hotels" concludes Pia Heidenmark-Cook.

Positive thinking leaves a mark in marketing

Image advertising is not the standard marketing approach in the hotel industry. But given that Radisson SAS is not the typical industry player, why should its marketing be standard?

With snazzy visuals and its confident positioning statement "Hotels that love to say Yes!", Radisson SAS brand advertising has made a striking impression on travellers at major airports all over Europe, as well as in business and lifestyle magazines.

"We have developed a page style and a brand personality that match the new breed design concept", says Olivier Jacquin, Senior Vice President Sales & Marketing. "It has to be bold and different, just like the hotels. But it's not only a question of look and feel, there also has to be attitude. For one thing, we believe there is room for humour in advertising. All our communi-

cation reflects the culture of Yes!, the positive thinking that drives Radisson SAS. We know our guests want a hassle-free and cheerful hotel experience. Travelling can be extremely tiresome, and we want them to experience Radisson SAS as a haven of positive energy."

With "Yes I Can!" as the everyday service credo for every Radisson SAS employee, "Hotels that love to say Yes!" is as far away from an empty slogan as you can possibly get.

Apart from overall brand advertising, the marketing programme of Radisson SAS targets the Business Individual traveller, the Leisure Individual traveller and Business Groups. Many of the activities are funneled through the travel trade, especially the Look To Book programme. Others are carried by goldpoints plusSM, Rezidor's and Carlson Companies' loyalty programme, that was "re-launched" in October 2007 as the first global initiative with Carlson.

"Improving the Radisson SAS web site to make it one of the best in the industry had high priority in 2007 and this will continue in 2008. Our new web site is easy to use, easy to browse, and offers easy to book functionality", says Jacquin. "A positive reservation experience is a very forceful brand builder."

MICE, the Meetings & Events market, has evolved as a high priority segment for Radisson SAS, offering new business travellers their first experience of Rezidor's



"Hotels that love to say Yes!" is as far away from an empty slogan as you can possibly get", says Olivier Jacquin.

hospitality products. In 2007, MICE sales increased by 24%. The meetings products of Radisson SAS enjoy continually higher awareness and was rated "most improved" in 2007 by meeting agents in Germany and corporate meeting planners in the UK.

"We had set a global target of 80 MEUR in 2007", says Jacquin. "I'm pleased to see that we reached this target with final sales up 24% versus 2006. MICE will continue to lead our agenda and we have set another aggressive target for 2008. MICE sales is contributing to a growing share of Rezidor business. In 2008, we aim to contribute up to 20% of Rezidor's revenue through MICE."



A distinctive contemporary page style makes Radisson SAS advertising easily recognisable. Along with the snappy copy.



Double win in European Hotel Guest Satisfaction

Radisson SAS has been uncompromisingly committed to guest service since 1996 when it launched its "100% Guest Satisfaction Guarantee" – guests don't have to pay for services that are not delivered on promise or are not made right if they are initially wrong.

This ongoing dedication to delivery has contributed to both building the brand and the preference and loyalty of its customers. Confirmation of solid and growing guest satisfaction now comes in many ways, including, very importantly, from the highly regarded J.D. Power in November 2007.

J.D. Power and Associates is the leading authority

among market research companies and is close to being a legend in its field. In its 'European Hotel Guest Satisfaction survey by leading global market' for 2007 Radisson SAS ranked highest of all hotel companies in the "upper upscale" segment. Park Inn emerged as the winner in the "economy" segment.

"Nothing can be more rewarding for us than this

testimony to our service excellence", says Olivier Jacquin, Senior Vice President Sales, Marketing and Distribution. "We pride ourselves on always doing our utmost to deliver on brand promises – and then to improvise on top of that to – exceed expectations in every given service situation. That is where our "Yes I Can!" service philosophy is really doing its magic, treating each customer as an individual, understanding needs and preferences in every situation and doing our best to deliver on that."

Radisson SAS guests were particularly happy with check in/check out procedures and service perks such as the free high-speed Internet access. Park Inn showed excellent results in check in/check out functionality as well food & beverage and hotel facilities.

"The fact that Park Inn ranks highest in the economy market segment is particularly impressive", says Jacquin. "This is a very young brand, and reaching this level of recognition for its service performance after only four, five years in existence is next to sensational."

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The Radisson SAS Waterfront Hotel, Jersey.



The Radisson SAS in Marseille, France.

New Breed – it's all about Now!

The stunning glass and steel “new breed” flagship hotels – an increasingly dominant part of the Radisson SAS supply – make convincing image advertising.

“We live in a design-conscious age. And, increasingly, hotel guests expect to be “wow’ed” by innovative and striking design solutions, both inside and out. In our new breed hotels, we give them a design and lifestyle experience to write home about”, says Gordon McKinnon, Executive Vice President Brands. “Some of these new hotels have become destinations by themselves and are the talk of the town, not only locally.”

This new generation of Radisson SAS hotels, with spectacular architecture and interior design, was introduced to the market five years ago in response to an emerging demand for lifestyle hotels for a broader audience. The new breed Radisson SAS hotels are important in redefining the brand and to secure its position as the most dynamic and innovative contemporary, alternative, upscale hospitality choice.

“Today more than 40% of the Radisson SAS inventory could be classified as new breed,” says COO Thorsten Kirschke. “As new ‘new breeds’ are constantly coming on line this is becoming the norm for the brand. We aim at market leadership by combining this unique and stylish approach to hotel hardware with really innovative service fuelled by our trademark Yes I Can! spirit. We fully acknowledge that attitude and spirit, atmosphere and ambiance are more important than any hardware. People are always more important than bricks, steel and glass.”



The Radisson SAS Fredrikstad, Norway.



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Park Inn No.100 will start "painting the town" in mid 2009.

No.100 – adding colour to the grey in Aberdeen

"Adding colour to life", is the tag line of Park Inn. And the brand lives its credo in the most striking way, sometimes "painting the town" with trains, buses and cars decorated in its vivid – and easily recognised – colour scheme.

Aberdeen is Scotland's third largest city with a population of more than 200,000 people. It used to be nicknamed the Granite City due to the large number of buildings built from the locally quarried grey granite that still dominates the face of the city.

Park Inn No.100 – Park Inn Aberdeen – will help to change that. The 184 rooms property will be a flagship hotel for the brand when it opens for business in mid-2009. Today, Aberdeen is a very dynamic city and one of the oil capitals of Europe. One of the targets of Park Inn Aberdeen will be to serve the North Sea oil industry and its business partners with efficient mid-scale hospitality and a high fun factor.



Rebranding made easy

Small things making a big impact is the key to fast conversion. With its focus on rapid growth through mainly conversions, Park Inn has developed highly effective time-to-market procedures.

"We have to be fast, without compromising an inch, to establish all the brand standards that have proved so successful for Park Inn", says COO Jacques Dubois. "There is a clear set of mandatory items that have to be put in place before we can start operating a hotel under the brand, securing a coherent product standard and contributing to building brand equity."

The programme is called Park Inn Essentials. And it covers everything from investments in the typical Park Inn interior, promotion and collateral material to operational items.

"Some of these are small things that make a big impact; such as our clean, white bed-linen contrasted with our colourful bed strip or the colourful shower curtains and the distinctive Park Inn Art that decorates our rooms and public areas. These details will tell you immediately that you're in a Park Inn hotel."

Operational conversions can be done in as little as one week depending on the condition of the property and the extent of any product improvement works required under a contractual product improvement plan (PIP).

"We have specialist conversions/openings teams", explains Dubois. "They know exactly what to tackle when, and how to get everything in order for efficient operation from day one. Certainly, we are keen to create a coherent service delivery from the very start of being up and running. That's why we have an ambitious programme for training our people in creating the typical Park Inn experience – easy, fun and friendly. A smile is, again, one of these small things that make a big difference..."

A substantial proportion of Park Inn properties added to the portfolio during the last 24 months are now also being extensively refurbished. The investment programme, includes iconic bathrooms and public areas.



Park Inn Ekaterinenburg is a newly constructed modern hotel with 160 guest rooms featuring contemporary decor, vivid colours and modern furnishings in the typical Park Inn style. Located in the city centre and some 20 kilometres from Koltsovo International Airport, it is an attractive hotel for business as well as leisure travellers.

Park Inn, positioned for further fast growth

Understanding the individual needs of each property owner and being able to offer the right solution gives Rezidor a true advantage in business development.

An "easy to use", friendly and affordable hospitality product seems to be an idea whose time has come. Passing the critical 100 in December 2007 by adding the Park Inn Aberdeen in Scotland was indeed a benchmark for Rezidor's new growth brand. Introduced to the company's portfolio in 2003, Park Inn has successfully followed in the footsteps of its upmarket sibling, Radisson SAS, by expanding in markets where Rezidor already has a strong presence – the Nordics, Germany, the UK and Russia in particular.

"Starting from zero in our markets, it has really been a question of building the brand from scratch", says Jacques Dubois, Chief Operating Officer Park Inn hotels. "Early on we identified the need for a mid-market brand that provided all the essentials better than any current offer on the market, packaged in a fresh, colourful way and delivered with loads of positive energy, offering more value for money than any competitor. Park Inn is the answer to that. Obviously we have succeeded. Growing from zero to 100 hotels in less than five years is an unprecedented growth pace, only to be beaten by ourselves in the future."

Focussed on mastering the basics of a hotel experience, Park Inn hotels offer warm and casual service, are spotlessly clean, easy to use, safe and fun – meeting and surpassing all the fundamental needs of frequent travellers on business or leisure.

"Yes, the Park Inn guest experience should be uncomplicated and rewarding", states Dubois. "Park Inn is a highly efficient, fresh and vibrant – different by looks, and different by attitude. Our service is fuelled by Rezidor's 'Yes I Can!' We take great pride in delivering an 'easy to use' and affordable hospitality product that focuses on what really matters: a good comfortable sleep in a fresh, clean and safe environment, and services that are always delivered with a warm and friendly attitude. We believe in 'sleep well, live well!'"

A true growth engine, 14 new properties were branded Park Inn in 2007 alone. Another four was added in the first two months of 2008. Today, a majority of the new Park Inns are conversions, which you would expect from a young brand, whereas going forward, a greater number will be new-builds as these projects come on-line.

"We have developed some very efficient brand-

ing tools and processes", claims Dubois. "They allow us to quickly convert a hotel to a fully-fledged Park Inn. Certainly every property will have to qualify first, by being among the best in its class already. A quick ramp-up process is a vital part of the Park Inn success formula."

Park Inn appears as a strong emerging player in the BDRC (Business Development research Consultants) Pan European and Nordic Hotel Guest Surveys of 2007, its brand obviously building awareness by every new week in operation and every new property added.

"It is obvious that we now start to reap the benefits of having launched one of the most distinctive identities of the branded hospitality world", says Dubois. "You can immediately identify a Park Inn by its striking colour theme that also embodies its brand promise of simplicity, joy and energy. We believe in making communication easy and have devised an efficient programme for advertising that is simple, impactful, flexible and adaptable. Just like our guests are people about town, we use planes, trains, buses and automobiles to make a branded impact on the streets, adding colour to real life".



"Park Inn is the answer to a growing demand for an uncomplicated, affordable and efficient – yet highly enjoyable – hotel experience", says its COO, Jacques Dubois.

What are three major factors behind Park Inn's success?

- Reputation of Rezidor as a hotel operator
- Clearly defined product positioning
- Visually impactful communications

What are the three most compelling reasons to stay at a Park Inn?

- Good value for the price
- Yes I Can! service – a stay where everything works
- Clean, safe, comfortable

What are the three most compelling reasons to join the Park Inn brand?

- New brand, no negative legacy
- Flexible approach to contracting – we find solutions
- Fast growing brand, being part of the story (as opposed to being "just another Holiday Inn"....



The red carpet for Responsible Business stretched all the way to the Nobel Prize celebrations where Gore and the IPCC were jointly awarded the Nobel Peace Prize.

Scanpix/Bjorn Sigurdson

Responsible Business on the red carpet

2007 will go down as the year when Responsible Business was paraded up the red carpet and environmental issues lifted to the executive level. Rezidor, as a long-term promoter of corporate responsibility, wholeheartedly embraced this shift.

Starting off with Al Gore receiving an Oscar for his film "An Inconvenient Truth", the red carpet stretched all the way to the Nobel Prize celebrations where Gore and the IPCC were jointly awarded the Nobel Peace Prize.

We are all facing huge challenges ahead, and for the travel & tourist industry the increased environmental awareness has already led to a much needed common insight that something has to be done. And done now!

Meeting increased demands

For Rezidor, sustainable profitability and growth depend upon operations being able to meet the demands set by corporate clients and society at large. These include environmental standards and requirements for social accountability and ethical behaviour. Responsible Business (RB) also reduces the operational costs – efficient use of natural resources, such as energy, and waste reductions, lower operational costs and mitigate the environmental risks – along with the associated legal, insurance and financial expenses.

According to Pia Heidenmark-Cook, Vice President Responsible Business, Rezidor is well prepared and will enjoy a comparative advantage due to its long-standing Responsible Business work.

"More and more guests desire a low impact hotel stay that reflects their everyday environmental consciousness, and the same goes for corporate clients. In the past, very few of these clients had green travel policies and guests were mostly unaware of the impact of their hotel stay. But this is changing fast. Many large international companies are issuing 'low-carbon' travel standards and individual guests are beginning to take environmental and ethical concerns into account when choosing accommodation. Environmental and social information is quickly becoming an important part of the sales and marketing process. We look forward to meeting this challenge, and to being able to reap the benefits of Rezidor's active Responsible Business work", says Heidenmark-Cook.

Increasing investor awareness

From a capital cost and shareholder perspective, investment funds, banks and the socially responsible investment community are showing an increased interest in companies'

environmental and social performance. Morgan Stanley estimates that, in the near future, 15% of managed capital in Europe and the US will be managed according to responsible business investment criteria.

"We calculate that about 10% of our shareholders invest with SRI (Socially Responsible Investment) criteria and a majority of those have signed up to the Principles for Responsible Investing. This indicates that we are attracting capital that recognises the benefits of our Responsible Business agenda", says Heidenmark-Cook.

For a hotel management company such as Rezidor, reducing the carbon footprint is not an isolated area; it also involves close discussions with property owners, constructors and architects.

"This process is challenging because many of the actions which need to be taken require investments in and around the properties. We do not own these properties; they are owned by our business partners. But property owners are also increasingly inquiring whether we operate hotels in an environmentally efficient manner, and so a long-standing RB programme with a rigid reporting structure is very beneficial", Heidenmark-Cook says.

Risk management

There is a lot to gain from implementing a responsible business agenda, ethically and economically. And there are risks in failing to do so. One apparent risk is a possible decreased travelling rate due to a failure by the travel industry to reduce carbon dioxide emissions – either as an outcome of legislative and regulative pressures such as carbon tax, resulting in increased travel prices – or through voluntary cutbacks in travel by the customers themselves. There is also the risk of the sudden impact of climate change; travel patterns can be disrupted by natural disasters and hotel properties can be damaged by storms or flooding.

"The effects on earnings as well as risks are presently impossible to estimate as any quantitative measure. But the costs directly associated with the RB programme are measured, including energy consumption, water use and waste disposal. The programme is our way of handling the risks associated with resource management, and also our safety and security work."

Climate change strategy for 48 countries

One of the biggest challenges ahead is to establish a strong climate change strategy that can be adjusted to the different conditions in the 48 countries where Rezidor operate hotels. But some of these areas are more easily targeted than

others. One of the aims for 2008 is to obtain more third party environmental certifications.

"In the UK, we aim to adapt seven Radisson SAS hotels to the Green Tourism Business Scheme. In Scandinavia, our target is that a further 16 hotels will obtain the Nordic Swan Eco-label. In France, Tunisia and Benelux, six hotels will obtain the Green Key, and in Ireland, the Green Failite Award is the aim for eight hotels. Our hotels will focus primarily on proving they meet the strict criteria set by these parties, for example, on energy management, waste sorting and green purchasing. Another challenge lies in encouraging our franchised hotel partners, many of them with very active environmental and social programmes in place, to report into the Rezidor system because this helps us make improvements", explains Heidenmark-Cook.

Main environmental impacts

Operating hotels involves the use of raw material, energy and water, and results in waste generation. Rezidor's main impacts on the environment are energy use – with the consequent contribution to climate change – and consumption of materials. The environment is either directly or indirectly considered in all of the eight Responsible Business policy statements.

"All our stakeholders are included in building and operating our business in an environmentally sustainable way. The operational responsibility lies with each General Manager, who, in his or her turn, is supported by co-ordinators and an RB team in each hotel. Our employees are educated to make conscious decisions in favour of the environment, we strive to make our guests equally aware of how they can help and we also choose our suppliers from an environmental responsibility perspective", concludes Heidenmark-Cook.



"More and more guests desire a low impact hotel stay that reflects their everyday environmental consciousness, and the same goes for corporate clients", says Pia Heidenmark-Cook.



Wolfgang Nitschke was awarded "Best General Manager 2007".

Talk of the town in Berlin

"Mr Regent" does it again, this time in Germany's magnificent capital.

"Attention to detail and personal service with a gracious smile": that's General Manager Wolfgang Nitschke's answer as to what is the success formula of The Regent Berlin. Easy to say perhaps, but not so easy to deliver – and deliver consistently at the highest possible level of luxury hospitality. In 2004, when Rezidor took over the very prominent Berlin property from the previous management company, Four Seasons, it was deeply in the red.

Nitschke created new management, marketing and sales teams, and led staff training and recruitment initiatives focussing on the highly personalised service for which the Regent brand is world famous. In addition, he initiated extensive refurbishments, including extended meeting space and the creation of Fischers Fritz, a gourmet restaurant from world-class chef de cuisine, Christian Lohse, which was awarded its second Michelin star in 2007. The hotel soon was the talk of the town.

"Mr Nitschke has a formidable personal network from his earlier career", says Kurt Ritter who hired him for the Regent property. "It's amazing how he has managed to establish his hotel so quickly as the place to stay in town and attract so many international celebrities."

In 2007 The Regent Berlin's high level of performance exceeded all expectations, especially with regard to RevPAR growth. It was no big surprise that Nitschke was awarded "Best General Manager 2007" at the Worldwide Hospitality Awards in Paris in November.

His formula? "You have to maintain physical control and involvement in all areas of the hotel, you have to strive for perfection and lead from the front".

Wolfgang Nitschke has played a key role in the history of Regent, joining the brand in its infancy after it was created by Bob Burns in the 1980s. His experience with the Regent brand includes positions with Regent properties in Hong Kong, Sydney, London and Los Angeles. He has also played a vital role as Regent Area Director for North America and served as General Manager at landmarks like Le Meridien Heathrow, The Dorchester in London and the famous Burj-Al-Arab Hotel in Dubai.

His long history with The Regent brand and his latest success with The Regent Berlin have earned him the epithet "Mr Regent", and he has been very active in supervising the finalising of The Regent Bordeaux.

"The Regent Bordeaux has just opened its doors – and its aim is excellence in all aspects", he states simply.

What future does he see for The Regent brand?

"If we do it right the brand has a glorious future. The Regent Esplanade in Zagreb was recently ranked 34th of the 100 best hotels in the world by Condé Nast Traveler. They do it right, with meticulous attention to detail. The big challenge for the brand is growing fast enough in order to facilitate cross exposure and recognition."



"The true highlight of 2007", says Wolfgang Nitschke about being awarded the second Michelin star for Fischers Fritz, The Regent Berlin's acclaimed restaurant. Fischers Fritz represents the high end of fine dining in Berlin, and is the only two-starred restaurant in the German capital. As one of the most celebrated chefs in Germany, Christian Lohse offers superb fish and seafood specialties in his exclusive dining room with its unique view of the historic Gendarmenmarkt.



The magical wand of legendary architect Jacques Garcia has turned Palace Bordelais into one of Europe's most luxurious hotels, embodying the Tao of Regent.

The Tao of Regent arrives in Bordeaux

Finally the wine capital gets a hotel worthy of a Latour, Margaux or Petrus.

"Understanding luxury in its deepest meaning – that is what The Regent is all about", says Thorsten Kirschke, COO Radisson SAS and Regent Hotels. "We provide luxury for all senses, with a gracious and omni-present service that builds on the Tao of Regent: "To hear without being told, to see without being shown, to know without being asked".

The sophisticated city of Bordeaux has reached new heights of elegance thanks to The Regent Bordeaux. The hotel has been welcoming guests since May 2007, and will be fully operational by the time of its official inauguration in May 2008. Located just opposite the Opéra National de Bordeaux, the facades of the former Palace Bordelais have been restored to their former glory, while its interiors offer an unprecedented level of splendour. Famed

French designer Jacques Garcia styled the opulent guest rooms, and guests can enjoy the region's legendary food and wine in three great restaurants or pamper themselves in the 1,000 m² Le Bain de Léa Spa. Guests are whisked from and to the airport in sleek Bentley Continentals, guaranteeing a high style experience from beginning to end.

"To deliver a magical experience, something you will never forget: that is the very purpose of the Tao of

Regent", says Nathalie Seiler-Hayez, General Manager of the 150 rooms and suites.

The Regent experience is currently offered in Europe in Berlin, Bordeaux and Zagreb, with Dubrovnik and Abu Dhabi to follow.

"We believe passionately in this brand", says CEO Kurt Ritter. "With its unique legacy and solid brand equity, it has exceptional potential and we are determined to restore it as the world's leading luxury brand."



“With any new brand you have to get it right from the very start, but with a brand like Missoni you have absolutely no choice, it’s a moral imperative, a family responsibility”, says Gordon McKinnon.



Hotel Missoni – a new take on life and style and luxury

Fresh out of the brand workshop – a genuine stunner.

“It has taken a little longer to get this right than anticipated”, says Gordon McKinnon, Executive Vice President Brands. “But we believe it was worth investing time and effort. With a brand like Missoni, you must get it right from the beginning. The heritage is so strong and the visibility so high, that you will not have a second chance.”

Rezidor signed an agreement with the Missoni family in late 2005 to jointly develop a hospitality brand in the “new

luxury” segment for roll out globally in selected style-conscious and energetic cities. Initially, the development focus will be Rezidor’s established European and Middle Eastern markets with expansion in to the US expected soon after.

The first two Hotel Missonis will open in Edinburgh and Kuwait in the first quarter of 2009. “With all due respect they seem slightly unusual cities to launch a fashion brand in, but it was important that we had real projects to develop the brand through”, says McKinnon. “Working in a hypothetical vacuum with a brand as real as Missoni would never have worked. In fact so much so, that we’ve even set up a full brand workshop and

showroom at Sumirago in Northern Italy’s Varese province, the village home of Missoni, where various components of the brand are being tested and showcased to achieve a product that is not only visually stunning but also of course practicably viable. Relevance and authenticity are always important when building a brand, and for that reason it has been an absolute joy to have the Missoni family – and especially Ms. Rosita Missoni – deeply involved in the project”.

Missoni hotels have been created as a flexible brand model despite their high design component. They will work as new-build properties as well as conversions. They will be able to vary in size from 40 rooms to as many as 250 dependent upon the architecture, and typically the room size will be around 30 m² although this again will be hugely location dependent. At the core of each hotel will be the key hotel, bar and restaurant components, although again depending on location additional dimensions like spas, coffee and chocolate shops, retail offerings, as well as event spaces, have all been developed. Naturally an inherent Italian culture will prevail throughout.

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Growing business through growing people

The Rezidor Hotel Group, as one of the fastest growing hotel companies of the world, has a powerful brand promise. And the unique service concept of Yes I Can! forms the very core of that promise. Yes I Can! focusses on optimising guest satisfaction – the key essential of every hotel business. But how does the company get 26,000 Rezidorians across Europe, the Middle East and Africa, to genuinely embrace and enact this philosophy every day and in everything they do?

In a people industry like hospitality, both the product and the brand are recreated every day by the people who deliver them. Beathe-Jeanette Lunde, Senior Vice President of People Development & Radisson SAS Franchise Operations is also a member of the Executive Committee. We asked her to tell us more about people development and the Rezidor philosophy of growing business through growing people.

“The frontline creates the bottom line” explains Lunde. “Success in the hotel industry is all about having a highly motivated workforce who have learnt to listen to the customer, exceeding his or her expectations, so they return and become advocates of our brands. Employees who feel engaged

and responsible and proud of being a part of this company will constantly strive to achieve more. We think that engagement, commitment and having fun, is the way to profit. In that respect, we are a bit unusual in our business model! The key to successful people development is to grow each and everyone to her or his full potential. This can either mean embarking on a traditional ‘vertical’ career to a management position for example, or growing towards pure excellence in a specific profession or function, whether it’s up-front or back office.”

“Yes I Can!” career management

There are numerous ways of measuring and planning career steps and encouraging outstanding performance.

Centres of Excellence, a 5-Step Training Programme, an “On Job Library”, a Business School, internships for potential employees, Mentor Mentee Programme and tool-boxes ensure that people have the means to grow with the company. But you need to walk the talk as well and the unique Yes I Can! hospitality has been a key differentiator in the journey towards the “Best Mid and Upscale Hotel Brand in Europe Of The Year 2007”. Originally a Carlson programme, Yes I Can! was brought into the company in 1995 and is now the core culture of Rezidor.

“The Yes I Can! philosophy is very simple and powerful. It’s based on individual empowerment to make decisions in every situation. It’s based on the urge to continuously improve and al-

ways do your utmost to help the customer. It’s based on a healthy competitiveness in our common striving to both outperform the competition and to compete for internal awards. Above all, it’s about a lot of common sense and treating the customer or your colleague like you yourself want to be treated and respected. This method has made us a leader in our industry”, continues Lunde.

An Employer Branding veteran

Employment Branding is a major talking point today. And although Rezidor has already been successfully promoting its employer brand for the better part of the decade, it has never officially been labelled as such. Already having received several awards for Best Practise within the

It’s all about mastering the essentials of the hospitality business. The 36th Business School was held at Radisson SAS Golden Sands Resort, Malta – with a group of dedicated “Yes I Can!” ambassadors.

Human Resources field, the company is very well geared to drive the success story even further.

Rezidor has always done a lot of branding and PR for Human Resources. Since 1989, Rezidor has been committed to using the process commonly known as LOTS®, an acronym for Logical Thinking System. The LOTS gives direction to Corporate, Regional and General Managers, Department Heads and Managers in every area of their responsibilities, including budget, business activities, results reporting, planning, delegation and follow-up.

“Business planning using the LOTS process ensures conformity within the company in terms of a common purpose, objectives and strategies. It’s an effective tool that actively contributes to the hotel’s Business Planning process and it can also be easily used to help with our everyday decision making. In 1992, we also launched and branded the Supervisory Leadership Development programme called S.T.A.R., which has become one of our pillars of basic leadership development. Since the launch of the Business School in 1996, all programmes have been branded and communicated with a view to either attracting new people to come and work for us or to retaining our existing talent”.

The Business School @ Rezidor

In order to drive business even further it is imperative to master the essentials. And that’s the exact purpose of the Business School@ Rezidor. The Business School is a learning platform that drives revenue, quality and value. It encourages and helps people to lead themselves and others, and also to lead the business.

“The courses all have impact on the business objectives of guest satisfaction, employee satisfaction and owner satisfaction. The goal of all our training pro-



“The brand promise is recreated every day by the people who deliver it”, says Beathe-Jeanette Lunde.

grammes has always been to build a branded culture and to enable employees to ‘live the brand’ that they represent.

In recent years, we have also seen an important change in people’s selection criteria: they want to work for a company who also take social, ethical and environmental, responsibility into consideration. Since 1996, we have more actively engaged our leaders and employees in a number of goals and activities. Our comprehensive Responsible Business programme has been in place across all brands and all regions for over six years now. We have a company-wide employee training programme and are about to roll out a brand-new module this year. We have handbooks, a brochure, campaign material and individual hotel action plans. September is our Responsible Business Action Month and all hotels, as well as the Corporate Office, get involved in local activities to raise awareness and money for World Childhood Foundation or other good causes”, concludes Beathe-Jeanette Lunde.

Let’s take responsibility!

Responsible Business practices at The Rezidor Hotel Group cover issues such as cultural heritage, community outreach, employee and children’s rights as well as resource efficiency relating to energy, water and waste.

responsiblebusiness.rezidor.com

responsible business

A year of corporate social responsibility

The notion of corporations assuming a greater societal and environmental responsibility has grown in importance during the past decades.

This is in part due to the challenges that globalisation brings, but also because there is increasing knowledge that being responsible makes good business sense. Corporate Social Responsibility (CSR) generally refers to business decision-making linked to ethical values, legal compliance, and respect for people, communities and the environment. At Rezidor, we have chosen to refer to our CSR work as Responsible Business (RB) because we believe it comes down to our personal and professional responsibility to make things happen – which is very much in line with our most core philosophy – “Yes I Can!”. Without taking that responsibility, we can not make a difference and sustain long-term profitability.

Our long-term success depends on our understanding and ability to address the needs of those who affect or are affected by our operations. In our Responsible Business programme eight key stakeholders are identified: employees, customers, property owners, shareholders, suppliers and business partners, local and global communities, authorities and the natural environment.

Our stakeholder relations encompass a number of environmental, social and economic issues, such as efficient use of resources, limitation of emissions and waste, children’s rights and wellbeing, workplace and guests’ health and safety as well as cultural heritage.

One key part of the Responsible Business programme is to improve our environmental performance. To be able to compare the hotels’ performance over the years, keeping in mind our strong growth, Rezidor uses key performance indicators based on occupancy. In the following tables, information is found on key parameters such as energy, water and residual waste for the three main brands in operation; Radisson SAS, Park Inn and Regent. Noticeable is the large regional differences in energy and water use, as well as carbon footprint.

Environmental key indicators for hotels in operation

	Radisson SAS	Park Inn	Regent
Energy consumption, kWh per guest night	71 (69)	63 (54)	135 (180)
Water consumption, litres per guest night	475 (468)	403(389)	518 (591)
Residual waste, kg per guest night	1.74 (1.69)	2.16 (2.24)	1.25 (1.96)
Direct CO ₂ emissions, kg CO ₂ equiv. per guest night	20,99	20,01	40,76
Guest nights, 1,000	9,668 (8,764)	2,537 (2,396)	98 (76)

Data for 2006 within brackets.

	Energy kWh/Guest Night	Energy Cost EUR/room night	Climate Change CO ₂ equiv./room night	Water litres/Guest Night	Waste kg/Guest Night
Radisson SAS					
France	47	6.15	7.85	297	1.52
Germany	56	7.49	22.56	291	0.96
Mid East & Africa	117	7.32	89.08	1,074	3.00
UK & Ireland	71	8.24	31.60	351	2.76
Russia & Baltics	108	5.66	40.32	536	3.89
Nordics	55	5.77	6.68	310	0.99
Benelux	57	6.11	19.41	289	3.01
Central & Eastern Europe	92	7.02	31.37	375	2.59
Finland ¹	77	NA	NA	214	0.73
Park Inn					
France	37	3.51	5.36	245	1.98
Germany	24	3.88	8.80	148	1.63
UK & Ireland	67	6.30	25.48	345	1.45
Russia & Baltics ²	97	4.64	35.82	515	3.30
Regent					
Germany	203	16.82	57.48	558	1.39
Eastern Europe	230	8.43	33.33	659	1.22

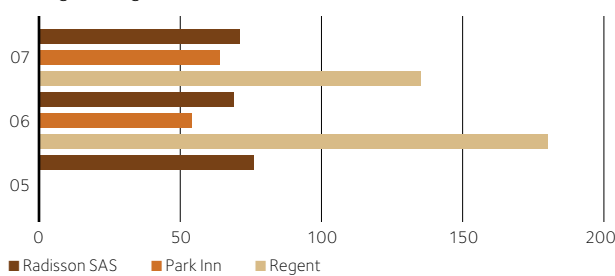
1) All Radisson SAS properties in Finland under franchise agreement.

2) CO₂ based on three hotels.

Only one managed or leased Park Inn hotel in each of Middle East & Africa, Nordics, Benelux and Central and Eastern Europe so no regional average given.

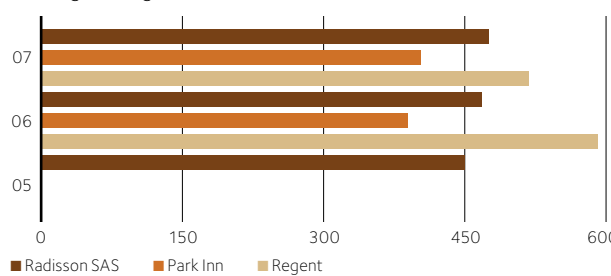
Energy

kWh/guest night



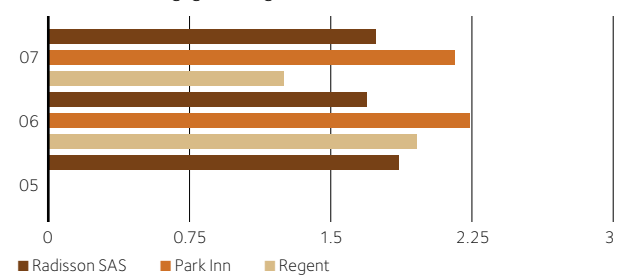
Water

Litres/guest night



Waste

Residual waste, kg/guest night



The prestigious International Star Diamond Award was received by the General Manager of The Regent Zagreb, Jorgen Jorgensen (to the right).

“And the winner is...”

Rezidor has a tradition of scooping up awards and showcasing its top position in all categories. 2007 was no exception.

The most prestigious award of 2007 undoubtedly came from J.D. Power, honouring Radisson SAS and Park Inn for top scores in the 2007 European Guest Satisfaction Index (see page 10).

Radisson SAS won another important award – “Best Hotel Chain in the Nordics” by BDRG (BDRG’s Hotel Guest Survey) – for the fourth year running. And in Norway, Radisson SAS became the first brand ever to win both the “Best Hotel Chain in Norway” and “Best International Hotel Chain” titles at the Annual Grand Travel Awards, organised by the travel trade magazine, Travel News, in January. The Nordic Business Travel Award, by the Nordic Business Travel Barometer 2007, also named Radisson SAS as the “Best Hotel Chain”.

In the UK, the largest association of independent travel agents, Advantage, cited Rezidor as “Best Hotel Chain” at their annual awards.

Some other Rezidor awards during the year

Radisson SAS

- Radisson SAS Hotel & Spa, Galway won Best Business Hotel at the Hospitality Ireland Awards 2007.
- Radisson SAS was awarded Top 5 Hotel Chains in the Middle East by the Business Travellers Awards.
- In November 2007, the Radisson SAS Golden Sands Resort & Spa, Malta won a Gold Award for Built Projects at the International Awards for Liveable Communities which are endorsed by the United Nations Environment Programme and are the world’s only Awards focussing on Best Practice regarding the management of the local environment.

Park Inn

- In September 2007, Park Inn Ekaterinenburg was awarded the Best Hotel in the City at the International Tourism Day.
- The Radisson SAS Resort in Sharm El Sheikh as well as Park Inn Sharm el Sheikh Resort received in April 2007 the Travelife Gold Award from First Choice Holidays and Flights PLC for leading the way with cutting edge practice in environmental management and community support.

Regent

- Wolfgang Nitschke, General Manager of The Regent Berlin, was awarded Best GM of 2007 by Worldwide Hospitality Awards (see page 14).
- The Regent Esplanade, Zagreb was ranked 34th on the list of the 100 best hotels in the world in the most recent edition of the international travel magazine Condé Nast Traveller.
- The American Academy of Hospitality Services handed over the prestigious International Star Diamond Award to the Regent Esplanade Zagreb – the first hotel in Croatia to be awarded with this emblem of achievement.

Food & Beverage

- In November 2007, Christian Lohse, Chef de Cuisine at “Fischers Fritz” at The Regent Berlin was awarded with his second star Michelin (see page 14).
- Filini Bar & Restaurant won the Gold Standard Italian Restaurant Award 2007 for its outstanding authentic cuisine and dining experience.
- Radisson SAS Hotel, Dubai Deira Creek and Radisson SAS Hotel, Dubai Media City, scooped five awards at Time Out Dubai’s second Annual Restaurant Awards.

(See all awards of The Rezidor Hotel Group 2007 on www.rezidor.com)

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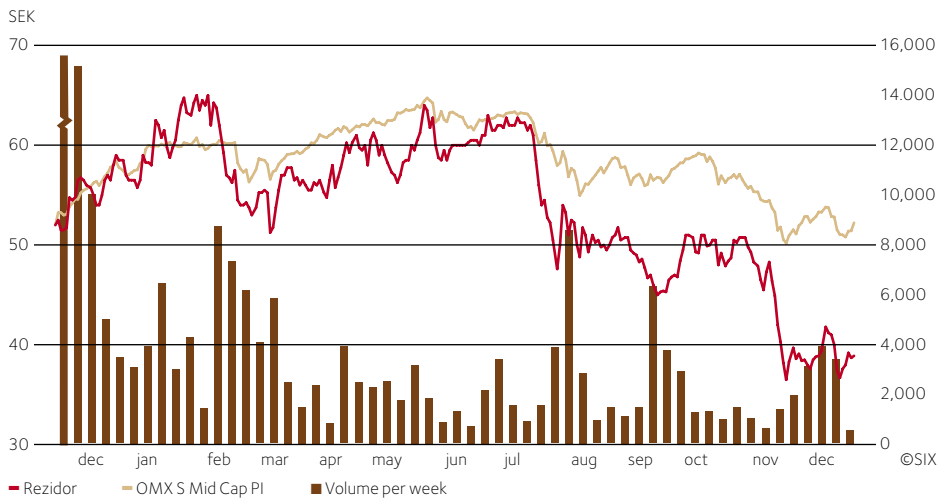


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Share development



The Rezidor Share

The Rezidor Hotel Group AB was listed on the Stockholm Stock Exchange's Nordic list on November 28th, 2006. The initial share price was determined through a book-building process among institutional investors to SEK 52 per share. Rezidor is quoted in the Mid Cap segment and is included in the Consumer Discretionary sector.

At the time of the listing, SAS Group sold most of its shareholding in the compa-

ny and thereby decreased its holding from 75% to 6.7%. The Carlson Companies, that previously had an ownership of 25%, purchased an additional 10% from SAS Group in connection with the listing, at IPO price. On May 25th, 2007, SAS Group announced the sale of its remaining 6.7% stake in Rezidor to Carlson Companies. On 31st December 2007, the Carlson Companies was the largest shareholder in Rezidor with 41.7% of the

share capital. No other shareholder held more than 10% of the shares.

Share Development

Even though the hotel market showed a continued strong growth throughout 2007, the share price of most international hotel companies performed poorly during the year. This was mainly due to the market in general, accelerated by fears of a U.S. recession that could spread to other global economies.

The graph sets forth the development of Rezidor's share price during the period from November 28th, 2006 to December 28th, 2007. Following the initial public offering, the share price rose to an all-time high of SEK 65 on February 7th, 2007. This was followed by a downturn to a low of SEK 51.25 on March 14th, 2007. From this date, the share price strengthened until the second half of 2007 when

there was a renewed downturn.

Rezidor's shares closed on December 28th, 2007 at SEK 38.9, 25% below the issue price of SEK 52.

In comparison, the OMX Stockholm Mid Cap index was flat, showing a growth of 0.5% during the period from November 28th 2006 to December 28th 2007 and the Dow Jones STOXX 600 Travel & Leisure decreased by 16.5% during 2007.

Turnover¹

During 2007, a total of 145 million Rezidor shares were traded on the Nordic Exchange, equivalent to approximately 96.4% of outstanding shares. The shares were sold at a total value of SEK 7,869 million on average 578,633 Rezidor shares were sold per trading day during the fiscal year.

Dividend Policy

The Board's dividend policy is that approximately one third of the annual after-tax income should be distributed to the shareholders. The size of future dividends will be determined according to Rezidor's long-term growth, as well as its financial position in general. The Board of Directors' suggestion regarding dividend for 2007 amounts to EUR 0.10 (0.06) per share, corresponding to 32.6% (31.1) of profit after tax.

Share Capital

No new shares were issued in connection with the listing on the Stockholm Stock Exchange. Therefore, no new capital was brought into Rezidor.

The total amount of shares outstanding, excluding own shares held by the company,

at December 31st, 2007 was 148,977,040. There are no differences in classes of shares. Each owner of shares in the company is entitled to vote for the full amount of such shares at a general meeting, without any voting limitations. Shares held by the company, or any of its subsidiaries, do not entitle the owner to any of the rights associated with ownership of shares.

Neither the articles of association, nor any law, stipulate restrictions in the right to transfer shares from one owner to another. Nor is the company aware of any agreements between different shareholders that can impose such a restriction.

At December 31st, 2006 the share capital amounted to EUR 126,584, corresponding to 150,002,040 shares. At the AGM on 4th May, 2007, it was decided to increase the share capital through a bonus issue of EUR 9,873,416, resulting in a share capital of EUR 10,000,000. The increase of the share capital was made through a similar decrease of non-restricted equity. The number of shares remains the same after the bonus issue.

Share Related Incentive Programme

On May 4th, 2007, the AGM approved a long-term equity settled performance-based incentive programme to be offered to approximately 25 executives within the Group. The purpose of the programme is to offer a remuneration package to ensure that remuneration within the Group helps align executives with shareholder interests, that the proportion of remuneration linked

to company performance increases and that it encourages executive share ownership. In order to implement the performance based share programme, the Board of Directors was authorised by the AGM to decide on acquisitions of own shares on the Stock Exchange. The performance based share programme 2007 was based on no more than a total of 1,250,000 shares.

The programme was launched on June 15th, 2007, with a vesting period up to May 1st, 2010, and contains two different award elements; a bonus based award and a savings based award. The award is dependent on certain performance criteria, including growth in earnings per share and total shareholder return relative to a defined peer group.

Share Buy Back

At the AGM on 4th, May 2007, the Board of Directors was authorised to decide on acquisitions of the company's own shares on the Stockholm Stock Exchange until the AGM of 2008. The purpose of the authorisation is to use these shares in the share-based incentive programme approved at the same meeting and to give The Rezidor Hotel Group a more efficient capital structure. company greater financial flexibility. Until December 31st 2007, the company had bought back 1,025,000 shares, corresponding to 0.68% of the total shares issued. Rezidor paid an average weighted price of SEK 45 and the total amount paid, including commission, was EUR 4,911,463.

¹ Source: OMX AB (publ).

Key data per share, 2007

Market capitalisation per Dec 28 th , MSEK	5,835
No. of shares traded, million	145
No. of shares at year-end, million	150
Proposed dividend per share, EUR	0.10
Dividend percent of earnings after tax, %	32.6
Equity per share ¹ , EUR	1.35
Market price at year-end, SEK	38.9
Highest market price during the year, SEK	65.0
Lowest market price during the year, SEK	36.5
Earnings per share ² , EUR	0.31

¹ Based on number of ordinary shares at the end of the period, excluding own shares held by the Company.
² Before allocation to minority interest.

Highlights of the first year as a listed company



"We have seen an increasing interest from international sell side analysts at leading banks and brokers", says Per Blixt.

The Rezidor Hotel Group was listed on Stockholm Stock Exchange (OMX) on November 28th 2006. We talked to Per Blixt, Senior Vice President Corporate Communications and Investor Relations, about the ups and downs of the first year as a public company.

What was the brightest highlight of 2007?

There were many highlights, considering this was our maiden year on the market. But if I had to single something out, it would be the fact that we are coming across effectively with our key message: we're on target, with 20,000 new rooms in operation by 2009!

What was the biggest disappointment of 2007?

It must be that our share price performance did not reflect the fact that we're

on target when it comes to growth – as well improving our EBITDA margin and all the indicators behind it. Certainly, the stock market as a whole experienced a negative turn during the second half of 2007, and brokers in general have become more negative in their view on European stock. On top of that, Stockholm has been quite a volatile marketplace. As a young and small listed company, we have a disadvantage in a market situation like this.

How is the hotel sector performing worldwide?

Listed hotel companies worldwide have suffered worse share price development than the stock market on average. This is due the expectation that a downturn will hit the hospitality industry hard as, indeed, it has before when times got rough. However, the industry has

done very well throughout 2007. Europe still remains the No.1 choice for leisure and business travellers. And in 2007, Rezidor clearly outperformed a strong market with growing RevPAR in all geographic regions.

What have you done during the year in order to promote Rezidor's investment case?

We arranged a Capital Market Day in Berlin in December. In addition we have met over 450 people and 250 companies in more than 230 meetings – through one-on-one encounters and road shows. These activities have been partly about educating the investment community in the history, strengths, challenges and strategies of Rezidor, but they are also a very efficient way of listening to the market and understanding their concerns and priorities.

We do road shows systematically after releasing our quarterly results and this is a joint effort by Rezidor's key management team. It's hard work, which we expect to continue.

What issues are most difficult to handle in the investor dialogue?

As for most companies these days, it's about the cycle. Of course you should always be humble and respect the forces of a downturn. And we do. We are constantly trimming and evaluating the cost base, but, on top of that, the shareholders should remember that we are changing our business model towards more stable fee-based revenues with higher margins. Park Inn, as a more resilient mid-market brand, is a growing part of our portfolio and we are operating in 48 different countries, among which are some

of the most exiting emerging markets of the world. All of this helps in a downturn.

Which banks are publishing research on Rezidor at the moment?

Credit Suisse and SEB Enskilda have been following us from the IPO. In addition, we are now covered by Deutsche Bank and we have seen an increasing interest from international sell side analysts at leading banks and brokers.

So what is the big challenge from a shareholder perspective in 2008?

Staying on course. Do what we do best; growing our business, making guests and property owners happy. Deliver on our promises!

For the full report please see www.rezidor.com

Highlights from Corporate Governance Report 2007

Responsibility for the management and control of Rezidor Hotel Group AB is shared among the Board of Directors and the Chief Executive Officer. This is done in accordance with the Swedish Companies Act, along with other legislation, rules and regulations governing listed companies, including the Swedish Code of Corporate Governance, the Articles of Association and the Board's own internal control instruments.

Annual General Meeting

Shareholders can exercise their right to decide on the Company's business at General Meetings of Shareholders, which is Rezidor Hotel Group AB's highest decision-making body. The Rezidor Hotel Group AB's 2007 AGM was held at the Radisson SAS Royal Viking Hotel in Stockholm on May 4th, 2007. The AGM was attended by 121 shareholders, including proxies, representing 92,449,612 shares and votes. The decisions taken at the 2007 AGM can be found in the Annual Report available on www.rezidor.com.

Nominating committee

The responsibility of the Nominating Committee is to nominate the persons to be elected by the AGM as members of our Board of Directors. The Nominating Committee makes recommendations for the election of members to the Board of Directors and recommendations regarding the allocation of remuneration among the Chairman and other members of our Board of Directors and regarding the allocation of remuneration in respect of committee work, if any. Such recommendations are presented at the AGM. The Nominating Committee also makes recommendations regarding the appointment of auditors, when applicable, and remuneration of the auditors. The Nominating Committee shall also make a recommendation regarding the procedure to be used in appointing members of the Nominating Committee for the following year.

Representatives for the Nominating Committee for the 2008 AGM	Represents	Position
William Van Brunt	Carlson Companies	Chairman
Brian Meyer	Fir Tree Funds	Member
Peter Rudman	Nordea Investment Funds	Member

The Board of Directors

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for the organisation and the management of a company. The Articles of Association provide that the Board of Directors shall be elected by the shareholders and consist of not less than three and not more than fifteen members. Further, under the Swedish Companies Act, the Chief Executive Officer and at least half of the members of the Board of Directors of a company must be residents of a country within the European Economic Area, unless the Swedish Companies Registration Office grants an exemption.

The Chairman of the Board

At the AGM of shareholders held on May 4th, 2007 Mr. Urban Jansson was elected Chairman of the Board of Directors. At the constituent meeting held by the Board of Directors im-

mediately after the AGM, the Board resolved to elect Mrs. Marilyn Carlson Nelson as Vice Chairman.

Members of the Board of Directors

Pursuant to our articles of association, our Board of Directors shall be elected at the AGM and serve for a term expiring at the next AGM. The members of the Board of Directors may be removed from office at any time by a General Meeting of the shareholders, and vacancies on the Board may only be filled by a resolution of shareholders.

Board members

Urban Jansson	Chairman
Marilyn Carlson Nelson	Vice Chairman
Göte Dahlin	Member
Harald Einsmann	Member
Ulla Litzén	Member
Trudy Rautio	Member
Barry W. Wilson	Member
Jay S. Witzel	Member
Benny Zakrisson	Member

Independence of Board members

None of the members of the Board of Directors are employed by Rezidor or any other company within the Group. Based on the current version of the Swedish Code of Corporate Governance, the following assessment of the independence of the members of the Board is made.

Board member	Elected	Born	Nationality	Independent of the company and its management	Independent of the company's major owners
Urban Jansson	2006	1945	Swedish	Yes	Yes
Marilyn Carlson Nelson	2006	1939	American	No	No
Göte Dahlin	2007	1941	Swedish	Yes	Yes
Harald Einsmann	2006	1934	German	Yes	No
Ulla Litzén	2006	1956	Swedish	Yes	Yes
Trudy Rautio	2005	1952	American	No	No
Barry W. Wilson	2007	1944	British	Yes	Yes
Jay S. Witzel	2005	1947	American	No	No
Benny Zakrisson	2005	1959	Swedish	Yes	Yes

Audit Committee

The Audit Committee is responsible for ensuring the quality of the financial and operational reporting. The Audit Committee also evaluates the procedures for internal control and management of financial and operational risks and meets with the auditors with regular intervals in order to inform itself of the objectives and scope for the external audit, evaluates the external "auditor's" work and performance, including the extent of the auditors possible non-audit related work for Rezidor, and assists the Nomination Committee in preparing proposals for election of auditors and the remuneration of the auditing work.

Compensation Committee

The Compensation Committee is responsible for preparing matters concerning compensation and other employment ben-

efits for the Management and key officers of the group, for final resolution by our Board of Directors. The Compensation Committee also participates in the preparation of proposals for the adoption of any share- or option-based incentive programmes within the Group.

Finance Committee

The Board decided at the constituent meeting on May 4th, 2007 to establish an additional committee, the Finance Committee which shall consist of at least three members of the Board of Directors. The Finance Committee analyses financial risks and also works with operational risks, insurance, compliance and security issues. No decision making power has been bestowed on the Finance Committee. There is no remuneration for the members of the Finance Committee.

The Executive Committee

In consultation with the Chairman of the Board, the CEO prepares necessary information and basic documentation on the basis of which the Board can make well-founded decisions. He presents matters and motivates proposed decisions, as well as reporting to the Board on the development of the Company. The CEO is responsible for leading the work conducted by the Executive Committee and renders decisions in consultation with the other members of the Executive Committee, which consists of a total of eleven persons (including the CEO).

Area Vice Presidents

We have structured our operational responsibility according to five regions, where the AVPs have Regional and/or Directors reporting to them.

Name	Year of employment	Year of appointment	Position
Thorsten Kirschke	1995	2002	Acting Area Vice President UK, Ireland and France
Christian Gartmann	1967	2003	Area Vice President Nordic, Tunisia and Poland
Jörg Schiffmann	2002	2007	Area Vice President Germany, Switzerland, Austria, Italy and Southeast Europe
Michel Stalport	1993	2006	Area Vice President Russia, other CIS countries, Baltics, Turkey and China
Jean-Marc Busato	2002	2002	Area Vice President the Middle East and Africa



Marianne Ruhngård, Senior Vice President and General Counsel and Secretary to the Board.

5Q&A:s Urban Jansson, Chairman of the Board of The Rezidor Hotel Group



You are a member of many boards of directors; what distinguishes the work of the Rezidor Board from that of other companies?

Rezidor runs a global service operation – and this creates special conditions for the Board's work. We must have an understanding of how the company's business logic and drive will function in a broad international context. So, it is valuable to have an international Board of Directors with members from the US, Europe and the Nordic region.

Soft variables are incredibly important in an operation like ours. To a large extent, the company works with people's experiences and perceptions. As a result, our Board members also need to have a deep understanding of all areas relating to communication. Additionally, I think the Board is very strong from a competence perspective; we have extensive experience with consumers and business-to-business. When looking at the Board's composition, it's

important to remember that we are a listed company, which is why financial expertise, along with stock market experience is also well represented.

What work has the Board carried out during Rezidor's first year as a listed company?

Much of the work, of course, focussed on adjusting governance, reporting and control routines to meet the formal requirements and on establishing a structure for the Board's work. Committee work has been extremely intense. The Board's working methods are based on the Scandinavian model, with its tradition of Boards being entirely non-executive. We are listed in Stockholm, so we follow the Swedish codes and practice.

How would you describe the interface between the Board and management?

The division between the Board and management has probably become clearer since Rezidor

became an independent company. We now have a Board of Directors that is recruited into the hospitality business as a core operation. And the core business is very clear. Running a hotel in Johannesburg or in Stockholm is essentially the same; it is a "glocal" operation that largely faces identical issues in every location. This means that we, as Board members, deal primarily with setting goals and policy issues, and not with individual business cases. Naturally, we are involved in major transactions and important branding issues, but our principal task is to provide overall support and monitor management in their work. This is particularly true in the case of stock market exposure, which is, after all, a new playing field for the company and management.

I think that we have found an excellent structure for how we will divide decisions between the Board and management. All of this builds on the fact that we have a strong and experienced

management, in whom we have the utmost confidence.

How would you describe the interface between the Board and the owners?

Our shareholder structure differs from a normal Swedish listed company; in addition to the principal owner, Carlson, hedge funds and other institutional owners outside Sweden dominate the shareholder structure. The proportion of Swedish owners is considerably smaller than the average for Swedish listed companies.

As the Board of Directors, we naturally represent all of the company's owners and pursue the interests of all shareholders. Everyone is aware of this, particularly the representatives from Carlson. Because Rezidor has an extensive business relationship with Carlson Hotels Worldwide, it is crucial that we handle all issues that may involve a conflict of interest in a professional manner.

As a company, Carlson is

industrially managed and has extensive industry experience. This adds value to Rezidor. Carlson is the brand owner and has a long-term commitment to the company, which is incredibly valuable.

What are your views on shareholder value within Rezidor?

Our investment case is mainly a case of growth and how we deliver on both our top and bottom line growth targets.

As a newly listed company, we have to embark on a journey to establish confidence – in our goals, our plans and our ability to deliver. External analyses show that we are currently valued at a discount. We cannot control market valuation – we can only demonstrate that we deliver on our short – and long-term goals. However, as a Board, we naturally cannot forget our obligation to create long-term shareholder value. We must address the issue very seriously – and our best response is to deliver.

"I think the Board is very strong from a competence perspective; we have extensive experience with consumers and business-to-business", says Urban Jansson.



We promise, we deliver

Each year, the Board of Directors establishes a formal work plan clarifying the Board's responsibilities. The work plan regulates the internal division of duties between the Board and its committees, including the role of the Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as Board work on accounting, auditing matters and financial reporting.

According to current rules of procedures adopted by the Board, the Board must convene at least four times a year, in addition to the statutory Board meeting, and otherwise as necessary. In 2007 the Board held 11 meetings. Four of the Board meetings are coordinated with the dates of the presentation of the external financial reports. Additionally, in 2007, the Board attended a two-day meeting on strategic issues. Audit related matters have been addressed as a special item during a Board meeting at least once per year and in conjunction therewith; the Board meet with the company auditor without the Chief Executive Officer or any other member of management being present. During 2007 the Board has been working in accordance with the described working procedures. The main activities were as follows:

- Keeping informed about the financial position of the Company and the Group
- Adopting a business plan
- Evaluating internal control
- Discussing and approving of certain hotel projects meeting defined criteria
- Development strategy and monitoring of growth target fulfilment
- Brand strategies
- Investor relations matters, communication policy & press communications
- Design and implementation of a share based long term incentive plan for key management
- Adopting a sales and marketing plan
- Deciding upon the purchase of the Company's own shares



Board of Directors



Urban Jansson
Chairman of the Board



Marilyn Carlson Nelson
Vice Chairman of the Board



Dr Harald Eismann
Member of the Board



Ulla Litzén
Member of the Board



Trudy Rautio
Member of the Board



Jay S. Witzel
Member of the Board



Benny Zakrisson
Member of the Board



Barry W. Wilson
Member of the Board



Göte Dahlin
Member of the Board

Executive Management



Kurt Ritter
President & CEO



Knut Kleiven
Deputy President & CFO



Thorsten Kirschke
Senior VP & COO Radisson SAS and Regent



Gordon McKinnon
Executive VP Brands



Puneet Chhatwal
Senior VP & Chief Development Officer



Beathe-Jeanette Lunde
Senior VP People Development & Radisson SAS Franchise Operations



Marianne Ruhngård
Senior VP & General Counsel and Secretary to the Board



Olivier Jacquin
Senior VP Sales, Marketing & Distribution



Jacques Dubois
Senior VP & COO Park Inn and Country Inns & Suites



Per Blixt
Senior VP Corporate Communications & Investors Relations



Eugène P.E. Staal
Vice President Technical Development

Consolidated Statements of Operations

TEUR (except for share related data)	As of December 31	
	2007	2006
Revenue	785,241	707,319
Costs of goods sold F&B and other related expenses	-61,133	-54,806
Personnel cost and contract labour	-265,800	-246,714
Other operating expenses	-166,015	-154,646
Insurance of properties and property tax	-11,754	-12,376
Operating profit before rental expense and share of income in associates and before depreciation and amortisation and gain on sale of shares and of tangible assets (EBITDAR)	280,539	238,777
Rental expense	-200,252	-183,092
Share of income in associates and joint ventures	6,219	5,296
IPO related expenses	-	-4,392
Operating profit before depreciation and amortisation and gain on sale of shares and tangible assets (EBITDA)	86,506	56,589
Depreciation and amortisation expense	-24,353	-21,884
Gain on sale of shares and tangible assets	1,070	-
Operating profit (EBIT)	63,223	34,705
Financial income	5,198	2,111
Financial expense	-4,540	-4,359
Profit before tax	63,881	32,457
Income tax	-18,165	-3,488
Profit for the year	45,716	28,969
Attributable to:		
Equity holders of the parent	45,716	20,719
Minority interest	-	8,250
Weighted average number of ordinary shares outstanding during the period	149,836,224	149,979,887
Earnings per share (EUR)		
Basic and diluted before allocation to minority interest	0.31	0.19

Revenue consists mainly of sales done in owned and leased hotels and fees from the hotel activities, including management and franchise fees. Revenue for 2007 totalled MEUR 785.2, an increase of 11.0% compared to 707.3 reported in 2006. Of total Revenue, Room Revenue contributed with MEUR 439.1, F&B Revenue with MEUR 231.9, Fee Revenue with MEUR 78.5 and Other Revenue with MEUR 35.8

EBITDA amounted to MEUR 86.5 (61.0 pre IPO costs), and EBITDA margin was 11.0% (8.6). The robust increase in EBITDA margin was mainly due to a continued strong RevPAR development, growth in revenue fees from managed properties and improved margins at hotels in their ramp-up phase. EBITDA was positively affected by exceptional items amounting to MEUR 3.0. Adjusted EBITDA and EBITDA margin was MEUR 83.5 and 10.6%.

Profit after tax increased by 58% to MEUR 45.7 (29.0) and Earnings per share amounted to eur 0.31 (0.19).

Consolidated Balance Sheet Statements

TEUR	As of December 31	
	2007	2006
Assets		
Non-current assets		
<i>Intangible assets</i>		
Goodwill	12,628	12,218
Licenses	52,446	53,652
Other intangible assets	12,706	11,312
	77,780	77,182
<i>Tangible assets</i>		
Fixed installations in leased properties	37,896	27,638
Machinery and equipment	61,121	52,261
Investments in progress	8,849	7,684
	107,866	87,583
<i>Financial assets</i>		
Investments in associated companies	4,554	4,354
Investments in joint ventures	3,269	7,963
Other shares and participations	10,411	15,088
Pension funds, net	13,679	12,553
Other long-term interest-bearing receivables	10,416	11,594
Other long-term non-interest-bearing receivables	1,456	2,488
	43,785	54,040
Deferred tax asset	21,758	26,964
	251,189	245,769
Current assets		
Inventories	5,724	5,297
Accounts receivable	56,059	51,309
Current tax assets	281	995
Other current interest-bearing receivables	1,812	2,876
Other current non-interest-bearing receivables	42,723	41,884
Other short term investments	3,421	3,518
	110,020	105,879
Cash and cash equivalents	51,389	50,975
	161,409	156,854
Total assets	412,598	402,623
Equity And Liabilities		
Capital and reserves		
Share capital	10,000	127
Translation reserves	13,635	20,578
Other paid in capital	135,105	153,978
Retained earnings including profit for the year	42,522	1,482
Equity attributable to equity holders of the parent	201,262	176,165
Minority interest	215	215
Total equity	201,477	176,380
Non-current liabilities		
Deferred tax liabilities	25,447	15,749
Retirement benefit obligations	1,388	1,325
Provisions	488	330
Other long-term interest-bearing liabilities	87	57
Other long-term non-interest-bearing liabilities	430	0
	27,840	17,461
Current liabilities		
Accounts payable	37,430	35,858
Current tax liabilities	7,604	10,054
Liabilities to financial institutions	31,573	47,603
Other current interest-bearing liabilities	0	16,814
Other current non-interest-bearing liabilities	106,674	98,454
	183,281	208,782
Total liabilities	211,121	226,243
Total equity and liabilities	412,598	402,623

Tangible assets at the end of 2007 were MEUR 107.9 compared to MEUR 87.6 MEUR at the end of 2006. The increase was primarily due to renovation works at several leased hotels. Additionally, investments related to increase in number of rooms and other facilities in three hotels in Norway and one in the UK accounted for part of the change in tangible assets.

Financial Assets decreased from MEUR 54.0 at the end of 2006 to MEUR 43.8 at the end of 2007, was mainly due to three factors: the sale of our shares previously held in one of our participations available for sale, exchange difference effect related to the translation of foreign entities and the fact that our business in Middle East is now a fully owned subsidiary and not reported as shares in joint ventures.

Compared to 2006, total equity at the end of 2007 went up by MEUR 25.1, to MEUR 201.5. Following the decision at the AGM on 4th May 2007, the share capital was increased by MEUR 9.9 through a bonus issue, which reduced other paid in capital with the same amount. The other changes in total equity were mainly due to the impact of: the distribution of dividends to the shareholders amounting to MEUR 9.0, the share buy-back amounting to MEUR 4.9, negative translation differences of the period amounting to MEUR 6.9 and the net profit for the period amounting to MEUR 45.7.

Consolidated Statements of Cash Flows in brief

TEUR	As of December 31	
	2007	2006
Operating profit	63,223	34,705
Non cash items	10,482	15,379
Interest, taxes paid and other cash items	-3,593	-7,489
Change in working capital	5,555	-1,497
Cash flow from operating activities	75,667	41,098
Purchase of other intangible assets	-3,259	-3,246
Purchase of tangible assets	-42,566	-29,371
Other investments/divestments	16,942	14,169
Cash flow from investing activities	-28,883	-18,448
External financing, net	-32,384	4,914
New share issue	-	27
Share buy back	-4,911	-
Dividends paid	-9,000	-
Cash flow from financing activities	-46,295	4,941
Effects of exchange rate changes on cash and cash equivalents	-75	-130
Cash flow for the period	414	27,461
Cash and cash equivalents at beginning of the period	50,975	23,514
Cash and cash equivalents at end of the period	51,389	50,975

Net cash flow from operating activities significantly improved from MEUR 41.1 at the end of 2006 to MEUR 75.7 at the end 2007, due to the increase of the operating profit. Cash flow per share from operating activities increased by 85% to eur 0.50 (0.27).

Net cash flow from financing activities changed mainly due to full repayment of a bank loan of MEUR 16.8 and some of the credit facilities amounting to MEUR 16.0. The payment for the share buy back plan (meur 4.9) and the distribution of dividends to shareholders (meur 9.0) also account for the change in the cash flow from financing activities.

At the end of December 07, Rezidor had MEUR 51.4 in cash and cash equivalents, which together with unutilized credit facilities gives a total available liquidity of MEUR 147.1.

Statement of the Board of Directors on the Proposed Dividend

Proposed allocation on non-restricted reserves, available in the parent company, EUR

The following amount is at the disposal of the AGM:

Share premium reserve	212,099,878
Loss brought forward	-4,893,499
Loss for the year	-1,887,090
Total	205,319,289

The Board of Directors propose that the amount be allocated as follows:

Dividend of EUR 0.10 per share to shareholders	14,843,744
Share premium reserve brought forward	197,256,134
Loss brought forward	-6,780,589
Total	205,319,289

The dividend is based on the total number of shares outstanding as at March 12, 2008, i.e. 148,437,440. The final dividend is subject to changes in the number of shares outstanding after share buy-back.

Statement according to Ch 18 § 4 of the Companies Act

The proposed dividend will reduce the equity ratio of the

company to 78.6%, and the group's equity ratio to 45.2%, which is reassuring considering that the operations since the end of the financial year have been conducted profitably. The Board is of the opinion that the liquidity of the company as well as of the group may be kept at a reassuring level. Taking into consideration the relationship between assets, liabilities and equity, both in the company and in the group, and in consideration of the profit forecasts and investment needs as per today, we are thus of the opinion that the proposed dividend can be justified in view of the demands placed by the nature, extent and risk of the operations on the amount of equity. The proposed dividend is also justifiable in consideration of the consolidation needs, liquidity and position taken as a whole, both in the company and in the group. The dividend does not affect the company's ability to fulfil its long- and short-term obligations or to carry out necessary investments. The opinion of the Board of directors is furthermore that the company's and the group's financial position in consideration of the proposed dividend is secure for the creditors. The Board of directors cannot find any other circumstances that would

suggest that the dividend cannot be made according to the Board's proposal.

Group equity includes a fair value adjustment of other shares and participations amounting to Euro 3 million, equivalent to 1.5% of group equity. The adjustment is in accordance with the Swedish Annual Accounts Act 4 Chapter 14a§ and was recorded in net income as of December 31, 2005.

Financial Calendar

The dates for the Rezidor Hotel Group's Interim Reports in 2008 are as follows:

Interim Report January – March 2008 23 April 2008
Interim Report April – June 2008.....24 July 2008
Interim Report

July – September 2008.....3 November 2008
The dates of the publications can be changed. For precise dates, please see www.rezidor.com under Investors/Calendar.

“ WELCOME
to our Annual General Meeting ”



THE
REZIDOR
HOTEL GROUP

On April 23, The Rezidor Hotel Group has the pleasure of welcoming our shareholders to attending the Annual General Meeting of 2008.

Place: The Radisson SAS Royal Viking Hotel in Stockholm
Time: at 10.00, April 23, 2008

All shareholders who wish to participate must be registered as shareholders in the VPC register, on 17 April 2008, i.e. five days prior to the meeting, and Rezidor must also be notified of their intention of attending no later than 16.00 CET on 17 April 2008.

Shareholders whose shares are registered in the name of a nominee through the trust department of a bank or a similar institution must, in order to be entitled to participate in the Annual General Meeting, request that their shares are temporarily re-registered in their own names in the register of shareholders maintained by VPC. This must be effected before 17 April 2008.

Nominating Committee
The Nominating Committee for the Annual General Meeting on April 23rd, 2008 consists of Mr. William Van Brunt, as Chairman, representing the Carlson Companies, Mr. Brian Meyer representing Fir Tree Funds and Mr. Peter Rudman representing Nordea Investment Funds.

The official announcement of the Annual General Meeting was published in the official Swedish publication, Post- och Inrikes Tidningar and in the daily paper Svenska Dagbladet on 20 March 2008.
For more information, also see www.rezidor.com.

<h1>+11.0%</h1> <p>Revenue increased by 11.0% to MEUR 785.2 (707.3) due to improved market conditions, a successful growth strategy and an active management of the hotel portfolio.</p>	<h1>20,000</h1> <p>Rezidor is on target of adding 20,000 new rooms to operation by the end of 2009, of which 95% was secured by the end of 2007.</p>	<h1>+41.8%</h1> <p>EBITDA improved by 41.8% to MEUR 86.5 (61.0 before IPO costs), resulting in an increase of 240 bps point to 11.0% in EBITDA margin.</p>
<h1>76.5</h1> <p>Total RevPAR, for leased and managed hotels, went up by 6.7% to EUR 76.5 (71.7) and occupancy rate was 69.7% (69.1). The like-for-like RevPAR rose by 8.9% to EUR 79.6 (73.1) and occupancy was 70.6% (69.4).</p>	<h1>45.7</h1> <p>Profit after tax amounted to MEUR 45.7 (29.0). Earnings per share was EUR 0.31 (0.19) and equity per share EUR 1.35 (1.18).</p>	<h1>+32.6%</h1> <p>The Board is proposing a dividend of EUR 0.10 per share, corresponding to 32.6% of profit after tax.</p>

For the full Board of Directors' Report please see www.rezidor.com

Summary of the Year 2007

Global Market Development

2007 was a good year for the hotel industry. RevPAR for the first-class and the mid-market hotels in Europe grew by 6.1% and 6.7% respectively (both mainly driven by average house rate, AHR). In the Middle East, RevPAR for the first-class and the mid-market hotels noted a growth rate of 7.4% (mainly driven by occupancy) and 3.2% respectively (driven by occupancy). The growth in the Middle East was negatively affected by the weakening of the US Dollar versus the Euro.

Rezidor RevPAR Development 2007

Like-for-like RevPAR continued to show strong growth in 2007. All of Rezidor's geographic segments marked an increase in like-for-like RevPAR ranging from 8% to 11%. Rezidor continued to strengthen its presence in the mid-market segment through the Park Inn brand. Despite an increasing share of mid-market hotels, Rezidor witnessed a good overall RevPAR growth, with the Middle East, Africa & Other leading all the geographic segments with 18% RevPAR growth.

RevPAR like-for-like

	2007	2006	Variance
Radisson SAS	84,4	77,5	8,9
Park Inn	51,1	47,7	7,1
Rezidor	79,6	73,1	8,9

The Nordic Region

The Nordic Region has been a stable market with strong RevPAR growth. In terms of market profile, the Nordic Region is characterised by a large proportion of mid-market hotels and a high ratio of domestic demand. Another characteristic of the Nordic market is the high proportion of branded hotels.

In 2007, the Nordic Region demonstrated significant AHR growth in both first-class and mid-market hotels. The Nordic market recorded a RevPAR growth of about 9.4% for first-class hotels and 9.8% for mid-market hotels.

Rezidor reported a like-for-like RevPAR growth in the

Nordic region of 11.2%, which was above the market average. In Norway, Sweden and Denmark, like-for-like RevPAR grew by 12.7%, 11.7% and 6.3% respectively.

Rest of Western Europe

Western Europe is the largest tourism market in the world as well as the most diversified. The hotel market in Western Europe is typically a mature market with a considerable number of international and domestic hotel operators competing for market share.

Capital cities in Western Europe have seen strong increases in demand in the past four years. Growth in supply is constrained due to a lack of available sites and relatively high prices.

RevPAR growth was negatively impacted in 2007 compared to 2006 when Germany hosted the Soccer World Cup which had a positive RevPAR effect. Despite the foregoing negative impact, RevPAR in the region marked growth rates of 5.7% and 5.9%, both rate driven, for first-class and mid-market segments respectively. In the first-class segment, the UK led the RevPAR growth (6.8%), followed by Benelux (5.6%) and Germany (0.9%). In the mid-market segment, Benelux held the leading position in RevPAR growth (8.9%), followed by the UK (5.5%) and Germany (3.7%).

Rezidor noted a like-for-like RevPAR growth rate of 7.5% in 2007, which was above market average. In France, Benelux, Germany and the UK, like-for-like RevPAR grew by 15.8%, 8.8%, 5.9% and 5.3% respectively.

Eastern Europe including the CIS countries

Eastern Europe is considered to be an emerging market that enjoys positive fast growth in terms of both supply and demand. The positive trend in the Eastern Europe, Russia and other CIS countries tourism market is largely due to increasing political and economic stability, aided by the enlargement of the European Union. A major factor contributing to a strong rise in demand are the "open skies" policies implemented after the accession to the European Union in many Eastern Europe countries after long periods of state-owned airlines and restricted air access.

RevPAR for the first-class segment (including Russia &

the other CIS) saw a growth of 6.6%, driven by rate. RevPAR for the mid-market segment (excluding Russia & the other CIS) had a growth of 5.1%, driven by both rate and occupancy.

Rezidor noted a like-for-like RevPAR growth rate of 8.4% in 2007, which was above market average.

The Middle East, Africa and Other

Average levels of occupancy and AHR in the Middle East have largely been on the increase in most markets since 2004 due to recovery in demand following a decline in the level of political instability in the region. With local economies surging and high accommodation demand, occupancy and RevPAR have risen strongly in the last few years.

Euro denominated RevPAR in the Middle East was negatively affected due to weakening of the US Dollar during the period. Despite the currency effects, RevPAR for the first-class segment grew by 7.4%, while the mid-market segment increased by 3.2%. Rand denominated RevPAR in South Africa saw very strong increases of 17.3% and 15.6% in the first-class and the mid-market segments respectively.

Rezidor noted a healthy like-for-like RevPAR growth rate of 10.4% in 2007, which was above market average.

Source: HVS International World Travel & Tourism Council and Deloitte HotelBenchmark Survey.

Share Buy Back

At the AGM on 4th, May 2007, the Board of Directors was authorised to decide on acquisitions of the company's own shares on the Stockholm Stock Exchange until the AGM of 2008. The purpose of the authorisation is to use these shares in the share-based incentive programme approved at the same meeting and to give the Rezidor Hotel Group a more efficient capital structure. Until December 31st 2007, the company had bought back 1,025,000 shares, corresponding to 0.68% of the total shares issued. Rezidor paid an average weighted price of SEK 45 and the total amount paid, including commission, was EUR 4,911,463.

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