THE REZIDOR HOTEL GROUP

Interim Report
January-June 2011

Second quarter, 2011

- RevPAR Like-for-like increased by 3.0% to EUR 70.7 (68.7). Like-for-like Occupancy was 66.7% (66.5).
- Revenue increased by 11.7% or MEUR 23.7 to MEUR 226.7 (203.0). On a Like-for-like basis Revenue increased by 3.9%.
- EBITDA was MEUR 14.8 (17.5), and EBITDA margin was 6.5% (8.6).
- Profit after tax amounted to MEUR 4.7 (17.2).
- Basic and diluted Earnings Per Share amounted to EUR 0.03 (0.12).

Six month ending June, 2011

- RevPAR Like-for-like increased by 4.5% to EUR 63.3 (60.6). Like-for-like Occupancy was 61.2% (60.3).
- Revenue increased by 13.7% or MEUR 50.6 to MEUR 419.3 (368.7). On a Like-for-like basis Revenue increased by 3.7%.
- EBITDA was MEUR 6.2 (6.0), and EBITDA margin was 1.5% (1.6).
- Loss after tax amounted to MEUR -12.7 (-0.6).
- Basic and diluted Earnings Per Share amounted to EUR -0.09 (-0.00).
- Cash flow from operating activities was -20.1 (-0.0). Total available cash at the end of the period, including unutilised credit facilities, amounted to MEUR 88.4 (MEUR 129.3 in Dec 2010 and MEUR 96.1 in June 2010).

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Other developments

- In April it was announced that the employment contract for the President and CEO, Kurt Ritter, has been extended by three years until February 2015.
- Circa 1,000 new rooms were added into operations in the second quarter and ca 2,400 during the first six months.
- Circa 2,100 rooms were signed in the second quarter and ca 4,300 during the first six months. All of the new rooms signed during the year were managed or franchised.

	Second quarter		Six months		Rolling 12-months	
MEUR	**Apr-Jun 11**	**Apr-Jun 10**	**Jan-Jun 11**	**Jan-Jun 10**	**Jul 10-Jun 11**	**Jul 09-Jun 10**
Revenue	226.7	203.0	419.3	368.7	836.3	720.1
EBITDAR	73.6	70.6	126.2	115.7	264.6	231.3
EBITDA	14.8	17.5	6.2	6.0	31.6	18.8
EBIT	7.0	14.2	-9.6	-4.7	-1.1	-7.6
Profit/loss after Tax	4.7	17.2	-12.7	-0.6	-14.8	-7.0
EBITDAR Margin %	32.5%	34.8%	30.1%	31.4%	31.6%	32.1%
EBITDA Margin %	6.5%	8.6%	1.5%	1.6%	3.8%	2.6%
EBIT Margin %	3.1%	7.0%	-2.3%	-1.3%	-0.1%	-1.1%

Comment from the CEO

- Continued growth in Europe; margins for the quarter impacted due to non-recurring items and the unrest in North Africa and the Middle East

"We see a continued recovery in the European hotel market although the overall macroeconomic conditions remain uncertain. Our hotels in Eastern Europe noted a particularly strong development with continued RevPAR improvement and growth in fees. Western Europe also showed strong growth. In the Nordics, Denmark was the fastest improving market followed by Sweden. The development in Norway was however varied partly because of the timing of Easter.

The political turbulence in North Africa and the Middle East had a bigger impact than in the previous quarter. A substantial drop in management fees from Bahrain, Egypt, Tunisia and Libya, together with a weak development in South Africa compared to the very strong summer during the 2010 World Cup had a negative impact on group margins.

The same period of last year had a positive impact of certain one-offs amounting to MEUR 14 on the net result. The noteworthy items included the sale of Regent (MEUR 4) and the capitalization of deferred tax assets (MEUR 8).

Despite a solid growth in the topline, the quarter noted a weak flow through. Two-thirds of the revenue growth came from newly opened leased hotels which, as foreseen, did not generate any profit being in their early ramp-up phase. The net result was also negatively affected due to one-time operating costs related to the increased Park Inn marketing activities and an organizational restructuring (totalling MEUR 4).

Excluding all non-recurring items in the two comparative quarters, this quarter showed an improvement of MEUR 4 in net profit compared to Q2 last year.

Our expansion continues. During the first six months of the year we opened 2,400 new rooms and added more than 4,000 rooms to the pipeline. 100% of the pipeline at this point comprises management or franchise contracts, which supports our asset-light strategy.

With a stronger focus than ever on revenue generation and profitable growth and with the reinforced corporate management in place, I believe the company is well structured for improving its performance."

Kurt Ritter, President & CEO

Market Development

The recovery of the European hotel market continues. On an aggregated level, industry numbers show an accumulated RevPAR growth of ten percent for the first five months of 2011 and there is an almost even mix between occupancy and rate as drivers of the growth. The market development is supported by a lower than usual growth in supply.

The big Western European markets continue to experience positive development. Last year German RevPAR was supported by a lowered VAT. Despite the lack of a similar support this year the German market continues to show a stable growth. In the UK, London is the engine with a slower RevPAR growth in regional destinations. The full effects of government spending cuts in the UK still remain to be seen.

There was solid growth in all Nordic markets in the first five months of the year with Denmark taking the lead after a weak 2010. The Swedish hotel market reflects the strong local economy while the development in Norway seems to be more erratic.

After being hit hard by the recession, hotel markets in Russia and the Baltics recovered. In North Africa and the Middle East, the political unrest had negative impact on RevPAR development. In general however, most African countries have a need for new supply resulting in both high absolute RevPAR and good growth for existing hotels.

The economic development in southern Europe has less impact on Rezidor as the group has no presence in Greece and less than one percent of rooms in operation are in Portugal and Spain.

RevPAR

Second quarter, 2011

Like-for-like RevPAR grew by 3% compared to the same period last year, mainly driven by AHR. All geographic segments noted a growth, except MEAO (-27.8%) which is still suffering from the unrest in Bahrain, Egypt, Libya and Tunisia. Adjusted for these four countries, like-for-like RevPAR for the group grew by 8.0%. MEAO was further negatively impacted by the Football World Cup in South Africa in June last year, bringing down the like-for-like RevPAR growth for the group by 1.6%. The biggest growth was reported by EE (+19.1%), followed by ROWE (+10.7%) and the Nordics (+2.4%).

The significant increase in Eastern Europe was driven by both AHR (+12.0% -the highest of any region) and occupancy (+6.3%) with the Baltics, Russia and Turkey being the key growth drivers.

In RoWE, the development was driven more by occupancy (+6.8% - the highest of any region) than AHR (+3.6%), although the picture varied in different countries.

The Nordics, financially one of our most important areas, noted a modest growth as a strong development in Sweden and Denmark was diluted by the weak performance in Norway, where Like-for-like RevPAR came in below that of last year, mainly due to the timing of Easter, the Eurovision Song Contest last year and certain renovation works.

MEAO, as mentioned above, heavily affected by the unrest in the Middle East and North Africa saw both occupancy and rate go down compared to the same period last year. A positive development was however noted in countries like the UAE and Saudi Arabia.

The RevPAR development for the quarter, split into like-for-like growth, FX impact, hotels leaving the system and new openings is presented in the table below.

RevPAR	Apr-Jun
L/L growth	3.0%
FX impact	-1.4%
Units out	0.3%
New openings	-3.3%
Reported growth	-1.4

The negative FX impact was mainly attributable to the depreciation of the USD linked currencies in the Middle East (ca -12%) and the GBP (ca -3%). This was partly offset by the appreciation of the CHF (ca 13%), the SEK (ca 7%) and the NOK (ca 1%).

Six month ending June, 2011

All customer segments noted an increase in volume in the Nordics, ROWE and EE, but the impact of the events in the Middle East and North Africa, affecting MEAO, resulted in a marginal like-for-like occupancy increase of 1.6% during the period. Combined with a like-for-like AHR increase of 2.8%, like-for-like RevPAR grew by 4.5% during the period. Adjusted for the four troubled countries in the Middle East and North Africa, like-for-like RevPAR grew by 8.6%. The strongest development was seen in EE.

The RevPAR development for the six month period, split into like-for-like growth, FX impact, hotels leaving the system and new openings is presented in the table below.

RevPAR	Jan-Jun
L/L growth	4.5%
FX impact	0.5%
Units out	0.4%
New openings	-4.1%
Reported growth	1.3%

Rezidor's performance

RevPAR Like-for-like, EUR[1)]	Apr-Jun 11	Apr-Jun 10	Change	Jan-Jun 11	Jan-Jun 10	Change
Radisson Blu	79.6	78.4	1.6%	71.8	69.3	3.6%
Park Inn	44.2	40.8	8.5%	37.3	34.5	8.0%
Group	**70.7**	**68.7**	**3.0%**	**63.3**	**60.6**	**4.5%**
Occupancy Like-for-like, %						
Radisson Blu	67.6	68.0	-40bps	62.8	62.3	50bps
Park Inn	64.0	62.1	190bps	56.6	54.2	240bps
Group	**66.7**	**66.5**	**20bps**	**61.2**	**60.3**	**90bps**
RevPAR, EUR						
Radisson Blu	77.0	77.6	-0.8%	70.1	68.4	2.5%
Park Inn	42.8	41.3	3.7%	37.0	35.2	4.9%
Group	**67.5**	**68.4**	**-1.4%**	**60.9**	**60.1**	**1.3%**
Occupancy, %						
Radisson Blu	66.8	67.1	-30 bps	61.6	61.4	20 bps
Park Inn	62.3	62.8	-50bps	54.3	54.8	-50bps
Group	**65.4**	**65.9**	**-50bps**	**59.5**	**59.6**	**-10bps**

1) At constant exchange rates

Apr-Jun 11 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like[1)]	2.4%	10.7%	19.1%	-27.8%	3.0%
Occupancy Like-for-like	2.4%	6.8%	6.3%	-23.1%	0.3%
AHR Like-for-like[1)]	0.1%	3.6%	12.0%	-6.1%	2.7%
Reported RevPAR	1.8%	10.0%	6.7%	-36.6%	-1.4%

Jan-Jun 11 Y/Y Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like[1)]	5.6%	9.6%	16.5%	-17.9%	4.5%
Occupancy Like-for-like	4.9%	5.1%	8.7%	-15.8%	1.6%
AHR Like-for-like[1)]	0.7%	4.3%	7.2%	-2.5%	2.8%
Reported RevPAR	5.3%	9.9%	6.0%	-22.3%	1.3%

1) At constant exchange rates

Comments to Statements of Operations (p 12)

Second quarter, 2011

Total Revenue increased by 11.7% or MEUR 23.7 The change in Revenue from operations, split into like-for-like hotels, new hotels, hotels leaving the system and FX compared to the same period last year is presented below.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	6.1	8.8	-1.9	2.2	15.2
F&B Revenue	0.9	6.0	-1.2	1.1	6.8
Other Hotel Revenue	-0.2	0.2	-0.1	0.1	0.0
Total Leased Revenue	**6.8**	**15.0**	**-3.2**	**3.4**	**22.0**
Fee Revenue	0.6	1.1	-0.3	-0.5	0.9
Other Revenue	0.8	0.0	-	-0.0	0.8
Total Revenue	**8.2**	**16.1**	**-3.5**	**2.9**	**23.7**

Like-for-like revenue grew mainly as a result of the positive RevPAR development for leased hotels in ROWE. F&B revenue continued to have a weak development with only a modest contribution from like-for-like hotels as the demand for meetings and events remains low. Fee revenue suffered heavily from the unrest in the Middle East and North Africa as fees from Bahrain, Egypt, Libya and Tunisia came in MEUR 1.5 below that of the same period last year. The contribution from new hotels, primarily the leased hotels opened since Q2 last year, continued to represent a substantial portion of the revenue increase. The negative impact on revenue from hotels leaving the system, mainly the effect of the Regent sale last year, was offset by a positive FX impact of almost the same amount.

The revenue increase in like-for-like leased hotels in ROWE was combined with a good flow through at EBITDAR level. Although performing in line with expectations, the EBITDAR of MEUR 4.2 in new leased hotels had a dampening effect on the margins as the hotels still are in their ramp-up phase. The margins were further negatively impacted by a provision for onerous lease contracts of MEUR 2.2 (MEUR 0.7 recognised as provision in Q2 2010) and redundancy costs of MEUR 1.6 reported in Central Costs as well as the MEUR 2.0 in the timing of marketing expenditures. The additional marketing expenses were mainly related to activities aimed at increasing brand awareness and promotions for the Park Inn brand. The comparison to last year was moreover impacted by the MEUR 1.4 reversal in Q2 last year of an accrual related to a loyalty programme. This pressure on margins was only partly offset by a positive FX effect at EBITDAR level of MEUR 0.9 and MEUR 0.9 in lower pre-opening expenses. Consequently, the EBITDAR margin came in 230 bps below that of last year and EBITDAR was only MEUR 3 higher than in Q2 last year, despite the revenue increase of MEUR 23.7

Both fixed and variable rent increased as a result of the new leases opened since Q2 last year and the full effect on rent from the leases opened in Q1 last year. Variable rent also noted a moderate increase due to the positive revenue development, primarily in the Nordics. Rental expenses as a percent of revenue increased. Shortfall payments for management contracts with performance guarantees were lower than in Q2 last year due to improved performance and the fact that some hotels have reached their contractual cap on guarantees. MEUR 0.8 of provisions from prior years for shortfall guarantees related to onerous contracts were reversed during the period, compared to a cost for provisions of MEUR 0.4 in Q2 2010.

The lower costs for shortfall guarantees during the period could not offset the higher rental expenses and EBITDA came in MEUR 2.7 below that of last year and the EBITDA margin dropped by 210 bps. Share of income from associates and joint ventures improved compared to last year, as one joint venture was classified as held for sale in Q2 2010 with no share of income recognised. However, this only had a limited positive effect on EBITDA. The FX impact on EBITDA was close to zero.

The costs for depreciations, amortisations and write-downs were MEUR 0.6 higher than those of last year, a combination of the impact from investments in the new leases and the effects of write-downs. MEUR 0.1 in fixed assets were written down during the quarter as a result of impairment, whereas Q2 last year noted a positive effect from write-downs of MEUR 0.5 due to a prior year reversal.

Last year’s results were also positively impacted by the capital gain of MEUR 3.9 from the sale of the Regent business.

The net financial expenses were slightly higher than last year due to exchange differences.

The tax expense had a net positive impact of MEUR 2.1 (the recognition of a MEUR 2.9 refund of withholding tax from prior years minus the write-down of deferred tax assets of MEUR 0.8), offsetting the negative effect of tax losses incurred during the period but not capitalised as deferred tax assets. Q2 last year noted a tax income as a result of a one-off capitalisation of deferred tax assets of MEUR 13.6 combined with a write-down of MEUR 5.2, giving rise to a net positive effect of MEUR 8.4

In summary, Q2 2010 had a net positive impact of MEUR 13.1 on the profit for the period, as a result of non-recurring items. For Q2 this year, non-recurring items had a net negative impact of MEUR 3.0 on the profit. Excluding all non-recurring items in the two comparative quarters, this quarter showed a profit improvement of MEUR 3.6 compared to Q2 2010.

Half year, 2011

Total Revenue, increased by 13.7% or MEUR 50.6. The change in Revenue from operations, split into like-for-like hotels, new hotels, hotels leaving the system and FX compared to the same period last year is presented below.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	10.8	17.3	-3.5	6.9	31.5
F&B Revenue	-0.4	12.1	-2.2	3.6	13.1
Other Hotel Revenue	0.2	0.5	-0.2	0.3	0.8
Total Leased Revenue	**10.6**	**29.9**	**-5.9**	**10.8**	**45.4**
Fee Revenue	1.7	2.7	-0.5	-0.4	3.5
Other Revenue	1.7	-	-	0.0	1.7
Total Revenue	**14.0**	**32.6**	**-6.4**	**10.4**	**50.6**

Like-for-like rooms revenue grew in line with the RevPAR development for leased hotels, with the strongest contribution from ROWE due to the higher RevPAR growth and bigger revenue base of that region. The recovery in meetings and events is still not fully visible and as a result, like-for-like F&B revenue came in flat to the same period last year. The marginal increase in like-for-like fee revenue reflected the negative impact from the unrest in the Middle East and North Africa. The contribution from new hotels was considerable, representing approximately two-thirds of the total revenue increase during the period. FX had a positive effect on revenue, mostly due to the weaker EUR compared to H1 last year, whereas the sale of the Regent business in 2010 had a negative impact on revenue.

The revenue increase in like-for-like leased hotels was combined with a good flow through at EBITDAR level. However, the new leased hotels opened since H1 last year, still in their ramp-up phase, brought down the margins. Pre-opening expenses were MEUR 0.8 lower than the same period last year. MEUR 2.2 in provisions for onerous lease contracts was recognised during the period (MEUR 0.7 during H1 2010). Central costs were impacted by one-offs costs of approximately MEUR 3.5, related to redundancy costs, some exceptionally high negative exchange differences on receivables in foreign currencies and higher costs for variable salaries related to 2010. In addition, a bigger portion of the central marketing fund was spent during the period compared to H1 last year. The first six months last year were also positively impacted by the reversal of an accrual of MEUR 2.0 related to a loyalty programme. The combination of these effects, although partly offset by a positive impact from FX of MEUR 2.9, had a negative impact on the margins and the EBITDAR margin came in 130 bps below that of last year. As a consequence, the MEUR 50.6 increase in revenue only resulted in an EBITDAR increase of MEUR 10.5.

Higher variable rent due to the revenue increase, rental expenses for the new leases opened since H1 last year and a negative FX impact of MEUR 2.9 contributed to higher rental expenses. Shortfall payments for management contracts with performance guarantees were lower than in H1 last year due to improved performance and the fact that some hotels have reached their contractual cap on guarantees. MEUR 0.8 of provisions for shortfall guarantees related to onerous contracts were also reversed during the period, compared to a cost for provisions of MEUR 0.4 recognised in H1 2010. Share of income from associates and joint ventures improved compared to the same period last year, as one joint venture was classified as held for sale in H1 2010 with no share of income recognised. The margin at EBITDA level came in just below that of last year, and EBITDA only noted a marginal increase compared to H1 last year.

The costs for depreciations, amortisations and write-downs were MEUR 1.1 higher than last year, mainly the result of the new leases.

Last year's results were positively impacted by the capital gain of MEUR 3.9 from the sale of the Regent business.

The net financial expenses were lower than in H1 last year, mainly due to a one-off financial income of MEUR 0.6 in Q1 this year.

The tax expense was positively impacted by the recognition of a MEUR 2.9 refund of withholding tax from prior years, offsetting the negative effect of tax losses incurred during the period but not capitalised as deferred tax assets. A tax income was reported in H1 last year due to the capitalisation of MEUR 8.4 in deferred tax assets in Q2 2010.

Q2 Comments by Region

Nordics

Like-for-like RevPAR increased by 2.4% driven mainly by occupancy (+2.4%), as AHR only noted a marginal increase (+0.1%). As in Q1, Denmark was the strongest performing country with a RevPAR growth of 16.6%, largely coming from a 10.4% increase in occupancy, combined with a +5.6% growth in AHR. This was the result of improved volume in all segments with the exception of leisure groups. In Sweden, the RevPAR growth of 8.5% was driven by a combination of AHR (+4.8%) and occupancy (+3.6%), following an increase in corporate groups and crew volumes. Norway however noted a RevPAR drop of 3.3%, coming from fall in occupancy of 2.5% and an AHR decline of 0.8%. The negative development was explained by the timing of Easter, the Eurovision Song Contest and a major conference in Oslo last year as well as the partial closure due to renovation of one hotel. The weak RevPAR development in Norway resulted in a negligible increase in leased hotel revenue from like-for-like hotels. The MEUR 15.0 increase was instead the result of the contribution from the new leased hotels opened since Q2 last year (MEUR 12.0) and a positive impact from FX of MEUR 2.7.

The positive impact by the RevPAR increase in Denmark on fee income from managed hotels was offset by lower fees from profit sharing in one managed hotel in Norway. Fee income from franchised hotels grew in line with RevPAR in the hotels.

The weak performance in the like-for-like hotels and the fact that the more new hotels still are in their ramp-up phase, resulted in a negative development for the EBITDA margin. However, the positive impact from FX and lower pre-opening expenses than last year made EBITDA for leased hotels come in just above the same period last year.

EBITDA and EBITDA margin for managed hotels decreased due to higher marketing expenses and the lower fee revenue. EBITDA and EBITDA margin for franchised hotels also decreased as higher marketing expenses offset the slightly higher fee revenue.

Rest of Western Europe

Like-for-like RevPAR witnessed a growth of +10.7%, coming from both Occupancy (+6.8%) and AHR (+3.6%), driven by a growth in all key business segments. All markets reported RevPAR increases, with Switzerland (+15.0%), France (+11.6%), the Benelux (+11.6%) and Ireland (+10.2%) having the most significant improvements.

The RevPAR growth had a positive impact on revenue from leased hotels for the period. It was however softened by the development in F&B revenue that came in flat to the same period last year. The positive contribution from the new leased hotels was offset by the loss in revenue from the sale of the Regent business in 2010. FX had a positive impact of MEUR 0.7.

Fee income from managed and franchised hotels increased more than RevPAR for ROWE, due to increased incentive fees and new hotels added to the portfolio.

Lower pre-opening costs and a good flow through from like-for-like hotels had a positive impact on EBITDA and the EBITDA margin for leased hotels, despite the negative impact from newly opened leased hotels in their ramp-up phase and additional accruals for onerous contracts.

EBITDA and EBITDA margin for managed hotels increased as a result of the higher RevPAR and more incentive fees as well as the reduced costs for shortfall guarantees. EBITDA from managed hotels also benefitted from the reversal of a provision of MEUR 0.8 from last year for shortfall guarantees related to onerous contracts. EBITDA for the franchised business was slightly below that of last year as higher marketing expenses offset the effects of the increase in fee income.

Eastern Europe

Like-for-like RevPAR increased by +19.1%, mainly due to the AHR growth (+12.0%), but also supported by a strong occupancy growth (+6.3%). Turkey (+37.2%) was the best performing country with AHR (+40.1%) as the key factor, supported by increased corporate volumes (transient and group). The Baltics (+18.0%) and Russia (+15.3%) also noted a solid quarter based on increased volume in all segments.

Fee income from managed and franchised hotels grew more than RevPAR due to a strong contribution from new hotels.

EBITDA from managed hotels increased following the positive revenue development. Despite lower shortfall guarantees and lower provisions for doubtful accounts the EBITDA-margin was in line with that of last year, mainly due to timing differences in marketing activities. EBITDA from franchised hotels increased as a result of the positive revenue development.

Middle East, Africa and Others

The region was heavily impacted by the unrest in the Middle east and North Africa and like-for-like RevPAR dropped by 27.8%, mostly the result of a lower occupancy (-23.1%). In addition, the football World Cup in South Africa last year contributed to the negative RevPAR development. The strongest performing countries were Saudi Arabia (+15.8%) and the UAE (+10.7%) but the growth in these countries was over-shadowed by the steep declines in Libya (-77.9%), Egypt (-54.0%), Tunisia (-51.4%) and South Africa (-48.7%).

As a result of the RevPAR drop, fee income from managed hotels dropped by MEUR 2.5 compared to Q2 last year. Fee revenue from the four troubled countries in the Middle East and North Africa fell by MEUR 1.4 compared to the same period last year and fees from South Africa by MEUR 0.9. Fee revenue was also negatively impacted by FX due to the depreciation of the USD.

EBITDA dropped more than revenue and came in MEUR 3.1 below that of the same period last year as the profit also was brought down by higher marketing expenses and increased provisions for doubtful accounts.

Segmental Revenue, EBITDA and Central Costs

Revenue, MEUR	Apr-Jun 11	Apr-Jun 10	Change	Jan-Jun 11	Jan-Jun 10	Change
Nordics	103.2	87.3	18.2%	192.8	158.7	21.5%
Rest of Western Europe	111.0	102.7	8.1%	204.4	189.0	8.1%
Eastern Europe	9.0	6.8	32.4%	13.9	10.5	32.4%
Middle East, Africa & Others	3.5	6.1	-42.6%	8.2	10.5	-21.9%
Total Revenue	**226.7**	**203.0**	**11.7%**	**419.3**	**368.7**	**13.7%**

EBITDA, MEUR	Apr-Jun 11	Apr-Jun 10	Change	Jan-Jun 11	Jan-Jun 10	Change
Nordics	13.7	14.7	-6.8%	19.9	19.7	1.0%
Rest of Western Europe	5.9	2.7	118.5%	-2.6	-10.0	74.0%
Eastern Europe	6.7	4.9	36.7%	9.1	6.9	31.9%
Middle East, Africa & Others	1.8	4.9	-63.3%	5.1	7.8	-34.6%
Central Costs	-13.3	-9.9	34.3%	-25.3	-18.4	37.5%
Total EBITDA	**14.8**	**17.5**	**-15.4%**	**6.2**	**6.0**	**3.3%**

Central costs

Central costs amounted to MEUR 13.3 during the quarter, an increase of MEUR 3.4 compared to the same period last year. The quarter was negatively impacted by redundancy costs of MEUR 1.6. The remaining increase is a result of more centrally generated activities related to the increasing hotel portfolio, including a strengthening of the organisation and corporate management.

Comments to balance sheet (p 13)

Compared to year-end 2010, non-current assets remain at the same level. Deferred tax assets have noted a minor increase and tangible and intangible assets have decreased as a result of depreciations. Net working capital, excluding Cash and Cash Equivalents but including current tax assets and liabilities, at the end of the period was MEUR -52.5 (-72.7 at year-end 2010). The change is mainly explained by the drop in accruals since December last year.

Cash and Cash Equivalents went down from MEUR 26.7 at year-end 2010 to MEUR 7.1 and bank overdrafts increased from zero at year-end 2010 to MEUR 13.9. This was due to the negative cash flow from operating activities and the investments carried out during the first six months of the year.

Compared to year-end 2010, Equity including non-controlling interests went down by MEUR 14.0, mainly due to the loss for the period and negative exchange differences from translation of foreign operations.

Comments to cash flow and liquidity (p 14)

Cash flow from operating activities amounted to MEUR -20.1 during the first six months of 2011, a negative deviation to the same period last year by the same amount. This was almost entirely explained by the negative development in working capital.

Cash flow from change in working capital amounted to MEUR -19.2, which was MEUR 16.1 worse than in H1 last year. The negative development was mainly explained by the substantial drop in short-term liabilities due to the settlement of the unusually large accruals recorded at the end of 2010.

Cash flow from investing activities amounted to MEUR -14.4, compared to 2.9 during the same period last year. The investments in leased hotels were higher than in H1 last year as investments were kept at a minimum during the recession. Last year's number was also positively impacted by the proceeds from the sale of the Regent business which amounted to MEUR 10.6.

The total credit facilities available for use by the end of the quarter amounted to MEUR 106.8. MEUR 4.5 was used for bank guarantees and MEUR 13.9 was used as overdrafts, leaving MEUR 88.4 available for use. At the end of June 2011, Rezidor had MEUR 7.1 in Cash and Cash Equivalents. Effective 1st June 2011, Rezidor favourably renegotiated the terms of its banking structure including the existing long-term credit facility with its main bank, a leading Nordic institution. The tenor of its committed overdraft facility and credit line ranges between one and four years, combined with customary covenants.

Net interest bearing assets (including pension assets and retirement benefit obligations) amounted to MEUR 5.2 (39.0 at year-end 2010). Net debt/cash, defined as Cash & Cash Equivalents plus short-term interest-bearing assets minus interest-bearing financial liabilities (short-term & long-term), amounted to MEUR -6.8 (26.7 at year-end 2010).

Incentive programmes

The Annual General Meetings of 2009 and 2010 have approved two long-term equity settled performance-based incentive programmes to be offered 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 programmes may be awarded shares in the Company at the end of the vesting periods (in 2012 and 2013 respectively). The maximum number of shares that can be awarded in the 2009 and 2010 programmes is 1,040,022 and 906,867 respectively.

On April 13, 2011 the Annual General Meeting approved a new long-term equity settled performance-based incentive programme to be offered to no more than 35 executives within the Rezidor Group. Based on the outcome of certain performance criteria, defined as total shareholder return relative to a defined peer group and growth in earnings per share during the financial years 2011-2013, the participants of the programme may be awarded a certain number of shares in the Company at the end of the vesting period. Allotments of shares will take place in conjunction with the release of the Q1 report in 2014. No shares had been granted by the end of Q2, but the maximum number of shares that can be awarded is 1,084,000.

In Q2 2011, the vesting period for the 2008 programme ended, resulting in the allotment of 13,362 shares to participants in the programme.

The cost for the incentive programmes in Q2 and H1, calculated in accordance with IFRS 2, amounted to MEUR 0.4 (0.2) and MEUR 0.7 (0.5) respectively. Costs for social security charges related to the programmes in Q2 and H1 amounted to MEUR 0.3 (0.2) and MEUR 0.1 (0.3) respectively.

Share buy-back

The number of treasury shares held by the Company at the end of quarter was 3,681,138, corresponding to 2.5% of all registered shares. During Q2 2011, 13,362 shares held by the company were transferred to participants of the 2008 long-term equity settled performance-based incentive programme. No shares have been bought back in 2011. The average number of own shares held by the Company during Q2 and H1 was 3,690,095 (3,694,500) and 3,692,285 (3,694,500) respectively. The shares have been bought back in 2007 and 2008 following authorisations at the Annual General Meetings in the same years. The authorisations have been given to secure delivery of shares to participants in the share based incentive programmes and to cover social security costs pertaining to these programs as well as to ensure that the Group has a more efficient capital structure. All shares bought back are held to secure delivery of shares in the incentive programmes and the related social security costs.

On April 13, 2011 the Annual General Meeting authorised the Board of Directors to decide on the acquisition and transfer of the Company's own shares. The purpose of the authorisation is to give the Board of Directors an increased capacity to act in respect of organising the capital structure of the company. Shares may be acquired to the extent that the company's holding of its own shares following the acquisition at the most reaches one tenth of all shares in the company.

Post balance sheet events

There are no significant post balance sheet events to report.

Material risks and uncertainties

No material changes have taken place during the period and reference is therefore made to the detailed description provided in the annual report for 2010. The general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates, continued to be the most important factors influencing the company's earnings. Management is continuously analysing ways to improve the performance of the hotel portfolio, currently with a particular focus on how to increase the profitability of the leased business in ROWE. Portfolio management, a revision of plans and projections for loss-making hotels or a setback in the economic recovery with major implications on the performance of the company's 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.

Business development

Rooms added into operation[1)]

By brand	Apr-Jun 11	Jan-Jun 11
Radisson Blu	898	1,673
Park Inn	133	590
Other	-	169
Total	**1,031**	**2,432**

By contract type	Apr-Jun 11	Apr-Jun 11
Leased	-	646
Managed	828	1,581
Franchised	203	205
Total	**1,031**	**2,432**

By geography	Apr-Jun 11	Jan-Jun 11
Nordics	-	646
Rest of Western Europe	203	483
Eastern Europe	406	712
Middle East, Africa & Others	422	591
Total	**1,031**	**2,432**

1) In Q2 11, 5 hotels (631 rooms) left the system (of which 2 hotels (359 rooms) were related to The Regent transaction), resulting in a net opening of 400 rooms.

Rooms signed

By brand	Apr-Jun 11	Jan-Jun 11
Radisson Blu	1,046	2,208
Park Inn	1,033	2,043
Other	-	-
Total	**2,079**	**4,251**

By contract type	Apr-Jun 11	Jan-Jun 11
Leased	-	-
Managed	1,946	3,547
Franchised	133	704
Total	**2,079**	**4,251**

By geography	Apr-Jun 11	Jan-Jun 11
Nordics	-	266
Rest of Western Europe	150	512
Eastern Europe	269	1,474
Middle East, Africa & Others	1,660	1,999
Total	**2,079**	**4,251**

Statement from the Board of Directors and the CEO

The Board of Directors and the CEO declare that the half-year report provides a fair view of the development of the Group's and the Parent Company's financial position and result of operations and describes material risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, July 22, 2011

Hubert Joly
Chairman of the Board

Göte Dahlin
Board Member

Wendy Nelson
Board Member

Trudy Rautio
Board Member

Barry Wilson
Board Member

Elizabeth Bastoni
Board Member

Staffan Bohman
Board Member

Anders Moberg
Board Member

Emil Bäckström
Employee Representative

Göran Larsson
Employee Representative

Kurt Ritter
President and CEO

Report on review of interim report[1)]

Introduction

We have reviewed the interim report of Rezidor Hotel Group AB (publ) (Corp. i.d. no. 556674-0964) as of June 30, 2011 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report 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 report, 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, July 22, 2011

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

1) This review report is an unofficial translation of the original review report in Swedish.

Condensed consolidated statement of operations

MEUR	Apr-Jun 11	Apr-Jun 10	Jan-Jun 11	Jan-Jun 10
Revenue	226.7	203.0	419.3	368.7
F&B and other related expenses	-16.4	-14.2	-31.3	-26.9
Personnel cost and contract labour	-78.9	-70.6	-153.0	-134.2
Other Operating expenses	-54.3	-44.4	-101.8	-85.9
Insurance of properties and property tax	-3.5	-3.2	-7.0	-6.0
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	**73.6**	**70.6**	**126.2**	**115.7**
Rental expense	-59.5	-53.5	-121.3	-110.0
Shares of income in associates and joint ventures	0.7	0.3	1.3	0.3
Operating profit/loss before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	**14.8**	**17.5**	**6.2**	**6.0**
Depreciation, amortisation and write-downs	-7.8	-7.2	-15.8	-14.7
Gain on sale of shares and tangible fixed assets	-	3.9	-	3.9
Operating profit/loss	**7.0**	**14.2**	**-9.6**	**-4.7**
Financial income	0.2	0.9	0.9	0.4
Financial expense	-0.7	-0.4	-1.5	-1.6
Profit/loss before tax	**6.5**	**14.7**	**-10.2**	**-5.9**
Income tax	-1.8	2.4	-2.5	5.4
Profit/loss for the period	**4.7**	**17.2**	**-12.7**	**-0.6**
Attributable to:				
Owners of the company	4.7	17.2	-12.7	-0.6
Non-controlling interests	-	-	-	-
Profit/loss for the period	**4.7**	**17.2**	**-12.7**	**-0.6**
Basic average no. of shares outstanding	146,311,945	146,307,540	146,309,755	146,307,540
Diluted average no. of shares outstanding	147,761,199	147,091,511	147,760,597	147,076,157
Earnings per share, in EUR				
Basic	0.03	0.12	-0.09	-0.00
Diluted	0.03	0.12	-0.09	-0.00

Consolidated statement of comprehensive income

Profit/loss for the period	**4.7**	**17.2**	**-12.7**	**-0.6**
Other comprehensive income:				
Exchange differences on translation of foreign operations	-0.3	5.4	-1.9	10.3
Tax on exchange differences recognised directly in equity	0.0	0.5	0.0	0.5
Other comprehensive income for the period, net of tax	**4.4**	**5.9**	**-14.6**	**10.8**
Total comprehensive income for the period	**4.4**	**23.1**	**-14.6**	**10.2**
Attributable to:				
Owners of the Company	4.4	23.1	-14.6	10.2
Non-controlling interests	-	-	-	-

Condensed consolidated balance sheet statements

MEUR	30-Jun 11	31-Dec 10
ASSETS		
Intangible assets	77.2	78.6
Tangible assets	106.9	108.7
Investments in associated companies and joint ventures	5.5	4.6
Other shares and participations	6.7	6.9
Pension funds, net	10.3	9.8
Other long-term receivables	11.8	12.7
Deferred tax assets	30.1	27.3
Total non-current assets	**248.5**	**248.6**
Inventories	4.9	4.8
Other current receivables	120.9	94.3
Other short term investments	3.3	3.3
Cash and cash equivalents	7.1	26.7
Total current assets	**136.2**	**129.1**
TOTAL ASSETS	**384.7**	**377.7**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	161.2	175.1
Non-controlling interests	0.0	0.1
Total equity	**161.2**	**175.2**
Deferred tax liabilities	18.3	17.6
Retirement benefit obligations	2.5	2.6
Other long-term liabilities	12.8	12.2
Total non-current liabilities	**33.6**	**32.4**
Liabilities to financial institutions	13.9	0.0
Other current interest bearing liabilities	-	0.0
Other current liabilities	176.0	170.1
Total current liabilities	**189.9**	**170.1**
TOTAL EQUITY AND LIABILITIES	**384.7**	**377.7**
Number of ordinary shares outstanding at the end of the period	146,320,902	146,307,540
Number of ordinary shares held by the company	3,681,138	3,694,500
Number of registered ordinary shares at the end of the period	150,002,040	150,002,040

Consolidated statement of changes in equity

MEUR	Share capital	Other paid in capital	Translation reserves	Fair value reserve available for sale financial assets	Retained earnings incl. net profit/loss for the period	**Attributable to equity holders of the parent**	Non-controlling interests	**Total equity**
Ending balance as of Dec 31, 2009	**10.0**	**120.3**	**3.1**	**3.0**	**30.1**	**166.5**	**0.2**	**166.7**
Long term incentive plan	-	-	-	-	0.5	**0.5**	-	**0.5**
Non-controlling interests arising business combinations	-	-	-	-	-	-	0.7	**0.7**
Total comprehensive income for the period	-	-	10.8	-	-0.6	**10.2**	-	**10.2**
Ending balance as of Jun 30, 2010	**10.0**	**120.3**	**13.9**	**3.0**	**30.0**	**177.2**	**0.9**	**178.1**
Long term incentive plan	-	-	-	-	0.4	**0.4**	-	**0.4**
Payments of dividends to non-controlling interests	-	-	-	-	-	-	-0.6	**-0.6**
Total comprehensive income for the period	-	-	1.0	-1.7	-1.8	**-2.5**	-0.2	**2.7**
Ending balance as of Dec 31, 2010	**10.0**	**120.3**	**14.9**	**1.3**	**28.6**	**175.1**	**0.1**	**175.2**
Long term incentive plan	-	-	-	-	0.7	**0.7**	-	**0.7**
Total comprehensive income for the period	-	-	-1.9	-	-12.7	**-14.6**	-0.1	**-14.7**
Ending balance as of Jun 30, 2011	**10.0**	**120.3**	**13.0**	**1.3**	**16.6**	**161.2**	**0.0**	**161.2**

Condensed consolidated statement of cash flow

MEUR	Jan-Jun 11	Jan-Jun 10
Operating profit/loss	**-9.6**	**-4.7**
Non cash items	14.6	14.7
Interest, taxes paid and other cash items	-5.9	-6.9
Change in working capital	-19.2	-3.1
Cash flow from operating activities	**-20.1**	**-0.0**
Purchase of intangible assets	-0.7	-0.4
Purchase of tangible assets	-12.9	-8.5
Other investments/divestments	-0.8	11.8
Cash flow from investing activities	**-14.4**	**2.9**
External financing, net	14.9	3.8
Cash flow from financing activities	**14.9**	**3.8**
Cash flow for the period	**-19.6**	**6.7**
Effects of exchange rate changes on cash and cash equivalents	0.0	0.3
Cash and cash equivalents at beginning of the period	**26.7**	**5.2**
Cash and cash equivalents at end of the period	**7.1**	**12.2**

Parent Company, condensed statement of operations

MEUR	Apr-Jun 11	Apr-Jun 10	Jan-Jun 11	Jan-Jun 10
Revenue	0.7	0.8	1.4	1.5
Personnel cost	-0.7	-0.8	-1.5	-1.5
Other Operating expenses	-2.9	-3.3	-5.4	-5.9
Operating loss before depreciation and amortization	**-2.9**	**-3.3**	**-5.5**	**-5.9**
Depreciation and amortization expense	-0.0	-0.0	-0.1	-0.1
Operating loss	**-2.9**	**-3.4**	**-5.6**	**-6.0**
Financial income	29.7	0.0	29.7	0.0
Financial expense	-0.2	-0.4	-0.5	-2.1
Loss before tax	**26.6**	**-3.8**	**23.6**	**-8.1**
Income Tax	0.8	1.0	1.6	2.1
Profit/loss for the period	**27.4**	**-2.8**	**25.2**	**-6.0**

Parent Company, statement of comprehensive income

Profit/loss for the period	**27.4**	**-2.8**	**25.2**	**-6.0**
Other comprehensive income:	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**27.4**	**-2.8**	**25.2**	**-6.0**

Parent Company, condensed balance sheet statement

MEUR	30-Jun 11	31-Dec 10
ASSETS		
Tangible assets	0.3	0.2
Shares in subsidiaries	234.0	233.2
Deferred tax assets	8.4	7.4
Total non-current assets	**242.7**	**240.8**
Inventories	0.0	0.0
Current receivables	2.6	5.0
Cash and cash equivalents	0.0	0.0
Total current assets	**2.6**	**5.0**
TOTAL ASSETS	**245.3**	**245.8**
EQUITY AND LIABILITIES		
Equity	**205.6**	**178.2**
Current liabilities	39.7	67.6
Total current liabilities	**39.7**	**67.6**
TOTAL EQUITY AND LIABILITIES	**245.3**	**245.8**

Parent Company, statement of changes in equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
Balance as of Dec 31, 2009	**10.0**	**197.3**	**-20.2**	**187.1**
Long term incentive plan	-	-	0.5	**0.5**
Total comprehensive income for the period	-	-	-6.0	**-6.0**
Balance as of Jun 30, 2010	**10.0**	**197.3**	**-25.7**	**181.6**
Long term incentive plan	-	-	0.4	**0.4**
Group contribution			4.1	**4.1**
Tax effect on group contribution			-1.1	**-1.1**
Total comprehensive income for the period	-	-	-6.8	**-6.8**
Balance as of Dec 31, 2010	**10.0**	**197.3**	**-29.1**	**178.2**
Long term incentive plan	-	-	0.7	**0.7**
Group contribution			2.0	**2.0**
Tax effect on group contribution			-0.5	**-0.5**
Total comprehensive income for the period	-	-	25.2	**25.2**
Balance as of Jun 30, 2011	**10.0**	**197.3**	**-1.7**	**205.6**

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 Q2 11 and YTD 11 the inter-company revenue of the Parent Company amounted to MEUR 0.6 (0.7) and MEUR 1.3 (1.4) respectively. The inter-company costs in Q2 11 and YTD 11 amounted to MEUR 2.2 (2.5) and MEUR 4.2 (4.6) respectively.

In Q2 11 and YTD 11 inter-company interest income amounted to MEUR 0.0 (0.0) and MEUR 0.1 (0.0) respectively and intercompany interest expenses to MEUR 0.3 (0.1) and MEUR 0.4 (0.1) respectively.

Comments to balance sheet

At the end of the quarter the inter-company receivables amounted to MEUR 7.7 (4.5 at year-end 2010) and the inter-company liabilities to MEUR 43.8 (65.6 at year-end 2010). The changes in the balance sheet since year-end are mainly related to changes in short-term inter-company borrowing and lending.

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 (IFRS).

The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

The same accounting policies, presentation and methods of computation have been followed in this interim report as were applied in the Company's annual report for the year ended 31 December 2010, except for the impact of the adoption of the standards and interpretations described below.

Amended standards are *Improvements to IFRSs 2010, IAS 24 Related Party Disclosures (Partial Exemption for Government-related Entities and Revised Definition of a Related party)* and *IAS 32 Financial Instruments: Presentation (Classification of Rights Issues).*

New and amended interpretations effective for Rezidor as from January 1st, 2011 are *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Prepayments of a Minimum Funding Requirement)* and *IFRIC 19 Extinguishing financial liabilities with equity instruments.* All these revised standards and new and amended interpretations have had little or no effect on the reported results or financial position of the Group.

Related party transactions

Related parties with significant influence are: The Carlson Group (Carlson) owning 51.3% of the shares. Rezidor also has some joint ventures and associated companies. On the 30th of June 2011 Rezidor had ordinary current receivables related to Carlson of MEUR 0.0 (0.3 as at 31st December 2010) and ordinary current liabilities of MEUR 0.5 (1.3 as at 31st December 2010). 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. During the first six months of 2011, Rezidor had operating costs towards Carlson of MEUR 5.9 (5.0). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.3 (0.3). For these specific commissions Rezidor had current liabilities of MEUR 0.1 (0.1 as at 31st December 2010).

Information on the long-term equity settled performance-based incentive programmes is included on page 8.

Pledged assets and contingent liabilities

Asset pledged, MEUR	**30-Jun 2011**	**31-Dec 2010**
Securities on deposits (restricted accounts)	-	3.3

Contingent liabilities, MEUR	**30-Jun 2011**	**31-Dec 2010**
Miscellaneous guarantees provided	4.5	4.2
Total guarantees provided	**4.5**	**4.2**

Revenue per area of operation

MEUR	Apr-Jun 11	Apr-Jun 10	Change %	Jan-Jun 11	Jan-Jun 10	Change %
Rooms revenue	131.3	116.1	13.1%	239.5	207.8	15.3%
F&B revenue	61.6	54.8	12.4%	118.5	105.5	12.3%
Other hotel revenue	5.3	5.3	0.0%	10.4	9.6	8.3%
Total hotel revenue	**198.2**	**176.2**	**12.5%**	**368.4**	**322.9**	**14.1%**
Fee revenue	24.8	23.9	3.8%	43.7	40.3	8.4%
Other revenue	3.7	2.9	27.6%	7.2	5.5	30.9%
Total revenue	**226.7**	**203.0**	**11.7%**	**419.3**	**368.7**	**13.7%**

Total fee revenue

MEUR	Apr-Jun 11	Apr-Jun 10	Change %	Jan-Jun 11	Jan-Jun 10	Change %
Management Fees	7.9	7.5	5.3%	13.7	12.9	6.2%
Incentive Fees	6.8	7.6	-10.5%	11.6	11.3	2.7%
Franchise Fees	1.5	1.4	7.1%	2.9	2.8	3.6%
Other Fees (incl. marketing, reservation fee etc.)	8.6	7.4	16.2%	15.5	13.3	16.5%
Total fee revenue	**24.8**	**23.9**	**3.8%**	**43.7**	**40.3**	**8.4%**

Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
Apr-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	97.4	82.4	100.8	93.8	-	-	-0.0	-	198.2	176.2
Managed	1.4	1.5	7.3	6.6	8.7	6.6	3.5	6.0	20.9	20.7
Franchised	1.3	1.1	2.3	1.8	0.3	0.2	-	-	3.9	3.2
Other	3.1	2.3	0.6	0.5	-	-	0.0	-	3.7	2.9
Total	**103.2**	**87.3**	**111.0**	**102.8**	**9.0**	**6.8**	**3.5**	**6.0**	**226.7**	**203.0**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
Jan-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	181.8	150.1	186.6	172.9	-	-	-0.0	-	368.4	322.9
Managed	2.7	2.2	12.4	11.4	13.4	10.1	8.1	10.5	36.6	34.2
Franchised	2.5	2.2	4.1	3.4	0.5	0.4	-	-	7.1	6.1
Other	5.8	4.2	1.3	1.2	-	-	0.1	-	7.2	5.5
Total	**192.8**	**158.7**	**204.4**	**189.0**	**13.9**	**10.5**	**8.2**	**10.5**	**419.3**	**368.7**

Rental expenses

MEUR	Apr-Jun 11	Apr-Jun 10	Change %	Jan-Jun 11	Jan-Jun 10	Change %
Fixed rent	50.7	45.2	12.2%	100.0	90.8	10.1%
Variable rent	9.1	6.5	40.0%	16.3	10.4	56.7%
Rent	**59.8**	**51.7**	**15.7%**	**116.3**	**101.2**	**14.9%**
Rent as a % of leased hotel revenue	30.2%	29.3%	90bps	31.6%	31.3%	30bps
Shortfall guarantees	-0.3	1.8	-116.7%	5.0	8.8	-43.2%
Rental expense	**59.5**	**53.5**	**11.2%**	**121.3**	**110.0**	**10.3%**

Operating profit before depreciation and amortization and gain on sales of fixed assets (EBITDA)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Apr-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	11.8	11.4	0.5	-1.1	-	-	-	-	-	-	12.3	10.3
Managed	0.9	1.0	4.6	2.9	6.4	4.8	1.6	4.6	-	-	13.5	13.4
Franchised	0.6	0.6	0.8	0.8	0.3	0.1	-	-	-	-	1.7	1.6
Other[1)]	0.4	1.7	-	0.0	0.0	-0.0	0.2	0.3	-	-	0.6	2.0
Central costs	-	-	-	-	-	-	-	-	-13.3	-9.9	-13.3	(9.9)
Total	**13.7**	**14.7**	**5.9**	**2.7**	**6.7**	**4.9**	**1.8**	**4.9**	**-13.3**	**-9.9**	**14.8**	**17.5**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	16.0	15.0	-8.3	-11.4	-	-	-	-	-	-	7.7	3.6
Managed	1.9	1.4	4.1	-0.0	8.7	6.7	4.8	7.5	-	-	19.5	15.5
Franchised	1.3	1.1	1.6	1.4	0.4	0.2	-	-	-	-	3.3	2.7
Other[1)]	0.7	2.3	-0.0	0.0	0.0	-0.0	0.3	0.3	-	-	1.0	2.6
Central costs	-	-	-	-	-	-	-	-	-25.3	-18.4	-25.3	-18.4
Total	**19.9**	**19.7**	**-2.6**	**-10.0**	**9.1**	**6.9**	**5.1**	**7.8**	**-25.3**	**-18.4**	**6.2**	**6.0**

1) *Other also includes share of income from associates and joint ventures.*

Operating profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Apr-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	8.6	8.4	-2.9	-0.6	-	-	-	-	-	-	5.7	7.8
Managed	0.9	1.1	4.5	4.0	6.4	5.4	1.6	5.0	-	-	13.4	15.5
Franchised	0.6	0.8	0.8	1.1	0.3	0.1	-	-	-	-	1.7	2.0
Other[1)]	-0.3	-1.3	-0.3	-0.2	0.0	-0.0	0.2	0.3	-	-	-0.4	-1.2
Central costs	-	-	-	-	-	-	-	-	-13.3	-9.9	-13.3	-9.9
Total	**9.8**	**9.0**	**2.1**	**4.3**	**6.7**	**5.5**	**1.8**	**5.3**	**-13.3**	**-9.9**	**7.1**	**14.2**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Jun	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	9.5	9.0	-15.3	-14.3	-	-	-	-	-	-	-5.8	-13.5
Managed	1.8	1.4	4.0	1.0	8.6	7.2	4.7	7.8	-	-	19.1	7.7
Franchised	1.3	1.2	1.5	1.6	0.4	0.2	-	-	-	-	3.2	3.7
Other[1)]	-0.6	-1.3	-0.5	-0.6	0.0	-0.0	0.3	0.3	-	-	-0.8	1.4
Central costs	-	-	-	-	-	-	-	-	-25.3	-18.4	-25.3	-18.4
Total	**12.0**	**10.3**	**-10.3**	**-12.2**	**9.0**	**7.4**	**5.0**	**8.1**	**-25.3**	**-18.4**	**-9.6**	**-18.4**

1) *Other also includes share of income from associates and joint ventures.*

Reconciliation of profit/loss for the period

MEUR	Apr-Jun 11	Apr-Jun 10	Jan-Jun 11	Jan-Jun 10
Total operating profit/loss (EBIT) for reportable segments	**7.0**	**14.2**	**-9.6**	**-4.7**
Financial income	0.2	0.9	0.9	0.4
Financial expense	-0.7	-0.4	-1.5	-1.6
Group's total profit/loss before tax	**6.5**	**14.7**	**-10.2**	**-5.9**

Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30-Jun 2011	31-Dec 2010	30-Jun 2011	31-Dec 2010	30-Jun 2011	31-Dec 2010	30-Jun 2011	31-Dec 2010	30-Jun 2011	31-Dec 2010
Assets	158.1	136.6	162.6	182.0	28.8	21.0	35.2	38.1	384.7	377.7
Investments (tangible & intangible assets)	6.6	12.3	7.0	11.6	0.0	0.0	0.0	0.2	13.6	24.1

Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Jun,	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	29	26	49	49	-	-	-	-	78	75
Managed	6	7	61	64	56	49	39	36	162	156
Franchised	22	22	47	45	6	6	-	-	75	73
Total	**57**	**55**	**157**	**158**	**62**	**55**	**39**	**36**	**315**	**304**

Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Jun,	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	7,581	6,636	10,183	10,139	-	-	-	-	17,764	16,775
Managed	1,894	1,934	10,116	10,435	14,244	13,063	9,544	8,953	35,798	34,385
Franchised	4,074	4,074	8,801	8,336	1,330	1,038	-	-	14,205	13,448
Total	**13,549**	**12,644**	**29,100**	**28,910**	**15,574**	**14,101**	**9,544**	**8,953**	**67,767**	**64,608**

Hotels and rooms in development

	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Jun, 2011	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Leased	-	71	-	-	-	-	-	-	-	71
Managed	2	458	17	3,208	33	7,213	38	8,618	90	19,497
Franchised	5	957	5	879	2	438	-	-	12	2,274
Total	**7**	**1,486**	**22**	**4,087**	**35**	**7,651**	**38**	**8,618**	**102**	**21,842**

Historic quarterly data

	2011		2010				2009	
MEUR	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
RevPAR	67.5	54.2	60.1	64.7	68.4	51.6	56.5	59.0
Revenue	226.7	192.7	211.7	205.3	203.0	165.7	186.0	165.4
EBITDAR	73.6	52.7	63.2	75.1	70.6	45.1	61.4	54.2
EBITDA	14.8	-8.5	6.9	18.4	17.5	-11.5	9.7	3.1
EBIT	7.0	-16.6	-0.9	9.4	14.2	-19.0	2.0	-4.9
Profit/loss after Tax	4.8	-17.4	-6.8	4.6	17.2	-17.7	-0.3	-6.1
EBITDAR Margin %	32.5%	27.3%	29.9%	36.6%	34.8%	27.2%	33.0%	32.7%
EBITDA Margin %	6.5%	-4.4%	3.3%	9.0%	8.6%	-6.9%	5.2%	1.9%
EBIT Margin %	3.1%	-8.6%	-0.4%	4.6%	7.0%	-11.5%	1.1%	-3.0%

Definitions

Average House Rate
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 Cash/Debt
Cash & cash equivalents plus short-term interest-bearing assets (with maturity within 3 months) minus interest-bearing liabilities (short-term & long-term).

Net Interest Bearing Assets/Liabilities
Interest Bearing assets minus interest bearing liabilities.

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

Nordics (NO)
Denmark, Finland, Iceland, Norway and Sweden.

Rest of Western Europe (ROWE)
Austria, Belgium, France, Germany, Ireland, Italy, Luxemburg, Malta, the 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, Macedonia, Poland, Romania, Russia, Slovakia, Turkey, Ukraine and Uzbekistan.

Middle East, Africa and Others, (MEAO)
Angola, Bahrain, Brazil, China, Egypt, Ethiopia, Ghana, Jordan, Kenya, Kuwait, Lebanon, Libya, Mali, Mongolia, Morocco, Mozambique, Nigeria, Oman, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, Tunisia, the United Arab Emirates and Zambia.

Financial calendar

Interim Report January-September 2011: 28th October 2011
Rezidor's Investor Day scheduled for 2nd December 2011 at Park Inn London Heathrow

This quarterly 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 09h00 Central European Time on 22nd July 2011.

Stockholm 22nd July, 2011

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

Webcast

22nd July 2011 at 15:30 (Central European Time).

Kurt Ritter, President & CEO, Knut Kleiven, Deputy President & CFO and Puneet Chhatwal, EVP & CDO, will present the report and answer questions.

To participate in the teleconference, please dial:

Sweden:	+46 (0)8 5051 3794
Sweden toll-free:	020 795 893
UK:	+44 (0)20 7136 6283
UK toll-free:	0800 028 1243
US:	+1 212 444 0412
US toll-free:	1888 935 4575

To follow the webcast, please visit www.rezidor.com

A replay of the conference call will be available one month following the call by dialling +46 (0)8 5051 3897 (Sweden), +44 (0)20 7111 1244 (UK) and +1 347 366 9565 (US), access code 8095451#.

Radisson Blu Anchorage Hotel, Lagos V.I.
Opened May 2011

Radisson Blu Hotel, Dubai Downtown
Opened May 2011

Radisson Blu Belorusskaya Hotel, Moscow
Opened June 2011

In Q2 2011 Rezidor opened four new hotels

For further information, please contact:
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