THE REZIDOR HOTEL GROUP

Interim Report
January-September 2011

Third quarter, 2011

- RevPAR Like-for-like increased by 2.3% to EUR 69.1 (67.5). Like-for-like Occupancy was 69.8% (69.5).
- Revenue increased by 6.9% or MEUR 14.1 to MEUR 219.4 (205.3). On a Like-for-like basis Revenue increased by 0.1%.
- EBITDA was MEUR 14.8 (18.4), and EBITDA margin was 6.7% (9.0).
- Profit after tax amounted to MEUR 14.2 (4.6), positively impacted by a MEUR 11.7 capitalisation of deferred tax assets.
- Basic and diluted Earnings Per Share amounted to EUR 0.10 (0.03).

Nine month ending September, 2011

- RevPAR Like-for-like increased by 3.7% to EUR 65.6 (63.3). Like-for-like Occupancy was 64.1% (63.5).
- Revenue increased by 11.3% or MEUR 64.6 to MEUR 638.6 (574.0). On a Like-for-like basis Revenue increased by 1.8%.
- EBITDA was MEUR 21.0 (24.5), and EBITDA margin was 3.3% (4.3).
- Profit after tax amounted to MEUR 1.6 (4.1).
- Basic and diluted Earnings Per Share amounted to EUR 0.01 (0.03).
- Cash flow from operating activities was -5.6 (21.9). Total available cash at the end of the period, including unutilised credit facilities, amounted to MEUR 100.5 (MEUR 129.3 in Dec 2010 and MEUR 108.5 in September 2010).

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Other developments

- Deferred tax assets of MEUR 11.7 were capitalised during the quarter, following a review of the likelihood to utilise tax losses carry forward within the group.
- Circa 1,700 new rooms were added into operations in the third quarter and ca 4,100 during the first nine months.
- Circa 2,100 rooms were signed in the third quarter and ca 6,400 during the first nine months. All of the new rooms signed during the year were managed or franchised.

	Third quarter		Nine months		Rolling 12-months	
MEUR	**Jul-Sep 11**	**Jul-Sep 10**	**Jan-Sep 11**	**Jan-Sep 10**	**Oct 10-Sep 11**	**Oct 09-Sep 10**
Revenue	219.4	205.3	638.6	574.0	850.3	760.0
EBITDAR	74.4	75.1	200.6	190.9	263.8	252.3
EBITDA	14.8	18.4	21.0	24.5	27.9	34.2
EBIT	5.9	9.4	-3.7	4.7	-4.6	6.7
Profit/loss after Tax	14.2	4.6	1.6	4.1	-5.2	3.8
EBITDAR Margin %	33.9%	36.6%	31.4%	33.3%	31.0%	33.2%
EBITDA Margin %	6.7%	9.0%	3.3%	4.3%	3.3%	4.5%
EBIT Margin %	2.7%	4.6%	-0.6%	0.8%	-0.5%	0.9%

Comment from the CEO

- Continued strong RevPAR development in emerging markets while macroeconomic uncertainties are starting to impact growth in more mature European markets.

"RevPAR continues to improve. Overall macroeconomic uncertainties are however starting to impact the growth pace. Eastern Europe still shows strong growth while RevPAR development in Western Europe and the Nordics is slowing down. The Middle East and Africa continues to suffer from the political unrest.

Our RevPAR has developed more positively than the market during the first eight months of the year.

The drop in EBIT versus last year is mainly the result of a timing difference in our marketing spending versus last year.

Our main focus is on improving profitability both in absolute terms and relative to the industry. This will primarily be achieved through stronger emphasis on revenue generation, partly through synergies with Carlson, and asset management initiatives as well as the impact of the openings of the current asset-light pipeline.

During the first nine months of the year we opened 4,100 new rooms, and added more than 6,000 rooms to the pipeline. Supporting our development strategy, 100% of the pipeline at this point comprises management or franchise contracts.

Kurt Ritter, President & CEO

Market Development

The recovery of the European hotel market continued during the third quarter although there is an increased impact of the macroeconomic uncertainties resulting in lower RevPAR growth than in the beginning of the year. On an aggregated level, industry numbers show an accumulated RevPAR growth in Europe of 6.9 % for the period January to September 2011. The growth is a result of a 3.6 % increase in occupancy and a 3.3 % increase in pricing.

Almost all countries in Europe have experienced RevPAR growth this year. The strongest performers have been some countries in Eastern Europe (mainly Baltics) and Turkey.

On the other hand, Middle East and Africa have experienced a 10 % drop in RevPAR for the nine month period. This is mainly due to the unrest in some countries in that area and the fact that South Africa hosted the Soccer World Cup in 2010. The performance in the UAE and Saudi Arabia has been strong though.

Summary of Q3 results

Total revenue increased by 6.9%. The increase was almost entirely coming from new hotels. Like-for-like revenue was nearly flat to last year as a weak performance in the Nordics, negatively impacted by major congresses in Q3 last year and renovation works this year, offset the positive development in other regions.

Earnings before interest and taxes (EBIT) for leased hotels increased, mainly as a result of the contribution from the newly leased hotels (MEUR 1.3) and the absence of pre-opening expenses this year (MEUR 1.0 impact). Managed hotels benefitted from the lower shortfall guarantees (MEUR 1.4). However, due to timing differences in the spending of the central marketing fund (MEUR -4.5 impact) and the loss of fee revenue, mainly from the troubled countries in the Middle East and North Africa (MEUR 0.7 impact), EBIT came in MEUR 3.5 below that of last year and the EBIT margin fell by 190 bps to 2.7%. In 2010, the biggest portion of the marketing fund was spent in the last quarter of the year. A one-off MEUR 11.7 capitalisation of deferred tax assets was recognised in the quarter, resulting in a higher net profit compared to Q3 last year, despite the lower operating profit.

RevPAR

Third quarter, 2011

Like-for-like RevPAR came in 2.3% better than the same period last year, mainly driven by AHR. Two of the four geographic segments reported a like-for-like RevPAR growth in the third quarter. The biggest growth was noted in Eastern Europe with +15.3%, followed by ROWE with +4.4%. In the Nordics, the RevPAR declined by 1.2% and in MEAO, impacted by the events in Bahrain, Egypt, Tunisia and Libya, RevPAR declined by 12.8%. Adjusted for these four countries, like-for-like RevPAR for the group grew by 4.1%.

The significant increase in Eastern Europe was mainly driven by AHR (+11.2% -the highest of any region), but also occupancy noted a healthy growth (+3.6%). The Baltics, Turkey and Poland were the key growth drivers of the region.

In ROWE, the positive development was a combination of AHR (+2.6%) and occupancy (+1.8%). In the Netherlands, France and Belgium, the growth continued to be generated by AHR, while it was purely occupancy driven in the UK.

In the Nordics, the negative development was driven by Sweden and Norway, which were negatively impacted by higher congress volumes in the third quarter last year and by renovation works this year.

For MEAO, the unrest in Bahrain, Egypt, Tunisia and Libya continued to have a heavy impact on the RevPAR development and offset the positive developments in Saudi Arabia and the UAE. In addition, the World Cup in South Africa last year also had a negative impact on the 2011 development.

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 above.

RevPAR	Jul-Sep
L/L growth	2.3%
FX impact	-1.8%
Units out	0.3%
New openings	-1.0%
Reported growth	-0.2%

Nine month ending September, 2011

All customer segments in Eastern Europe, the Nordics and ROWE noted an increase in volume compared to 2010. However, the impact of the events in the Middle East resulted in an only marginal increase in occupancy (+1.0%). Combined with a 2.7% increase in AHR, like-for-like RevPAR grew by 3.7% during the period. Adjusted for the four troubled countries in the Middle East and North Africa, like-for-like RevPAR grew by 7.0%. The strongest development was seen in Eastern Europe.

The RevPAR development for the nine-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-Sep
L/L growth	3.7%
FX impact	-0.4%
Units out	0.5%
New openings	-3.2%
Reported growth	0.6%

Rezidor's performance

RevPAR Like-for-like, EUR[1]	Jul-Sep 11	Jul-Sep 10	Change	Jan-Sep 11	Jan-Sep 10	Change
Radisson Blu	77.6	76.0	2.2%	74.1	72.0	2.9%
Park Inn	44.4	42.7	4.0%	39.6	37.2	6.5%
Group	**69.1**	**67.5**	**2.3%**	**65.6**	**63.3**	**3.7%**
Occupancy Like-for-like, %						
Radisson Blu	70.3	70.3	0.0%	65.2	65.1	0.2%
Park Inn	68.2	67.3	1.4%	60.7	58.8	3.3%
Group	**69.8**	**69.5**	**0.3%**	**64.1**	**63.5**	**1.0%**
RevPAR, EUR						
Radisson Blu	76.1	76.1	0.0%	72.2	71.1	1.5%
Park Inn	43.3	42.7	1.5%	39.1	37.9	3.1%
Group	**67.2**	**67.4**	**-0.2%**	**63.1**	**62.7**	**0.6%**
Occupancy, %						
Radisson Blu	69.8	70.1	-0.4%	64.4	64.4	0.0%
Park Inn	66.9	66.8	0.1%	58.6	59.0	-0.8%
Group	**68.9**	**69.2**	**-0.5%**	**62.7**	**62.9**	**-0.4%**

1) At constant exchange rates

Jul-Sep 11 Q/Q Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like[1]	-1.2%	4.4%	15.3%	-12.8%	2.3%
Occupancy Like-for-like	-1.4%	1.8%	3.6%	-6.2%	0.3%
AHR Like-for-like[1]	0.2%	2.6%	11.2%	-7.1%	2.0%
Reported RevPAR	0.7%	5.7%	3.7%	-19.6%	-0.2%

Jan-Sep 11 Y/Y Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Other	Group
RevPAR Like-for-like[1)]	3.2%	7.6%	15.6%	-15.4%	3.7%
Occupancy Like-for-like	2.5%	3.5%	7.0%	-12.9%	1.0%
AHR Like-for-like[1)]	0.7%	3.9%	8.0%	-2.9%	2.7%
Reported RevPAR	3.5%	8.3%	4.2%	-21.5%	0.6%

1) At constant exchange rates

Comments to Statements of Operations (p 10)

Third quarter, 2011

Total revenue increased by 6.9% or MEUR 14.1 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 in the table below.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	0.5	8.4	-1.2	1.2	8.9
F&B Revenue	0.4	5.1	-0.5	0.5	5.5
Other Hotel Revenue	0.4	0.2	-0.1	0.1	0.6
Total Leased Revenue	**1.3**	**13.7**	**-1.8**	**1.8**	**15.0**
Fee Revenue	-0.6	1.5	-1.2	-0.4	-0.7
Other Revenue	-0.2	0.0	-	0.0	-0.2
Total Revenue	**0.5**	**15.2**	**-3.0**	**1.4**	**14.1**

The increase in like-for-like RevPAR of 2.3% was not converted into a similar increase in like-for-like revenue, reflecting the weak performance in the leased business in the Nordics. Like-for-like leased revenue only noted a minor growth as the weak performance in the Nordics offset the positive revenue development in ROWE. The increase in total revenue was instead almost entirely coming from the contribution from new hotels opened since Q3 last year, primarily the leased hotels. Like-for-like fee revenue continued to suffer from the unrest in Middle East and North Africa, and came in below that of last year. The positive FX effect from the weaker EUR partially offset the impact from hotels leaving the system.

The negative effect from the drop in leased hotel revenue in the Nordics was mitigated by good cost containment in the region. The leased hotels in ROWE also managed to keep costs in control and the revenue increase in that region was combined with a good flow through at EBITDAR level. The cost control was supported by lower accruals for variable salaries in the leased hotels this year. Personnel costs as a per cent of leased hotel revenue went down compared to the same period last year supporting the margins in leased hotels. However, due to the modest increase in like-for-like leased revenue, the contribution to the results from these hotels was relatively limited. The biggest contribution to profit was instead coming from the newly leased hotels, although at a lower margin as the hotels still are in their ramp-up phase. The hotels are however performing in line with expectations. As there are no new lease contracts in the pipeline, no pre-opening expenses were recognised in the quarter, compared to the MEUR 1.0 recorded in Q3 last year. Central costs only noted a marginal increase since Q3 2010, partly explained by the reversal of accruals for one of the share-based incentive programmes.

Despite a good cost control in like-for-like hotels and the absence of pre-opening expenses, the EBITDAR margin dropped by 270 bps, mainly due to timing differences in the spending of the central marketing funds. MEUR 4.5 more was spent in this quarter compared to Q3 2010, which together with the impact from new hotels largely explained the increase in other operating expenses. In 2010, the biggest portion of the marketing fund was spent in the last quarter of the year. Although performing in line with expectations, the newly leased hotels, opened since Q3 last year, also had a negative impact on the margins as the hotels are still in their ramp-up phase. In addition, the loss of high margin fee revenue from North Africa and the Middle East and a one-off termination fee of MEUR 0.8 in Q3 2010 negatively affected the margins versus last year.

Total rental expenses increased in the quarter. Shortfall payments for management contracts with performance guarantees were lower than for the same period last year, largely explained by the MEUR 1.5 provision for onerous contracts related to future shortfall payments recognised in Q3 last year. This was however offset by the additional rent from the new leases opened since Q3 2010 and the fixed rent indexation. FX also had a small negative impact on the rental expenses. Share of income from associates and joint ventures was below that of the same period last year, as the entire share of income from H1 2010 (MEUR 0.7) in one joint venture was recognised in Q3 2010 when that company was no longer classified as held for sale. As a result, EBITDA came in MEUR 3.6 below that of last year and the EBITDA margin dropped by 230 bps.

The costs for depreciation, amortisation and write-downs noted a minor increase compared to last year, mainly due to a write-down of fixed assets of MEUR 1.5, compared to the MEUR 1.0 written down during the same period last year.

A minor capital gain of MEUR 0.4 from the sale of one lease contract in the Nordics was recognised in the quarter.

The net financial expenses were lower than last year, mainly due to exchange differences.

Following a review of the likelihood to utilise tax losses carry forward within the group, a deferred tax asset of MEUR 11.7 was recognised during the quarter, resulting in a net tax income of MEUR 8.7.

Nine month ending September, 2011

Total revenue increased by 11.3%, or MEUR 64.6. 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 in the table on page 5.

MEUR	L/L	New	Out	FX	Chg
Rooms Revenue	9.1	29.3	-5.5	7.5	40.4
F&B Revenue	-0.3	18.3	-2.9	3.5	18.6
Other Hotel Revenue	0.5	0.8	-0.3	0.4	1.4
Total Leased Revenue	**9.3**	**48.4**	**-8.7**	**11.4**	**60.4**
Fee Revenue	0.1	5.1	-2.0	-0.5	2.7
Other Revenue	1.5	-	-	0.0	1.5
Total Revenue	**10.9**	**53.5**	**-10.7**	**10.9**	**64.6**

Like-for-like rooms revenue grew in line with the RevPAR increase, primarily as a result of a strong development in ROWE. Like-for-like fee revenue was however almost flat to last year, an effect of lost fees due to the unrest in Bahrain, Egypt, Tunisia and Libya. The increase in total revenue was instead mainly attributable to the many new hotels taken into operation, with a substantial contribution coming from the leased hotels. A few hotels leaving the system had a negative impact on revenue, but this was offset by positive FX effects from the weakened EUR.

EBITDAR increased over last year, following the increase in revenue. However, the EBITDAR margin came in 190 bps below that of last year, which was the result of many factors. The increase in like-for-like lease revenue was accompanied by a good flow-through at EBITDAR level, but the many new leases, still ramping up, brought down the margins. Provision for onerous lease contracts amounted to MEUR 2.2 during the period, compared to MEUR 1.0 during the same period last year. Central costs were MEUR 7.3 higher than last year and MEUR 7.6 more of the central marketing fund was spent during the first nine months this year, partly explained by extra activities aimed at increasing brand awareness and promotions for the Park Inn brand. Last year was also positively impacted by a MEUR 2.5 reversal of an accrual related to a loyalty programme.

Rental expenses, including shortfall payments, increased by MEUR 13.6, to a large extent explained by the many new leases opened, offsetting the effect from the hotels leaving the system. Shortfall payments for management contracts with performance guarantees were lower than in the nine month period last year, partly explained by the improved performance and the fact that some hotels have reached their contractual cap on guarantees, and partly explained by additional provisions for future shortfall payments last year of MEUR 1.9 compared to a reversal of such provisions this year of MEUR 0.8. The increase in EBITDAR was not enough to cover the higher rental expenses and EBITDA came in below that of the same period last year. As a per cent of total revenue, the rental expenses went down, softening the margin drop to 100 bps at EBITDA level.

The costs for depreciation, amortisation and write-downs increased compared to the same period last year, partly explained by write-downs of fixed assets this year of MEUR 1.6, whereas the first nine months last year noted a net negative impact from write-downs and reversal of write-downs of MEUR 0.5.

Last year's results were positively impacted by the capital gain of MEUR 3.9 from the sale of the Regent business, compared to a modest capital gain this year of MEUR 0.4.

The net financial expenses were lower than in the same period last year, mainly due to substantial negative exchange differences last year and a one-off financial income of MEUR 0.6 in Q1 this year.

Tax was positively impacted by the capitalisation of MEUR 11.7 deferred tax assets during Q3 and by the recognition of a withholding tax refund. Last year also noted a tax income due to the capitalisation of deferred tax assets, although the amount was smaller.

Q3 Comments by Region

Nordics

Like-for-like RevPAR decreased by 1.2%, mainly caused by a drop in occupancy of 1.4%. AHR only noted a marginal increase (+0.2%). As in H1, Denmark was the strongest performing country with a RevPAR growth of 7.7%, following a 3.3% increase in occupancy (linked to higher crew and the corporate group volumes) combined with a 4.3% growth in AHR. In Sweden, the RevPAR declined by 5.5% as both occupancy (-2.6%) and AHR (-2.9%) came in below that of last year as a result of two key congresses in Q3 2010 and renovation works in 2011. In Norway, RevPAR declined by 2.6%, caused by lower occupancy (-3.9%), although partially offset by an increase in AHR (+1.3%). The key factors to the lower occupancy were less conference business than in Q3 last year and renovations works in 2011.

Revenue from like-for-like leased hotels came in below that of last year, reflecting the RevPAR drop. One smaller leased hotel left the system when the lease contract was sold in the beginning of the quarter. This was however compensated by the additional revenue from new leased hotels taken into operation since Q3 last year and positive FX effects. As a consequence leased hotel revenue grew by MEUR 10.0. The lower margins in the newly opened hotels still in ramp-up phase was neutralised by good cost control in the like-for-like hotels, a positive FX effect and lower pre-opening expenses. EBITDA for leased hotels increased by MEUR 1.4 and the margin was slightly above that of last year.

Fee revenue from managed and franchised hotels was in line with Q3 last year. However, timing differences in marketing activities negatively impacted EBITDA and the EBITDA margin, which both came in below that of last year.

Rest of Western Europe

Like-for-like RevPAR witnessed a growth of +4.4%, coming from both occupancy (+1.8%) and AHR (+2.6%). The development was driven by a growth in all key business segments. All key markets noted RevPAR increases, with France (+9.5%), the Benelux (+7.5%) and Ireland (+6.0%) reporting the most significant improvements.

Leased hotel revenue grew with MEUR 5.0. This was due to the RevPAR increase and the new leased hotels taken into operation. The positive increase was however partly offset by the loss in leased revenue from one leased hotel converted into a franchise contract.

Fee revenue from managed hotels decreased as the positive effect from the RevPAR increase was overshadowed by the impact from a MEUR 0.8 termination fee recognised in Q3 last year. Fee revenue from franchised hotels increased, following the positive RevPAR development.

A good flow through from the revenue increase in combination with the mainly fixed rent structure compensated for the somewhat lower margins from new hotels ramping up and the full effect on rent from new leases opened during the last couple of years. The EBITDA margin consequently saw an improvement versus the same period last year and EBITDA increased by MEUR 2.0.

EBITDA for managed hotels came in below the same period last year as a result of the revenue drop as well as higher marketing expenses. However, this was partly offset by lower costs for shortfall guarantees and the margin was therefore only slightly below that of Q3 last year. The revenue increase from franchised hotels was offset by higher marketing expenses and EBITDA and the EBITDA margin therefore came in below the same period last year.

Eastern Europe

Like-for-like RevPAR increased by 15.3%, mainly coming from a strong AHR development (+11.2%), but also supported by a healthy growth in occupancy (+3.6%). Turkey (+30.0%) was the top performing country, driven by an AHR growth of 35.0% related to increased corporate [transient and group] volumes. Turkey was followed closely by the Baltics (+26.5%), where the development was driven equally by Occupancy (+12.5%), and AHR (+12.4%).

The RevPAR increase was also reflected in increased fee revenue from managed and franchised hotels. Franchised fees especially benefitted from hotels ramping up. Despite this, EBITDA and the EBITDA margin for managed hotels decreased compared to Q3 last year due to higher marketing costs and somewhat higher provisions for doubtful accounts. Franchised EBITDA increased marginally as higher marketing costs dampened the effect from the higher fee revenue. The margin was slightly down.

Middle East, Africa and Others

Like-for-like RevPAR (-12.8%) was not only impacted by the political events in North Africa and the Middle East, but also by the World Cup in South Africa in July 2010. The strongest performing RevPAR countries were Saudi Arabia (+18.7%) and the UAE (+17.8%) but this growth was overshadowed by the steep declines in South Africa (-40.2%), Egypt (-38.6%) and Tunisia (-31.9%).

Fee revenue from managed hotels dropped by MEUR 1.1 compared to Q3 last year as a result of the negative RevPAR development. As for the other regions, higher marketing expenses had a negative impact on the margins and EBITDA consequently fell by MEUR 2.1, more than the drop in fee revenue.

Other

The deviation to last year is mainly coming from the reversal of an accrual related to a loyalty programme in Q3 last year and the fact that the entire share of income from one joint venture was recognised in the same quarter last year as it was no longer classified as held for sale.

Segmental Revenue, EBITDA and Central Costs

Revenue, MEUR	Jul-Sep 11	Jul-Sep 10	Change	Jan-Sep 11	Jan-Sep 10	Change
Nordics	96.5	86.3	11.8%	289.3	245.0	18.1%
Rest of Western Europe	110.6	106.2	4.1%	315.0	295.2	6.7%
Eastern Europe	8.7	8.0	8.8%	22.6	18.5	22.2%
Middle East, Africa & Others	3.6	4.8	-25.0%	11.7	15.3	-23.5%
Total Revenue	**219.4**	**205.3**	**6.9%**	**638.6**	**574.0**	**11.3%**

EBITDA, MEUR	Jul-Sep 11	Jul-Sep 10	Change	Jan-Sep 11	Jan-Sep 10	Change
Nordics	12.8	13.4	-4.5%	32.7	33.1	-1.2%
Rest of Western Europe	5.8	4.8	20.8%	3.2	-5.1	-162.7%
Eastern Europe	5.3	6.7	-20.9%	14.4	13.5	6.7%
Middle East, Africa & Others	2.3	4.5	-48.9%	7.4	12.3	-39.8%
Central Costs	-11.4	-11.0	3.6%	-36.7	-29.4	24.8%
Total EBITDA	**14.8**	**18.4**	**-19.6%**	**21.0**	**24.5**	**-14.3%**

Central costs

Central costs amounted to MEUR 11.4 in the quarter, an increase of MEUR 0.4 compared to the same period last year. More centrally generated activities related to the increasing hotel portfolio, including a strengthening of the corporate management added to the costs. However, less accrual for variable salaries and the reversal of accruals for one of the share-based incentive programmes partly offset the increase in the cost base.

Comments to balance sheet (p 11)

Compared to year-end 2010, non-current assets increased, mainly as a result of a one-off capitalisation of deferred tax assets of MEUR 11.7 in Q3. Net working capital, excluding Cash and Cash Equivalents, but including current tax assets and liabilities, at the end of the period was MEUR -55.0 (-72.7 at year-end 2010). The change is mainly explained by increased accounts receivables and accrued income due to the seasonality of the business.

Cash and Cash Equivalents went down from MEUR 26.7 at year-end 2010 to MEUR 12.6 and bank overdrafts increased from zero at year-end 2010 to MEUR 15.0. This was due to the negative cash flow from operating activities and the investments carried out during the first nine months of the year.

Compared to year-end 2010, Equity including non-controlling interests increased by MEUR 1.8, mainly due to the profit for the period.

Comments to cash flow and liquidity (p 12)

Cash flow from operating activities amounted to MEUR -5.6 during the first nine months of 2011, a negative deviation of MEUR 27.5 to the same period last year. This was to a large extent explained by the negative development in working capital.

Cash flow from change in working capital amounted to MEUR -16.0, which was MEUR 17.8 worse than in the same period 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 -23.9, compared to MEUR -6.8 during the same period last year. The difference was mainly related to increased investments in leased hotels consistent with the ongoing refurbishment programme. The cash flow investing activities in 2010 also included MEUR 10.6 from the sale of the Regent business.

The total credit facilities available for use by the end of the quarter amounted to MEUR 106.8. MEUR 3.9 was used for bank guarantees and MEUR 15.0 was used for overdrafts, leaving MEUR 87.9 available for use. At the end of September 2011, Rezidor had MEUR 12.6 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 9.8 (MEUR 22.1 by the end of Q3 2010 and 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 -2.4 (MEUR 7.1 by the end of Q3 2010 and MEUR 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. The maximum number of shares that can be awarded is 1,084,000. At grant date (August 1, 2011), the fair value of the portion linked to total shareholder return (75% of the shares that can be awarded) was SEK 15.77 per share and the fair value of the portion linked to earnings per share (25% of the shares that can be awarded) was SEK 32.10 per share.

In May 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 Q3 and the nine month period, calculated in accordance with IFRS 2, amounted to MEUR 0.0 (0.0) and MEUR 0.6 (0.5) respectively. An income of MEUR 0.6 (0.1) in Q3 and MEUR 0.3 (0.2) in the nine month period was recognised for social security charges related to the programmes. The reason for the low IFRS 2 costs in the quarter and the income on social security charges was the reversal of the EPS portion of the 2009 programme and the related accruals for social security charge, as it is deemed unlikely that the EPS performance criteria of that programme will be met.

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 Q3 and the nine month period was 3,681,138 (3,694,500) and 3,688,529 (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 secure delivery of shares in the incentive programmes and the related social security costs and 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. No shares have been bought back during the year.

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.

Auditors' review

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

Business development

Rooms added into operation[1)]

By brand	Jul-Sep 11	Jan-Sep 11
Radisson Blu	1,450	3,123
Park Inn	198	788
Other	40	209
Total	**1,688**	**4,120**

By contract type	Jul-Sep 11	Jan-Sep 11
Leased	0	646
Managed	1,490	3,071
Franchised	198	403
Total	**1,688**	**4,120**

By geography	Jul-Sep 11	Jan-Sep 11
Nordics	99	745
Rest of Western Europe	139	622
Eastern Europe	603	1,315
Middle East, Africa & Others	847	1,438
Total	**1,688**	**4,120**

1) In Q3 11, 2 hotels (173 rooms) left the system, resulting in a net opening of 1,515 rooms.

Rooms signed

By brand	Jul-Sep 11	Jan-Sep 11
Radisson Blu	1,528	3,736
Park Inn	544	2,587
Other	40	40
Total	**2,112**	**6,363**

By contract type	Jul-Sep 11	Jan-Sep 11
Leased	0	0
Managed	1,497	5,044
Franchised	615	1,319
Total	**2,112**	**6,363**

By geography	Jul-Sep 11	Jan-Sep 11
Nordics	369	635
Rest of Western Europe	40	552
Eastern Europe	856	2,330
Middle East, Africa & Others	847	2,846
Total	**2,112**	**6,363**

Condensed consolidated statement of operations

MEUR	Jul-Sep 11	Jul-Sep 10	Jan-Sep 11	Jan-Sep 10
Revenue	219.4	205.3	638.6	574.0
F&B and other related expenses	-15.9	-15.2	-47.2	-42.0
Personnel cost and contract labour	-71.7	-68.9	-224.6	-203.1
Other Operating expenses	-54.2	-42.6	-155.9	-128.5
Insurance of properties and property tax	-3.2	-3.5	-10.3	-9.5
Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)	**74.4**	**75.1**	**200.6**	**190.9**
Rental expense	-60.4	-58.0	-181.6	-168.0
Shares of income in associates and joint ventures	0.8	1.3	2.0	1.6
Operating profit/loss before depreciation and amortisation and gain on sale of fixed assets (EBITDA)	**14.8**	**18.4**	**21.0**	**24.5**
Depreciation, amortisation and write-downs	-9.3	-9.0	-25.1	-23.7
Gain on sale of shares and tangible fixed assets	0.4	-	0.4	3.9
Operating profit/loss	**5.9**	**9.4**	**-3.7**	**4.7**
Financial income	0.2	0.3	1.2	0.7
Financial expense	-0.6	-1.9	-2.1	-3.4
Profit/loss before tax	**5.5**	**7.8**	**-4.6**	**2.0**
Income tax	8.7	-3.2	6.2	2.1
Profit/loss for the period	**14.2**	**4.6**	**1.6**	**4.1**
Attributable to:				
Owners of the company	14.2	4.6	1.6	4.1
Non-controlling interests	-	-	-	-
Profit/loss for the period	**14.2**	**4.6**	**1.6**	**4.1**
Basic average no. of shares outstanding	146,320,902	146,307,540	146,313,511	146,307,540
Diluted average no. of shares outstanding	146,320,902	147,783,634	147,275,425	147,314,574
Earnings per share, in EUR				
Basic	0.10	0.03	0.01	0.03
Diluted	0.10	0.03	0.01	0.03

Consolidated statement of comprehensive income

Profit/loss for the period	**14.2**	**4.6**	**1.6**	**4.1**
Other comprehensive income:				
Exchange differences on translation of foreign operations	1.5	-2.3	-0.4	8.0
Available-for-sale financial assets	-	-1.7	-	-1.7
Tax on exchange differences recognised directly in equity	0.0	-0.3	0.0	0.2
Other comprehensive income for the period, net of tax	**15.7**	**-4.3**	**1.2**	**6.5**
Total comprehensive income for the period	**15.7**	**0.3**	**1.2**	**10.6**
Attributable to:				
Owners of the Company	15.7	0.3	1.3	10.6
Non-controlling interests	-	-	-0.1	-

Condensed consolidated balance sheet statements

MEUR	30-Sep 11	31-Dec 10
ASSETS		
Intangible assets	76.9	78.6
Tangible assets	108.9	108.7
Investments in associated companies and joint ventures	4.8	4.6
Other shares and participations	8.1	6.9
Pension funds, net	9.9	9.8
Other long-term receivables	12.5	12.7
Deferred tax assets	42.5	27.3
Total non-current assets	**263.6**	**248.6**
Inventories	5.0	4.8
Other current receivables	121.8	94.3
Other short term investments	2.5	3.3
Cash and cash equivalents	12.6	26.7
Total current assets	**141.9**	**129.1**
TOTAL ASSETS	**405.5**	**377.7**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	177.0	175.1
Non-controlling interests	0.0	0.1
Total equity	**177.0**	**175.2**
Deferred tax liabilities	19.2	17.6
Retirement benefit obligations	2.5	2.6
Other long-term liabilities	12.4	12.2
Total non-current liabilities	**34.1**	**32.4**
Liabilities to financial institutions	15.0	0.0
Other current interest bearing liabilities	-	0.0
Other current liabilities	179.4	170.1
Total current liabilities	**194.4**	**170.1**
TOTAL EQUITY AND LIABILITIES	**405.5**	**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	-	-	6.5	**-1.7**	5.8	**10.6**	-	**10.6**
Ending balance as of Sep 30, 2010	**10.0**	**120.3**	**9.6**	**1.3**	**36.4**	**177.6**	**0.9**	**178.5**
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	-	-	5.3	-	-8.2	**-2.9**	-0.2	**-3.1**
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	-	-	-	-	0.6	**0.6**	-	**0.6**
Total comprehensive income for the period	-	-	-0.4	-	1.7	**1.3**	-0.1	**1.2**
Ending balance as of Sep 30, 2011	**10.0**	**120.3**	**14.5**	**1.3**	**30.9**	**177.0**	**0.0**	**177.0**

Condensed consolidated statement of cash flow

MEUR	Jan-Sep 11	Jan-Sep 10
Operating profit/loss	**-3.7**	**4.7**
Non cash items	23.5	24.3
Interest, taxes paid and other cash items	-9.4	-8.9
Change in working capital	-16.0	1.8
Cash flow from operating activities	**-5.6**	**21.9**
Purchase of intangible assets	-1.4	-0.4
Purchase of tangible assets	-22.5	-18.1
Other investments/divestments	0.0	11.7
Cash flow from investing activities	**-23.9**	**-6.8**
External financing, net	15.4	-9.2
Cash flow from financing activities	**15.4**	**-9.2**
Cash flow for the period	**-14.1**	**5.9**
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	**12.6**	**11.4**

Parent Company, condensed statement of operations

MEUR	Jul-Sep 11	Jul-Sep 10	Jan-Sep 11	Jan-Sep 10
Revenue	0.8	0.7	2.2	2.2
Personnel cost	0.1	-0.8	-1.4	-2.3
Other Operating expenses	-2.8	-4.1	-8.3	-10.0
Operating loss before depreciation and amortization	**-1.9**	**-4.2**	**-7.5**	**-10.1**
Depreciation and amortization expense	-0.0	0.0	-0.1	-0.1
Operating loss	**-1.9**	**-4.2**	**-7.6**	**-10.2**
Financial income	0.1	0.0	29.8	0.0
Financial expense	-0.2	-1.4	-0.7	-3.5
Loss before tax	**-2.0**	**-5.6**	**21.5**	**-13.7**
Income Tax	0.5	1.5	2.1	3.6
Profit/loss for the period	**-1.5**	**-4.1**	**23.6**	**-10.1**

Parent Company, statement of comprehensive income

Profit/loss for the period	**-1.5**	**-4.1**	**23.6**	**-10.1**
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	**-1.5**	**-4.1**	**23.6**	**-10.1**

Parent Company, condensed balance sheet statement

MEUR	30-Sep 11	31-Dec 10
ASSETS		
Tangible assets	0.3	0.2
Shares in subsidiaries	234.0	233.2
Deferred tax assets	7.9	7.4
Total non-current assets	**242.2**	**240.8**
Current receivables	6.6	5.0
Total current assets	**6.6**	**5.0**
TOTAL ASSETS	**248.8**	**245.8**
EQUITY AND LIABILITIES		
Equity	**207.0**	**178.2**
Current liabilities	41.8	67.6
Total current liabilities	**41.8**	**67.6**
TOTAL EQUITY AND LIABILITIES	**248.8**	**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**
Group contribution	-	-	1.3	**1.3**
Tax effect on group contribution	-	-	-0.4	**-0.4**
Total comprehensive income for the period	-	-	-10.1	**-10.1**
Balance as of Sep 30, 2010	**10.0**	**197.3**	**-28.9**	**178.4**
Long term incentive plan	-	-	0.4	**0.4**
Group contribution	-	-	2.8	**2.8**
Tax effect on group contribution	-	-	-0.7	**-0.7**
Total comprehensive income for the period	-	-	-2.7	**-2.7**
Balance as of Dec 31, 2010	**10.0**	**197.3**	**-29.1**	**178.2**
Long term incentive plan	-	-	0.7	**0.7**
Group contribution	-	-	6.1	**6.1**
Tax effect on group contribution	-	-	-1.6	**-1.6**
Total comprehensive income for the period	-	-	23.6	**23.6**
Balance as of Sep 30, 2011	**10.0**	**197.3**	**-0.3**	**207.0**

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 Q3 11 and YTD 11 the intercompany revenue of the Parent Company amounted to MEUR 0.9 (0.8) and MEUR 2.2 (2.1) respectively. The intercompany costs in Q3 11 and YTD 11 amounted to MEUR 1.2 (3.4) and MEUR 5.4 (8.0) respectively.

In Q3 11 and YTD 11 intercompany interest income amounted to MEUR 0.1 (0.0) and MEUR 0.1 (0.0) respectively and intercompany interest expenses to MEUR 0.2 (0.1) and MEUR 0.6 (0.2) respectively.

Comments to balance sheet

At the end of the quarter the intercompany receivables amounted to MEUR 0.1 (4.5 at year-end 2010) and the inter-company liabilities to MEUR 40.0 (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 September 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 1.1 (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 nine months of 2011, Rezidor had operating costs towards Carlson of MEUR 8.8 (7.3). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.5 (0.4). 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 7.

Pledged assets and contingent liabilities

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

Contingent liabilities, MEUR	**30-Sep 2011**	**31-Dec 2010**
Miscellaneous guarantees provided	3.9	4.2
Total guarantees provided	**3.9**	**4.2**

Revenue per area of operation

MEUR	Jul-Sep 11	Jul-Sep 10	Change %	Jan-Sep 11	Jan-Sep 10	Change %
Rooms revenue	131.9	123.1	7.1%	371.3	330.9	12.2%
F&B revenue	53.3	47.7	11.7%	171.8	153.2	12.1%
Other hotel revenue	6.5	5.9	10.2%	16.9	15.5	9.0%
Total hotel revenue	**191.7**	**176.7**	**8.5%**	**560.0**	**499.7**	**12.1%**
Fee revenue	23.9	24.7	-3.2%	67.7	65.0	4.2%
Other revenue	3.8	3.9	-2.6%	10.9	9.4	16.0%
Total revenue	**219.4**	**205.3**	**6.9%**	**638.6**	**574.0**	**11.3%**

Total fee revenue

MEUR	Jul-Sep 11	Jul-Sep 10	Change %	Jan-Sep 11	Jan-Sep 10	Change %
Management Fees	7.7	7.7	0.0%	21.4	20.7	3.4%
Incentive Fees	6.1	6.3	-3.2%	17.8	17.6	1.1%
Franchise Fees	2.0	1.6	25.0%	4.9	4.4	11.4%
Other Fees (incl. marketing, reservation fee etc.)	8.1	9.0	-10.0%	23.6	22.3	5.8%
Total fee revenue	**23.9**	**24.7**	**-3.2%**	**67.7**	**65.0**	**4.2%**

Revenue per region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
Jul-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	91.3	81.3	100.4	95.4	-	-	-	-	191.7	176.7
Managed	1.1	1.1	7.0	7.5	8.1	7.8	3.6	4.7	19.8	21.1
Franchised	1.3	1.3	2.3	2.1	0.6	0.2	-	-	4.2	3.6
Other	2.8	2.7	0.9	1.2	-	-	0.0	0.1	3.7	3.9
Total	**96.5**	**86.3**	**110.6**	**106.2**	**8.7**	**8.0**	**3.6**	**4.8**	**219.4**	**205.3**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
Jan-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	273.0	231.3	287.0	268.4	-	-	-	-	560.0	499.7
Managed	3.9	3.3	19.3	18.9	21.5	17.9	11.6	15.2	56.3	55.3
Franchised	3.8	3.5	6.4	5.5	1.1	0.6	-	-	11.3	9.6
Other	8.6	6.9	2.3	2.4	-	-	0.1	0.1	11.0	9.4
Total	**289.3**	**245.0**	**315.0**	**295.2**	**22.6**	**18.5**	**11.7**	**15.3**	**638.6**	**574.0**

Rental expenses

MEUR	Jul-Sep 11	Jul-Sep 10	Change %	Jan-Sep 11	Jan-Sep 10	Change %
Fixed rent	48.7	46.5	4.7%	148.6	137.3	8.2%
Variable rent	9.4	7.8	20.5%	25.7	18.2	41.2%
Rent	**58.1**	**54.3**	**7.0%**	**174.3**	**155.5**	**12.1%**
Rent as a % of leased hotel revenue	30.3%	30.7%	-40bps	31.1%	31.1%	0bps
Shortfall guarantees	2.3	3.7	-37.8%	7.3	12.5	-41.6%
Rental expense	**60.4**	**58.0**	**4.1%**	**181.6**	**168.0**	**8.1%**

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	
Jul-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	11.5	10.1	2.0	0.0	-	-	-	-	-	-	13.5	10.1
Managed	0.6	0.8	3.1	3.4	5.1	6.6	2.0	4.1	-	-	10.8	14.9
Franchised	0.7	0.9	0.7	1.4	0.2	0.1	-	-	-	-	1.6	2.4
Other[1)]	-0.0	1.6	0.0	0.0	0.0	-	0.3	0.4	-	-	0.3	2.0
Central costs	-	-	-	-	-	-	-	-	-11.4	-11.0	-11.4	-11.0
Total	**12.8**	**13.4**	**5.8**	**4.8**	**5.3**	**6.7**	**2.3**	**4.5**	**-11.4**	**-11.0**	**14.8**	**18.4**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	27.6	25.0	-6.3	-11.3	-	-	-	-	-	-	21.3	13.7
Managed	2.5	2.2	7.2	3.4	13.9	13.2	6.7	11.6	-	-	30.3	30.4
Franchised	2.0	2.0	2.3	2.8	0.5	0.3	-	-	-	-	4.8	5.1
Other[1)]	0.6	3.9	-0.0	0.0	0.0	-0.0	0.7	0.7	-	-	1.3	4.6
Central costs	-	-	-	-	-	-	-	-	-36.7	-29.4	-36.7	-29.4
Total	**32.7**	**33.1**	**3.2**	**-5.1**	**14.4**	**13.5**	**7.4**	**12.3**	**-36.7**	**-29.4**	**21.0**	**24.5**

1) *Other also includes share of income from associates and joint ventures.There has been a reclassification between Other in the Nordics and ROWE in 2010 and the comparative numbers have been changed accordingly.*

Operating profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jul-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	8.5	7.0	-2.8	-4.7	-	-	-	-	-	-	5.7	2.3
Managed	0.6	0.8	3.0	3.5	5.1	6.5	2.2	4.1	-	-	10.9	14.9
Franchised	0.7	1.0	0.7	1.4	0.2	0.1	-	-	-	-	1.6	2.4
Other[1)]	-1.0	0.7	-0.2	-0.3	0.0	-	0.3	0.4	-	-	-0.9	0.8
Central costs	-	-	-	-	-	-	-	-	-11.4	-11.0	-11.4	-11.0
Total	**8.8**	**9.5**	**0.7**	**-0.1**	**5.3**	**6.6**	**2.5**	**4.5**	**-11.4**	**-11.0**	**5.9**	**9.4**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Sep	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Leased	17.9	16.0	-18.1	-18.9	-	-	-	-	-	-	-0.2	-2.9
Managed	2.5	2.1	7.0	3.4	13.7	13.4	6.9	11.5	-	-	30.1	30.4
Franchised	1.9	2.0	2.2	2.7	0.5	0.3	-	-	-	-	4.6	5.0
Other[1)]	-1.5	1.7	-0.7	-0.8	0.0	-0.0	0.7	0.7	-	-	-1.5	1.6
Central costs	-	-	-	-	-	-	-	-	-36.7	-29.4	-36.7	-29.4
Total	**20.8**	**21.8**	**-9.6**	**-13.6**	**14.2**	**13.7**	**7.6**	**12.2**	**-36.7**	**-29.4**	**-3.7**	**4.7**

1) *Other also includes share of income from associates and joint ventures.The comparative numbers for 2010 have been changed at EBIT level with respect to the allocation of certain costs between Other and the segments for managed and franchised hotels. In addition, there is a reclassification between Other in the Nordics and ROWE.*

Reconciliation of profit/loss for the period

MEUR	Jul-Sep 11	Jul-Sep 10	Jan-Sep 11	Jan-Sep 10
Total operating profit/loss (EBIT) for reportable segments	**5.9**	**9.4**	**-3.7**	**4.7**
Financial income	0.2	0.3	1.2	0.7
Financial expense	-0.6	-1.9	-2.1	-3.4
Group's total profit/loss before tax	**5.5**	**7.8**	**-4.6**	**2.0**

Balance sheet and investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30-Sep 2011	31-Dec 2010	30-Sep 2011	31-Dec 2010	30-Sep 2011	31-Dec 2010	30-Sep 2011	31-Dec 2010	30-Sep 2011	31-Dec 2010
Assets	163.7	136.6	181.9	182.0	22.5	21.0	37.4	38.1	405.5	377.7
Investments (tangible & intangible assets)	14.0	12.3	9.9	11.6	0.0	0.0	0.0	0.2	23.9	24.1

Hotels in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Sep,	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	28	27	49	50	-	-	-	-	77	77
Managed	6	7	62	63	57	53	41	36	166	159
Franchised	22	22	48	47	6	6	-	-	76	75
Total	**56**	**56**	**159**	**160**	**63**	**59**	**41**	**36**	**319**	**311**

Rooms in operation

Contract type	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Sep,	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Leased	7,489	6,936	10,183	10,348	-	-	-	-	17,672	17,284
Managed	1,894	1,934	10,156	10,304	14,766	13,825	10,391	8,952	37,207	35,015
Franchised	4,173	4,075	8,900	8,720	1,330	1,038	-	-	14,403	13,833
Total	**13,556**	**12,945**	**29,239**	**29,372**	**16,096**	**14,863**	**10,391**	**8,952**	**69,282**	**66,132**

Hotels and rooms in development

	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
30-Sep, 2011	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Leased	-	71	-	-	-	-	-	-	-	71
Managed	1	168	17	3,208	31	6,544	38	8,618	87	18,538
Franchised	6	1,326	4	780	3	684	-	-	13	2,790
Total	**7**	**1,565**	**21**	**3,988**	**34**	**7,228**	**38**	**8,618**	**100**	**21,399**

Historic quarterly data

	2011			2010				2009	
MEUR	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
RevPAR	69.1	67.5	54.2	60.1	64.7	68.4	51.6	56.5	59.0
Revenue	219.4	226.7	192.7	211.7	205.3	203.0	165.7	186.0	165.4
EBITDAR	74.4	73.6	52.7	63.2	75.1	70.6	45.1	61.4	54.2
EBITDA	14.8	14.8	-8.5	6.9	18.4	17.5	-11.5	9.7	3.1
EBIT	5.9	7.0	-16.6	-0.9	9.4	14.2	-19.0	2.0	-4.9
Profit/loss after Tax	14.2	4.8	-17.4	-6.8	4.6	17.2	-17.7	-0.3	-6.1
EBITDAR Margin %	33.9%	32.5%	27.3%	29.9%	36.6%	34.8%	27.2%	33.0%	32.7%
EBITDA Margin %	6.7%	6.5%	-4.4%	3.3%	9.0%	8.6%	-6.9%	5.2%	1.9%
EBIT Margin %	2.7%	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

Rezidor's Investor Day scheduled for 2nd December 2011 at Park Inn London Heathrow
Year-end Report January-December 2011: 22 February 2012
Interim Report January-March 2012: 25 April 2012
Annual General Meeting 2012: 25 April 2012
Interim Report January-June 2012: 13 July 2012

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 28th October 2011.

Stockholm 28th October, 2011

Kurt Ritter
President & CEO
Rezidor Hotel Group AB

Webcast

28th October 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:

Belgium:	+32 (0)2 400 3463
Belgium toll-free:	0800 58033
Sweden:	+46 (0)8 5051 3793
Sweden toll-free:	0200 883 440
UK:	+44 (0)20 7136 2055
UK toll-free:	0800 279 4977
US:	+1 646 254 3366
US toll-free:	1877 280 2296

Confirmation code: 2074504

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 2074504#.


Radisson Royal Hotel, Dubai, UAE
Opened July 2011


Radisson Blu Hotel, Batumi, Georgia
Opened August 2011


Park Inn by Radisson Luxembourg City
Opened July 2011

In Q3 2011 Rezidor opened six new hotels

For further information, please contact:
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