THE REZIDOR HOTEL GROUP

Occupancy recovery and tight cost control improve cash flow in Q1

Comment from the CEO

"Occupancy levels improved across our key markets, with significant recovery in Germany outperforming all geographic segments. Continued pressure on room rates however resulted in a flat RevPAR development for Rezidor in the first quarter. Although EBITDA and cash flow marked an improvement, given the low visibility, we continue to focus on tight cost control and maintaining the reduced level of fixed costs. Cash and margin protection remain the top priorities for 2010.

A definite event worth noting for Rezidor was the sale of its Regent business this week. The deal will have a positive impact on annual cash flow and net profit, and will also free up resources to improve Rezidor's operations and accelerate the expansion of its core brands." Kurt Ritter, ***President & CEO.***

First quarter, 2010

- RevPAR like-for-like decreased by 0.1% to EUR 54.6 (54.7). Like-for-like occupancy was 56.3% (53.2).
- Revenue increased by 8.6% or MEUR 13.1 to MEUR 165.7 (152.6). On a like-for-like basis Revenue was flat.
- EBITDA was MEUR -11.5 (-14.9), and EBITDA margin was -6.9% (-9.8).
- Loss after tax amounted to MEUR -17.7 (-19.2).
- Basic and diluted Earnings Per Share amounted to EUR -0.12 (-0.13).
- Cash flow from operating activities amounted to MEUR -17.5 (-21.3). Total available cash at the end of the quarter, including unutilised credit facilities, amounted to MEUR 73.0 (95.0 in March 09).

Other developments

- Rezidor opened ca 600 rooms in the first quarter, of which 78% were managed or franchised. Ca 500 rooms left the system.
- Rezidor signed 8 contracts for new hotels in the first quarter representing ca 1,500 rooms. 100% of the new rooms contracted were managed or franchised.
- In April 2010 the signing a master purchase agreement with affiliates of Carlson Hospitality Group, Inc. and Formosa International Hotels Corporation for the sale of the Regent business was announced. Rezidor's share of the transaction proceeds amounts to a cash consideration of approximately MEUR 9.5. The sale of this part of Rezidor's business will have an annual positive effect of MEUR 2-3 on EBITDA.

Selected financial data, MEUR	**Jan-Mar 10**	**Jan-Mar 09**
Revenue	165.7	152.6
EBITDAR	45.1	37.7
EBITDA	(11.5)	(14.9)
EBIT	(19.0)	(21.2)
Profit/(loss) after Tax	(17.7)	(19.2)
EBITDAR Margin %	27.2%	24.7%
EBITDA Margin %	(6.9)%	(9.8)%
EBIT Margin %	(11.5)%	(13.9)%

Market Development

The overall market sentiment has been positive with several industry experts revising their RevPAR forecasts upwards. However, the estimates regarding the pace of recovery remain mixed. Across the main European markets, RevPAR showed an improving trend, driven by higher occupancy rates. Germany was one of the outperformers, assisted by a reduction in VAT and strong meetings and events business. In the Nordics, the Easter timing had a small negative effect on RevPAR towards the end of March.

As per MKG, the hospitality consultant company, the room supply in Europe for branded hotel chains grew by only 1% in 2009 - the lowest growth seen in Europe in the last ten years. The lack of available financing in certain markets will most likely continue to impact new supply entering the markets in 2010 and 2011. Industry data suggests that room pipelines are down 23% from the peak of Q2 2008.

Rezidor's Focus

A significant cost cutting programme was successfully implemented in 2009, with savings of MEUR 36. That entailed not only lowering the fixed cost base but also switching some of it to variable in order to prepare ourselves for a prolonged recovery. Rezidor's current financial priorities include gaining market share and maintaining, as much as possible, the new level of fixed costs.

The company is also keeping a tight control on its cash position, supported by effective working capital management and limited capex outflow. To strengthen its long-term liquidity, the company in April extended the tenor of its committed credit lines, which now range between one and three years. In 2009, Rezidor initiated discussions with some of its hotel owners in order to renegotiate selective contracts. The company will continue to undertake such negotiations in order to benefit from any contractual leverage.

Rezidor's Strategy

At present, Rezidor has a signed pipeline of over 23,000 rooms, of which 90% are fee-based. Our focus remains on adding mainly fee-based contracts with limited or no financial exposure. Where needed, we are willing to consider strategic sliver equity or loan positions in order to secure highly lucrative management contracts. The company also endeavours to build on its pole position in emerging markets, and accelerate the expansion of its core brands – Radisson Blu and Park Inn. This diversification strategy will support the gradual shift in our business model, and provide greater resilience going forward.

RevPAR

First quarter, 2010

Like-for-like RevPAR was in-line with Q1 last year (-0.1%). Like-for-like Occupancy increased by 5.8%, which however was fully offset by a 5.6% decline in AHR. The Occupancy development was stable throughout the quarter, whereas the AHR decline slowed down as the quarter progressed. All customer segments noted an increase in volume compared to 09, with the exception of business groups in the Nordics (small decline) and airline crew (same level as in 09).

The following table shows the RevPAR development during Q1 10:

RevPAR	**Jan-Mar 10**
L/L decline	(0.1)%
FX impact	2.2%
New openings	(6.6)%
Reported decline	(4.5)%

The positive FX impact was mainly attributable to the appreciation of the NOK (ca 10%), the SEK (ca 10%), the GBP (ca 3%) and the CHF (ca 3%) which more than offset the depreciation of the USD linked currencies in the Middle East (ca -6%).

RoWE reported a growth in like-for-like RevPAR of 6.1%, which fully compensated for the decline in the other geographic segments. The strongest performing markets, based on RevPAR development, were Germany (+18.3%), South Africa (+16.0%), Switzerland (+12.3%) and the Netherlands (+10.9%).The markets with the highest decreases were Denmark (-13.0%), Ireland (-10.0%), the UAE (-8.4%) and Poland (-7.1%).

Like-for-like AHR declined in all geographic segments with the MEAO having the biggest drop (-9.1%). Of significant note were the Baltics (-20.3%), South Africa (-19.2%), Ireland (-15.0%), the Netherlands (-11.3%). The strongest performing markets, based on AHR development, were Germany (+12.9%) and Saudi Arabia (+5.7%).

Like-for-like occupancy increased in three of the four geographic segments with only the Nordics (-0.3%) having a slight decline. The only key markets which noted declines were Denmark (-3.0%) and Saudi Arabia (-1.8%). The best performing markets, based on occupancy development, were South Africa (+43.6%), the Netherlands (+25.0%), the Baltics (+22.3%) and Russia (+18.3%).

Rezidor's performance

Leased and managed hotels	Jan-Mar 10	Jan-Mar 09	Change
RevPAR like-for-like, EUR[1)]			
Radisson Blu	62.7	62.9	(0.3)%
Park Inn	28.2	28.5	(1.1)%
Rezidor	54.6	54.7	(0.2)%
Occupancy like-for-like			
Radisson Blu	59.3%	56.6%	270bps
Park Inn	47.6%	43.4%	420bps
Rezidor	56.3%	53.2%	310bps
RevPAR, EUR			
Radisson Blu	59.0	62.2	(5.2)%
Park Inn	28.8	29.2	(1.3)%
Rezidor	51.6	54.0	(4.5)%
Occupancy			
Radisson Blu	55.5%	56.1%	(60)bps
Park Inn	46.3%	43.9%	240bps
Rezidor	53.0%	52.8%	20bps

1) At constant exchange rates

Jan-Mar 10 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Rezidor
RevPAR like-for-like[1)]	(5.1)%	6.1%	(7.8)%	(2.1)%	(0.1)%
Occupancy like-for-like	(0.3)%	8.1%	6.2%	7.6%	5.8%
AHR like-for-like[1)]	(4.8)%	(1.8)%	(13.1)%	(9.0)%	(5.6)%
RevPAR	2.7%	2.0%	(12.8)%	(19.4)%	(4.5)%

1) *At constant exchange rates*

Comments to Statements of Operations (p.8)

First quarter, 2010

Total Revenue, inceased by 8.6% or MEUR 13.1. FX had a positive impact of MEUR 7.2 and the rest of the increase was explained by new hotels. The change in Revenue from operations and FX to same period last year is presented below.

MEUR	Operations	FX	Tot. Change
Rooms Revenue	3.8	4.2	8.0
F&B Revenue	2.2	2.3	4.5
Other Hotel Revenue	-0.1	0.1	0.0
Total Leased Revenue	**5.9**	**6.6**	**12.5**
Fee Revenue	1.7	0.5	2.2
Other Revenue	-1.7	0.1	-1.6
Total Revenue	**5.9**	**7.2**	**13.1**

Like-for-like Revenue was flat to last year. Despite the negative impact on leased hotel revenue from a lower RevPAR in the Nordics, rooms revenue came in better than last year due to a positive development in RoWE and the addition of several new leased hotels.

As a result of the higher Occupancy, F&B revenue noted an increase compared to Q1 09. Revenue from Meeting & Events in some destinations also witnessed a notable improvement, indicating a shift in the sentiment of the market. A lower VAT on rooms and F&B in some countries in RoWE has also helped to boost sales.

Fee income was positively affected by the addition of new properties as well as the ramping up of some hotels that were under renovation in the same quarter last year.

Other Revenue came in below that of last year, mainly explained by the sale of certain intellectual property to Carlson in Q1 09.

Personnel Costs increased in absolute terms as business volume started to grow again and occupancy began to recover from the low levels last year. The impact from new leased hotels also contributed to higher personnel costs, but as a per cent of leased hotel revenue, personnel costs went down, reflecting the cost saving measures taken last year.

Pre-opening costs for the quarter amounted to MEUR 0.9, and were MEUR 0.7 higher compared to the same period last year and are related to the newly opened leased hotels in Q1 10 as well the ones scheduled to open later in 2010. Despite higher pre-opening costs and the negative impact from new leased hotels in their ramp-up phase, Other

Operating expenses went down as a per cent of revenue compared to last year.
Central costs decreased by 22% from MEUR 11.0 to MEUR 8.6 as a result of the cost saving measures initiated last year.

EBITDAR increased by MEUR 7.4, of which FX contributed MEUR 2.1. This followed the increase in revenue, but was also the result of higher margins. Despite the negative impact on margins from a lower AHR, EBITDAR margin increased by 250 bps to 27.2%, reflecting the lower cost base established last year. In addition, increased fee revenue also had a positive impact on the margins.

Fixed rent was negatively affected by the new leased hotels and also variable rent increased, reflecting the higher revenue levels.

Shortfall payments for management contracts with performance guarantees were lower compared to the same quarter last year, as several hotels have reached their contractual cap on guarantees.

EBITDA and EBITDA margin improved compared to same period last year. FX only had a minor positive impact of MEUR 0.2. The margin improvement was slightly higher than for EBITDAR, mainly on account of lower shortfall guarantees. The EBITDA margin benefitted from the fixed rent structure in RoWE as the performance of that region improved during the quarter. This effect was however offset by fixed rent in newly opened hotels in their ramp-up phase.

The Depreciation and Amortisation expense has increased compared to last year, mainly due to renovation works carried out in 2009.

The financial net came in MEUR 1.5 below that of last year and was almost entirely coming from negative exchange differences.

The effective tax rate slightly improved compared to last year as more tax losses carry forward could be capitalised as deferred tax assets.

Q1 Comments by Region

Nordics

Like-for-like RevPAR declined by 5.1%, mainly a result of loss in AHR (-4.8%). Denmark witnessed the most significant RevPAR decline (-13.0%) as a result of lower corporate individual and business group volume, partly compensated by lower yielding leisure and crew business. The same trend was seen in Norway, where RevPAR declined by 4.1%. RevPAR in Norway also suffered from the Easter the last days of the quarter. Sweden (-3.2%) was also hit by lower corporate individual and business group volumes, but also experienced lower crew volumes.

The negative trend in RevPAR resulted in a MEUR 1.3 decline in leased revenue net of FX compared to Q1 09. A positive impact from FX of MEUR 6.6 and the opening of two new leased hotels however lead to an increase in the reported revenue.

Management and Franchise fees were also affected by the RevPAR decrease, but were in line with last year due to a minor positive FX effect.

Other Revenue came in below that of last year, mainly explained by the sale of certain intellectual property to Carlson in Q1 09.

Lower revenue, higher travel agent commission costs and increased energy costs due to harsh weather conditions all had a negative impact on both EBITDA and EBITDA margin. In addition, higher pre-opening costs and increased rental expenses from the opening of two new leased properties, contributed to the negative development.

Managed and Franchised EBITDA was in line with the revenue trend. However, the EBITDA margins slightly increased due to lower provisions for doubtful accounts.

Rest of Western Europe

Like-for-like RevPAR increased by 6.1%, driven by an increase in Occupancy (+8.1%) which more than offset the moderate loss in AHR (-1.8%). Although corporate individual volume continued to decline, the increases in leisure (individual and group) and business groups offset this decline. The only key market with a significant RevPAR decline was Ireland (-10.0%) as the other key markets experienced a RevPAR increase with Germany (+18.3%), Switzerland (+12.3%) and the Netherlands (+10.9%) being the most significant markets.

Excluding FX, leased hotel revenue grew by MEUR 7.1. This was mainly on account of the RevPAR increase and the additional four leased properties. A lower VAT in some countries in RoWE and the effect from increased Food and Beverage revenues due to higher occupancy, also contributed to the positive development. In addition, some destinations witnessed a notable increase in Meetings and Events and the increase in leased revenue was therefore higher than what could be explained by the RevPAR development.

Fee Income from Managed and Franchised hotels increased more than the increase in RevPAR, primarily because of the addition of new hotels and post renovation ramp-up for some hotels.

The cost saving programme from last year and the fixed rent structure in the region contributed to a higher EBITDA margin compared to last year. In absolute numbers however, EBITDA only noted a modest increase due to pre-opening expenses and the additional rental expense from newly opened hotels in their ramp-up phase.

EBITDA for the franchised business increased in line with revenue and the margins remained stable. EBITDA for managed hotels increased, but was still negative due to shortfall guarantees. Compared to Q1 09, the EBITDA margin for managed hotels improved, following lower provisions for doubtful accounts and reduced shortfall guarantees, the latter a result of better performance and the fact that some hotels now have reached their contractual cap.

Eastern Europe

Like-for–like RevPAR noted a decline of 7.8%. Although the Occupancy increased (+6.2%), AHR continued to suffer (-13.1%). Poland had the most significant RevPAR drop (-7.1%) followed by Russia (-6.4%). The loss of higher yielding corporate individual volume was offset by lower yielding leisure business (individual and group) and increased business group volumes but at lower rates than in the past.

The drop in RevPAR was not seen in the fee income from Franchise and Management Business as the addition of several new entities to the system strengthened the revenue base.

EBITDA and EBITDA margin from Franchised and Managed hotels increased compared to Q1 09 as a result of reduced provision for doubtful accounts and a reduction in shortfall guarantees.

Middle East, Africa and Others

Like-for-like RevPAR saw a modest decline of 2.1%. Like in Eastern Europe, the increase in Occupancy (+7.6%), based on increased leisure (individual and group) volume, could not fully offset the loss in AHR (-9.1%). South Africa was the strongest performing market based on RevPAR development (+16.0%). The UAE, which also had the most significant RevPAR decline in previous quarters, ended Q1 with -8.4%.

The income from Managed properties increased because of hotels opened since Q1 09 and the EBITDA margin remained stable.

Segmental Revenue, EBITDA and Central Costs

Revenue, MEUR	**Jan-Mar 10**	**Jan-Mar 09**	**Change**
Nordics	71.4	68.9	3.6%
Rest of Western Europe	86.2	76.8	12.2%
Eastern Europe	3.7	3.3	12.1%
Middle East, Africa & Others	4.4	3.7	18.9%
Total Revenue	**165.7**	**152.6**	**8.6%**

EBITDA, MEUR	**Jan-Mar 10**	**Jan-Mar 09**	**Change**
Nordics	5.0	7.9	(36.7)%
Rest of Western Europe	(12.7)	(14.9)	14.8%
Eastern Europe	1.9	0.7	171.0%
Middle East, Africa & Others	2.9	2.4	20.8%
Central Costs	(8.6)	(11.0)	21.8%
Total EBITDA	**(11.5)**	**(14.9)**	**22.8%**

Central costs

Central costs amounted to MEUR 8.6 and were MEUR 2.4, or 22%, below that of last year. This was the result of the cost saving measures initiated in 2009.

Comments to balance sheet (p 9)

Compared to year-end 09, Non-Current Assets have increased mainly due to positive exchange differences related to the Nordics, offsetting the effect from depreciation and amortisation, and an increase in deferred tax assets as a result of the capitalised tax losses carry forward in certain countries.

Net working capital, excluding Cash and Cash Equivalents but including current tax assets and liabilities, at the end of the period was MEUR -40.5 (-46.7 at year-end 09). Cash and Cash Equivalents went up from MEUR 5.1 at year-end 09 to MEUR 7.2 and bank overdrafts increased from MEUR 12.6 at year-end 09 to MEUR 35.8 .

Compared to year-end 09, Equity including non-controlling interests went down by MEUR 12.7, mainly as a result of the loss for the period. Exchange differences from translation of foreign operations, including tax effects, had a positive effect on Equity of MEUR 4.9.

Following the continued focus on portfolio management, MEUR 7.7 of the assets and MEUR 1.3 of the liabilities were classified as held for sale.

Comments to cash flow and liquidity (p 11)

Cash flow from operating activities amounted to MEUR -17.5 in the first quarter of 2010, which was MEUR 3.8 better than that of last year. The improvement to last year is a combination of a better performance by operations and a better working capital development.

Cash flow from change in working capital followed the seasonal pattern from previous years and was negative in the first quarter. However, due to a continued strong focus on cash management and working capital in 2010, change in working capital was MEUR 1.2 better than that of last year, despite early rent payments due to the Easter holiday.

Cash flow from investing activities amounted to MEUR -2.1 (-8.1) and was primarily related to investments in leased hotels. The lower investments YTD are however a consequence of investments being pushed forward to the other quarters.

The total credit facilities available for use by the end of the quarter amounted to MEUR 106.8 of varied terms and with no covenants. MEUR 5.2 was used for bank guarantees and MEUR 35.8 was used as overdrafts, leaving MEUR 65.8 available for use. At the end of March 10, Rezidor had MEUR 7.2 in Cash and Cash Equivalents.

In April 2010, Rezidor renegotiated its long-term liquidity, by extending the tenor of its committed credit lines to now range between one and three years combined with customary covenants.

Net interest bearing assets (including pension assets and retirement benefit obligations) amounted to MEUR 9.4 (9.6 at year-end 09).
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 -28.6 (-7.5 at year-end 08).

Incentive programmes

The Annual General Meetings of 2008 and 2009 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 2011 and 2012 respectively). In addition, the participants of the 2008 programme are entitled to receive shares conditional on continuous employment during the vesting period. The maximum number of shares that can be awarded in the 2008 and 2009 programmes is 667,691 and 1,131,108 respectively.

The cost for the incentive programmes in Q1, calculated in accordance with IFRS 2, amounted to MEUR 0.2 (0.1). Costs for social security charges related to the programmes in Q1 amounted to MEUR 0.1 (0.0).

Share buy-back

The number of treasury shares held by the Company at the end of quarter was 3,694,500, corresponding to 2.5% of all registered shares. No shares have been bought back during the period and the average number of own shares held by the Company during the quarter was 3,694,500 (3,694,500). 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 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 1,089,207 shares has been bought back to secure delivery of shares in the incentive programmes and the related social security costs.

Post balance sheet events

In April 2010, the signing a master purchase agreement with affiliates of Carlson Hospitality Group, Inc. and Formosa International Hotels Corporation for the sale of the Regent business was announced. Rezidor's share of the transaction proceeds amounts to a cash consideration of approximately MEUR 9.5. The sale of this part of Rezidor's business will have an annual positive effect of MEUR 2-3 on EBITDA. Rezidor will report a capital gain of ca MEUR 3 and a reversal of write-downs of fixed assets of ca MEUR 2.

Business development

Rooms added into operation	Jan-Mar 10
By brand	
Radisson Blu	-3
Park Inn	637
Other	0
Total	**634**
By contract type	
Managed	387
Leased	138
Franchised	109
Total	**634**

Rooms contracts signed	Jan-Mar 10
By brand	
Radisson Blu	1,203
Park Inn	332
Other	0
Total	**1,535**
By contract type	
Managed	1,010
Leased	0
Franchised	525
Total	**1,535**
By geography	
Nordics	176
Rest of Western Europe	493
Eastern Europe	574
Middle East, Africa & Others	292
Total	**1,535**

In Q1 10, Rezidor signed eight contracts for new hotels (1,535 rooms). Out of these rooms, 100% are non-committed contracts.

In Q1 10, one asset management project was signed.

In Q1 10, four hotels (634 rooms) were opened and 510 rooms left the system, resulting in a net opening of 124 rooms.

Other developments

During March MKG Hospitality announced Radisson as the largest upscale hotel brand in Europe.

Ethisphere Institute (USA) awarded Rezidor as one of the most ethical companies in the world.

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 2009. 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. A prolonged recession in certain countries 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 as well as an increased focus on portfolio management. 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.

Condensed consolidated statement of operations

MEUR	Jan-Mar 10	Jan-Mar 09
Revenue	165.7	152.6
F&B and other related expenses	(12.7)	(12.1)
Personnel cost and contract labour[1)]	(63.6)	(59.6)
Other Operating expenses[1)]	(41.5)	(40.2)
Insurance of properties and property tax	(2.8)	(3.0)
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	**45.1**	**37.7**
Rental expense	(56.6)	(53.0)
Shares of income in associates and Joint Ventures	0.0	0.4
Operating profit/(loss) before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	**(11.5)**	**(14.9)**
Depreciation, amortisation and write-downs	(7.5)	(6.3)
Operating profit/(loss)	**(19.0)**	**(21.2)**
Financial income	0.1	0.2
Financial expense	(1.8)	(0.4)
Profit/(loss) before tax	**(20.7)**	**(21.4)**
Income tax	3.0	2.2
Profit/(loss) for the period	**(17.7)**	**(19.2)**
Attributable to:		
Owners of the company	(17.7)	(19.2)
Non-controlling interests	(0.0)	-
Profit/(loss) for the period	**(17.7)**	**(19.2)**
Basic average no. of shares outstanding	146,307,540	146,307,540
Diluted average no. of shares outstanding	147,060,632	146,307,540
Earnings per share, in EUR		
Basic	(0.12)	(0.13)
Diluted	(0.12)	(0.13)

Consolidated statement of comprehensive income

Profit/(loss) for the period	**(17.7)**	**(19.2)**
Other comprehensive income:		
Exchange differences on translation of foreign operations	4.9	3.9
Tax on exchange differences recognised directly in equity	0.0	0.9
Other comprehensive income for the period, net of tax	**4.9**	**4.8**
Total comprehensive income for the period	**(12.8)**	**(14.4)**
Attributable to:		
Owners of the Company	(12.8)	(14.4)
Non-controlling interests	(0.0)	-

1) A reclassification from Personnel costs and contract labour to Other operating expenses has been done for 2009. The reclassification amounted to MEUR 2.0 for the quarter.

Condensed consolidated balance sheet statements

MEUR	31-Mar 10	31-Dec 09
ASSETS		
Intangible assets[1)]	82.0	82.7
Tangible assets	106.5	108.6
Investments in associated companies and joint ventures	3.3	4.1
Other shares and participations	8.4	8.4
Pension funds, net	11.7	10.9
Other long-term receivables	12.8	12.2
Deferred tax assets	32.9	25.2
Total non-current assets	**257.6**	**252.1**
Inventories	4.4	4.4
Other current receivables	111.0	84.7
Other short term investments	2.2	3.3
Cash and cash equivalents	7.2	5.2
Current assets	**124.8**	**97.6**
Assets classified as held for sale	7.7	7.4
Total current assets	**132.5**	**105.0**
TOTAL ASSETS	**390.1**	**357.1**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	153.1	166.5
Non-controlling interests	0.9	0.2
Total equity	**154.0**	**166.7**
Deferred tax liabilities	31.4	27.5
Retirement benefit obligations	1.7	1.7
Other long-term liabilities	11.2	10.8
Total non-current liabilities	**44.3**	**40.0**
Liabilities to financial institutions	35.8	12.6
Other current interest bearing liabilities	-	1.3
Other current liabilities	154.7	135.9
Current liabilities	**190.5**	**149.8**
Liabilities directly associated with assets classified as held for sale	1.3	0.6
Total current liabilities	**191.8**	**150.4**
TOTAL EQUITY AND LIABILITIES	**390.1**	**357.1**
Number of ordinary shares outstanding at the end of the period	146,307,540	146,307,540
Number of ordinary shares held by the company	3,694,500	3,694,500
Number of registered ordinary shares at the end of the period	150,002,040	150,002,040

1) Goodwill has been reclassified to other intangible assets. MEUR 13.6 of other intangible assets were reported as goodwill on 31 Dec 09 and MEUR 13.4 would have been reported as goodwill on 31 Mar 10, had the reclassification not been done.

Consolidated statement of changes in equity

MEUR	Share capital	Other paid in capital	Translation reserves	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, 2008	**10.0**	**120.3**	**(6.7)**	**60.5**	**184.1**	**0.2**	**184.3**
Long term incentive plan	-	-	-	0.1	**0.1**	**-**	**0.1**
Total comprehensive income for the period	-	-	4.8	(19.2)	**(14.4)**	**-**	**(14.4)**
Ending balance as of Mar 31, 2009	**10.0**	**120.3**	**(1.9)**	**41.4**	**169.8**	**0.2**	**170.0**
Long term incentive plan	-	-	-	0.7	**0.7**	**-**	**0.7**
Total comprehensive income for the period	-	-	5.0	(9.0)	**(4.0)**	**-**	**(4.0)**
Ending balance as of Dec 31, 2009	**10.0**	**120.3**	**3.1**	**33.1**	**166.5**	**0.2**	**166.7**
Long term incentive plan	-	-	-	0.2	**0.2**	**-**	**0.2**
Additional non-controlling interests arising from full consolidation	-	-	-	-	**-**	**0.7**	**0.7**
Total comprehensive income for the period	-	-	4.9	(17.7)	**(12.8)**	**0.0**	**(12.8)**
Ending balance as of Mar 31, 2010	**10.0**	**120.3**	**8.0**	**15.6**	**153.9**	**0.9**	**154.8**

Condensed consolidated statement of cash flow

MEUR	Jan-Mar 10	Jan-Mar 09
Operating profit/(loss)	**(18.9)**	**(21.2)**
Non cash items	10.4	5.2
Interest, taxes paid and other cash items	(5.6)	(0.7)
Change in working capital	(3.4)	(4.6)
Cash flow from operating activities	**(17.5)**	**(21.3)**
Purchase of intangible assets	(0.3)	(0.1)
Purchase of tangible assets	(3.0)	(6.0)
Other investments/divestments	1.2	(2.0)
Cash flow from investing activities	**(2.1)**	**(8.1)**
External financing, net	21.5	11.1
Cash flow from financing activities	**21.5**	**11.1**
Cash flow for the period	**1.9**	**(18.3)**
Effects of exchange rate changes on cash and cash equivalents	0.1	0.3
Cash and cash equivalents at beginning of the period	**5.2**	**26.4**
Cash and cash equivalents at end of the period	**7.2**	**8.4**

Parent Company, Condensed statement of operations

MEUR	Jan-Mar 10	Jan-Mar 09
Revenue	0.7	0.9
Personnel cost	(0.7)	(0.6)
Other Operating expenses	(2.6)	(2.2)
Operating loss before depreciation and amortization	**(2.6)**	**(1.9)**
Depreciation and amortization expense	0.0	0.0
Operating loss	**(2.6)**	**(1.9)**
Financial income	0.0	0.2
Financial expense	(1.7)	(0.3)
Loss before tax	**(4.3)**	**(2.0)**
Income Tax	1.1	0.5
Profi/(loss) for the period	**(3.2)**	**(1.5)**

Parent Company, condensed balance sheet statement

MEUR	31-Mar 10	31-Dec 09
ASSETS		
Tangible assets	0.2	0.2
Shares in subsidiaries	232.6	232.4
Deferred tax assets	3.9	2.7
Total non-current assets	**236.7**	**235.3**
Inventories	0.0	0.0
Current receivables	0.6	0.6
Cash and cash equivalents	0.0	0.0
Total current assets	**0.6**	**0.6**
TOTAL ASSETS	**237.3**	**235.9**
EQUITY AND LIABILITIES		
Equity	**184.1**	**187.1**
Current liabilities	53.2	48.8
Total current liabilities	**53.2**	**48.8**
TOTAL EQUITY AND LIABILITIES	**237.3**	**235.9**

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, 2008	**10.0**	**197.3**	**(13.0)**	**194.3**
Long term incentive plan	-	-	0.1	**0.1**
Net loss for the period	-	-	(1.5)	**(1.5)**
Balance as of Mar. 31, 2009	**10.0**	**197.3**	**(14.4)**	**192.9**
Long term incentive plan	-	-	0.7	**0.7**
Net profit for the period	-	-	(6.5)	**(6.5)**
Balance as of Dec. 31, 2009	**10.0**	**197.3**	**(20.2)**	**187.1**
Long term incentive plan	-	-	0.2	**0.2**
Net profit for the period	-	-	(3.2)	**(3.2)**
Balance as of Mar. 31, 2010	**10.0**	**197.3**	**(23.2)**	**184.1**

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 Q1 10 the inter-company revenue of the Parent Company amounted to MEUR 0.6 (0.8). The inter-company costs in Q1 10 amounted to MEUR 2.1 (1.4). In Q1 10 inter-company interest income amounted to MEUR 0.0 (0.0) and intercompany interest expenses to MEUR 0.1 (0.2).

Comments to balance sheet

At the end of the quarter the inter-company receivables amounted to MEUR 0.2 (0.1 at year-end 09) and the inter-company liabilities to MEUR 51.1 (47.0 at year-end 09). 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 2.3, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

Goodwill has been reclassified to other intangible assets. The comparative numbers have been changed accordingly. Apart from that, 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 2009, except for the impact of the adoption of the standards and interpretations described below.

Revised standards are the *Improvements to IFRSs 2009, IFRS 3 Business Combinations, IAS 27 Consolidated Separate Financial Statements, IAS 39 Financial Instruments: Recognition and measurement (clarification of what constitutes a hedge item) and IFRS 2 Share Based Payment (Group cash-settled share-based payment transactions).* New interpretation effective for Rezidor as from January 1st, 2010 is *IFRIC 12 Service Concession Agreements, IFRIC 15 Agreement for Construction of Real Estate, IFRIC 16 Hadges of a Net Investment in a Foreign Operation, IFRIC 17 Distributions of non-cash assets to owners* and *IFRIC 18 Transfers of Assets from Customers.* All these revised standards and new 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 46% of the shares. Rezidor also has some joint ventures and associated companies. On the 31th of Mar 2010 Rezidor had ordinary current receivables related to Carlson of MEUR 0.2 (0.2) and ordinary current liabilities of MEUR 1.4 (0.9). 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 2010, Rezidor had operating costs towards Carlson of MEUR 2.4 (2.2). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.1 (0.1). For these specific commissions Rezidor had current liabilities of MEUR 0.0 (0.0 as at 31st December 2009).

Information on the long-term equity settled performance- based incentive programmes is included on page 6.

Pledged assets and contingent liabilities

Asset pledged, MEUR	**31-Mar 2010**	**31-Dec 2009**
Securities on deposits (restricted accounts)	2.2	3.3

Contingent liabilities, MEUR	**31-Dec 2010**	**31-Dec 2009**
Miscellaneous guarantees provided	5.2	2.4
Total guarantees provided	**5.2**	**2.4**

Revenue per area of operation

MEUR	Jan-Mar 10	Jan-Mar 09	Change %
Revenue			
Rooms revenue	91.8	83.7	9.7%
F&B revenue	50.6	46.1	9.8%
Other hotel revenue	4.3	4.3	0.0%
Total hotel revenue	**146.7**	**134.1**	**9.4%**
Fee revenue	16.4	14.2	15.5%
Other revenue	2.6	4.3	(39.5)%
Total revenue	**165.7**	**152.6**	**8.6%**

Total fee revenue

MEUR	Jan-Mar 10	Jan-Mar 09	Change %
Management Fees	5.4	4.8	12.5%
Incentive Fees	3.7	3.2	15.6%
Franchise Fees	1.4	1.1	27.3%
Other Fees (incl. marketing, reservation fee etc.)	5.9	5.1	15.7%
Total fee revenue	**16.4**	**14.2**	**15.5%**

Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
Jan-Mar	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Leased	67.7	63.1	79.0	71.0	-	-	-	-	146.7	134.1
Managed	0.7	0.7	4.9	4.3	3.5	3.1	4.4	3.7	13.5	11.7
Franchised	1.1	1.1	1.6	1.2	0.1	0.2	-	-	2.9	2.5
Other	1.9	4.0	0.7	0.3	-	-	-	-	2.6	4.3
Total	**71.4**	**68.9**	**86.2**	**76.8**	**3.6**	**3.3**	**4.4**	**3.7**	**165.7**	**152.6**

Rental expenses

MEUR	Jan-Mar 10	Jan-Mar 09	Change %
Fixed rent	45.7	41.5	10.1%
Variable rent	3.9	2.9	34.5%
Rent	**49.6**	**44.4**	**11.7%**
Rent as a % of leased hotel revenue	33.8%	33.2%	60bps
Guarantees	7.0	8.6	(18.6)%
Rental expense	**56.6**	**53.0**	**6.8%**

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	
Jan-Mar	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Leased	3.5	4.7	(10.3)	(10.8)	-	-	-	-	-	-	(6.8)	(6.1)
Managed	0.4	0.3	(3.0)	(4.2)	1.8	0.6	2.9	2.3	-	-	2.1	(1.0)
Franchised	0.5	0.5	0.6	0.5	0.1	0.1	-	-	-	-	1.2	1.1
Other[1)]	0.6	2.4	(0.0)	(0.4)	(0.0)	0.0	0.0	0.1	-	-	0.6	2.1
Central costs	-	-	-	-	-	-	-	-	(8.6)	(11.0)	(8.6)	(11.0)
Total	**5.0**	**7.9**	**(12.7)**	**(14.9)**	**1.9**	**0.7**	**2.9**	**2.4**	**(8.6)**	**(11.0)**	**(11.5)**	**(14.9)**

Operating profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Mar	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Leased	0.5	2.0	(13.7)	(13.6)	-	-	-	-	-	-	(13.1)	(11.6)
Managed	0.3	0.3	(3.0)	(4.2)	1.8	0.6	2.9	2.3	-	-	2.0	(1.0)
Franchised	0.5	0.4	0.5	0.4	0.1	0.1	-	-	-	-	1.1	1.0
Other[1)]	(0.0)	2.1	(0.3)	(0.6)	(0.0)	0.0	0.0	0.1	-	-	(0.3)	1.5
Central costs	-	-	-	-	-	-	-	-	(8.6)	(11.0)	(8.6)	(11.0)
Total	**1.3**	**4.8**	**(16.5)**	**(18.0)**	**1.9**	**0.7**	**2.9**	**2.4**	**(8.6)**	**(11.0)**	**(19.0)**	**(21.2)**

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

Reconciliation of profit/(loss) for the period

MEUR	Jan-Mar 10	Jan-Mar 09
Total operating profit/(loss) (EBIT) for reportable segments	**(19.0)**	**(21.2)**
Financial income	0.1	0.2
Financial expense	(1.8)	(0.4)
Group's total profit/(loss) before tax	**(20.7)**	**(21.4)**

Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	31-Mar 2010	**31-Dec 2009**	**31-Mar 2010**	**31-Dec 2009**	**31-Mar 2010**	**31-Dec 2009**	**31-Mar 2010**	**31-Dec 2009**	**31-Mar 2010**	**31-Dec 2009**
Assets	164.5	136.0	162.9	161.4	23.9	24.3	38.8	35.4	390.1	357.1
Investments (tangible & intangible assets)	1.0	6.3	2.2	25.0	-	0.0	0.1	0.0	3.3	31.3

Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
31-Mar,	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Leased	25	23	48	44	-	-	-	-	73	67
Managed	7	8	64	60	38	32	35	26	144	126
Franchised	22	23	43	37	7	7	-	-	72	67
Total	**54**	**54**	**155**	**141**	**45**	**39**	**35**	**26**	**289**	**260**

Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
31-Mar,	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Leased	6,457	6,129	9,889	9,175	-	-	-	-	16,346	15,304
Managed	1,934	2,106	10,435	9,967	9,970	8,465	8,737	6,154	31,076	26,692
Franchised	4,074	4,135	8,034	7,485	1,240	1,258	-	-	13,348	12,878
Total	**12,465**	**12,370**	**28,358**	**26,627**	**11,210**	**9,723**	**8,737**	**6,154**	**60,770**	**54,874**

Hotels and rooms in development

	Nordics		Rest of Western Europe		Eastern Europe		Middle East Africa & Others		Total	
31-Mar, 2010	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Radisson Blu	3	957	8	1,660	19	5,069	23	5,438	53	13,124
Park Inn	5	1,019	17	2,587	16	2,985	10	2,091	48	8,682
Missoni	-	-	-	-	-	-	4	696	4	696
Regent	-	-	-	-	1	130	2	798	3	928
Total	**8**	**1,976**	**25**	**4,247**	**36**	**8,184**	**39**	**9,023**	**108**	**23,430**

Historic quarterly data

	2010	**2009**				**2008**			
MEUR	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
RevPAR	51.6	56.5	59.0	61.5	54.0	67.8	75.8	86.1	66.1
Revenue	165.7	186.0	165.4	173.2	152.6	193.6	192.5	221.8	177.0
EBITDAR	45.1	61.4	54.2	56.9	37.7	64.1	70.8	89.3	51.6
EBITDA	(11.5)	9.7	3.1	7.1	(14.9)	13.6	20.0	37.1	0.2
EBIT	(19.0)	2.0	(4.9)	(0.8)	(21.2)	5.3	13.4	30.4	(6.3)
Profit/(loss) after Tax	(17.7)	(0.3)	(6.1)	(2.5)	(19.2)	1.3	10.1	21.7	(7.0)
EBITDAR Margin %	27.2%	33.0%	32.7%	32.8%	24.7%	33.1%	36.8%	40.3%	29.1%
EBITDA Margin %	(6.9)%	5.2%	1.9%	4.1%	(9.8)%	7.0%	10.4%	16.7%	0.1%
EBIT Margin %	(11.5)%	1.1%	(3.0)%	(0.5)%	(13.9)%	2.7%	7.0%	13.7%	(3.5)%

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, Jordan, Kenya, Kuwait, Lebanon, Libya, Mali, Mongolia, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, South Africa, Tunisia, the United Arab Emirates and Zambia.

Financial calendar

Interim Report January-June 2010: 23 July 2010
Interim Report January-September 2010: 29 October 2010
Year-end Report January-December 2010: 11 February 2011

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 08h30 Central European Time on 16th April 2010.

Stockholm 16th April, 2010

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

Webcast

16th April 2010 at 15:30

Kurt Ritter, President & CEO, Knut Kleiven, Deputy President & CFO and Puneet Chhatwal, Chief Development Officer, will present the report and answer questions on 16th April 2010 at 15:30 (Central European Time).

To participate in the teleconference, please dial:

Sweden:	+46 (0)8 5853 6965
Sweden toll-free:	0200 897 065
UK:	+44 (0)20 3140 8286
UK toll-free:	0800 279 9640
US:	+1 718 354 1152
US toll-free:	1866 850 2201

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 8786034#.


Park Inn Oslo, Norway
Opened in January 2010


Park Inn Dresden, Germany
Opened in March 2010

In Q1 2010 Rezidor opened 4 new hotels

For further information, please contact:

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