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## ***Market conditions worsen; Rezidor increases cost reductions and maintains asset-light growth strategy***

The negative impact of the economic slow down on the European hotel market escalated during the last quarter of 2008 with double digit drops in industry RevPAR as a result.

“The industry experienced a tough second half of 2008. Despite declining markets Rezidor continued to show strong profitability in the Nordics and the Middle East whilst our profitability in Western Europe suffered from a sharper market decline, the renovation of a number of hotels and the ramping up of newly opened hotels” comments Kurt Ritter, President and CEO of Rezidor.

“Industry RevPAR is expected to continue to decline further in 2009. In order to meet an increasingly weaker market we have extended our existing cost cutting programme to a level of annual savings of around MEUR 30 and are constantly monitoring the need for additional reductions”, Ritter added.

“Rezidor continues with the long term strategy to focus its growth on fee-based managed and franchised contracts to reduce risk in the portfolio. 2008 was a record year for new hotels to be built or converted to one of Rezidor’s brands, and over 90% of these contracts were fee-based. 6.500 new rooms, another new record, were opened in 2008; more than 93% of which were fee based”, Ritter continues.

“By the end of 2008 Rezidor had a contracted pipeline of more than 22,000 rooms out of which 88% were managed or franchised. While the turmoil in the financial markets may result in some reduction to that pipeline, it is nonetheless a significant asset to the company when the rooms come into operation”, Kurt Ritter concludes.

*This press release comprises information which Rezidor Hotel Group AB (publ) is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08h30 CET on 11<sup>th</sup> February 2009.*

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