

REZIDOR HOTEL GROUP AB (publ)

FINANCIAL REPORT 1st JANUARY – 30th SEPTEMBER 2007

THIRD QUARTER 2007
<ul style="list-style-type: none"> Revenue increased by 11.6% to MEUR 201.0 (180.0). EBITDA amounted to MEUR 25.9 (18.6), an increase of 39.2%, and EBITDA margin was 12.9% (10.4). Profit after tax of MEUR 15.1 (9.8). Basic Earnings Per Share amounted to EUR 0.10 (0.07)¹⁾ RevPAR Like-for-Like (for leased and managed hotels) up by 10.9% to EUR 82.6 (74.5), and occupancy was 76.0% (74.5). RevPAR total (for leased and managed hotels) up by 9.3% to EUR 81.3 (74.4), and occupancy was 76.0% (74.4).

NINE-MONTHS ENDING SEPTEMBER 2007
<ul style="list-style-type: none"> Revenue increased by 9.6% to MEUR 571.9 (521.9). EBITDA amounted to MEUR 58.1 (43.6), an increase of 33.2%, and EBITDA margin was 10.2% (8.4). Profit after tax of MEUR 29.0 (20.2). Basic Earnings Per Share amounted to EUR 0.19 (0.13)¹⁾ RevPAR Like-for-Like (for leased and managed hotels) up by 8.6% to EUR 79.6 (73.3), and occupancy was 71.1% (69.8). RevPAR total (for leased and managed hotels) up by 5.8% to EUR 76.7 (72.5), and occupancy was 70.5% (69.8).

OTHER HIGHLIGHTS
<ul style="list-style-type: none"> In the quarter, Rezidor added 544 rooms into operations. Year-to-date, 4,053 rooms were added to operations. 70% of those rooms were under management contracts. The Park Inn portfolio reached 100 hotels. At the end of the quarter, Rezidor had 68 Park Inn Hotels in operation and 32 under development (total of 17,455 rooms). During Q3 07, Rezidor signed contracts for over 1,600 rooms. 87% of those rooms were under management agreements. As part of the expansion plans in Eastern Europe, contracts were signed for two Park Inn hotels in Czech Republic and one contract for a Radisson Resort in Romania – all to be opened during 2009. Further building on the Park Inn brand in the Middle East, Rezidor signed a contract for a 221-room Park Inn in Saudi Arabia. Also building on its presence in Africa, Rezidor signed a Radisson hotel in Mali. Rezidor sold the minority share in the company owning the Radisson SAS Hotel Tallinn, Estonia, resulting in a capital gain of MEUR 3.2. The management agreement was not affected by the sale and retained on unchanged terms and conditions. Radisson SAS and Park Inn rank highest in guest satisfaction in the 2007 European Guest Satisfaction Index published in October by J.D. Power and Associates.

CEO STATEMENT
<p>"We have outperformed an already strong market and our RevPAR grew in all geographic regions. The improvement in EBITDA margin was led by strong RevPAR growth, which was driven by rate and increased occupancy, rising contribution from hotels in their ramp up phase, and a gradual shift in our business model towards more fee based revenues.</p> <p>We are continuing to grow our hotel pipeline in the attractive mid-market segment, and have signed our 100th Park Inn in September. In total, we have secured 85% of our 20,000 room target, and feel confident of achieving it by the end of 2009."</p> <p>Kurt Ritter, President & CEO</p>

Note:

- 1) The calculation of Earnings Per Share is based on average number of ordinary shares outstanding during the period (please also refer to Consolidated Income Statement presented on page 15).

1. KEY FIGURES

	JUL-SEP 2007	JUL-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-DEC 2006
SELECTED FINANCIAL DATA (TEUR, except indicated otherwise)					
Revenue	200,979	180,025	571,945	521,929	707,319
EBITDAR	74,867	62,939	203,711	174,121	238,777
EBITDA	25,861	18,636	58,113	43,634	60,981 ⁽¹⁾
EBIT	19,579	13,253	40,265	27,904	34,705
Financial income and expense, net	2,674	(409)	1,005	(1,931)	(2,248)
Profit after Tax	15,104	9,832	28,989	20,177	28,969
Total equity ⁽²⁾ (at the end of the period)	195,701	169,694	195,701	169,694	176,380
Balance sheet total (at the end of the period)	420,114	390,886	420,114	390,886	402,623
Total investments (only intangible and tangible assets)	6,268	12,955	33,831	27,002	32,617
Average no of shares ⁽³⁾	149,848,227	149,975,456	149,950,580	149,975,456	149,979,887
Average no of shares after dilution ⁽³⁾	150,097,762	149,975,456	150,047,826	149,975,456	149,979,887
Earnings Per Share (EUR) ⁽⁴⁾	0.10	0.07	0.19	0.13	0.19
Equity Per Share (EUR) ⁽⁵⁾	n/a	n/a	1.30	1.13	1.18
SELECTED OPERATIONAL DATA					
RevPAR, EUR ⁽⁶⁾	81.3	74.4	76.7	72.5	71.7
Occupancy % ⁽⁶⁾	76.0%	74.4%	70.5%	69.8 %	69.1%
Number of Hotels ⁽⁷⁾ (at the end of the period)	309	272	309	272	279
Available Rooms (000) ⁽⁶⁾	3,382	3,068	9,836	8,737	11,855
Rooms sold (000) ⁽⁶⁾	2,571	2,282	6,934	6,096	8,194
Number of countries present ⁽⁸⁾ (at the end of the period)	48	47	48	47	47
Number of employees ⁽⁹⁾	6,063	5,828	5,959	6,164	5,919
SELECTED RATIOS					
EBITDAR Margin %	37.3%	35.0%	35.6%	33.4%	33.8%
EBITDA Margin %	12.9%	10.4%	10.2%	8.4%	8.6% ⁽¹⁾
EBIT Margin %	9.7%	7.4%	7.0%	5.4%	4.9%

Notes:

- (1) Before IPO related costs.
- (2) Including minority interest.
- (3) The number of shares represents weighted average number of ordinary shares outstanding during the period.
- (4) The Earnings Per Share is calculated before allocation of minority interest and this calculation is based on weighted average number of ordinary shares outstanding during the period.
- (5) The calculation of equity per share is based on number of ordinary shares at the end of the period.
- (6) Including leased and managed properties.
- (7) Of which 234 hotels were in operation at the end of Q3 07, and 226 were in operation at the end of Q3 06 (including franchised).
- (8) Including hotels in operation and under development.
- (9) For leased hotels and administration units, expressed in full time equivalents, as an average for the period.

2. MARKET DEVELOPMENT⁽¹⁾

Q3 07

RevPAR for the first-class and the mid-market hotels in **Europe** grew by 5.5% and 6.0% respectively (both driven by AHR). In **the Middle East**, RevPAR for the first-class and the mid-market hotels noted a growth rate of 5.9% (driven by both occupancy and rate) and 1.2% (occupancy driven) respectively. The low growth in the Middle East was due to weakening of the US Dollar versus the Euro. In USD terms, RevPAR growth in the region equated to 15.0% and 9.8% for the first-class and the mid-market segments respectively.

Most of the **key cities**, where Rezidor was present continued to report positive RevPAR growth – Stockholm (23.1%), Vienna (21.1%), Brussels (10.8%), Moscow (10.5%), London (6.6%), Frankfurt (5.8%), Warsaw (5.5%), Paris Central (5.2%), Amsterdam (3.1%), Copenhagen (2.4%), St. Petersburg (-2.9%) and Berlin (-4.3%), Muscat (33.3%), Sharm El-Sheikh (29.9%), Riyadh (20.7%), UAE Regional (10.2%), Jeddah (3.7%), Manama (3.1%), Dubai City Centre (1.6%) and Kuwait (-9.8%).

SEPTEMBER 07 YTD

RevPAR for the first-class and the mid-market hotels in **Europe** grew by 6.1% and 6.6% respectively (both driven by AHR). YTD RevPAR in **the Middle East** witnessed a similar pattern as in Q3 07, with the first-class segment marking an increase of 4.9% (equally driven by AHR and occupancy) and the mid-market segment noting a decline of 1.3%. As during Q3 07, the low growth/decline in the Middle East was due to weakening of the US Dollar versus the Euro. In USD terms, RevPAR growth in the region equated to 13.5% and 6.7% for the first-class and the mid-market segments respectively.

RevPAR growth rates during the first nine months of 2007 in some of the key cities were as follows: Moscow (14.7%), Warsaw (14.1%), Stockholm (13.3%), London (12.0%), Vienna (10.1%), Paris Central (9.0%), Brussels (8.0%), Copenhagen (4.8%), St. Petersburg (2.1%), Amsterdam (0.1%), Berlin (-0.3%), and Frankfurt (-4.7%). RevPAR in several Middle Eastern cities showed positive growth rates – Muscat (42.0%), Riyadh (28.7%), Sharm El-Sheikh (14.2%), UAE Regional (12.6%), Manama (7.9%), Dubai City Centre (7.4%), Jeddah (5.0%) and Kuwait (-6.5%).

Source:

1. Hotel performance data included in this section have been provided by the HotelBenchmark™ Survey by Deloitte (growth rates are Euro based except stated otherwise).

3. REVPAR, OCCUPANCY & OTHER FINANCIAL HIGHLIGHTS

	JUL-SEP 2007	JUL-SEP 2006	VARIANCE %	JAN-SEP 2007	JAN-SEP 2006	VARIANCE %
REVPAR LIKE-FOR-LIKE (EUR), Leased & Managed						
Radisson SAS	88.1	79.9	10.3%	84.4	77.8	8.5%
Park Inn	57.5	51.5	11.7%	51.3	47.2	8.7%
Rezidor	82.6	74.5	10.9%	79.6	73.3	8.6%
OCCUPANCY LIKE-FOR-LIKE, Leased & Managed						
Radisson SAS	77.1%	75.7%	1.8%	72.4%	71.2%	1.7%
Park Inn	72.1%	70.8%	1.8%	64.4%	63.6%	1.3%
Rezidor	76.0%	74.5%	2.0%	71.1%	69.8%	1.9%
REVPAR (EUR), Leased & Managed						
Radisson SAS	87.8	79.7	10.2%	83.9	77.5	8.3%
Park Inn	56.6	51.5	9.9%	49.2	48.1	2.3%
Rezidor	81.3	74.4	9.3%	76.7	72.5	5.8%
OCCUPANCY, Leased & Managed						
Radisson SAS	76.6%	75.5%	1.5%	71.9%	71.1%	1.1%
Park Inn	74.3%	70.8%	4.9%	65.9%	65.1%	1.2%
Rezidor	76.0%	74.4%	2.2%	70.5%	69.8%	1.0%
OTHER FINANCIAL HIGHLIGHTS (TEUR)						
Revenue	200,979	180,025	11.6%	571,945	521,929	9.6%
EBITDA	25,861	18,636	38.8%	58,113	43,634	33.2%
Profit after tax	15,104	9,832	53.6%	28,989	20,177	43.7%

REVPAR

Q3 07

All geographic segments noted healthy growth in like-for-like RevPAR, ranging from 9% to 17%, with the Middle East showing the strongest growth. Rezidor added several leased and managed hotels (ca 8,500 rooms) during the last 24 months, which were still in their ramp up phase and had low RevPAR. Despite those hotels that lowered the overall average, Rezidor noted a 9.3% increase in RevPAR across all brands. The growth in group RevPAR was led by the Middle East where total RevPAR grew by over 25%. RevPAR for the period had no impact from changes in foreign exchange rates compared with the same period last year.

SEPTEMBER 07 YTD

Like-for-like RevPAR continued to show strong growth for the first nine months of 2007. All of Rezidor's geographic segments marked an increase in like-for-like RevPAR ranging from 8% to 10%. Rezidor continued to strengthen its presence in the mid-market segment through the Park Inn brand that has a lower RevPAR than the group's average. The growth of Park Inn lowered the overall RevPAR average as well as the y-on-y RevPAR growth rate. 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 over 18% RevPAR growth. There was a negative impact of 1.1% on RevPAR due to changes in foreign exchange rates compared with the same period last year.

COMMENTS TO INCOME STATEMENT

Q3 07

Total Revenue grew by MEUR 21.0, of which Rooms Revenue contributed MEUR 13.3. Share of rooms revenue, which has a higher profit contribution, increased to 67.2% (66.4) of total hotel revenue. A great majority of the increase in rooms revenue came from Norway and Sweden. The Rest of Western Europe benefited from the opening of a new leased hotel. The growth in rooms revenue in that region was led by France, followed by Germany and the Benelux.

The fee revenue went up by 18.3%, with good contribution from 16 new hotels (ca 3,400 rooms) after the end of Q3 06. The growth in fee revenue was supported by a healthy RevPAR growth across all geographic segments as described earlier. The Rest of Western Europe had the highest impact on the incremental fee revenue, while the other three geographic segments made a nearly equal contribution. The actual increase in fee revenue would have been even higher if we were to exclude a one-off compensation of MEUR 2.5 received in Q3 06 as compensation for early termination of a managed hotel in France.

Rate driven RevPAR growth as well as fee income from newly added managed hotels led to an EBITDAR margin of 37.3% (35.0). As a percent of leased hotel revenue, Rental Expense (excluding shortfall payments under management contracts with performance guarantees) was relatively stable at 28.0% (27.7). Although the rent expense for leased hotels increased by MEUR 5.5, the shortfall payments under management contracts went down by MEUR 1.1. This led to a net increase in Rental Expense of MEUR 4.4. The increase in rent expense was mainly due to the addition of a new hotel in 2007, increase in rent for a few hotels that were previously under renovation or extension, and increase in revenue related variable rent in the Nordics.

Share of Income from Associates and Joint Ventures noted a slight decline mainly due to full consolidation of the Middle East Joint Venture effective from 1st January 2007, which was previously included in Share of Income from Associates. Depreciation as a percent of hotel revenue was relatively stable during the period. The large increase in Financial Income is mainly on account of the capital gain from the sale of shares in RDS Hotelli AS (the owning company of Radisson SAS Hotel Tallinn, Estonia), which amounted to MEUR 3.2. Financial Expense saw a hike due to a sharp increase in interest rates on short-term interest bearing liabilities. There was a change in the effective tax rate partly due to the fact that certain tax losses had been previously utilized, as well as inclusion of the tax on capital gain (MEUR 1.4) related to the sale of shares in RDS Hotelli AS.

SEPTEMBER 07 YTD

Total Revenue grew by MEUR 50.0, of which Rooms Revenue contributed MEUR 30.8. Share of rooms revenue increased to 64.7% (63.6) of total hotel revenue. A majority of the increase in rooms revenue came from Norway and Sweden. In the Rest of Western Europe, the opening of a new leased hotel combined with good RevPAR growth led to higher rooms revenue. The highest increases were noted in France, followed by the UK, the Benelux and Germany.

The fee revenue went up by 20.8%, with good contribution from 29 new hotels (ca 6,500 rooms) since the beginning of 2006. Eastern Europe, where Rezidor has added 6 hotels (ca 2,900 rooms) to its existing portfolio since the beginning of 2006, had the highest contribution. The Rest of Western Europe and the Nordics had nearly equal addition to the fee revenue, followed by the Middle East.

During the same period last year, hotels in Germany strongly benefited from the Soccer World Cup and had a positive impact on the EBITDAR margin. Despite the absence of such favourable effect this year, Rezidor managed to grow EBITDAR margin to 35.6% (33.4). As a percent of leased hotel revenue, Rental Expense (excluding shortfall payments under management contracts with performance guarantees) increased to 28.6% (27.3). Although the rent expense for leased hotels increased by MEUR 17.3, the shortfall payments under management contracts went down by MEUR 2.4. This led to a net increase in Rental Expense of MEUR 14.9. The increase in rent expense was due to a combination of factors including:

- a. The addition of 2 new leased hotels (ca 350 rooms) during 2006, which had a full rent impact this year;
- b. The addition of a new hotel (ca 200 rooms) in 2007, and increase in rent for a few hotels that were previously under renovation or extension; and
- c. Increase in revenue related variable rent in the Nordics; and
- d. Increase in rent in the UK, largely related to the Park Inn portfolio.

As during Q3 07, Share of Income from Associates and Joint Ventures noted a slight decline mainly due to full consolidation of the shares of the former Middle East joint venture. Depreciation as a percent of hotel revenue was relatively stable during the period. The large increase in Financial Income was mainly on account of the capital gain from the sale of shares in RDS Hotelli AS (the owning company of Radisson SAS Hotel Tallinn, Estonia), which amounted to MEUR 3.2, and higher interest income. Financial Expense saw a hike due to increase in interest rates as well as on account of exchange differences. There was a change in the effective tax rate partly due to the fact that certain tax losses had been previously utilised, as well as the aforementioned tax on capital gain (MEUR 1.4).

4. SEGMENTAL REVENUES, EBITDA & CENTRAL COSTS

OVERVIEW - REVENUE (in TEUR)

REGION	JUL-SEP 2007	JUL-SEP 2006	VARIANCE %	JAN-SEP 2007	JAN-SEP 2006	VARIANCE %
Nordics	88,567	77,376	14.5%	253,558	229,602	10.4%
Rest of Western Europe	103,270	94,980	8.7%	293,019	272,141	7.7%
Eastern Europe	6,402	5,701	12.3%	16,880	13,262	27.3%
Middle East, Africa & Others	2,740	1,968	39.2%	8,488	6,924	22.6%
TOTAL	200,979	180,025	11.6%	571,945	521,929	9.6%

OVERVIEW - EBITDA (in TEUR)

REGION	JUL-SEP 2007	JUL-SEP 2006	VARIANCE %	JAN-SEP 2007	JAN-SEP 2006	VARIANCE %
Nordics	18,195	12,031	51.2%	46,869	33,132	41.5%
Rest of Western Europe	12,021	8,679	38.5%	20,310	19,690	3.1%
Eastern Europe	5,069	4,259	19.0%	12,479	8,654	44.2%
Middle East, Africa & Others	2,582	2,147	20.3%	8,061	7,041	14.5%
Central Costs	(12,006)	(8,480)	41.6%	(29,606)	(24,883)	19.0%
EBITDA	25,861	18,636	38.8%	58,113	43,634	33.2%

THE NORDICS⁽¹⁾

Q3 07

Market in General: Driven by increased rates, RevPAR for the Nordic market grew by 8.8% and 10.6% for the first class and the mid-market segments respectively.

Rezidor: Like-for-like hotels in this segment noted growth rate of 12.1%, which was above market average. In Sweden, Norway and Denmark, like-for-like RevPAR grew by 13.9%, 13.9% and 4.0% respectively.

Leased hotel revenue also benefited from the extensions during H1 07 at two existing hotels in Oslo and Tromsø by 150 rooms and 83 rooms respectively. Positive impact was also felt at hotels in Norway that were recently renovated. Norway reported the highest room revenue growth followed by Sweden and Denmark. Good market conditions led to an increase in fee revenue by MEUR 0.8.

EBITDA margin before central costs in the region went up from 15.5% to 20.5% during comparable periods. During the quarter, 1 franchised hotel (136 rooms) went offline but had only a marginal impact on the fee revenue. Overall, franchise fee went up slightly despite the loss of 7 franchised hotels (961 rooms) after the end of Q3 06.

SEPTEMBER 07 YTD

Market in General: As during Q3 07, RevPAR for the market grew by 9.1% and 10.5% for the first class and the mid-market segments respectively.

Rezidor: Like-for-like hotels in this segment noted growth rate of 9.7%, which was in line with the market average. In Sweden, Norway and Denmark, like-for-like RevPAR grew by 10.9%, 9.5% and 7.3% respectively.

The accumulated positive effect witnessed during the three quarters of 2007 resulted in a strong nine months' result. YTD EBITDA margin before central costs in the region went up from 14.4% to 18.5% for the comparable periods. During the first nine months of 2007, 1 newly built hotel (172 rooms) joined the operations while 6 franchised hotels (ca 800 rooms) went offline with a marginal impact on the fee revenue.

REST OF WESTERN EUROPE⁽¹⁾

Q3 07

Market in General: Driven by higher room rates, most markets in the region continued to perform well with RevPAR growth of 4.7% and 5.1% for the first class and the mid-market segments respectively. A similar growth pattern was observed in the UK where RevPAR grew by 5.1% and 3.1% for the first class and the mid-market segments respectively, entirely driven by rate. The German market noted a negative RevPAR development with a y-o-y decline by approximately 1.1% in the first-class segment but increased by 1.5% in the mid-market segment. A stronger development was witnessed in Benelux where RevPAR increased by 7.1% (rate driven) and 9.2% (driven equally by rate and occupancy) for the first class and the mid-market segments respectively.

Rezidor: Like-for-like hotels noted growth rate of 8.5%, which was above market average. In France, Benelux, Germany and the UK, like-for-like RevPAR grew by 20.5%, 17.2%, 5.7% and 4.1% respectively.

There was a healthy growth in total revenue driven both by leased and managed hotels. This was supported by the addition of 13 hotels (ca 1,750 rooms) after Q3 06, including 1 leased property (ca 200 rooms). EBITDA had a strong increase, driven mainly by fee income as well as reduced guarantee payments for a couple of managed hotels. EBITDA conversion at leased hotels was small due to newly built hotels that were still in their ramp-up phase and which carried fixed rents, opening of a new property and pre-opening costs associated with another. EBITDA was also affected by soft performance of the Park Inn portfolio in the UK, where several leased hotels were undergoing renovation or were in the planning phase of renovation. EBITDA related to management fees grew more than the increase in fee revenue. This was due to considerably lower shortfall payments under contracts with performance guarantees. EBITDA margin before central costs in the region improved from 9.1% to 11.6% during comparable periods.

SEPTEMBER 07 YTD

Market in General: RevPAR growth was negatively impacted for YTD 07 compared to the same period last year when Germany hosted the World Cup which had a positive RevPAR effect for the Rest of Western Europe. Despite the foregoing negative impact, RevPAR in the region marked growth rates of 5.3% and 6.1% (both rate driven) for first class and mid-market segments respectively. In the first class segment, the UK led the RevPAR growth (8.3%), followed by Benelux (4.8%), while Germany saw a decline (-2.0%). In the mid-market segment, Benelux held the leading position in RevPAR growth (9.5%), followed by the UK (7.6%) and Germany (1.3%).

Rezidor: Like-for-like hotels noted growth rate of 7.6%, which was above market average. In France, Benelux, the UK and Germany, like-for-like RevPAR grew by 16.7%, 8.6%, 7.0% and 3.7% respectively.

YTD EBITDA from leased hotels had a sharp decline primarily due to soft performance of the Park Inn portfolio in the UK as well as the opening of a new leased property, and pre-opening costs associated with another. Improvement in EBITDA from management fees was related to the growth in fee income as well as reduction of shortfall payments for contracts that had performance guarantees.

EBITDA margin before central costs in the region went down from 7.2% to 6.9% for the comparable periods. During the first nine months of 2007, 13 hotels (ca 1,750 rooms) joined the operations, and ca 300 rooms were added to existing hotels.

EASTERN EUROPE⁽¹⁾

Q3 07

Market in General: RevPAR for the first class segment (including Russia & the other CIS) saw a modest growth of 2.9%, entirely driven by rate. RevPAR for the mid-market segment (excluding Russia & the other CIS) had a similar growth of 3.0%, driven by both rate and occupancy.

Rezidor: Like-for-like hotels noted growth rate of 13.5%, which was above market average.

Rezidor opened 2 new hotels (ca 1,400 rooms) including a Park Inn with 1,200 rooms in St. Petersburg after Q3 06. During the same period, 1 franchised hotel (ca 450 rooms) left Rezidor. Despite the softening of some markets in the region, Rezidor saw a strong increase in management fees. This was primarily due to the addition of new rooms supported by good market conditions in several cities where Rezidor had a leading market position. Fees from franchised hotels declined as two hotels (ca 700 rooms) left Rezidor - one during mid-Q3 06 and another afterwards. EBITDA margin before Central Costs went up to 79.2% (74.7).

SEPTEMBER 07 YTD

Market in General: RevPAR for the first class segment (including Russia & the other CIS) saw a healthy growth of 7.5%, driven by rate. RevPAR for the mid-market segment (excluding Russia & the other CIS) had a small growth of 1.1%, driven by both rate and occupancy.

Rezidor: Like-for-like hotels noted growth rate of 9.9%, which was above market average.

The growth in management fees over same period last year was positively affected by the aforementioned 1,200-room Park Inn hotel. EBITDA margin before Central Costs went up to 73.9% (65.3).

THE MIDDLE EAST, AFRICA & OTHER⁽¹⁾

Q3 07

Market in General: Euro denominated RevPAR in the Middle East was negatively affected due to weakening of the US Dollar, as described in the foregoing Section 2 of this interim report. Despite the currency effects, RevPAR for the first class segment grew by 5.9%, however, the mid-market segment marked a decline by 1.2%. RevPAR in South Africa saw strong increases of 20.8% and 14.5% in the first class and the mid-market segments respectively.

Rezidor: Like-for-like hotels noted a strong growth rate of 16.9%.

After the end of Q3 06, Rezidor added a new property in Dubai (ca 300 rooms) and extended 2 existing hotels (including one in Dubai) totalling ca 250 rooms, which had a positive impact on the fee income. Fees from franchised hotels went down to nil as the only franchised hotel in the region (ca 300 rooms) left Rezidor during 2007. EBITDA margin before Central Costs was 94.2% (109.1). The reason for EBITDA margins being close to or higher than revenue itself is the inclusion of Share of Income from Associates in EBITDA figures. The decline in the EBITDA margin during Q3 07 versus same period last year was due to full consolidation of the shares of the former Middle East joint venture, which was previously included as Share of Income from Associates.

SEPTEMBER 07 YTD

Market in General: As applicable for Q3 07, 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 4.9%, while the mid-market segment went down by 1.3%. RevPAR in South Africa saw very strong increases of 19.5% and 16.2% in the first class and the mid-market segments respectively.

Rezidor: Like-for-like hotels in this segment noted a healthy growth rate of 8.8%.

The changes in fee incomes were attributable to the aforementioned addition of new rooms after the end of Q3 06. Moreover, the ramp up effect from the 2 hotels (ca 550 rooms) opened during the first nine months of 2006 positively impacted the fee income in 2007. EBITDA margin before central costs in the region went down from 101.7% to 95.0% for the comparable periods.

CENTRAL COSTS

Q3 07

In absolute terms, Central Costs went up in Q3 07 versus same period last year, primarily due to the steady growth and expansion of the company. As a percent of System-wide Revenue, which was estimated at MEUR 515 (462), Central Costs were 2.3% (1.8).

SEPTEMBER 07 YTD

The increase in Central Costs for the first nine months of 2007 was largely attributable to costs that were incurred post-IPO to reinforce the organization structure and build-up of the regional office in Moscow. Additional factor for the increase in central cost was the consolidation of the regional office in the Middle East, which was previously accounted for through Share of Income in Associated Companies and Joint Ventures. As a percent of System-wide Revenue, which was estimated at MEUR 1,460 (1,308), Central Costs were relatively stable at 2.0% (1.9).

Note1: Hotel (market) performance data included in this section have been provided by the HotelBenchmark™ Survey by Deloitte (growth rates are Euro based except stated otherwise). Market data for the mid-market segment in Russia and the other CIS are not available.

5. ADDITIONAL COMMENTS NINE MONTHS ENDING 2007

BALANCE SHEET

Compared to 31st December 2006, the increase in tangible assets was primarily due to investments in progress which consist of renovation works at several leased hotels. Additionally, investments related to increase in number of rooms and other facilities in two hotels in Norway and one in the UK accounted for part of the change in tangible assets.

The decrease in financial assets (non-current) was mainly due to two factors: the collection of dividends (MEUR 3.3) received from Rezidor's associates and joint ventures, and the sale of our shares previously held in one of our participations available for sale (i.e. RDS Hotelli AS in Estonia).

Net working capital, excluding cash and cash equivalent, at the end of the period was MEUR -19.1 (-32.5 as at 31st December 06). The change, which was primarily arising out of the movement in other current non-interest-bearing accounts (i.e. in accounts receivable and accruals), is mainly due to high business volume during the seasonally good third quarter.

Following the decision at the AGM on 4th May 2007, the share capital was increased by MEUR 9.9 through a bonus issue (i.e., through other paid in capital).

The other changes in total equity were mainly due to the impact of four elements : the distribution of dividends to the shareholders amounting to MEUR 9.0, the payment of the share buy back plan amounting to MEUR 1.9, the positive translation differences of the period amounting to MEUR 1.0 and the net profit for the period amounting to MEUR 29.0. The cost of the long term incentive programme amounting to MEUR 0.2 is matched by an equivalent increase in retained earnings, and the net effect on equity of this programme is consequently zero.

The net cash (including pension assets and retirement benefit obligations) amounted to MEUR 19.2 (15.7 as at 31st December 06).

CASH FLOW & LIQUIDITY

Compared to 30th September 2006, cash flow from operating activities had significantly improved due to the increase of the operating profit.

Movement in cash flow from investing activities was mainly on account of renovation and expansion related investments, which amounted to MEUR 20.9 and MEUR 12.6 respectively. Cash flow from investing activities was positively affected by three factors: the proceeds from the sale of our shares in RDS Hotelli AS (i.e. MEUR 8.0), the partial repayment of loans by two of Rezidor's associates and joint ventures and the partial release of restricted accounts.

Net cash flow from financing activities changed mainly due to partial repayment of a bank loan (i.e. MEUR 8.4) and some of the credit facilities amounting to MEUR 11.4. The payment for the share buy back plan (i.e. MEUR 1.9) and the distribution of dividends to shareholders (i.e. MEUR 9.0) also account for the change in the cash flow from financing activities.

At the end of September 07, Rezidor had MEUR 36.2 in cash and cash equivalents. The total credit facilities available for use amounted to MEUR 135.8, of which MEUR 40.5 were used for bank guarantees, MEUR 36.1 were used as overdrafts, leaving MEUR 59.2 available for use.

INCENTIVE PROGRAMME

The Annual General Meeting approved on May 4, 2007 a long-term equity settled performance-based incentive programme ("the performance share programme") to be offered to approximately 25 executives within the Rezidor 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 share programme in a cost efficient and flexible manner, the Board of Directors was authorised by the AGM to decide on acquisitions of own shares on the stock exchange.

The programme was launched on 15th June 2007 with a vesting period up to 1st May 2010 and contains two different award elements, a bonus based award and a savings based award. As of 30th June 2007, 26 executives are enrolled in the programme.

The "bonus based award" entitles the participants to a certain number of shares equal in value to the participant's 2006 annual bonus payout. Shares are awarded at no cost for the participant and the maximum number of shares that may be awarded under the bonus based award after the full vesting period is 129,600.

The "savings based award" is a matching share award equal to that number of Rezidor shares a participant purchases and holds for a 3-year savings period, up to a value of 25% of the participant's 2007 salary. Shares are awarded at no cost for the participant and the maximum number of savings based shares that can be awarded after the full vesting period is 119,935 shares.

All 11 members of the Executive Committee plus 15 other members of the management participated in the programme entitling them to a maximum total of 151,563 shares. Included therein, the CEO of Rezidor is entitled to a maximum of 43,336 shares. The award is dependent on certain performance criteria including growth in earnings per share and total shareholder return relative to a defined peer group.

The expense for the performance share programme from the grant date until the end of September 2007 amounted to TEUR 178.

SHARE BUY BACK

To hedge it's obligations under the performance share programme, Rezidor bought back 350,000 of its own shares during Q3 07 at an average price of SEK 51.11 (EUR 5.41) per share, representing an investment of MSEK 17.9 (MEUR 1.9).

POST BALANCE SHEET EVENTS

In connection with an agreed brand change of the planned Radisson SAS Grand Hotel, Bordeaux to The Regent Bordeaux, Rezidor sold its subsidiary holding the lease to the owner of the property. As announced on October 19, The Regent Bordeaux will be operated by Rezidor. The sale of the subsidiary will generate a capital gain of MEUR 1.1 in the fourth quarter of this year.

BUSINESS DEVELOPMENT

In Q3 07, Rezidor added 544 rooms into operations, out of which 36% were Radisson SAS and 44% were Park Inn. Of the new rooms added, 56% were under management agreements and 44% under franchised contracts. Over the first nine months of 2007, Rezidor added 4,053 rooms into operations, out of which 43% were Radisson SAS and 52% Park Inn. The contract mix of new rooms opened included 70% managed, 18% franchised and 12% leased.

During Q3 07 and first nine months of 2007, a total of 136 rooms and 1,083 rooms respectively left Rezidor, all of which were franchised and had a marginal contribution to EBITDA. In Q3 07, Rezidor signed contracts for 10 new hotels, representing a total of 1,641 rooms, of which 16% were under the Radisson brand and 77% under the Park Inn brand. Of all the rooms signed, 13% were leased and 87% were under management agreements. Only 39% of the rooms signed carried a financial commitment. Out of the 1,641 rooms, 111 rooms went into operations in Q3 2007 and are included in the aforementioned 544 rooms added to operations in Q3 07.

In the first nine months of 2007, Rezidor signed contracts for 38 hotels, representing a total of 6,239 rooms, of which 30% were under the Radisson brand and 60% under the Park Inn brand. Of all the rooms signed, 21% were leased, 69% were under management agreements and 10% were franchised. Only 34% of all the rooms signed carried a financial commitment for Rezidor. Out of the 6,239 rooms, 1,201 went into operations in the first nine months of 2007 and are included in the aforementioned 4,053 rooms added to operations in the first nine months of 2007.

The geographic distribution of newly contracted rooms in the first nine months of 2007 was as follows:

Nordics	5%
Rest of Western Europe	55%
Eastern Europe	17%
Middle East, Africa & Other	23%

OTHER DEVELOPMENTS RELATED TO THE GROUP AND OWNERSHIP STRUCTURE

During the first nine months of 2007, the goldpointsplusSM loyalty program grew by more than 30% and won a prestigious industry award for best member communication.

In May, Rezidor's former parent company SAS divested its remaining shareholding (6.7%) in the group to Carlson, which increased Carlson's stake up to 41.7%. During the same month, Rezidor officially adopted World Childhood Foundation, a non-profit organisation dedicated to serving the most vulnerable children in the world, as the official charity organisation.

Rezidor reinforced the national sales structure to further support properties with predominantly domestic feeder markets to optimise revenue generation. In order to further strengthen the operational support to individual hotels, Rezidor extended its organization structure with District Directors in Scandinavia, UK, Central & Eastern Europe and the Middle East.

The largest ever Business School @ Rezidor was organised where 180 delegates attended from Europe, the Middle East and Africa.

Radisson SAS and Park Inn rank highest in guest satisfaction in the 2007 European Guest Satisfaction Index published in October by J.D. Power and Associates. The study awards Radisson SAS as number one of the upper upscale segment, and places Park Inn on top of the economy segment. J.D. Power and Associates, a US-based and worldwide leading company for market research, has published the European Guest Satisfaction Index for the last three years. The annual study measures the overall satisfaction of European hotel guests based on seven factors: costs and fees, guest room, hotel facilities, food and beverage, check-in/check-out, hotel services, and reservations. In 2007, 41 hotel brands were measured and ranked in four segments: upper upscale, upscale, mid-scale full service and economy. The study is based on responses from 11,728 guests who stayed at a hotel in Europe between June and September 2007.

OUTLOOK

The market remains strong and RevPAR is projected to grow further. EBITDA margin is expected to improve. Rezidor reiterates its target to open 20,000 new rooms during 2007-09.

MATERIAL RISKS & UNCERTAINTIES

The general market conditions and the development of RevPAR in various countries where Rezidor operates will continue to be the most important factor influencing the company's earnings. Since no material changes have taken place during the period with respect to material risks and uncertainty factors, reference is made to the detailed description provided in the annual report for 2006.

UPCOMING FINANCIAL INFORMATION

February 20th, 2008

Year-end report for the period 1st January – 31st December 2007

Stockholm/Brussels, 29th October 2007

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors' of Rezidor Hotel Group AB (publ) (Corp. i.d. no. 556674-0964)

Introduction

We have reviewed the condensed interim financial information of Rezidor Hotel Group AB (publ) as of September 30, 2007 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Stockholm, October 29, 2007

Deloitte AB

Peter Gustafsson
Authorised Public Accountant

6. CONSOLIDATED INCOME STATEMENT

(THOUSAND EURO)	JUL-SEP 2007	JUL-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-DEC 2006
Revenue	200,979	180,025	571,945	521,929	707,319
F&B and other related expenses	(16,071)	(13,008)	(43,146)	(39,392)	(54,806)
Personnel cost	(65,715)	(63,768)	(193,410)	(184,320)	(246,714)
Other Operating expenses	(40,965)	(36,691)	(122,536)	(115,159)	(154,646)
Insurance of properties and property tax	(3,361)	(3,619)	(9,142)	(8,937)	(12,376)
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	74,867	62,939	203,711	174,121	238,777
Rental expense	(50,065)	(45,681)	(149,167)	(134,286)	(183,092)
Shares of income in associates and Joint Ventures	1,059	1,378	3,569	3,799	5,296
IPO related expenses	-	-	-	-	(4,392)
Operating profit before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	25,861	18,636	58,113	43,634	56,589
Depreciation and amortisation expense	(6,282)	(5,383)	(17,848)	(15,730)	(21,884)
Operating profit	19,579	13,253	40,265	27,904	34,705
Financial income	4,230	(177)	5,426	725	2,111
Financial expense	(1,556)	(232)	(4,421)	(2,656)	(4,359)
Profit before tax	22,253	12,844	41,270	25,973	32,457
Income Tax	(7,149)	(3,012)	(12,281)	(5,796)	(3,488)
Profit for the period	15,104	9,832	28,989	20,177	28,969
Attributable to:					
Equity holders of the parent	15,104	7,082	28,989	11,927	20,719
Minority interest	-	2,750	-	8,250	8,250
	15,104	9,832	28,989	20,177	28,969
Average no. shares outstanding during the period (before dilution)	149,848,227	149,975,456	149,950,580	149,975,456	149,979,887
Average no. shares outstanding during the period (after dilution)	150,097,762	149,975,456	150,047,826	149,975,456	149,979,887
Earnings per share (EUR)					
Basic and diluted before allocation to minority interest	0.10	0.07	0.19	0.13	0.19 ⁽¹⁾

(1) In relation to the exchange of the preference shares, the minority interest earned in 2006, have been subsequently acquired by the parent company and therefore eliminated in equity. In order to present a representative view of the earnings per share for the comparable numbers 2006, we present earnings per share before allocation to minority interest.

7. CONDENSED CONSOLIDATED STATEMENT BALANCE SHEET

(THOUSAND EURO)

ASSETS	30-SEP-2007	31-DEC-2006
NON-CURRENT ASSETS		
<i>Intangible assets</i>		
Goodwill	13,899	12,625
Other intangible assets	61,106	64,557
	75,005	77,182
<i>Tangible assets</i>		
Fixed installations in leased properties	28,851	27,638
Machinery and equipment	53,793	52,261
Investments in progress	23,959	7,684
	106,603	87,583
<i>Financial assets</i>		
Investments in associated companies and joint ventures	7,551	12,317
Other shares and participations	10,412	15,088
Pension funds, net	13,275	12,553
Other long-term receivables	14,020	14,082
	45,258	54,040
Deferred tax assets	25,160	26,964
CURRENT ASSETS		
Inventory	5,581	5,297
Other current receivables	123,932	97,064
Other short term investments	2,329	3,518
	131,842	105,879
Cash and cash equivalents	36,246	50,975
Total current assets	168,088	156,854
TOTAL ASSETS	420,114	402,623

LIABILITIES AND EQUITY	30-SEP-2007	31-DEC-2006
Share capital	10,000	127
Translation reserves	21,646	20,578
Other paid in capital	135,105	153,978
Retained earnings including net profit for the period	28,735	1,482
Equity attributable to equity holders of the parent	195,486	176,165
Minority interest	215	215
Total equity	195,701	176,380
Non current liabilities		
Deferred tax liabilities	17,519	15,749
Retirement benefit obligations	1,458	1,325
Other long-term liabilities	822	387
	19,799	17,461
Current liabilities		
Accounts payable	36,099	35,858
Current tax liabilities	11,292	10,054
Liabilities to financial institutions	44,548	64,405
Other current liabilities	112,675	98,465
	204,614	208,782
Total liabilities	224,413	226,243
TOTAL LIABILITIES AND EQUITY	420,114	402,623

Number of ordinary shares at the end of the period	150,002,040	150,002,040
Number of ordinary shares at the end of the period excl shares held by the company	149,652,040	150,002,040
Equity per share	1.30	1.18

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(THOUSAND EURO)	SHARE CAPITAL	TRANSLATION RESERVES	OTHER PAID IN CAPITAL	RETAINED EARNINGS	NET INCOME FOR THE PERIOD	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL EQUITY
Ending balance as of 31st December 2005	100	19,392	87,978	(36,317)	17,719	88,872	60,715	149,587
Change of treatment for the pensions (from defined benefit to contribution benefit plan)	-	-	-	(1,745)	-	(1,745)	-	(1,745)
Adjusted equity as of 1st January 2006	100	19,392	87,978	(38,062)	17,719	87,127	60,715	147,842
Allocation of net income of previous period	-	-	-	17,719	(17,719)	-	-	-
Net profit for the period	-	-	-	-	11,927	11,927	8,250	20,177
Change in translation differences	-	(70)	-	-	-	(70)	-	(70)
Ending balance as of 30th September 2006	100	19,322	87,978	(20,343)	11,927	98,984	68,965	167,949
Other adjustments	-	-	-	(1,644)	-	(1,644)	-	(1,644)
Net profit for the period	-	-	-	-	8,792	8,792	-	8,792
Change in translation differences	-	1,256	-	-	-	1,256	-	1,256
New share issue and exchange of preference shares	27	-	66,000	2,750	-	68,777	(68,750)	27
Ending balance as of 31st December 2006	127	20,578	153,978	(19,237)	20,719	176,165	215	176,380
Allocation of net income of previous period	-	-	-	20,719	(20,719)	-	-	-
Bonus issue	9,873	-	(9,873)	-	-	-	-	-
Dividends paid to shareholders	-	-	(9,000)	-	-	(9,000)	-	(9,000)
Share buy-back	-	-	-	(1,913)	-	(1,913)	-	(1,913)
Long term incentive plan	-	-	-	178	-	178	-	178
Net profit for the period	-	-	-	-	28,988	28,988	-	28,988
Change in translation differences	-	1,068	-	-	-	1,068	-	1,068
Ending balance as of 30th September 2007	10,000	21,646	135,105	(253)	28,988	195,486	215	195,701

9. **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(THOUSAND EURO)	JAN-SEP 2007	JAN-SEP 2006
Operating profit	40,265	27,904
Non cash items	14,955	12,088
Interest, taxes paid and other cash items	(7,495)	(5,211)
Change in working capital	(13,421)	(21,350)
Cash flow used in operating activities	34,304	13,431
Purchase of other intangible assets	(1,167)	(2,790)
Purchase of tangible assets	(33,515)	(21,947)
Other investments/divestments	16,125	(1,162)
Cash flow from investing activities	(18,557)	(25,899)
External financing, net	(19,563)	6,993
Share buy back	(1,913)	-
Dividends paid	(9,000)	-
Cash flow from financing activities	(30,476)	6,993
Effects of exchange rate changes on cash and cash equivalents	(1,094)	71
Cash flow for the period	(15,823)	(5,404)
Cash and cash equivalents at beginning of the period	52,069	23,313
Cash and cash equivalents at end of the period	36,246	17,909

10. PARENT COMPANY, CONDENSED STATEMENT OF OPERATIONS

(THOUSAND EURO)	JUL-SEP 2007	JUL-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-DEC 2006
Revenue	874	140	2,719	140	1,187
Personnel cost	(657)	(18)	(2,101)	(18)	(770)
Other Operating expenses	(822)	(108)	(1,992)	(119)	(1,528)
IPO related expenses	-	-	-	-	(3,562)
Operating profit/loss before depreciation and amortization	(605)	14	(1,374)	3	(4,673)
Depreciation and amortization expense	(14)	-	(41)	-	(13)
Operating profit/loss	(619)	14	(1,415)	3	(4,686)
Financial income	312	-	1,231	-	289
Financial expense	(448)	-	(1,179)	(1)	(180)
Profit/loss before tax	(755)	14	(1,363)	2	(4,577)
Income Tax	481	-	377	-	1,278
Profit/loss for the period	(274)	14	(986)	2	(3,299)

11. PARENT COMPANY, CONDENSED BALANCE SHEET STATEMENTS

(THOUSAND EURO)

ASSETS	30-SEP-2007	31-DEC-2006
FIXED ASSETS		
Machinery and equipment	144	172
Construction in progress	109	
Shares in subsidiaries	231,278	231,100
Deferred tax assets	796	1,278
	232,327	232,550
CURRENT ASSETS		
Inventories	1	1
Accounts receivable	6	150
Receivables group companies	23,870	36,594
Income tax receivable	25	10
Other receivables	14	108
Prepaid expenses and accrued income	255	259
Cash and cash equivalents	4,802	10,209
	28,973	47,331
TOTAL ASSETS	261,300	279,881

LIABILITIES AND EQUITY	30-SEP-2007	31-DEC-2006
Equity		
Share capital	10,000	127
Share premium reserve	212,100	230,973
Profit/Loss brought forward	(2,826)	-
Net loss for the year	(986)	(3,299)
Total equity of parent company shareholders	218,288	227,801
Liabilities		
Current liabilities		
Accounts payable	75	930
Liabilities group companies	32,860	30,869
Interest-bearing liabilities to credit institutions	8,878	16,800
Accrued expenses and prepaid income	1,112	3,419
Other liabilities	87	62
	43,012	52,080
TOTAL LIABILITIES AND EQUITY	261,300	279,881

12. PARENT COMPANY, CONDENSED STATEMENT OF CHANGES IN EQUITY

(THOUSAND EURO)	Share capital	Share premium reserve	Profit/loss brought forward	Net loss for the year	Total equity
Equity as of 31st December 2005	100	-	-	-	100
Net loss for the period	-	-	-	2	2
Equity as of 30th September 2006	100	-	-	2	102
Increase of Share Capital	27	230,973	-	-	231,000
Net loss for the period	-	-	-	(3,301)	(3,301)
Equity as of 31st December 2006	127	230,973	-	(3,299)	227,801
Allocation of last year's result	-	-	(3,299)	3,299	-
Dividends paid	-	(9,000)	-	-	(9,000)
Increase of share capital (through a bonus issue)	9,873	(9,873)	-	-	-
Share buy back	-	-	(1,913)	-	(1,913)
Long term incentive plan	-	-	178	-	178
Group contribution	-	-	3,067	-	3,067
Tax effect on group contribution	-	-	(859)	-	(859)
Net loss for the period	-	-	-	(986)	(986)
Equity as of 30th September 2007	10,000	212,100	(2,826)	(986)	218,288

Comments to Income Statements

The Parent Company was registered with the Swedish Companies Registration Office on January 5, 2005 and the primary purpose of that Company is to act as a holding company for the company's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a Shared Service Centre for all hotels in Sweden. This secondary activity only started in October 2006. This late start in 2006, is the reason for the variances between the periods compared.

The main revenues of that Company are internal fees charged to the hotels in Sweden for the related administrative services provided by that Shared Service Centre. In Q3 07 and the first nine months 07, the inter-company revenues of the Parent Company amounted to MEUR 0.8 and MEUR 2.3 respectively. The inter-company costs in Q3 07 and the first nine months 07 amounted to MEUR 0.2 and MEUR 0.7 respectively.

Apart from the related personnel activity costs and the rent of the premises, the parent company also bears other listing and corporate related costs.

Comments to Balance Sheet

Compared to 31st December 2006, the major movements in the balance sheet of the parent company are as follows:

- the decrease of 'Receivables group companies' which is mainly explained by payment of dividends for MEUR 9.0 and the partial repayments of external loan for an amount of MEUR 8.4.
- the changes in the 'Share capital' and the 'Share premium reserve' which are due to the share capital increase amounting to MEUR 9.9 achieved through a bonus issue (i.e. through share premium reserve); and
- the decrease of the 'Interest-bearing liabilities to credit institutions' which is due to the partial repayment of an external loan with a financial institution for an amount of MEUR 8.4.
- the reduction of profit/loss brought forward of MEUR 1.9 due to the share buy-back plan, which is recognized directly in equity.
- the increase of profit/loss brought forward of MEUR 0.2, and the increase of shares with the same amount due to the long-term equity settled performance-based incentive programme.

13. **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2007**

BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The interim financial statements have also been prepared applying the Swedish Accounting Standards Council recommendation RR 31.

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU.

The formal condensed financial reports as defined by the Swedish Corporate Governance Code are included on pages 15-30.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2006 except as disclosed below.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

According to IFRS 2 - Share-based Payment, equity settled share-based payment transactions with employees, including executives, are measured at grant date by reference to the fair value of the equity instruments granted. Market vesting conditions are considered in the measurement of the fair value which is expensed against equity over the vesting period, based on the Group's estimate of the equity instruments that will finally vest considering the effect of non market-based vesting conditions, such as service conditions.

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for accounting periods beginning on 1 January 2007 and which were endorsed by the European Commission prior to the release of these financial statements.

IASB has issued the following amendments and accounting pronouncements which will be effective for annual periods beginning on or after 1 January 2007:

* IFRS 7 Financial Instruments: Disclosures which adds certain new disclosure requirements about financial instruments and puts all financial instruments disclosures together in one standard. Effective for annual periods beginning on or after 1 January 2007.

* Amendment (August 2005) to IAS 1 Presentation of Financial Statements which adds new disclosure requirements for capital. Effective for annual periods beginning on or after 1 January 2007.

In addition to the above, IFRIC 7, 8, 9, 10 and 11 is applicable for the Group from 1 January 2007.

The adoption of these new Standards and Interpretations have no material impact on the financial statements for the Group in 2007 and onwards, except that additional disclosures will be required for annual reporting purposes.

PARENT COMPANY

The Parent Company reports in accordance with RR 32 "Reporting in separate financial statements". RR 32 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RR 32.

SEGMENT INFORMATION

REVENUE – PER AREA OF OPERATION

TEUR	NINE MONTHS ENDING		
Revenue	JAN-SEP 2007	JAN-SEP 2006	VAR%
Rooms revenue	326,040	295,222	10.4%
F&B revenue	161,076	150,971	6.7%
Other hotel revenue	16,591	18,211	(8.9%)
TOTAL HOTEL REVENUE	503,707	464,404	8.5%
Fee revenue	57,717	47,778	20.8%
Other revenue	10,521	9,747	7.9%
TOTAL REVENUE	571,945	521,929	9.6%

TEUR	THREE MONTHS ENDING		
Revenue	JUL-SEP 2007	JUL-SEP 2006	VAR%
Rooms revenue	118,143	104,819	12.7%
F&B revenue	52,024	47,207	10.2%
Other hotel revenue	5,577	5,861	(4.8)%
TOTAL HOTEL REVENUE	175,744	157,887	11.3%
Fee revenue	21,896	18,505	18.3%
Other revenue	3,339	3,633	(8.1)%
TOTAL REVENUE	200,979	180,025	11.6%

TOTAL FEE REVENUE

TEUR	NINE MONTHS ENDING		
	JAN-SEP 2007	JAN-SEP 2006	VAR%
Management Fees	21,413	19,272	11.1%
Incentive Fees	17,215	11,847	45.3%
Franchise Fees	3,150	4,130	(23.7)%
Other Fees (incl. marketing, reservation fee etc.)	15,939	12,529	27.2%
TOTAL FEE REVENUE	57,717	47,778	20.8%

TEUR	THREE MONTHS ENDING		
	JUL-SEP 2007	JUL-SEP 2006	VAR%
Management Fees	7,632	7,570	0.8%
Incentive Fees	6,691	4,991	34.1%
Franchise Fees	1,038	1,727	(39.9)%
Other Fees (incl. marketing, reservation fee etc.)	6,535	4,217	55.0%
TOTAL FEE REVENUE	21,896	18,505	18.3%

REVENUE – PER REGION

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006
Leased	234,092	213,067	269,616	251,338	-	-	-	-	503,708	464,405
Managed	5,037	3,205	19,803	17,600	16,546	12,717	8,456	6,627	49,842	40,149
Franchised	4,827	4,528	2,681	2,259	334	545	32	297	7,874	7,629
Other	9,602	8,802	919	944	-	-	-	-	10,521	9,746
TOTAL	253,558	229,602	293,019	272,141	16,880	13,262	8,488	6,924	571,945	521,929

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006
Leased	81,959	71,505	93,786	86,383	-	-	-	-	175,745	157,888
Managed	2,040	1,229	8,368	7,573	6,288	5,528	2,740	1,803	19,436	16,133
Franchised	1,426	1,410	919	625	114	173	-	165	2,459	2,373
Other	3,142	3,232	197	399	-	-	-	-	3,339	3,631
TOTAL	88,567	77,376	103,270	94,980	6,402	5,701	2,740	1,968	200,979	180,025

OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION AND GAIN ON SALE OF FIXED ASSETS (EBITDA)

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006
Leased	37,787	27,509	5,822	9,773	-	-	-	-	-	-	43,609	37,282
Managed	3,914	2,018	12,699	8,762	12,479	8,763	6,403	5,007	-	-	35,495	24,550
Franchised	3,091	2,096	1,059	557	106	(29)	18	187	-	-	4,274	2,811
Other (*)	2,077	1,509	730	598	(106)	(80)	1,640	1,847	-	-	4,341	3,874
Central Costs	-	-	-	-	-	-	-	-	(29,606)	(24,883)	(29,606)	(24,883)
TOTAL	46,869	33,132	20,310	19,690	12,479	8,654	8,061	7,041	(29,606)	(24,883)	58,113	43,634

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006
Leased	15,729	8,834	3,762	3,255	-	-	-	-	-	-	19,491	12,089
Managed	1,634	805	7,372	5,147	5,090	4,289	2,208	1,373	-	-	16,304	11,614
Franchised	425	470	393	18	2	(34)	1	141	-	-	821	595
Other (*)	407	1,922	494	259	(23)	4	373	633	-	-	1,251	2,818
Central Costs	-	-	-	-	-	-	-	-	(12,006)	(8,480)	(12,006)	(8,480)
TOTAL	18,195	12,031	12,021	8,679	5,069	4,259	2,582	2,147	(12,006)	(8,480)	25,861	18,636

(*) Other also include share of income from associates

OPERATING PROFIT (EBIT)

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006	JAN-SEP 2007	JAN-SEP 2006
Leased	28,585	18,363	(776)	4,655	-	-	-	-	-	-	27,809	23,018
Managed	3,861	1,964	12,555	8,624	12,347	8,650	6,322	4,944	-	-	35,085	24,182
Franchised	3,016	2,000	993	491	97	(50)	18	183	-	-	4,124	2,624
Other ^(*)	1,375	1,109	(56)	87	(106)	(80)	1,640	1,847	-	-	2,853	2,963
Central Costs	-	-	-	-	-	-	-	-	(29,606)	(24,883)	(29,606)	(24,883)
TOTAL	36,837	23,436	12,716	13,857	12,338	8,520	7,980	6,974	(29,606)	(24,883)	40,265	27,904

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006	JUL-SEP 2007	JUL-SEP 2006
Leased	12,532	5,802	1,340	1,391	-	-	-	-	-	-	13,872	7,193
Managed	1,606	786	7,297	5,100	5,023	4,248	2,171	1,357	-	-	16,097	11,491
Franchised	389	435	359	(5)	(3)	(40)	1	140	-	-	746	530
Other ^(*)	292	1,786	229	95	(24)	4	373	634	-	-	870	2,519
Central Costs	-	-	-	-	-	-	-	-	(12,006)	(8,480)	(12,006)	(8,480)
TOTAL	14,819	8,809	9,225	6,581	4,996	4,212	2,545	2,131	(12,006)	(8,480)	19,579	13,253

^(*) Other also includes share of income from associates and income from sale of assets

BALANCE SHEET & INVESTMENTS

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	30-SEP-2007	31-DEC-2006	30-SEP-2007	31-DEC-2006	30-SEP-2007	31-DEC-2006	30-SEP-2007	31-DEC-2006	30-SEP-2007	31-DEC-2006
Total assets	201,172	195.048	179,863	159,587	20,863	19.239	18,216	28,749	420,114	402,623
Investments	20,208	11,493	13,623	21,124	-	-	-	-	33,831	32,617

HOTELS IN OPERATION

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006
Leased	22	22	42	41	-	-	-	-	64	63
Managed	8	7	49	41	26	24	19	18	102	90
Franchised	35	42	29	25	4	5	-	1	68	73
TOTAL REZIDOR	65	71	120	107	30	29	19	19	234	226

ROOMS IN OPERATION

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006	30-SEP 2007	30-SEP 2006
Leased	6,038	5,812	8,678	8,415	-	-	-	-	14,716	14,227
Managed	2,209	2,042	8,201	7,099	7,179	5,722	4,667	4,264	22,256	19,127
Franchised	5,211	6,192	5,488	4,797	778	1,158	-	282	11,477	12,429
TOTAL REZIDOR	13,458	14,046	22,367	20,311	7,957	6,880	4,667	4,546	48,449	45,783

HOTELS & ROOMS IN DEVELOPMENT

AS AT 30th SEPTEMBER 2007

	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Radisson SAS	2	389	9	1,786	15	3,604	12	2,625	38	8,404
Park Inn	4	936	20	2,743	4	756	4	793	32	5,228
Missoni/Lifestyle	-	-	2	222	-	-	1	205	3	427
Regent	-	-	-	-	1	130	1	433	2	563
TOTAL Rezidor	6	1,325	31	4,751	20	4,490	18	4,056	75	14,622

RELATED PARTY TRANSACTIONS

Related parties with significant influence are: Carlson owning 41.7% of the shares. Rezidor also has some joint ventures and associated companies. On 30th September 2007 Rezidor had ordinary current receivable related to Carlson of MEUR 1.3 (1.0 as at 31st December 2006) and ordinary current liabilities of MEUR 4.9 (2.2 as at 31st December 2006). The business relationship with Carlson mainly consisted of operating costs related to the use of the brands and for the use of the Carlson reservation system. As at 30th September 2007, Rezidor had operating costs towards Carlson of MEUR 6.3 (5.3). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.3 (0.4). For these specific commissions Rezidor had current liabilities of MEUR 0.0 (0.1 as at 31st December 2006).

Other related parties are the management of Rezidor. Within this context, a member of the Executive Committee has received from Rezidor Hotel Group an interest-bearing loan amounting to TEUR 41 in order to acquire shares of Rezidor Hotel Group as part of the long-term equity settled performance-based incentive programme. The loan was granted effective 12th September 2007 and will mature at the end of May 2010. The related rate of interest is Euribor 3-month plus 0.6% per annum.

Information on the long-term equity settled performance-based incentive programme is included in Note 5.

DEFERRED TAXES

The Group accounts for deferred taxes in accordance with its accounting policies that tax losses can be used against future profits.

SHARE CAPITAL

During Rezidor's last AGM held on May 4, 2007, it was decided to increase the share capital up to MEUR 10.0 through a bonus issue. As at the end of Q3 07, 150,002,040 shares were issued and outstanding. The number of shares outstanding has remained the same during the year, however, 350,000 of the shares were bought back during Q3 07. No convertible debentures exist within Rezidor.

PENSION FUNDS, NET

Defined Benefit Pension

Most pension plans within the Rezidor Group are defined benefit arrangements. These mainly cover retirement pensions and widow pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of wages or a certain annual sum. Retirement pensions are based on the number of years a person is employed. The employee must be registered in the plan for a certain number of years in order to receive full retirement pension. For each year at work the employee earns an increasing right to pension, which is recorded as pension earned during the period as well as an increase in pension obligations. Rezidor's pension plans for salaried employees in Sweden, Norway and Belgium are secured through defined benefit pensions plans with insurance companies. The Swedish Alecta plan, a multi-employer plan, is however accounted for as defined contribution plan as there is insufficient information to use defined benefit accounting.

Defined contribution pension plans

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by group companies to different insurance companies. The size of the premium is based on wages. Pension costs for the period are included in the income statement.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

ASSETS PLEDGED (TEUR)	30-SEP-2007	31-DEC-2006
Securities on deposits (restricted accounts)	2,329	3,521
CONTINGENT LIABILITIES (TEUR)	30-SEP-2007	31-DEC-2006
Guarantees provided for management contracts	24,526	26,441
Guarantees provided for renovation works	14,779	11,911
Miscellaneous guarantees provided	1,219	1,533
TOTAL GUARANTEES PROVIDED	40,524	39,885

As at the 30th September 2007, the committed expansion investments amounted to MEUR 5.3 (16.2 as at 31st December 2006). Investments related to ongoing renovations at the leased hotels are expected to be approximately 4-5% of leased hotel revenue. Certain lease and management agreements entered into by members of the group contain change of control clauses in relation to such members or their parents leading to possible changes in commercial terms and/or early termination.

DEFINITIONS

AHR

Average House Rate – Rooms revenue in relation to number of rooms sold. Also referred to as ARR (Average Room Rate) or ADR (Average Daily Rate) in the hotel industry.

CENTRAL COSTS

Central Costs represent costs for corporate and regional functions, such as Executive Management, Finance, Business Development, Legal, Communication & Investor Relations, Technical Development, Human Resources, Operations, IT, Brand Management & Development, and Purchasing. These costs are incurred to the benefit of all hotels within the Rezidor group, i.e. leased, managed and franchised..

EARNINGS PER SHARE

Profit for the period, before allocation to minority interest divided by the weighted average number of shares outstanding.

EBIT

Operating profit before net financial items and tax.

EBITDA

Operating profit before depreciation and amortisation and gain on sale of shares and fixed assets and net financial items and tax.

EBITDA margin

EBITDA as a percentage of Revenue.

EBITDAR

Operating profit before rental expense and share of income in associates and before depreciation and amortisation and gain on sale of shares and of fixed assets and net financial items and tax.

FF&E

Furniture, Fittings and Equipment.

LIKE-FOR-LIKE HOTELS

Same hotels in operation during the previous period compared.

NET WORKING CAPITAL

Current non-interest-bearing receivables minus current non-interest-bearing liabilities.

OCCUPANCY (%)

Number of rooms sold in relation to the number of rooms available for sale.

REVENUE

All related business revenue (including rooms revenue, food & beverage revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

REVPAR

Revenue Per Available Room: Rooms revenue in relation to rooms available.

SYSTEM-WIDE REVENUE

Hotel revenue (including rooms revenue, food & beverage, conference & banqueting revenue and other hotel revenue) from leased, managed and franchised hotels, where revenue from franchised hotels is an estimate. It also includes other non-hotel revenue from administration units, such as revenue from Rezidor's print shop that prepares marketing materials for Rezidor hotels and revenue generated under Rezidor's loyalty programs.

GEOGRAPHIC REGIONS / SEGMENTS

NORDIC REGION

Denmark, Finland, Iceland, Norway and Sweden.

REST OF WESTERN EUROPE

Austria, Belgium, France, Germany, Italy, Ireland, Malta, Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

EASTERN EUROPE (INCL. CIS COUNTRIES)

Azerbaijan, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Turkey, Ukraine and Uzbekistan.

MIDDLE EAST, AFRICA AND OTHER

Bahrain, China, Egypt, Jordan, Kuwait, Lebanon, Mali, Nigeria, Oman, Saudi Arabia, Senegal, South Africa, Tunisia and the United Arab Emirates.