

## REZIDOR HOTEL GROUP AB (publ)

### YEAR END REPORT 1<sup>st</sup> JANUARY – 31<sup>st</sup> DECEMBER 2008

#### FOURTH QUARTER 2008

- The economic slowdown negatively impacted Rezidor's results; largely in line with overall market declines.
  - RevPAR Like-for-Like (for leased and managed hotels at constant FX rates) decreased by 5.3% to EUR 72.8 (76.9). Like-for-Like Occupancy was 63.1% (67.6).
  - Revenue decreased by 9.3% or MEUR 19.7 to MEUR 193.6 (213.3). On a Like-for-Like basis by -4.8% (same hotels at constant currency).
  - EBITDA was MEUR 13.6 (28.4), and EBITDA margin was 7.0% (13.3).
  - Profit after tax amounted to MEUR 1.3 (16.7).
  - Basic and diluted earnings Per Share amounted to EUR 0.01 (0.11)
- The cost reduction plan resulted in a MEUR 1.4 charge to EBITDA for severance and other costs. EBIT was negatively affected by a MEUR 2.2 write-down of fixed assets.

#### TWELVE-MONTHS ENDING DECEMBER 2008

- The annual results were similarly impacted by the economic slowdown. While the Nordics and the Middle East continued to show strong profitability, the Rest of Western Europe suffered from a sharper market decline.
  - RevPAR Like-for-Like (for leased and managed hotels at constant FX rates) grew by 2.7% to EUR 79.0 (76.9). Like-for-Like Occupancy was 67.0% (70.0).
  - Revenue decreased by MEUR 0.4 to MEUR 784.8 (785.2), however, on a Like-for-Like basis increased by 2.2% (same store hotels at constant currency).
  - EBITDA was MEUR 70.9 (86.5), and EBITDA margin was 9.0% (11.0).
  - Profit after tax amounted to MEUR 26.1 (45.7).
  - Basic and diluted earnings Per Share amounted to EUR 0.18 (0.31).
  - Cash and cash equivalents at year-end amounted to MEUR 26.4 and the total credit facilities to MEUR 106.8. Only MEUR 9.3 of the credit facilities were used at year-end.

#### OTHER HIGHLIGHTS

- In year 2008, Rezidor added ca 6,500 rooms into operations, of which over 90% were managed or franchised.
- During 2008, Rezidor signed 54 hotel agreements. These represented a total of ca 12,600 rooms, of which over 90% were managed or franchised.
- The target for the cost reduction plan that was launched in Q3 08 has increased by MEUR 10 and is expected to result in annual cost savings of MEUR 30, with full effect as of the second half of 2009.
- The Board of Directors proposes a dividend of EUR 0.00 per share (0.10).

#### KEY FIGURES

SELECTED FINANCIAL DATA (TEUR)	Oct-Dec 08	Oct-Dec 07	Jan-Dec 08	Jan-Dec 07
Revenue	193,556	213,296	784,819	785,241
EBITDAR	64,128	76,828	275,728	280,539
EBITDA	13,609	28,393	70,880	86,506
EBIT	5,320	22,958	42,879	63,223
Profit after Tax	1,257	16,727	26,136	45,716
<b>SELECTED RATIOS</b>				
EBITDAR Margin %	33.1%	36.0%	35.1%	35.7%
EBITDA Margin %	7.0%	13.3%	9.0%	11.0%
EBIT Margin %	2.7%	10.8%	5.5%	8.1%

#### CEO STATEMENT

"The impact of the economic slow down on the European hotel market escalated in the last quarter of 2008 with double digit drops in industry RevPAR as a result and the decline is expected to continue in 2009. In order to meet an increasingly weaker market we have extended our cost cutting programme to a level of annual savings of around MEUR 30 and are constantly monitoring the need for additional reductions

2008 was a record year in terms of contracting new hotels to join the Rezidor system and we continue to grow in a profitable way. 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, President & CEO**

**MARKET DEVELOPMENT**

RevPAR development during Q4 08 witnessed a decline across all markets on account of the continued economic slowdown, with the Middle East as the only exception, RevPAR in the UK and the Nordics, were further negatively impacted due to the weakening of the GBP, the NOK and the SEK, whereas the strengthened USD had a positive effect on the Middle East numbers.

RevPAR per region, in EUR	Oct-Dec 08	Oct-Dec 07	Var %	Jan-Dec 08	Jan-Dec 07	Var %
The Nordics First Class	72.8	80.4	(9.5)	82.6	81.4	1.5
The Nordics Mid Market	57.0	64.6	(11.8)	65.1	65.0	0.1
Europe First Class	74.9	87.1	(14.0)	82.7	87.1	(5.1)
Europe Mid market	53.5	60.8	(12.0)	59.4	61.7	(3.7)
Rest of Western Europe First Class	74.7	88.6	(15.7)	82.0	97.9	(16.2)
Rest of Western Europe Mid Market	54.5	62.4	(12.7)	60.0	63.2	(5.1)
Eastern Europe First Class	77.6	85.4	(9.1)	87.7	87.3	0.5
Eastern Europe Mid Market	37.0	43.6	(15.1)	42.8	44.8	(4.5)
Middle East First Class	102.2	82.9	23.3	81.9	72.2	13.4
Middle East Mid Market	68.5	51.5	33.0	52.4	45.8	14.4
UK First Class	86.9	112.9	(23.0)	96.4	112.9	(14.6)
UK Mid Market	58.3	73.2	(20.4)	64.6	74.4	(13.2)
Germany First Class	62.7	66.7	(6.0)	64.1	63.2	1.4
Germany Mid Market	47.6	49.0	(2.9)	48.8	47.3	3.2
Benelux First Class	80.4	93.0	(13.5)	85.7	88.3	(2.9)
Benelux Mid Market	65.8	72.1	(8.7)	70.4	69.8	0.9
Russia & CIS First Class	127.8	133.3	(4.1)	141.9	132.0	7.5

Source: STR Global. Numbers above are based on preliminary data. Growth rates are Euro based except stated otherwise. Market data for the mid-market segment in Russia and the other CIS are not available.

**REZIDOR PERFORMANCE - REVPAR & OCCUPANCY (LEASED & MANAGED)**

	Oct-Dec 08	Oct-Dec 07	Var	Jan-Dec 08	Jan-Dec 07	Var
<b>REVPAR LIKE-FOR-LIKE (EUR) <sup>1)</sup></b>						
Radisson SAS	81.8	86.8	(5.8)%	87.9	85.3	3.0%
Park Inn	42.4	42.5	(0.2)%	48.0	46.2	3.9%
Rezidor	72.8	76.9	(5.3)%	79.0	76.9	2.7%
<b>OCCUPANCY LIKE-FOR-LIKE</b>						
Radisson SAS	65.6%	69.8%	(420) bps	69.4%	71.6%	(220) bps
Park Inn	55.2%	60.7%	(550) bps	59.0%	64.7%	(570) bps
Rezidor	63.1%	67.6%	(450) bps	67.0%	70.0%	(300) bps
<b>REVPAR (EUR)</b>						
Radisson SAS	76.6	86.0	(10.9)%	82.9	84.9	(2.4)%
Park Inn	39.2	42.5	(7.8)%	45.1	46.7	(3.4)%
Rezidor	67.8	76.4	(11.3)%	73.9	76.6	(3.5)%
<b>OCCUPANCY</b>						
Radisson SAS	63.7%	69.5%	(580) bps	67.9%	71.3%	(340) bps
Park Inn	52.9%	60.7%	(780) bps	57.8%	64.8%	(700) bps
Rezidor	60.9%	67.4%	(650) bps	65.2%	69.7%	(450) bps

	Q.o.Q growth %
<b>REVPAR LIKE-FOR-LIKE <sup>1)</sup></b>	
Nordics	(4.3)%
Rest of Western Europe	(8.9)%
Eastern Europe	(7.6)%
Middle East, Africa and Other	7.7%
<b>REVPAR</b>	
Nordics	(14.6)%
Rest of Western Europe	(15.9)%
Eastern Europe	(9.2)%
Middle East, Africa and Other	11.6%

Note 1) At constant exchange rates.

**REVPAR**

RevPAR Q4 08: The ongoing economic crisis had a strong negative impact on RevPAR. Most markets reported weak performance resulting in a -5.3% change in like-for-like RevPAR versus +5.3% in the first nine months of the year.

The following table shows the RevPAR development versus comparable periods in 2007, and highlights the acceleration in the decline that started during Q3 08:

RevPAR	9m-08	Q4 08	FY 08
L-F-L growth/decline	5.3%	-5.3%	2.7%
FX Impact	-3.8%	-3.6%	-3.7%
New Openings	-2.3%	-2.4%	-2.5%
<b>Reported decline</b>	<b>-0.8%</b>	<b>-11.3%</b>	<b>-3.5%</b>

RevPAR in the fourth quarter continued to be negatively affected due to changes in FX, mainly the depreciation of the GBP (ca 16%), the NOK (ca 11%) and the SEK (ca 9%) compared to Q4 07. However, positive effect was noted due to the appreciation of the USD (and the USD linked currencies in the Middle East) and the CHF versus the Euro by ca 10% and ca 9% respectively.

All geographic segments noted decrease in occupancy levels, while only ROWE witnessed a decline in average room rates.

RevPAR FY: was also negatively affected due to changes in FX, mainly the depreciation of the GBP (ca 14%), the USD (and the USD linked currencies) by ca 5%, the SEK (ca 4%) and the NOK (ca 2%) versus the Euro. However, the CHF appreciated by ca 4% versus the Euro during the year.

With the exception of ROWE where like-for-like RevPAR was flat to last year, all other geographic segments noted a growth with MEAO having the strongest growth (ca 11%) followed by Eastern Europe (ca 4%) and the Nordics (ca 2%). All geographic segments noted decrease in occupancy levels, the effects of which were fully offset by increases in average room rates.

The year showed mixed results for like-for-like RevPAR change versus 2007. The key markets that noted a decline included the Baltics (ca -14%), the Netherlands (ca -7%), Poland (ca -6%) and the UK (ca -2%). Like-for-like RevPAR grew in South Africa (ca 14%), Russia (ca 13%), the UAE (ca 7%), France (ca 5%), Norway (ca 4%) and Germany (ca 2%). Like-for-like RevPAR in Denmark, Sweden and Belgium was flat to last year.

**COMMENTS TO STATEMENT OF OPERATIONS (page 11)**

Q4 08

Total Revenue decreased by 9.3% or MEUR 19.7, of which MEUR 14.2 came from FX. The impact from operations (Ops.) and FX on the deviation in revenue to same period last year is shown below:

In MEUR (Devs. to Q4 07)	Ops.	FX	Deviation
Rooms Rev	-4.8	-8.1	-12.9
F&B Rev	-1.8	-5.4	-7.2
Other Hotel Rev	0.5	-0.5	0.0
<b>Total Leased Rev</b>	<b>-6.1</b>	<b>-14.0</b>	<b>-20.1</b>
Fee Rev	0.9	-0.2	0.7
Other Rev	-0.3	0.0	-0.3
<b>TOTAL REV</b>	<b>-5.5</b>	<b>-14.2</b>	<b>-19.7</b>

Like-for-like Revenue decreased by 4.8% or MEUR 10.3. Rooms Revenue marked a decline due to a decrease in the like-for-like RevPAR driven by a drop in demand (occupancy) from business individuals, groups (business and leisure) and crew volumes overall. Occupancy declined more in ROWE than in the Nordics, mainly due to business & leisure groups and crew volume. ROWE was also negatively impacted due to the ongoing renovation works at the Park Inn portfolio in the UK and other selected hotels. The decline in Rooms Revenue was partly offset on account of two newly opened leased hotels since the end of Q4 07. F&B and Other Hotel Revenue (operations at constant FX) also noted a decline due to a combination of lower occupancy and lower demand for F&B and meetings & events in certain countries. The positive deviation in Fee Revenue (operations at constant FX) was due to:

- higher RevPAR in several countries, particularly the Middle East, South Africa and Russia;
- addition of several managed and franchised hotels since Q4 07; and
- ramp-up of many newly opened hotels during the last 2-3 years.

However, this growth in fee revenue was partly offset due to the decline in RevPAR in most of Europe.

Other Revenue went down due to the assignment of the loyalty program to its owner, Carlson, in Q4 07.

For the leased hotel revenue, a majority of the negative FX impact was due to the weakened NOK, GBP and SEK, however partly offset due to the strengthening of the CHF versus the Euro. For the fee revenue, the negative FX effect was primarily due to the depreciation of ZAR and ISK, however partly offset due to the appreciation of the USD and most currencies in the Middle East.

Personnel cost and contract labour decreased in absolute terms, but these costs as a percent of leased hotel revenue increased due to one-off redundancy costs related to the cost savings plan of ca MEUR 1.4, a net cost pension adjustment of MEUR 0.4, the addition of two new leased hotels since Q4 07 and the decline in the revenue base itself.

The two new leased hotels also accounted for increased costs in Other Operating Expenses property insurance and property tax.

Compared with the same period last year, Q4 08 had savings in central costs amounting to ca MEUR 2.8, largely due to timing differences, lower variable salaries and reversal of certain accruals as well as the initial positive impact of the cost savings initiatives.

EBITDAR margin noted a decline due to a drop in Total Revenue and was also negatively affected by FX of MEUR -4.5.

Fixed rent was relatively stable. Variable Rent noted a decline due to lower revenues (mainly in the Nordics and partly in the UK and Germany). FX had a positive effect of ca MEUR 3.9 on total rent..

Shortfall payments for management contracts with performance guarantees increased due to a few hotels in ROWE, some of which were newly opened and some undergoing renovation works. In Q4 07 shortfall payments had a one-off positive effect of MEUR 1.7 due to repayment of guarantees previously paid for one hotel.

The decline in Share of Income from Associates and Joint Ventures was mainly due to Q4 07 benefitting from an arbitration award amounting to MEUR 1.3.

EBITDA and EBITDA margin was negatively affected mainly due to sharp market downturn and FX that had a negative impact of ca MEUR 0.8 on EBITDA.

Depreciation and amortisation noted a small increase (partly offset by FX) on account of investments carried out during 2007-08 at several existing hotels, particularly in Norway and the UK and a MEUR 2.2 write-down of fixed assets.

Gain on sale of shares was the result of the disposal of shares in an operating company holding the lease for a hotel in South Africa. This hotel was converted into a managed property.

The positive deviation in Financial Net was driven by higher interest income, reduced interest costs (lower use of overdrafts and partial repayment of an external loan in Q4 07) and some FX exchange differences.

The increase in the higher effective tax rate is due to tax losses incurred during the year, not capitalised as deferred tax assets as a result of the uncertainty in the market. An accrual for withholding tax in the Middle East also had a negative impact.

FY Dec 08

Total Revenue had a minor decrease 0.01% or MEUR 0.4, and was negatively affected by FX effects amounting to MEUR 30.6. The impact of operations (Ops.) and FX on the deviation in Total Revenue is shown below:

<i>In MEUR</i>	<b>Ops.</b>	<b>FX</b>	<b>Deviation</b>
<i>(Devs. to FY 07)</i>			
Rooms Rev	17.3	-16.9	0.4
F&B Rev	8.5	-9.8	-1.3
Other Hotel Rev	0.1	-1.2	-1.1
<b>Total Leased Rev</b>	<b>25.9</b>	<b>-27.9</b>	<b>-2.0</b>
Fee Rev	7.6	-2.7	4.9
Other Rev	-3.3	0.0	-3.3
<b>TOTAL REV</b>	<b>30.2</b>	<b>-30.6</b>	<b>-0.4</b>

Like-for-like Revenue increased by 2.2% or MEUR 17.4.

Pre-opening costs amounted to MEUR -3.4 (-1.1), which contributed to the increase in operating expenses.

EBITDAR margin noted a minor decrease only, despite more pre-opening costs and redundancy costs versus 07. FX had a negative impact of ca MEUR 10.5 on EBITDAR. Central costs for 08 were stable at last year's level.

EBITDA and EBITDA margin in comparison to that of 07 were negatively affected due to market slowdown, the aforementioned increase in pre-opening costs and redundancy cost as well as the arbitration award received in 07 (reported as share of income from associates). Rent for new leased hotels and increased guarantee payments had a negative effect on Rental expense 08 of MEUR 9.1. FX also had a negative impact of ca MEUR 1.9 on EBITDA level.

Financial income in 2007 was partly effected by 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. Excluding this capital gain, Financial net improved from minus MEUR 2.5 to plus MEUR 0.7. The improved Financial net was due to repayment of loans in 07 and reduced utilization of bank overdraft as well as positive exchange differences.

The increase in the higher effective tax rate is due to tax losses incurred during the year, not capitalised as deferred tax assets as a result of the uncertainty in the market.

## SEGMENTAL REVENUE, EBITDA & CENTRAL COSTS

### OVERVIEW - REVENUE (IN TEUR)

REGION	Oct-Dec 08	Oct-Dec 07	Var %	Jan-Dec 08	Jan-Dec 07	Var %
Nordics	87,310	99,939	(12.6)%	357,329	353,497	1.1%
Rest of Western Europe	95,622	104,987	(8.9)%	388,370	398,006	(2.4)%
Eastern Europe	6,192	5,485	12.9%	25,137	22,365	12.4%
Middle East, Africa & Others	4,432	2,885	53.6%	13,983	11,373	22.9%
<b>TOTAL REVENUE</b>	<b>193,556</b>	<b>213,296</b>	<b>(9.3)%</b>	<b>784,819</b>	<b>785,241</b>	<b>(0.1)%</b>

### OVERVIEW - EBITDA (IN TEUR)

REGION	Oct-Dec 08	Oct-Dec 07	Var %	Jan-Dec 08	Jan-Dec 07	Var %
Nordics	16,628	19,216	(13.5)%	68,283	68,858	(0.8)%
Rest of Western Europe	(1,140)	12,879	(108.9)%	15,305	32,070	(52.3)%
Eastern Europe	4,245	6,224	(31.8)%	17,704	18,703	(5.3)%
Middle East, Africa & Others	3,521	2,504	40.6%	12,210	10,565	15.6%
Central Costs	(9,646)	(12,431)	(22.4)%	(42,622)	(43,690)	(2.4)%
<b>TOTAL EBITDA</b>	<b>13,608</b>	<b>28,393</b>	<b>(52.1)%</b>	<b>70,880</b>	<b>86,506</b>	<b>(18.1)%</b>

### Q4: COMMENTS BY REGION

#### THE NORDICS (Q4 08)

• Like-for-like RevPAR dropped by 4.3% in the quarter. Denmark reported the biggest drop followed by Sweden and Norway. The negative effect came from occupancy while average room rate was flat to last year.

• Revenue was negatively affected (MEUR -8.9) by the weakening of the NOK and the SEK to the EUR. Management and franchise fees were down due to softening of the markets and FX impact. In addition franchise fees were negatively affected by the off-line of 10 franchise hotels in Sweden during first four months of 08.

• Despite the drop in revenue, EBITDA for leased hotels only noted a minor decrease, mainly due to stable margins and lower rent as a result of the variable rent structure in the Nordics. The weakening NOK and SEK during the quarter impacted EBITDA negatively. Managed and Franchised EBITDA declined mainly due to the softening of the markets, and to some extent FX. Other EBITDA was positively impacted due to improved margins in other operating departments and reversal of certain accrued expenses.

#### REST OF WESTERN EUROPE (Q4 08)

• The market in ROWE saw an even bigger drop in RevPAR as a result of the economic slowdown. Like-for-like RevPAR showed a decline of 8.9%. The biggest drop was noted in the

Netherlands (-22.7%), followed by Germany (-8.4%), Belgium (-7.8%), the UK (-7.3%) and France (-4.3%).

• Revenue was negatively impacted (MEUR -5.0) by FX, mainly due to the weakening of the GBP. This was partly offset by a positive development from the CHF. The ongoing renovations of several hotels in the UK had an additional negative effect on revenue. The decline in revenue was partly offset by the opening of two leased hotels. The market slowdown also had a negative effect on management and franchise fee revenue.

• EBITDA for leased hotels declined due to a major decrease in like-for-like RevPAR, and rental expenses for two newly opened hotels. These negative effects were however partly offset by a small positive effect from FX. As several leased hotels in ROWE are in ramp-up phase and mainly paying fixed rents, the drop in revenue did not result in any significant savings in Variable Rent. Managed EBITDA declined due to drop in RevPAR and was also heavily affected by increased guarantee payments and to a minor extent by provisions for doubtful accounts. Franchised EBITDA showed a decrease mainly due to market conditions.

• EBIT in ROWE was negatively affected by a MEUR 2.2 write-down of fixed assets.

### **EASTERN EUROPE (Q4 08)**

- Like-for-like RevPAR declined by 7.6%. The net FX impact on reported RevPAR was only minor. The Baltics reported decline of -25.2% while Russia noted a growth of 1.2%.

- The managed fee revenue had a positive impact from the ramping up of existing portfolio and the addition of ca 1,200 rooms since the end of Q4 07. However the growth was partly offset due to the decline in RevPAR (particularly the Baltics and Poland). Franchised fees marked a modest growth due to the addition of ca 300 rooms since the end of Q4 07.

- EBITDA from managed fees noted a drop mainly due to increased guarantee payments for one hotel and provision for doubtful accounts. EBITDA from franchised fees was positively impacted due to the increase in fee revenue with a minor negative effect from provision for doubtful accounts. EBITDA margin during Q4 07 was positively impacted by Share of Income from Associates and Joint Ventures, which noted an exceptional increase on account of Rezidor's share (MEUR 1.3) in the arbitration award related to Park Inn Ekaterinburg.

### **THE MIDDLE EAST, AFRICA & OTHER (Q4 08)**

- Like-for-like RevPAR showed a growth of 7.7% and was in addition positively affected by FX.

- Managed fee revenue benefitted from underlying growth in RevPAR (like-for-like) as well as the addition of ca 900 rooms since the end of Q4 07.

- EBITDA-margin from managed fees was relatively stable, resulting in an increased EBITDA by MEUR 1.1 due to the revenue growth.

### **CENTRAL COSTS**

Reported Central costs for Q4 08 were lower than those for the same period last year. However, this was primarily due to positive effects from reversal of accruals in Q4 08, lower variable salaries and negative effects from timing differences in Q4 07. Adjusting for those amounts Central cost for Q4 08 was stable versus Q4 07. Given the general economic and hotel market slowdown, central cost containment continues to be a key focus area for Rezidor.

### **COMMENTS TO BALANCE SHEET (page 12)**

Compared to last year, non-current assets remain at the same level. Intangible assets saw a small increase during the year, mainly coming from acquired subsidiaries. Investments in tangible assets amounted to MEUR 34.6, most of which were carried out in hotels in Norway and the UK. This increase from investments was however offset by depreciations and substantial negative translation differences due to the depreciation of the GBP, the NOK and the SEK. The positive effect on non-current financial assets from share of income from associates and joint ventures was reduced by dividend payments from one of the joint ventures and the partial repayment of a loan from another joint venture.

Net working capital, excluding cash and cash equivalents, at the end of the period was MEUR -55.8 (-45.8 as at 31<sup>st</sup> December 07). Accounts receivables went down due to lower sales in Q4 08 compared to the same period last year and , an efficient working capital management. Cash and cash

equivalents went down from MEUR 51.4 to MEUR 26.4 and bank overdrafts from MEUR 31.6 to MEUR 8.2.

Compared to 31<sup>st</sup> December 2007, equity was reduced by the dividend paid, which amounted to MEUR 14.8, and the share buy-backs, which amounted to MEUR 8.4. Equity was also negatively affected by significant negative translation differences which including tax effects amounted to MEUR 20.3. The accounting for the long term incentive plans had a small positive effect of MEUR 0.2 on retained earnings.

### **COMMENTS TO CASH FLOW & LIQUIDITY (page 14)**

Cash flow from operating activities amounted to MEUR 61.9 in 08, which was MEUR 13.8 below last year. This was mainly explained by the lower operating profit for the year and higher tax payments, however somewhat offset by adjustments for non-cash items, such as exchange differences. A better working capital management and the drop in the market in the second half of 08 however resulted in a positive cash flow effect from reduced accounts receivables.

Cash flow from investing activities amounted to MEUR -36.4. Like in 07, these investments were mainly related to leased hotels in Norway and the UK. Cash flow from investing activities was also negatively affected by minor investments in other intangible assets and financial assets. Cash flow from other investments/divestments was substantially lower than last year. This was on account of the positive effects in 07 from the sale of the shares in RDS Hotelli AS in Estonia and the repayment of certain loans given by Rezidor to associates and joint ventures (the owning company of Radisson SAS Hotel Tallin, Estonia).

Cash flow from financing activities of MEUR -46.2 was negatively impacted by a reduction in the use of overdraft facilities by MEUR 23.4, the share buy-backs amounting to MEUR 8.4 and the dividend payment in accordance with the AGM resolution in April amounting to MEUR 14.8.

The total credit facilities available for use amounted to MEUR 106.8. MEUR 1.1 was used for bank guarantees and MEUR 8.2 was used as overdrafts. At the end of December 08, Rezidor had MEUR 26.4 in cash and cash equivalents.

Net cash (including pension assets and retirement benefit obligations) amounted to MEUR 44.0 (47.7 as at 31<sup>st</sup> December 07).

### **INCENTIVE PROGRAMMES**

On May 4, 2007 the Annual General Meeting approved a long-term equity settled performance-based incentive programme to be offered to approximately 25 executives within the Rezidor Group. Based on the outcome of certain performance criteria, defined as growth in earnings per share and total shareholder return relative to a defined peer group, the participants of the program may be awarded shares in the Company at the end of the vesting period (1<sup>st</sup> May 2010). The maximum number of shares that can be awarded is 225,801. Until 30<sup>th</sup> September 08, the total cost from grant date, calculated in accordance with IFRS 2, amounted to MEUR 0.5. In Q4, MEUR 0.3 of this cost was reversed as the current recession has made it unlikely that the targets for Earnings Per Share (EPS) in this

programme will be met. The costs for the other part of this programme, the Total Shareholder Return (TSR), are still recognised whether or not the target will be met and amount to MEUR 0.2 since grant date.

On April 23, 2008 the Annual General Meeting approved a new long-term equity settled performance-based incentive programme to be offered to approximately 30 executives within the Rezidor Group. Based on the amount of their annual gross salary, the participants are allowed to invest in a certain number of savings shares. Based on the outcome of certain performance criteria, defined as growth in earnings per share and total shareholder return relative to a defined peer group during the financial years 2008-2010, the participants of the programme may at the end of the vesting period be awarded a certain number of so called performance shares in the Company relative to their number of savings shares. With the exception of the CEO, the CFO, and three other senior executives, the participants, in addition, are entitled to receive a certain number of so called matching shares relative to their number of savings shares, conditional on continuous employment during the vesting period. Allotments of performance shares and matching shares will take place in conjunction with the release of the Q1 report in 2011. The maximum number of shares that can be awarded is 667,691. The total cost, calculated in accordance with IFRS 2, recognised for the performance share programme from grant date 30<sup>th</sup> June 2008 until 31<sup>st</sup> December 2008 is MEUR 0.2. The costs for social security charges are immaterial. The two incentive programs have not yet given rise to any dilution.

#### SHARE BUY BACK

Following the authorisation at the Annual General Meeting 2007, the Company bought back 945,200 shares during Q1 08 at an average price of SEK 33.51 per share, representing an investment of MEUR 3.4. On April 23, 2008 the Annual General Meeting gave the Board of Directors a renewed authorisation to decide on the acquisition of the Company's own shares on the Stockholm Stock Exchange until the next Annual General Meeting. Following this new authorisation, the Company bought back 1,724,300 shares in Q3 08 at an average price of SEK 27.36 representing an investment of MEUR 5.0. No shares have been bought back in Q4 08. The number of shares held by the Company at the end of the year was 3,694,500, representing 2.5% of total number of shares. The weighted number of own shares held by the Company in Q4 08 and the full year 08 was 2,499,787 and 3,694,500 respectively. The authorisations at these two Annual General Meetings have been given to secure delivery of shares to participants in the two share based incentive programmes decided in 2007 and 2008 and to cover social security costs pertaining to these programs as well as to ensure that the Group has a more efficient capital structure. A total of 1,084,843 shares has been bought back to secure delivery of shares in the incentive programmes and the related social security costs.

#### DIVIDEND PAID DURING THE YEAR

On April 23, 2008 the Annual General Meeting resolved to approve the dividend proposal and pay a dividend of EUR 0.10 per share, equalling EUR 14,803,184.

#### PROPOSED DIVIDEND AND ANNUAL GENERAL MEETING

In the current context of economic uncertainty, the Board of Directors recommends the Annual General Meeting a suspension of the dividend. The long-term policy is to distribute approximately one third of the annual net income.

The Annual General Meeting 2009 of the Rezidor Hotel Group AB will take place on 23<sup>rd</sup> April 2009 in Stockholm.

#### POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

#### BUSINESS DEVELOPMENT

ROOMS ADDED INTO OPERATIONS	Oct-Dec 08	Jan-Dec 08
<b>Radisson SAS</b>	2,262	4,000
<b>Park Inn</b>	821	2,272
<b>Other</b>	-	213
<b>Total</b>	<b>3,083</b>	<b>6,485</b>
<b>BY CONTRACT TYPE</b>		
<b>Managed</b>	1,465	3,792
<b>Leased</b>	-	483
<b>Franchised</b>	1,617	2,210
<b>Total</b>	<b>3,083</b>	<b>6,485</b>

ROOMS CONTRACTS SIGNED	Oct-Dec 08	Jan-Dec 08
<b>Radisson SAS</b>	1,353	7,641
<b>Park Inn</b>	856	4,032
<b>Other</b>	365	928
<b>Total</b>	<b>2,574</b>	<b>12,601</b>
<b>BY CONTRACT TYPE</b>		
<b>Managed</b>	1,747	9,661
<b>Leased</b>	-	889
<b>Franchised</b>	827	2,051
<b>Total</b>	<b>2,574</b>	<b>12,601</b>

ROOMS CONTRACTED BY GEOGRAPHY	Oct-Dec 08	Jan-Dec 08
<b>Nordics</b>	-	704
<b>Rest of Western Europe</b>	1,133	4,168
<b>Eastern Europe</b>	703	3,138
<b>Middle East, Africa &amp; Others</b>	738	4,591
<b>Total</b>	<b>2,574</b>	<b>12,601</b>

In Q4 08, Rezidor signed 12 contracts for new hotels (2,574 rooms), none of which carried any financial commitments. In 2008, Rezidor entered into 54 new hotel contracts. These represented a total of 12,601 rooms, of which 93% were managed or franchised.



#### **OTHER DEVELOPMENTS**

Rezidor's second Capital Market Day was hosted at the Park Inn Heathrow in London on December 10, with the aim to further educate analysts, investors and the media. The Capital Market Day was broadcast live on the internet.

Kurt Ritter, President and CEO of Rezidor, received the Lifetime Achievement Award 2008, on the occasion of the prestigious Worldwide Hospitality Awards, organized by HTR Magazine and MKG Group, celebrated on November 18 in Paris. Kurt Ritter was awarded for his long-time and successful career at the helm of Rezidor which he turned into one of the fastest growing hotel companies worldwide.

#### **MATERIAL RISKS & UNCERTAINTIES**

In addition to the references made in the annual report for 2007 with respect to material risks and uncertainty factors, it is important to note that the general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates will continue to be the most important factors influencing the company's earnings. A more severe economic down-turn with major implications on the performance of our hotels, may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts. The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

#### **AUDITOR'S REVIEW**

The report has not been subject to review by the auditors.

## FINANCIAL CALENDAR

### 23<sup>rd</sup> April 2009

Interim report January –March 2009

### 22<sup>d</sup> July 2009

Interim report January –June 2009

### 30<sup>th</sup> October 2009

Interim report January –September 2008

### Annual General Meeting 2009

The annual General Meeting 2009 of the Rezidor Hotel Group will take place on 23<sup>rd</sup> April 2009 at Radisson SAS Royal Viking Hotel in Stockholm.

The annual report will be available on the Company's website ([www.rezidor.com](http://www.rezidor.com)) around 20<sup>th</sup> March 2009.

This interim report 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.

## Stockholm/Brussels 11<sup>th</sup> February 2009

**Kurt Ritter**  
**President & CEO**  
**Rezidor Hotel Group AB**

## CONTACTS

Mr. Kurt Ritter  
President and CEO  
+32 2 702 92 00

Mr. Knut Kleiven  
Deputy President and CFO  
+32 2 702 92 00  
+32 475 510 406 (mobile)

Mr. Per Blixt  
Senior VP Corporate Communications & IR  
+32 2 702 92 24 (direct)  
+32 477 760 267 (mobile)

### Rezidor Hotel Group AB (publ)

Corporate identity number: 556674-0964  
Registered office: Hemvärnsgatan 15, Box 6061, 171 06  
Solna, Stockholm, Sweden  
Corporate office: Avenue du Bourget 44, B-1130 Brussels,  
Belgium

[www.rezidor.com](http://www.rezidor.com) [investorrelations@rezidor.com](mailto:investorrelations@rezidor.com)

## WEBCAST FOR FINANCIAL ANALYSTS & INVESTORS

**Kurt Ritter**, President & CEO, **Knut Kleiven**, Deputy President & CFO and **Puneet Chhatwal**, CDO, will present the report and answer questions on 11<sup>th</sup> February 2009 at **15:30 (Central European Time)**.

To participate in the teleconference, please dial:

**Sweden:** +46 8 505 204 24  
**Sweden Toll Free:** 0200 896 377

**UK:** +44 203 023 4416  
**US:** +1 646 843 4608  
**US Toll Free:** 1 866 966 5335

To follow the webcast, please visit [www.rezidor.com](http://www.rezidor.com)

A replay of the conference call will be available one month following the call by dialling +44 208 196 1998 (UK) and +1 866 583 1035 (US), access code 195424#.

## CONSOLIDATED STATEMENT OF OPERATIONS

TEUR	Oct-Dec 08	Oct-Dec 07	Jan-Dec 08	Jan-Dec 07
Revenue	193,556	213,296	784,819	785,241
F&B and other related expenses	(16,481)	(17,987)	(60,544)	(61,133)
Personnel cost and contract labour	(69,377)	(72,390)	(276,586)	(265,800)
Other Operating expenses	(41,917)	(43,479)	(160,893)	(166,015)
Insurance of properties and property tax	(1,653)	(2,612)	(11,068)	(11,754)
<b>Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)</b>	<b>64,128</b>	<b>76,828</b>	<b>275,728</b>	<b>280,539</b>
Rental expense	(51,496)	(51,085)	(208,950)	(200,252)
Shares of income in associates and Joint Ventures	976	2,650	4,102	6,219
<b>Operating profit before depreciation and amortisation and gain on sale of fixed assets (EBITDA)</b>	<b>13,608</b>	<b>28,393</b>	<b>70,880</b>	<b>86,506</b>
Depreciation and amortisation expense	(8,832)	(6,505)	(28,545)	(24,353)
Gain on sale of shares and tangible assets	544	1,070	544	1,070
<b>Operating profit</b>	<b>5,320</b>	<b>22,958</b>	<b>42,879</b>	<b>63,223</b>
Financial income	331	(228)	3,199	5,198
Financial expense	(470)	(119)	(2,489)	(4,540)
<b>Profit before tax</b>	<b>5,181</b>	<b>22,611</b>	<b>43,588</b>	<b>63,881</b>
Income Tax	(3,924)	(5,884)	(17,452)	(18,165)
<b>Profit for the period</b>	<b>1,257</b>	<b>16,727</b>	<b>26,136</b>	<b>45,716</b>
<b>Attributable to:</b>				
Equity holders of the parent	1,257	16,727	26,136	45,716
Minority interest	-	-	-	-
<b>Profit for the period</b>	<b>1,257</b>	<b>16,727</b>	<b>26,136</b>	<b>45,716</b>
Average no. of shares outstanding during the period	146,307,540	149,498,127	147,502,253	149,836,224
<b>Earnings per share (EUR)</b>				
Basic and diluted	0.01	0.11	0.18	0.31

## CONDENSED CONSOLIDATED BALANCE SHEET STATEMENTS

TEUR	31-Dec 08	31-Dec 07
<b>ASSETS</b>		
Goodwill	13,190	12,629
Licences and related rights and other intangible assets	65,990	65,152
Tangible assets	103,716	107,865
Investments in associated companies and joint ventures	7,995	7,823
Other shares and participations	10,527	10,411
Pension funds, net	10,291	13,679
Other long-term receivables	12,231	11,872
Deferred tax assets	20,150	21,758
<b>Total non-current assets</b>	<b>244,090</b>	<b>251,189</b>
Inventories	5,342	5,724
Other current receivables	105,188	100,875
Other short term investments	2,975	3,421
Cash and cash equivalents	26,379	51,389
<b>Total current assets</b>	<b>139,884</b>	<b>161,409</b>
<b>TOTAL ASSETS</b>	<b>383,974</b>	<b>412,598</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent	184,122	201,262
Minority interest	215	215
<b>Total equity</b>	<b>184,337</b>	<b>201,477</b>
Deferred tax liabilities	25,783	25,447
Retirement benefit obligations	1,510	1,388
Other long-term liabilities	3,213	1,005
<b>Total non-current liabilities</b>	<b>30,506</b>	<b>27,840</b>
Liabilities to financial institutions	8,198	31,573
Other current liabilities	160,933	151,708
<b>Total current liabilities</b>	<b>169,131</b>	<b>183,281</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>383,974</b>	<b>412,598</b>
Number of ordinary shares outstanding at the end of the period	146,307,540	148,977,040
Number of ordinary shares held by the company	3,694,500	1,025,000
Number of registered ordinary shares at the end of the period	150,002,040	150,002,040

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

TEUR	SHARE CAPITAL	OTHER PAID IN CAPITAL	TRANSLATION RESERVES	RETAINED EARNINGS	NET INCOME FOR THE PERIOD	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL EQUITY
<b>Ending balance as of 31<sup>st</sup> December 2006</b>	<b>127</b>	<b>153,978</b>	<b>20,578</b>	<b>(19,237)</b>	<b>20,719</b>	<b>176,165</b>	<b>215</b>	<b>176,380</b>
Allocation of net income of previous period	-	-	-	20,719	(20,719)	-	-	-
Net Profit for the period	-	-	-	-	45,716	<b>45,716</b>	-	<b>45,716</b>
Bonus issue	9,873	(9,873)	-	-	-	-	-	-
Dividends paid to shareholders	-	(9,000)	-	-	-	<b>(9,000)</b>	-	<b>(9,000)</b>
Share buy-back	-	-	-	(4,911)	-	<b>(4,911)</b>	-	<b>(4,911)</b>
Long term incentive plan	-	-	-	235	-	<b>235</b>	-	<b>235</b>
Change in translation differences	-	-	(6,516)	-	-	<b>(6,516)</b>	-	<b>(6,516)</b>
Tax on exchange differences recognised directly in equity	-	-	(427)	-	-	<b>(427)</b>	-	<b>(427)</b>
<b>Ending balance as of 31<sup>st</sup> Dec 2007</b>	<b>10,000</b>	<b>135,105</b>	<b>13,635</b>	<b>(3,194)</b>	<b>45,716</b>	<b>201,262</b>	<b>215</b>	<b>201,477</b>
Allocation of net income of previous period	-	-	-	45,716	(45,716)	-	-	-
Dividends paid to shareholders	-	(14,803)	-	-	-	<b>(14,803)</b>	-	<b>(14,803)</b>
Share buy-back	-	-	-	(8,381)	-	<b>(8,381)</b>	-	<b>(8,381)</b>
Long term incentive plan	-	-	-	225	-	<b>225</b>	-	<b>225</b>
Net profit for the period	-	-	-	-	26,136	<b>26,136</b>	-	<b>26,136</b>
Change in translation differences	-	-	(17,235)	-	-	<b>(17,235)</b>	-	<b>(17,235)</b>
Tax on exchange differences recognised directly in equity	-	-	(3,082)	-	-	<b>(3,082)</b>	-	<b>(3,082)</b>
<b>Ending balance as of 31<sup>st</sup> Dec 2008</b>	<b>10,000</b>	<b>120,302</b>	<b>(6,682)</b>	<b>34,366</b>	<b>26,136</b>	<b>184,122</b>	<b>215</b>	<b>184,337</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

<b>TEUR</b>	<b>Jan-Dec 08</b>	<b>Jan-Dec 07</b>
<b>Operating profit</b>	<b>45,077</b>	<b>63,223</b>
Non cash items	24,238	10,482
Interest, taxes paid and other cash items	(12,488)	(3,593)
Change in working capital	5,075	5,555
<b>Cash flow from operating activities</b>	<b>61,902</b>	<b>75,667</b>
Purchase of intangible assets	(820)	(3,259)
Purchase of tangible assets	(34,557)	(42,566)
Other investments/divestments	(1,006)	16,942
<b>Cash flow from investing activities</b>	<b>(36,383)</b>	<b>(28,883)</b>
External financing, net	(23,009)	(32,384)
Dividends paid	(14,803)	(9,000)
Share buy back	(8,361)	(4,911)
<b>Cash flow from financing activities</b>	<b>(46,173)</b>	<b>(46,295)</b>
<b>Cash flow for the period</b>	<b>(20,654)</b>	<b>489</b>
Effects of exchange rate changes on cash and cash equivalents	(4,356)	(75)
<b>Cash and cash equivalents at beginning of the period</b>	<b>51,389</b>	<b>50,975</b>
<b>Cash and cash equivalents at end of the period</b>	<b>26,379</b>	<b>51,389</b>

**PARENT COMPANY, STATEMENT OF OPERATIONS**

TEUR	Oct-Dec 08	Oct-Dec 07	Jan-Dec 08	Jan-Dec 07
Revenue	902	857	3,728	3,576
Personnel cost	(738)	(892)	(2,882)	(2,993)
Other Operating expenses	(1,271)	(1,472)	(9,494)	(3,464)
<b>Operating loss before depreciation and amortization</b>	<b>(1,107)</b>	<b>(1,507)</b>	<b>(8,648)</b>	<b>(2,881)</b>
Depreciation and amortization expense	(21)	(14)	(70)	(55)
<b>Operating loss</b>	<b>(1,128)</b>	<b>(1,521)</b>	<b>(8,718)</b>	<b>(2,936)</b>
Financial income	2,407	278	3,475	1,811
Financial expense	(456)	20	(1,632)	(1,461)
<b>Profit/Loss before tax</b>	<b>823</b>	<b>(1,223)</b>	<b>(6,875)</b>	<b>(2,586)</b>
Income Tax	(248)	322	1,907	699
<b>Profit/loss for the period</b>	<b>575</b>	<b>(901)</b>	<b>(4,968)</b>	<b>(1,887)</b>

**PARENT COMPANY, CONDENSED BALANCE SHEET STATEMENTS**

TEUR	31-Dec 08	31-Dec 07
<b>ASSETS</b>		
Tangible assets	251	262
Shares in subsidiaries	231,560	231,335
Deferred tax assets	0	778
<b>Total non-current assets</b>	<b>231,811</b>	<b>232,375</b>
Inventories	1	1
Current receivables	16,459	16,840
Cash and cash equivalents	1	5,778
<b>Total current assets</b>	<b>16,461</b>	<b>22,619</b>
<b>TOTAL ASSETS</b>	<b>248,272</b>	<b>254,994</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>194,297</b>	<b>215,320</b>
Current liabilities	53,975	39,674
<b>Total current liabilities</b>	<b>53,975</b>	<b>39,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>248,272</b>	<b>254,994</b>

## PARENT COMPANY, STATEMENT OF CHANGES IN EQUITY

TEUR	Share capital	Share premium reserve	Retained earnings	Net loss for the year	Total equity
<b>Ending balance as of 31<sup>st</sup> December 2006</b>	<b>127</b>	<b>230,973</b>	<b>-</b>	<b>(3,299)</b>	<b>227,801</b>
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	-	-	(4,911)	-	(4,911)
Long term incentive plan	-	-	235	-	235
Group contribution	-	-	4,281	-	4,281
Tax effect on group contribution	-	-	(1,199)	-	(1,199)
Net loss for the period	-	-	-	(1,887)	(1,887)
<b>Ending balance as of 31<sup>st</sup> Dec 2007</b>	<b>10,000</b>	<b>212,100</b>	<b>(4,893)</b>	<b>(1,887)</b>	<b>215,320</b>
Allocation of last year's result	-	-	(1,887)	1,887	-
Dividends paid	-	(14,803)	-	-	(14,803)
Share buy back	-	-	(8,381)	-	(8,381)
Long term incentive plan	-	-	225	-	225
Group contribution	-	-	9,589	-	9,589
Tax effect on group contribution	-	-	(2,685)	-	(2,685)
Net loss for the period	-	-	-	(4,968)	(4,968)
<b>Ending balance as of 31<sup>st</sup> Dec 2008</b>	<b>10,000</b>	<b>197,297</b>	<b>(8,032)</b>	<b>(4,968)</b>	<b>194,297</b>

## COMMENTS TO INCOME STATEMENT

The primary purpose of the Parent Company is to act as a holding company for the Group'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.

The main revenue of the Company is internal fees charged to the hotels in Sweden for the related administrative services provided by the Shared Service Centre. In Q4 08 and YTD 08 the inter-company revenue of the Parent Company amounted to MEUR 1.0 (0.9) and MEUR 3.4 (3.2) respectively. The inter-company costs in Q4 08 and YTD 08 amounted to MEUR 1.4 (0.2) and MEUR 7.3 (0.9) respectively. Inter-company costs have increased since last year as the Company as from this year bears a bigger part of corporate costs. In Q4 08 and YTD 08 inter-company interest income amounted to MEUR 0.1 (0.2) and MEUR 0.5 (1.3) respectively and intercompany interest expenses to MEUR 0.5 (0.3) and MEUR 2.1 (0.9).

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 31<sup>st</sup> December 2007, the major changes in the balance sheet of the Parent Company are the reductions of retained earnings of MEUR 14.8 from the dividend declared and the share-buy-back of MEUR 8.4, the net increase after tax in retained earnings of MEUR 6.9 due to group contribution and the corresponding changes cash and cash equivalents as well as in short-term inter-company receivables and liabilities related to the financing of these transactions. At the end of the year the inter-company receivables amounted to MEUR 16.2 (16.6 as at 31<sup>st</sup> December 2007) and the inter-company liabilities to MEUR 52.4 (37.4 as at 31<sup>st</sup> December 2007).



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### BASIS OF PREPARATION

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim report has been prepared using accounting principles consistent with International Financial Reporting Standards.

The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2.1, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

The same accounting policies, presentation and methods of computation are followed in this interim report as were applied in the company's annual report for the year ended 31 December 2007. There were no new Standards or Interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, affecting the Company as from 1 January 2008.

### RELATED PARTY TRANSACTIONS

Related parties with significant influence are: The Carlson Group (Carlson) owning 44% of the shares. Rezidor also has some joint ventures and associated companies. On 31<sup>st</sup> December 2008 Rezidor had ordinary current receivable related to Carlson of MEUR 0.8 (1.3) and ordinary current liabilities of MEUR 1.0 (2.3). The business relationship with Carlson mainly consisted of operating costs related to the use of the brands and the use of the Carlson reservation system. As at 30<sup>th</sup> December 2008, Rezidor had operating costs towards Carlson of MEUR 8.0 (9.8). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.7 (0.6). For these specific commissions Rezidor had current liabilities of MEUR 0.2 (0.1 as at 31<sup>st</sup> December 2007).

In December 08, Rezidor entered into an agreement with Carlson, whereby Carlson acquired the right to use certain brand tools, concepts, manuals and intellectual property developed by Rezidor for the Radisson brand. Carlson has paid MEUR 1.8, equal to the estimated fair value for the products which were delivered in January 09. The agreement gives Carlson the future right to acquire the right to use some additional products of the same nature for fair value.

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 40 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 12<sup>th</sup> 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 on page 7-8.

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

ASSETS PLEDGED (TEUR)	31-Dec-08	31-Dec-07
Securities on deposits (restricted accounts)	2,977	3,423
CONTINGENT LIABILITIES (TEUR)	31-Dec-08	31-Dec-07
Guarantees provided for management contracts	-	5,817
Guarantees provided for renovation works	-	1,663
Miscellaneous guarantees provided	1,139	1,201
<b>TOTAL GUARANTEES PROVIDED</b>	<b>1,139</b>	<b>8,681</b>

**REVENUE PER AREA OF OPERATION**

TEUR	Oct-Dec 08	Oct-Dec 07	Var%	Jan-Dec 08	Jan-Dec 07	Var%
<b>Revenue</b>						
Rooms revenue	100,175	113,052	(11.4)%	439,468	439,092	0.1%
F&B revenue	63,580	70,791	(10.2)%	230,609	231,866	(0.1)%
Other hotel revenue	5,260	5,210	1.0%	20,748	21,801	(4.8)%
<b>TOTAL HOTEL REVENUE</b>	<b>169,015</b>	<b>189,053</b>	<b>(10.6)%</b>	<b>690,825</b>	<b>692,760</b>	<b>(0.3)%</b>
Fee revenue	21,440	20,747	3.3%	83,235	78,464	6.1%
Other revenue	3,100	3,496	(11.3)%	10,759	14,017	(23.2)%
<b>TOTAL REVENUE</b>	<b>193,556</b>	<b>213,296</b>	<b>(9.3)%</b>	<b>784,819</b>	<b>785,241</b>	<b>(0.1)%</b>

**TOTAL FEE REVENUE**

TEUR	Oct-Dec 08	Oct-Dec 07	Var%	Jan-Dec 08	Jan-Dec 07	Var%
Management Fees	6,262	6,616	(5.4)%	26,912	28,029	(4.0)%
Incentive Fees	7,826	5,069	54.4%	25,649	22,284	15.1%
Franchise Fees	1,206	1,865	(35.3)%	5,292	5,015	5.5%
Other Fees (incl. marketing, reservation fee etc.)	6,145	7,197	(14.6)%	25,383	23,136	9.7%
<b>TOTAL FEE REVENUE</b>	<b>21,440</b>	<b>20,747</b>	<b>3.3%</b>	<b>83,235</b>	<b>78,464</b>	<b>6.1%</b>

**REVENUE PER REGION**

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07
Leased	81,106	92,898	87,910	96,154	-	-	-	-	169,016	189,052
Managed	2,327	2,761	6,233	6,781	5,875	5,358	4,432	2,832	18,867	17,732
Franchised	1,179	1,508	1,077	1,328	317	127	-	53	2,573	3,016
Other	2,698	2,772	402	724	-	-	-	-	3,100	3,496
<b>TOTAL</b>	<b>87,310</b>	<b>99,939</b>	<b>95,622</b>	<b>104,987</b>	<b>6,192</b>	<b>5,485</b>	<b>4,432</b>	<b>2,885</b>	<b>193,556</b>	<b>213,296</b>

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07
Leased	335,273	326,990	355,552	365,770	-	-	-	-	690,825	692,760
Managed	7,512	7,798	26,798	26,584	24,188	21,904	13,983	11,288	72,481	67,574
Franchised	5,250	6,335	4,555	4,009	949	461	-	85	10,754	10,890
Other	9,294	12,374	1,465	1,643	-	-	-	-	10,759	14,017
<b>TOTAL</b>	<b>357,329</b>	<b>353,497</b>	<b>388,370</b>	<b>398,006</b>	<b>25,137</b>	<b>22,365</b>	<b>13,983</b>	<b>11,373</b>	<b>784,819</b>	<b>785,241</b>

**RENTAL EXPENSES**

TEUR	Oct-Dec 08	Oct-Dec 07	Var %	Jan-Dec 08	Jan-Dec 07	Var %
Fixed rent	40,441	40,940	(1.2)%	164,501	161,120	2.1%
Variable rent	7,298	11,206	(34.9)%	33,743	34,230	(1.4)%
Rent	47,739	52,146	(8.5)%	198,244	195,350	1.5%
Rent as a % of leased hotel revenue	28.2%	27.6%	60 bps	28.7%	28.2%	50 bps
Guarantees	3,757	(1,061)	454.1%	10,706	4,902	118.4%
Rental expense	51,496	51,085	0.1%	208,950	200,252	4.3%

**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	
	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07
Leased	12,537	14,868	(2,411)	5,517	-	-	(275)	-	-	-	9,851	20,385
Managed	2,021	2,371	1,042	6,647	4,113	4,315	3,157	2,050	-	-	10,333	15,383
Franchised	660	941	280	901	211	103	-	54	-	-	1,151	1,999
Other (*) (**)	1,410	1,036	(51)	(186)	(79)	1,806	639	400	-	-	1,919	3,056
Central Costs (**)	-	-	-	-	-	-	-	-	(9,646)	(12,431)	(9,646)	(12,431)
<b>TOTAL</b>	<b>16,628</b>	<b>19,216</b>	<b>(1,140)</b>	<b>12,879</b>	<b>4,245</b>	<b>6,224</b>	<b>3,521</b>	<b>2,504</b>	<b>(9,646)</b>	<b>(12,431)</b>	<b>13,608</b>	<b>28,393</b>

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07
Leased	54,410	52,655	1,476	11,339	-	-	(568)	-	-	-	55,318	63,994
Managed	6,149	6,285	12,400	19,346	17,094	16,794	10,547	8,453	-	-	46,190	50,878
Franchised	3,060	4,032	1,736	1,960	592	209	-	72	-	-	5,388	6,273
Other (*) (**)	4,664	5,886	(307)	(575)	18	1,700	2,231	2,040	-	-	6,606	9,051
Central Costs (**)	-	-	-	-	-	-	-	-	(42,622)	(43,690)	(42,622)	(43,690)
<b>TOTAL</b>	<b>68,283</b>	<b>68,858</b>	<b>15,305</b>	<b>32,070</b>	<b>17,704</b>	<b>18,703</b>	<b>12,210</b>	<b>10,565</b>	<b>(42,622)</b>	<b>(43,690)</b>	<b>70,880</b>	<b>86,506</b>

(\*) Other also include share of income from associates

(\*\*) Reclassification of certain costs was made between Other EBITDA and central costs for 2007 to align the cost allocation approach for the two periods. The adjustment led to a change in central costs and a corresponding change in Other EBITDA for 2007.

**OPERATING PROFIT (EBIT)**

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07	Oct-Dec 08	Oct-Dec 07
Leased	10,855	11,593	(7,562)	3,052	-	-	(275)	-	-	-	3,018	14,645
Managed	2,007	2,355	990	6,595	4,298	4,276	3,119	2,020	-	-	10,414	15,246
Franchised	642	916	253	879	264	102	-	53	-	-	1,159	1,950
Other (*)(**)	(341)	755	(377)	586	(79)	1,806	1,186	400	-	-	375	3,547
Central Costs (**)	-	-	-	-	-	-	-	-	(9,646)	(12,413)	(9,646)	(12,413)
<b>TOTAL</b>	<b>13,149</b>	<b>15,619</b>	<b>(6,696)</b>	<b>11,112</b>	<b>4,483</b>	<b>6,184</b>	<b>4,030</b>	<b>2,473</b>	<b>(9,646)</b>	<b>(12,413)</b>	<b>5,320</b>	<b>22,958</b>

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07	Jan-Dec 08	Jan-Dec 07
Leased	43,170	40,178	(11,663)	2,276	-	-	(568)	-	-	-	30,939	42,454
Managed	6,087	6,216	12,190	19,150	16,917	16,623	10,430	8,342	-	-	45,624	50,331
Franchised	2,973	3,932	1,633	1,872	581	199	-	71	-	-	5,187	6,074
Other (*)(**)	2,322	4,902	(1,367)	(589)	18	1,700	2,778	2,040	-	-	3,751	8,053
Central Costs (**)	-	-	-	-	-	-	-	-	(42,622)	(43,690)	(42,622)	(43,690)
<b>TOTAL</b>	<b>54,552</b>	<b>55,228</b>	<b>793</b>	<b>22,709</b>	<b>17,516</b>	<b>18,522</b>	<b>12,640</b>	<b>10,453</b>	<b>(42,622)</b>	<b>(43,690)</b>	<b>42,879</b>	<b>63,223</b>

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

(\*\*) Reclassification of certain costs was made between Other EBITDA and central costs for 2007 to align the cost allocation approach for the two comparable periods. The adjustment led to a change in central costs and a corresponding change in Other EBITDA for 2007, which also impacted the numbers at the EBIT level.

**BALANCE SHEET & INVESTMENTS**

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
Total assets	109,628	138,234	209,046	187,383	30,033	39,325	35,267	47,656	383,974	412,598
Investments (tangible and intangible assets)	9,106	22,681	27,490	23,144	-	-	664	-	37,260	45,825

**HOTELS IN OPERATION**

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
Leased	23	23	44	42	-	-	-	-	67	65
Managed	8	7	61	51	32	27	24	19	125	104
Franchised	24	33	37	31	7	4	-	-	68	68
<b>TOTAL</b>	<b>55</b>	<b>63</b>	<b>142</b>	<b>124</b>	<b>39</b>	<b>31</b>	<b>24</b>	<b>19</b>	<b>260</b>	<b>237</b>

**ROOMS IN OPERATION**

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
Leased	6,129	6,129	9,161	8,678	-	-	-	-	15,290	14,807
Managed	2,106	2,064	10,106	8,480	8,386	7,444	5,832	4,870	26,430	22,858
Franchised	4,272	5,139	7,450	5,714	1,258	778	-	-	12,980	11,631
<b>TOTAL</b>	<b>12,507</b>	<b>13,332</b>	<b>26,717</b>	<b>22,872</b>	<b>9,644</b>	<b>8,222</b>	<b>5,832</b>	<b>4,870</b>	<b>54,700</b>	<b>49,296</b>

**HOTELS & ROOMS IN PIPELINE**

**31<sup>st</sup> DECEMBER 2008**

	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	470	9	1,651	20	5,289	22	5,591	53	13,001
Park Inn	6	1,448	19	2,942	11	2,026	5	898	41	7,314
Missoni/ Lifestyle	-	-	1	136	-	-	3	661	4	797
Regent	-	-	-	-	1	130	2	798	3	928
<b>TOTAL</b>	<b>8</b>	<b>1,918</b>	<b>29</b>	<b>4,729</b>	<b>32</b>	<b>7,445</b>	<b>32</b>	<b>7,948</b>	<b>101</b>	<b>22,040</b>

## 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.

### REVPAR LIKE-FOR-LIKE

RevPAR for like-for-like hotels at constant exchange rates.

### 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 (NO)

Denmark, Finland, Iceland, Norway and Sweden.

### REST OF WESTERN EUROPE (ROWE)

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

### EASTERN EUROPE (INCL. CIS COUNTRIES) (EE)

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

### MIDDLE EAST, AFRICA AND OTHER (MEAO)

Bahrain, China, Egypt, Ethiopia, Jordan, Kenya, Kuwait, Lebanon, Libya, Mali, Morocco, Mozambique, Nigeria, Oman, Saudi Arabia, Senegal, South Africa, Tunisia, the United Arab Emirates and Qatar.