THE REZIDOR HOTEL GROUP

INTERIM REPORT

January–June 2017

Second Quarter 2017

- **Like-for-like ("L/L") RevPAR for leased and managed hotels was up by 4.0%.** The growth is due to increase in both occupancy and average room rate.
- **Revenue decreased by 2.2% to MEUR 254.1 (259.8).** The decrease is mainly due to the exit of four leased hotels last year, the temporary closure of one leased hotel for renovation and the strengthening of the Euro, partly offset by positive L/L RevPAR development and the re-opening of two leased hotels after renovation. **On a L/L basis revenue increased by 2.6%.**
- **EBITDA amounted to MEUR 28.4 (36.4) and the EBITDA margin decreased to 11.2% (14.0).** EBITDA is negatively impacted by higher central costs of MEUR 4.6 (mainly of a one-off nature) and higher bad debt costs of MEUR 1.2, as well as softer conversion in the lease L/L portfolio.
- **EBIT amounted to MEUR 6.3 (22.0) and the EBIT margin decreased to 2.5% (8.5).** In addition to the negative EBITDA development, EBIT is impacted by MEUR 8.6 higher costs for write-downs of fixed assets.
- **Profit/loss for the period amounted to MEUR 3.6 (16.2)**.
- **Basic and diluted earnings per share was EUR 0.02 (0.10) and EUR 0.02 (0.09) respectively.**
- **1,666 (2,565) rooms were contracted, 1,397 (1,419) rooms opened and 1,314 (429) rooms left the system.**
- On May 4, the Board of Directors appointed Federico González-Tejera as President & CEO of the Rezidor Hotel Group, succeeding Wolfgang M. Neumann who has resigned as CEO. Neumann will remain on the Board as a non-executive director.

Half year 2017

- **L/L RevPAR for leased and managed hotels was up by 5.4%.**
- **Revenue increased by 2.1% to MEUR 476.6 (466.8). On a L/L basis revenue increased by 5.4%.**
- **EBITDA amounted to MEUR 30.9 (27.2) and the EBITDA margin increased to 6.5% (5.8).**
- **EBIT amounted to MEUR –1.9 (–3.0) and the EBIT margin increased to –0.4% (–0.6).**
- **Profit/loss for the period amounted to MEUR –4.0 (–5.4)**.
- **Basic and diluted earnings per share was EUR –0.02 (–0.03).**
- **Cash flow from operating activities amounted to MEUR 24.1 (16.8).**
- **4,844 (4,532) rooms were contracted, 2,322 (2,386) rooms opened and 2,199 (732) rooms left the system.**

MEUR	Q2 2017	Q2 2016	Change	%	H1 2017	H1 2016	Change	%
Revenue	254.1	259.8	–5.7	–2.2%	476.6	466.8	9.8	2.1%
EBITDA	28.4	36.4	–8.0	–22.0%	30.9	27.2	3.7	13.6%
EBIT	6.3	22.0	–15.7	–71.4%	–1.9	–3.0	1.1	36.7%
Profit/loss for the period	3.6	16.2	–12.6	–77.8%	–4.0	–5.4	1.4	25.9%
EBITDA margin	11.2%	14.0%	–2.8 pp		6.5%	5.8%	0.7 pp	
EBIT margin	2.5%	8.5%	–6.0 pp		–0.4%	–0.6%	0.2 pp	

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Comments from the CEO

Launch of works on 5-year strategy plan under new executive leadership

During the second quarter of 2017, Rezidor's positive RevPAR performance from the first quarter continued. Overall RevPAR was up 4%, driven by solid business in most European countries. However, as expected and already mentioned in our Q1 report, the timing of Easter had a negative impact on our results. We have also recognised costs of a one-off nature, which has led to that we deliver results below last year.

Q2 also saw a change in executive management at Rezidor: At the Annual General Meeting in April, the company's new Board of Directors was elected and is chaired by our new majority owner HNA Tourism Group. In May, I took over the position as President & Chief Executive Officer. I am energized by the potential of the company, and excited to build on Rezidor's achievements to further strengthen the group's profile and profitability.

We have started to work on a comprehensive and holistic 5-year strategy plan that will be presented to the Board in October 2017 for a launch in January 2018. The plan analysis covers our operations and asset management, brands and products, commercial and IT areas, talent and culture. It is also aligned with our partner Carlson to capture global revenue and brand opportunities, in order to reach our joint target of becoming one of the world's leading hotel companies by constantly adding value for our guests, owners, team members and shareholders.

At this preliminary stage, the opportunities going forward look significant. Following the Board's approval of the 5-year plan, we intend to share the core components with the investor relations community at an Investor Day in Q4 2017.

Federico González-Tejera, President & CEO

Market RevPAR Development YTD

Market RevPAR across Europe was up 6.4% (at constant exchange rates) June year to date, with the improvement driven both by occupancy (2.8%) and room rates (3.5%).

The RevPAR development in the mature Western European markets, 3.1%, was mainly via occupancy (2.5%). All key markets experienced growth, led by Belgium (11.3%), which had been negatively impacted by terrorist attacks last year.

In Northern Europe, 6.8%, the growth was mainly due to improved room rates (4.8%). In the Nordics, Finland (9.7%), Norway (8.5%), Denmark (5.0%) and Sweden (4.2%) all had positive developments.

Eastern Europe reported the strongest RevPAR growth (11.0%), with room rate (5.5%) and occupancy (5.2%) both driving the growth. All key markets experienced growth, led by Lithuania (15.8%) and Estonia (15.2%).

Trading in the Middle East and Africa was above last year (0.6%), as gains in Africa (Northern 41.9% and Southern 4.6%) off-set the ongoing challenges in the Middle East (–4.6%). The development by country remains mixed, with a number of markets significantly below last year (e.g. Saudi Arabia –11.9% and Qatar –11.4%), but others continuing to recover (e.g. Egypt 104.0% and Tunisia 19.7%).

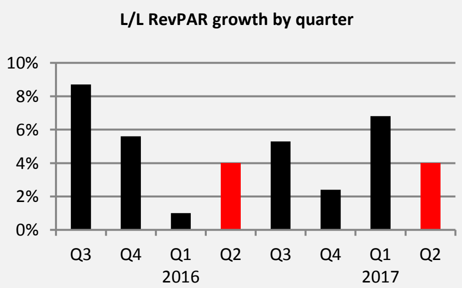
Sources: STR Global Ltd. © 2017 – European Hotel Review – Constant Currency Edition (June 2017); Hotel | trends by Benchmarking | Alliance © 2017

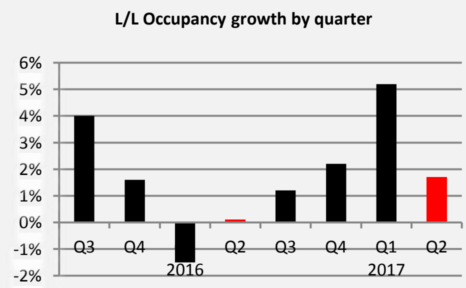
Rezidor RevPAR Development Q2

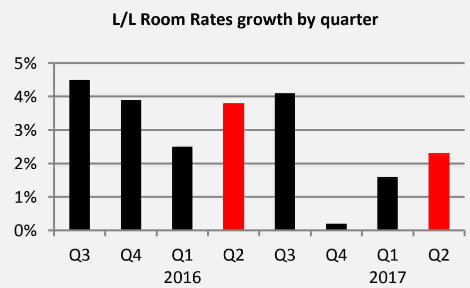
L/L RevPAR for leased and managed hotels increased by 4.0% compared to last year, driven both by occupancy and average room rates. L/L RevPAR for leased hotels increased by 4.5%, with the growth also via a combination of occupancy and average room rates.

Three out of four regions reported L/L RevPAR growth over last year, with the strongest development in the Nordics and Eastern Europe. Middle East, Africa & Others remains the challenge.

Reported RevPAR growth was 2.4%, as the negative impact of FX and new openings was only partially offset by hotel exits.







Income Statement

Second quarter 2017

MEUR	Q2 2017	Q2 2016	Change	%
Revenue	254.1	259.8	–5.7	–2.2%
EBITDA	28.4	36.4	–8.0	–22.0%
EBITDA margin	*11.2%*	*14.0%*	*–2.8 pp*	
EBIT	6.3	22.0	–15.7	–71.4%
EBIT margin	*2.5%*	*8.5%*	*–6.0 pp*	
Profit/loss for the period	3.6	16.2	–12.6	–77.8%

Revenue decreased by MEUR 5.7 to MEUR 254.1. The decrease is mainly due to the exit of four leased hotels last year, the temporary closure of one leased hotel for renovation and the strengthening of the Euro, partly offset by positive L/L RevPAR development and the re-opening of two leased hotels after renovation.

On a L/L basis revenue increased by 2.6% due to the positive L/L RevPAR development, however partly offset by a decrease in the M&E business.

MEUR	L/L	New	Out	FX	Change
Rooms Revenue	6.6	2.5	–6.5	–3.6	–1.0
F&D Revenue	–0.4	1.4	–2.9	–1.4	–3.3
Other Hotel Revenue	–0.9	0.2	–0.7	–0.3	–1.7
Total Leased Revenue	**5.3**	**4.1**	**–10.1**	**–5.3**	**–6.0**
Fee Revenue	0.9	1.0	–2.3	0.2	–0.2
Other Revenue	0.5	—	—	0.0	0.5
Total Revenue	**6.7**	**5.1**	**–12.4**	**–5.1**	**–5.7**

EBITDA decreased by MEUR 8.0 to MEUR 28.4. EBITDA is negatively impacted by higher central costs of MEUR 4.6 and higher bad debt costs of MEUR 1.2, as well as softer conversion in the lease L/L portfolio. Bad debt costs as a percentage of fee revenue amounts to 4.4% (1.2).

The increase in central costs is mainly due to costs incurred in connection with the resignation of the former CEO and higher variable salaries (release of accrual of MEUR 3.0 last year). The timing of Easter is estimated to have impacted EBITDA with ca MEUR –2.

Rent as a percentage of leased hotel revenue decreased from 28.3 to 27.9%, mainly due exits of hotels and a renegotiated rent agreement last year.

EBIT decreased by MEUR 15.7 to MEUR 6.3, mainly due to the decrease in EBITDA and MEUR 8.6 higher costs for write-downs of fixed assets, partly offset by MEUR 1.6 lower costs for termination of lease contracts.

Profit/loss for the period decreased by MEUR 12.6 to MEUR 3.6.

Six months ended June 2017

MEUR	H1 2017	H1 2016	Change	%
Revenue	476.6	466.8	9.8	2.1%
EBITDA	30.9	27.2	3.7	13.6%
EBITDA margin	*6.5%*	*5.8%*	*0.7 pp*	
EBIT	–1.9	–3.0	1.1	36.7%
EBIT margin	*6.5%*	*5.8%*	*0.7 pp*	
Profit/loss for the period	–4.0	–5.4	1.4	25.9%

Revenue increased by MEUR 9.8 to MEUR 476.6. The increase is mainly due to positive development in the L/L portfolio (both in the leased business and in the fee business) and the re-opening of two hotels after renovation, partly offset by the exit of four leased hotels last year and the temporary closure of one leased hotel for renovation.

On a L/L basis revenue increased by 5.4% due to the positive L/L RevPAR development.

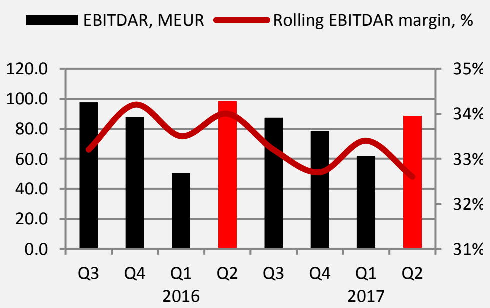
MEUR	L/L	New	Out	FX	Change
Rooms Revenue	16.0	5.2	–10.8	–4.8	5.6
F&D Revenue	5.3	2.9	–6.4	–1.5	0.3
Other Hotel Revenue	–0.7	0.4	–1.1	–0.3	–1.7
Total Leased Revenue	**20.6**	**8.5**	**–18.3**	**–6.6**	**4.2**
Fee Revenue	3.4	2.8	–2.1	0.3	4.4
Other Revenue	1.1	—	—	0.1	1.2
Total Revenue	**25.1**	**11.3**	**–20.4**	**–6.2**	**9.8**

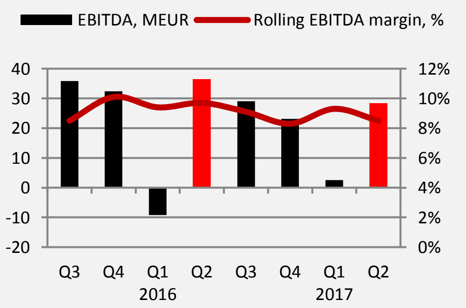
EBITDA increased by MEUR 3.7 to MEUR 30.9. The positive impact of the revenue increase is partly offset by higher central costs of MEUR 6.7 and higher costs for bad debts of MEUR 1.3. The increase in central costs is mainly due to costs incurred in connection with the resignation of the former CEO, higher variable salaries and financial advisor fees incurred in connection with the public offer on the shares of the company.

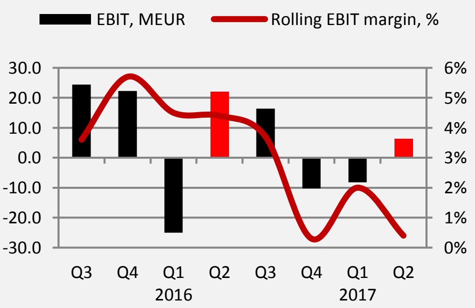
Rent as a percentage of leased hotel revenue decreased from 29.9 to 28.9%, mainly due to exits of hotels and a renegotiated rent agreement last year.

EBIT improved by MEUR 1.1 to MEUR –1.9. The improvement is due to the EBITDA development and MEUR 9.6 lower costs for termination of lease contracts, partly offset by higher costs for write-downs of fixed assets of MEUR 8.4 and depreciation of MEUR 1.8. In addition, EBIT was last year impacted by MEUR 1.9 gain on sale of shares in subsidiaries.

Profit/loss for the period increased by MEUR 1.4 to MEUR –4.0.







Q2 Comments by Region

Nordics

MEUR	Q2 2017	Q2 2016	Change	%
L/L RevPAR (EUR)	109.5	102.1	7.4	7.2%
Revenue	104.6	113.3	–8.7	–7.7%
EBITDA	15.6	15.9	–0.3	–1.9%
EBITDA margin	*14.9%*	*14.0%*	*0.9 pp*	
EBIT	5.5	8.5	–3.0	–35.3%
EBIT margin	*5.3%*	*7.5%*	*–2.2 pp*	

L/L RevPAR increased by 7.2% via both occupancy and average room rates, with Norway (17.1%) and Denmark (3.8%) above last year, but Sweden below (–3.7%). The strike in Norway last year in April and May benefitted the RevPAR performance for this year, however partly offset by the negative impact of timing of Easter.

Revenue decreased by MEUR 8.7 to MEUR 104.6. The decrease is mainly due to the exit of four hotels, the closure of one hotel for renovation and the weakening of the Swedish krona, partly offset by strong L/L RevPAR development. The timing of Easter is estimated to have impacted revenue negatively with ca MEUR 4.

EBITDA decreased by MEUR 0.3 to MEUR 15.6. Adjusted for the negative impact from the timing of Easter of ca MEUR –2, EBITDA improved by ca MEUR 1.7, although impacted by softer conversion.

EBIT decreased by MEUR 3.0 to MEUR 5.5, impacted by MEUR 5.6 higher costs for write-downs of tangible assets, partly offset by MEUR 2.7 lower costs for termination of lease contracts.

Rest of Western Europe

MEUR	Q2 2017	Q2 2016	Change	%
L/L RevPAR (EUR)	101.7	98.6	3.1	3.1%
Revenue	131.0	128.3	2.7	2.1%
EBITDA	18.2	20.1	–1.9	–9.4%
EBITDA margin	*13.9%*	*15.7%*	*–1.8 pp*	
EBIT	7.0	13.1	–6.1	–46.6%
EBIT margin	*5.3%*	*10.2%*	*–4.9 pp*	

L/L RevPAR grew by 3.1%, mainly via average room rates. The gains were primarily driven by the United Kingdom (10.0%) and Ireland (5.5%), with all other key countries above last year with the exception of Germany (–0.9%) and France (–7.8%). France benefitted from the UEFA championship last June and the leisure segment is still negatively impacted by the attack in Nice in July last year.

Revenue increased by MEUR 2.7 to MEUR 131.0. The increase is mainly due to the L/L RevPAR development and the re-opening of two leased hotels after renovation, partly offset by the weakening of the British pound and lower fee revenue.

EBITDA decreased by MEUR 1.9 to MEUR 18.2. The decrease is mainly due to softer conversion in the lease L/L portfolio and lower fee revenue, partly offset by positive impact of the two re-opened hotels.

EBIT decreased by MEUR 6.1 to MEUR 7.0, impacted by MEUR 2.4 higher costs for write-downs of fixed assets, as well as costs for termination of lease contracts of MEUR 1.0 and higher depreciation costs.

Eastern Europe

MEUR	Q2 2017	Q2 2016	Change	%
L/L RevPAR (EUR)	57.4	53.6	3.8	7.2%
Revenue	11.5	11.3	0.2	1.8%
EBITDA	8.5	9.0	–0.5	–5.6%
EBITDA margin	*73.9%*	*79.6%*	*–5.7 pp*	
EBIT	8.4	9.0	–0.6	–6.7%
EBIT margin	*73.0%*	*79.6%*	*–6.6 pp*	

L/L RevPAR improved by 7.2% via both average room rates and occupancy. Ukraine (16.2%) and the Baltics (10.0%) led the growth, with Turkey (7.3%) continuing to recover from the negative impact of the terrorist attacks, attempted coup and unrest in the neighbouring countries.

Revenue increased by MEUR 0.2 to MEUR 11.5. The increase is due to the strong L/L RevPAR development, partly offset by less fee revenue related to terminated agreements.

The decrease in EBITDA margin of 5.7 percentage points is mainly due to higher bad debt costs.

Middle East, Africa and Others

MEUR	Q2 2017	Q2 2016	Change	%
L/L RevPAR (EUR)	57.6	57.7	–0.1	–0.2%
Revenue	7.0	6.9	0.1	1.4%
EBITDA	3.1	3.8	–0.7	–18.4%
EBITDA margin	*44.3%*	*55.1%*	*–10.8 pp*	
EBIT	2.4	3.8	–1.4	–36.8%
EBIT margin	*34.3%*	*55.1%*	*–20.8 pp*	

L/L RevPAR decreased marginally (–0.2%) as gains in occupancy were off-set by losses in average room rates. All three key countries were below last year: Saudi Arabia (–14.0%) as the low oil price continues to have an impact, South Africa (–6.3%) with challenges in corporate segments and United Arab Emirates (–5.3%) linked to the increase in supply.

Revenue increased by MEUR 0.1 to MEUR 7.0.

EBITDA decreased by MEUR 0.7 to MEUR 3.1. The decrease is mainly due to share of loss in associates of MEUR 0.5 and higher bad debt costs.

EBIT decreased by MEUR 1.4 to MEUR 2.4, impacted by costs for write-downs of intangible assets of MEUR 0.7.

Central costs

Central costs for the quarter amounted to MEUR 17.0, an increase compared to last year of MEUR 4.6, which is mainly due to costs incurred in connection with the resignation of the former CEO and higher variable salaries.

Comments to the Balance Sheet

Non-current assets decreased by MEUR 11.6 from year-end 2016 and amounted to MEUR 336.1. The decrease is mainly due to depreciation of MEUR 21.2 and write-downs of MEUR 10.6, partly offset by investments in tangible assets of MEUR 21.5.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, was MEUR –40.0 at the end of the period, compared to MEUR –38.4 at year-end 2016.

Compared to year-end 2016, equity decreased by MEUR 17.9 to MEUR 247.8, mainly due to distributed dividend of MEUR 8.5, the loss for the period of MEUR 4.0 and exchange differences on translation of foreign operations.

MEUR	31 Jun 17	31 Dec 16
Total assets	508.8	502.5
Net working capital	–40.0	–38.4
Net cash (debt)	–28.8	–20.9
Equity	247.8	265.7

Cash Flow and Liquidity

MEUR	H1 2017	H1 2016
Cash flow before working capital changes	22.9	9.0
Change in working capital	1.2	7.8
Cash flow from investing activities	–23.4	–49.1
Free cash flow	**0.7**	**–32.3**
Cash flow from financing activities	2.0	4.1
Cash flow for the period	**2.7**	**–28.2**

Cash flow from operations, before change in working capital, amounted to MEUR 22.9, an increase of MEUR 13.9 and mainly due to improved EBIT adjusted for non-cash items. Cash flow from change in working capital amounted to MEUR 1.2, compared to MEUR 7.8 last year.

Cash flow used in investing activities was MEUR 25.7 lower compared to last year and amounted to MEUR –23.4. The decrease is due to the investment in prize Holding GmbH of MEUR 14.7 last year and less investments in the leased portfolio, partly due to timing of renovation works.

Cash flow from financing activities amounted to MEUR 2.0 (4.1). Used overdraft of MEUR 10.5 has been partly offset by distributed dividend of MEUR 8.5.

At the end of the period, Rezidor had MEUR 10.7 (8.0) in cash and cash equivalents. The total credit facilities available for use at the end of the period amounted to MEUR 200.0 (200.0). MEUR 2.7 (2.8) was used for bank guarantees and MEUR 31.0 (20.5) was used for over-drafts, leaving MEUR 166.3 (176.7) in available credit for use.

The committed credit facilities have a tenor until November 2018 and carry customary covenants, including change of control and delisting provisions. A change of control situation occurred in connection with HNA's completion of its purchase of Carlson Hotels Inc. in December 2016. The banks have waived their rights under the change of control provisions related to HNA's acquisition.

Net interest bearing assets amounted to MEUR –14.2 (–4.8 at year-end 2016).

Net cash (debt), defined as cash & cash equivalents plus short-term interest-bearing assets minus interest-bearing financial liabilities (short-term & long-term), equalled MEUR –28.8 (–20.9 at year-end 2016).

Other Matters

On April 12, 2017, HNA Sweden Hospitality Management AB announced the outcome of the offer to the shareholders in Rezidor Hotel Group AB (publ) to acquire all outstanding shares in Rezidor for SEK 34.86 in cash per share. After the end of the acceptance period, the offer has been accepted by shareholders holding an aggregate of 32,706,894 shares, corresponding to approximately 19.1% of the outstanding shares and votes in Rezidor. Prior to the announcement of the offer on December 22, 2016, HNA Tourism Group Co., Ltd. held, via its wholly-owned subsidiary Carlson Hotels, Inc., 51.3% of the outstanding shares and votes in Rezidor. The shares tendered in the offer, together with the shares already held by HNA Tourism Group via Carlson Hotels, amount to in aggregate 120,259,081, corresponding to approxi-mately 70.4% of the outstanding shares and votes in Rezidor.

The settlement of the offer is conditional on HNA Sweden receiving all necessary regulatory, governmental or similar clearances, approvals and decisions in each case, on terms that are acceptable to HNA Sweden. HNA Sweden has not yet obtained the necessary regulatory approvals to transfer funds out from China to be used for settlement in the offer. Therefore, HNA Sweden has postponed the date of settlement for shareholders who have tendered the offer to on or around September 29, 2017. HNA Sweden has reserved the right to further postpone the date for settlement if HNA Sweden does not receive all necessary regulatory, governmental or similar clearances, approvals and decisions for the settlement prior to September 29, 2017. If the settlement is further postponed, it may be postponed in total up to nine months from the initiation of the initial acceptance period, i.e. until November 3, 2017. HNA Sweden is, however, bound by the offer.

Due to the postponement of the settlement of the offer, shareholders who have accepted the offer are entitled to withdraw their acceptances of the offer.

For more information about the offer, please see www.hnagroup.com/en/discl/HNA_Website2017/legal.html.

Subsequent 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 2016. The general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates, continue to be the most important factors influencing the company's earnings. To reduce the risks associated with operating in Emerging Markets, Rezidor applies an asset light business model. Management is continuously analysing ways to improve the performance of the hotel portfolio, with a particular focus on how to increase the profitability of the leased business in Rest of Western Europe. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rate, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

The financial impact of existing contracts is uncertain and it cannot be ruled out that an exit could lead to a cash outflow which is currently not fully reflected in the reported liabilities of the Group. The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

Seasonal Effects

Rezidor is active in an industry with seasonal variations. Sales and profits vary by quarter and the first quarter is generally the weakest. The timing of Easter can have a significant impact on Earnings when comparing to the equivalent period for the previous year. For quarterly revenue and margins, see table on page 20.

Sensitivity Analysis

With the current business model and portfolio mix Rezidor estimates that a EUR 1 RevPAR variation would result in a MEUR 6–8 change in L/L EBITDA. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rates, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

Presentation of the Q2 Results

On July 26, 2017 at 10:00 (Central European Time) a combined telephone conference and live webcast (in English) concerning the report will be presented by the President & CEO, Federico González-Tejera and Deputy President & CFO, Knut Kleiven. To follow the webcast, please visit www.investor.rezidor.com.

To access the telephone conference, please dial:

Belgium, Local	+32 2 620 0138
Belgium, Free	0800 58033
Sweden, Local:	+46 8 5033 6538
Sweden, Free:	0200 883 440
UK, Local:	+44 20 3427 1916
UK, Free:	0800 279 5004
USA, Local:	+1 646 254 3364
USA, Free:	1877 280 2296
France, Local:	+33 1 70 48 01 66
France, Free:	0805 631 580
Norway, Local:	+47 2350 0486
Norway, Free:	800 56053

Confirmation code: 4257238. For a replay of the conference call please visit www.investor.rezidor.com.

Financial Calendar

Q3 2017 results: October 25
Q4 2017 results: February 21

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About the Rezidor Hotel Group

The Rezidor Hotel Group is focused on hotel management and operates the core brands Radisson Blu and Park Inn by Radisson. In 2014, Rezidor announced together with Carlson Hotels the launch of two additional brands; Radisson RED, an upscale "lifestyle select" brand inspired by the millennial lifestyle, and Quorvus Collection, a new generation of distinctive five star hotels. Rezidor also holds 49% in prizeotel, a young hotel chain in the economy segment.

The portfolio consists of 480 hotels with over 106,000 rooms in operation and under development in 81 countries across Europe, the Middle East and Africa.

Rezidor's strategy is to grow with management and franchise contracts and only selectively with leases. The strategy is also to further expand in the emerging markets.

Rezidor is a member of the Carlson Rezidor Hotel Group. For more information, visit www.rezidor.com.

This half-year 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 07:30 Central European Time on July 26, 2017.

Statement from the Board of Directors and the CEO

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

Stockholm, July 26, 2017

Xin Di Chairman of the Board	Liu Daoqi Board Member
Lo Kin Ching Board Member	Song Xiang Board Member
Andreas Schmid Board Member	Thomas Staehelin Board Member
Charles B. Mobus, Jr Board Member	Wolfgang M. Neumann Board Member
Göran Larsson Employee Representative	Ulf Peterson Employee Representative

Federico González-Tejera
President & CEO

Auditor's Report

Introduction
We have reviewed the condensed financial information (interim report) of Rezidor Hotel Group AB (publ) (corp. i.d. no. 556674-0964) as of June 30, 2017, and the six-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, July 26, 2017

PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant

Condensed Consolidated Statement of Operations

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	254.1	259.8	476.6	466.8
F&D and other related expenses	–13.1	–13.8	–25.5	–26.0
Personnel cost and contract labour	–88.7	–82.6	–172.4	–164.6
Other operating expenses	–60.3	–61.5	–121.3	–120.0
Insurance of properties and property tax	–3.6	–3.8	–7.3	–7.6
Operating profit before rental expenses and share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax (EBITDAR)	**88.4**	**98.1**	**150.1**	**148.6**
Rental expense	–59.3	–61.8	–118.2	–121.4
Share of income in associates and joint ventures	–0.7	0.1	–1.0	–0.0
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax (EBITDA)	**28.4**	**36.4**	**30.9**	**27.2**
Depreciation and amortisation	–10.7	–10.0	–21.2	–19.3
Write-downs and reversals of write-downs	–10.4	–1.8	–10.6	–2.2
Costs due to termination of contracts	–1.0	–2.6	–1.0	–10.6
Gain on sale of shares, intangible and tangible assets	—	—	—	1.9
Operating profit/loss (EBIT)	**6.3**	**22.0**	**–1.9**	**–3.0**
Financial income	0.4	0.7	0.6	1.0
Financial expense	–0.8	–1.0	–1.6	–1.8
Profit/loss before tax	**5.9**	**21.7**	**–2.9**	**–3.8**
Income tax	–2.3	–5.5	–1.1	–1.6
Profit/loss for the period	**3.6**	**16.2**	**–4.0**	**–5.4**
Attributable to:				
Owners of the parent company	3.6	16.2	–4.0	–5.4
Non-controlling interests	—	—	—	—
Profit/loss for the period	**3.6**	**16.2**	**–4.0**	**–5.4**
Basic average no. of shares outstanding	170,858,548	170,707,719	170,842,580	170,707,719
Diluted average no. of shares outstanding	172,482,327	173,424,118	172,962,544	173,436,394
Earnings per share, in EUR				
Basic	0.02	0.10	–0.02	–0.03
Diluted	0.02	0.09	–0.02	–0.03

Consolidated Statement of Comprehensive Income

Profit/loss for the period	**3.6**	**16.2**	**–4.0**	**–5.4**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	–4.6	1.9	–6.1	4.1
Tax on exchange differences	–0.3	–0.1	–0.4	**–0.3**
Fair value gains and losses on cash flow hedges	0.1	–0.1	0.2	0.0
Tax on fair value gains and losses on cash flow hedges	–0.0	0.0	–0.0	**–0.0**
Other comprehensive income for the period, net of tax	**–4.8**	**1.7**	**–6.3**	**3.8**
Total comprehensive income for the period	**–1.2**	**17.9**	**–10.3**	**–1.6**
Attributable to:				
Owners of the parent company	–1.2	17.9	–10.3	**–1.6**
Non-controlling interests	—	—	—	—

Condensed Consolidated Balance Sheet Statements

MEUR	30 Jun 2017	31 Dec 2016
ASSETS		
Intangible assets	58.6	61.0
Tangible assets	179.6	189.0
Investments in associated companies and joint ventures	16.0	18.0
Other shares and participations	5.2	5.2
Other long-term receivables	15.6	16.7
Deferred tax assets	61.1	57.8
Total non-current assets	**336.1**	**347.7**
Inventories	4.6	4.6
Other current receivables	140.5	125.4
Derivative financial instruments	0.3	0.0
Cash and cash equivalents	10.7	8.0
Assets classified as held for sale	16.6	16.8
Total current assets	**172.7**	**154.8**
TOTAL ASSETS	**508.8**	**502.5**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	247.8	265.7
Non-controlling interests	0.0	0.0
Total equity	**247.8**	**265.7**
Deferred tax liabilities	13.9	19.1
Retirement benefit obligations	3.9	3.7
Other long-term liabilities	24.5	25.1
Total non-current liabilities	**42.3**	**47.9**
Derivative financial instruments	0.0	0.1
Other current liabilities	182.4	165.5
Liabilities to financial institutions	31.0	20.5
Liabilities classified as held for sale	5.3	2.8
Total current liabilities	**218.7**	**188.9**
TOTAL EQUITY AND LIABILITIES	**508.8**	**502.5**
Number of ordinary shares outstanding at the end of the period	170,864,600	170,808,498
Number of ordinary shares held by the company	3,524,257	3,580,359
Number of registered ordinary shares at the end of the period	174,388,857	174,388,857

Consolidated Statement of Changes in Equity

MEUR	Share capital	Other paid in capital	Other reserves	Retained earnings incl. net profit/loss for the period	**Attributable to equity holders of the parent**	Non-controlling interests	**Total equity**
Opening balance as of January 1, 2016	**11.6**	**177.1**	**3.6**	**54.4**	**246.7**	**0.0**	**246.7**
Profit/loss for the period	—	—	—	–5.4	**–5.4**	—	**–5.4**
Other comprehensive income:							
Currency differences on translation of foreign operations	—	—	4.1	—	**4.1**	—	**4.1**
Tax on exchange differences recognised in other comprehensive income	—	—	–0.3	—	**–0.3**	—	**–0.3**
Cash flow hedges	—	—	0.0	—	**0.0**	—	**0.0**
Tax on cash flow hedges	—	—	–0.0	—	**–0.0**	—	**–0.0**
Total comprehensive income for the period	**—**	**—**	**3.8**	**–5.4**	**–1.6**	**0.0**	**–1.6**
Transactions with owners:							
Dividend	—	—	—	–11.9	**–11.9**	—	**–11.9**
Long term incentive programmes	—	—	—	0.4	**0.4**	—	**0.4**
Ending balance as of June 30, 2016	**11.6**	**177.1**	**7.4**	**37.5**	**233.6**	**0.0**	**233.6**
Opening balance as of January 1, 2017	**11.6**	**177.1**	**4.2**	**72.8**	**265.7**	**0.0**	**265.7**
Profit/loss for the period	—	—	—	–4.0	**–4.0**	—	**–4.0**
Other comprehensive income:							
Currency differences on translation of foreign operations	—	—	–6.1	—	**–6.1**	—	**–6.1**
Tax on exchange differences recognised in other comprehensive income	—	—	–0.4	—	**–0.4**	—	**–0.4**
Cash flow hedges	—	—	0.2	—	**0.2**	—	**0.2**
Tax on cash flow hedges	—	—	–0.0	—	**–0.0**	—	**–0.0**
Total comprehensive income for the period	**—**	**—**	**–6.3**	**–4.0**	**–10.3**	**—**	**–10.3**
Transactions with owners:							
Dividend	—	—	—	–8.5	**–8.5**	—	**–8.5**
Long term incentive programmes	—	—	—	0.9	**0.9**	—	**0.9**
Ending balance as of June 30, 2017	**11.6**	**177.1**	**–2.1**	**61.2**	**247.8**	**0.0**	**247.8**

Condensed Consolidated Statement of Cash Flow

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating profit (EBIT)	**6.3**	**22.0**	**–1.9**	**–3.0**
Non-cash items	22.3	13.8	33.9	22.1
Interest, taxes paid and other cash items	–3.3	–2.3	–9.1	–10.1
Change in working capital	–3.4	–14.8	1.2	7.8
Cash flow from operating activities	**21.9**	**18.7**	**24.1**	**16.8**
Purchase of intangible assets	–1.5	–0.3	–2.3	–0.3
Purchase of tangible assets	–13.0	–14.8	–21.5	–35.6
Net proceeds from sale of shares in subsidiaries	—	—	—	0.6
Investments in associated companies and joint ventures	—	–14.7	—	–14.7
Other investments/divestments	–0.1	0.4	0.4	0.9
Cash flow from investing activities	**–14.6**	**–29.4**	**–23.4**	**–49.1**
Dividend	–8.5	–11.9	–8.5	–11.9
External financing, net	2.7	16.0	10.5	16.0
Cash flow from financing activities	**–5.8**	**4.1**	**2.0**	**4.1**
Cash flow for the period	**1.5**	**–6.6**	**2.7**	**–28.2**
Effects of exchange rate changes on cash and cash equivalents	–0.1	0.0	–0.0	–0.1
Cash and cash equivalents at beginning of the period	**9.3**	**19.4**	**8.0**	**41.1**
Cash and cash equivalents at end of the period	**10.7**	**12.8**	**10.7**	**12.8**

Parent Company, Condensed Statement of Operations

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	3.6	2.7	7.1	4.6
Personnel cost and contract labour	–1.5	–1.5	–3.3	–3.2
Other operating expenses	–3.7	–3.5	–9.9	–6.2
Operating profit/loss before depreciation and amortization (EBITDA)	**–1.6**	**–2.3**	**–6.1**	**–4.8**
Depreciation and amortization	–0.0	0.0	–0.0	–0.0
Operating profit/loss (EBIT)	**–1.6**	**–2.3**	**–6.1**	**–4.8**
Financial income	0.3	–0.8	0.3	4.8
Financial expense	–0.0	0.0	–0.1	0.0
Profit/loss before tax	**–1.3**	**–3.1**	**–5.9**	**0.0**
Income tax	0.3	0.7	1.3	0.0
Profit/loss for the period	**–1.0**	**–2.4**	**–4.6**	**0.0**

Parent Company, Statement of Comprehensive Income

Profit/loss for the period	**–1.0**	**–2.4**	**–4.6**	**0.0**
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	**–1.0**	**–2.4**	**–4.6**	**0.0**

Parent Company, Condensed Balance Sheet Statements

MEUR	30 Jun 2017	31 Dec 2016
ASSETS		
Intangible assets	0.0	0.0
Tangible assets	0.3	0.3
Shares in subsidiaries	236.9	236.0
Deferred tax assets	1.3	—
Total non-current assets	**238.5**	**236.3**
Current receivables	26.9	42.7
Total current assets	**26.9**	**42.7**
TOTAL ASSETS	**265.4**	**279.0**
EQUITY AND LIABILITIES		
Equity	**260.6**	**272.8**
Current liabilities	4.8	6.2
Total current liabilities	**4.8**	**6.2**
TOTAL EQUITY AND LIABILITIES	**265.4**	**279.0**

Parent Company, Statement of Changes in Equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
Opening balance as of January 1, 2016	**11.6**	**254.2**	**16.9**	**282.7**
Total comprehensive income for the period	–	–	0.0	**0.0**
Transactions with owners:				
Dividend	–	–	–11.9	**–11.9**
Long term incentive programmes	–	–	0.4	**0.4**
Ending balance as of June 30, 2016	**11.6**	**254.2**	**5.4**	**271.2**
Opening balance as of January 1, 2017	**11.6**	**254.2**	**7.0**	**272.8**
Total comprehensive income for the period	–	–	–4.6	**–4.6**
Transactions with owners:				
Dividend	–	–	–8.5	**–8.5**
Long term incentive programmes	–	–	0.9	**0.9**
Ending balance as of June 30, 2017	**11.6**	**254.2**	**–5.2**	**260.6**

Comments on the 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.

The main revenue of the company is internal fees charged to hotels for the services provided by the Shared Service Centre. In Q2 2017 and YTD 2017 the intercompany revenue of the Parent Company amounted to MEUR 3.3 (2.5) and MEUR 6.5 (4.3) respectively. The intercompany costs in Q2 2017 and YTD 2017 amounted to MEUR 2.7 (2.5) and MEUR 5.5 (4.3) respectively.

The decrease in profit/loss before tax by MEUR 5.9 YTD is mainly due to that no group contribution has been accounted for in 2017 (MEUR 4.7 last year) and one-off financial advisor fees of MEUR 2.2.

Comments on the Balance Sheet

The decrease in current assets of MEUR 15.8 since year end 2016 is mainly due to changes in intercompany balances.

At the end of the period the intercompany receivables amounted to MEUR 25.7 (42.4) and the intercompany liabilities to MEUR 1.8 (3.5).

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). Disclosures in accordance with IAS 34 Interim Financial Reporting are presented either in notes or elsewhere in the interim report.

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 December 31, 2016.

Incentive programmes

In 2014, 2015 and 2016 the AGM's have approved long-term equity settled performance-based incentive programmes to be offered to executives within Rezidor. The structure of the programmes is similar. The programmes are comprised of both matching shares and performance shares. The President and CEO and other members of the Executive Committee have been offered the opportunity to participate in the performance share part as well as the matching share part of the programmes. Other key executives have been offered to participate in the performance share part of the programmes.

To qualify for matching shares, each participant shall meet certain requirements, including a shareholding requirement of at least three years and continuing employment with the company during the vesting period. Exemptions may be prescribed in specific cases. To qualify for performance shares, each participant must, in addition to the requirement regarding continuing employment during the vesting period, meet a performance target based on cumulative earnings per share for three consecutive financial years, starting as from the year the programme has been approved by the AGM.

The qualification period for the 2014 programme ended on June 29, 2017. The performance target was not met, hence only participants offered to participate in the matching share part of the programme will be awarded shares. Three members of the Executive Committee will be awarded in total 13,724 shares and the former President and CEO will be awarded 12,957 shares.

The total value of the 2014 programme at grant date, based on 35 participants and including social security costs, amounted to MEUR 4.7.

Four members of the Executive Committee participate in the 2015 programme entitling them to a maximum total of 292,586 shares. In addition, the former President and CEO is entitled to 227,446 shares. 21 other members of management participate in the programme, entitling them to a maximum of 327,760 shares.

The total value of the 2015 programme at grant date, based on 35 participants and including social security costs, amounted to MEUR 5.1.

Four members of the Executive Committee participate in the 2016 programme entitling them to a maximum total of 325,885 shares. In addition, the former President and CEO is entitled to 47,588 shares. 23 other members of management participate in the programme, entitling them to a maximum of 367,636 shares.

The total value of the 2016 programme at grant date, based on 40 participants and including social security costs, amounted to MEUR 5.4.

Participants in the 2014–2016 programmes that have left the company have been awarded 56,102 shares in 2017.

The net costs recognised in the income statement during Q2 2017 and YTD 2017 in accordance with IFRS 2 for the incentive programmes amounted to MEUR 0.5 (0.2) and MEUR 1.0 (0.4) respectively.

Share buy-back

The number of treasury shares held by the company at the end of the quarter was 3,524,257, corresponding to 2.0% of all registered shares. The average number of its own shares held by the company during Q2 2017 was 3,530,309 (3,681,138). The shares have been bought back in 2007 and 2008 following authorisations at the AGMs in the same years. Most the shares bought back are held to secure delivery of shares in the incentive programmes and the related social security costs.

Financial instruments measured at fair value

On June 30, 2017, Rezidor had financial instruments measured at fair value amounting to MEUR 5.2 (5.2).

Related party transactions

HNA Group Co., Ltd. and its affiliates ("HNA") are significant related parties.

On June 30, 2017 Rezidor had no receivables related to HNA (none as at December 31, 2016) and current liabilities of MEUR 1.4 (1.0). The business relationship with HNA mainly consisted of operating costs related to the use of the brands and the use of Carlson Hotels' reservation system, owned by HNA. During Q2 2017 and H1 2017 Rezidor had operating costs towards HNA of MEUR 4.4 (3.7) and MEUR 9.4 (9.5) respectively.

HNA also charged MEUR 1.4 (1.8) and MEUR 2.7 (3.1), respectively, for points earned in the Club Carlson loyalty programme and reimbursed MEUR 0.7 (1.0) and MEUR 1.2 (1.5), respectively, for points redeemed. Furthermore, HNA recharged MEUR 1.3 (1.6) and MEUR 2.9 (2.9) of costs incurred from third parties, mainly internet based reservation channels.

HNA and Rezidor are also cooperating in various other areas, such as global sales, brand websites, revenue optimisation tools and purchasing. During Q2 2017 and H1 2017 Rezidor had revenue towards HNA of MEUR 0.2 (0.4) and MEUR 0.5 (0.7), respectively, and costs of MEUR 0.2 (0.2) and MEUR 0.9 (0.4), respectively, related to these cost sharing arrangements.

Pledged assets and contingent liabilities

Pledged assets, MEUR	30 Jun 2017	31 Dec 2016
Pledged assets	—	—

Contingent liabilities, MEUR	30 Jun 2017	31 Dec 2016
Tax claim interest deduction Sweden	5.4	5.4
Guarantees provided	2.7	2.8

RevPAR Development by Brand (Leased & Managed Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**
Radisson Blu	68.9%	0.9 pp	124.6	2.1%	85.8	3.4%	82.2	1.6%
Park Inn by Radisson	71.8%	1.8 pp	76.1	2.8%	54.6	5.6%	52.6	6.0%
Group	**69.7%**	**1.2 pp**	**112.2**	**2.3%**	**78.1**	**4.0%**	**74.9**	**2.4%**

In EUR	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016
Radisson Blu	67.1%	2.1 pp	120.8	1.8%	81.1	5.2%	77.0	3.4%
Park Inn by Radisson	66.0%	2.4 pp	75.7	2.7%	50.0	6.4%	47.1	7.3%
Group	**66.8%**	**2.2 pp**	**109.7**	**2.0%**	**73.3**	**5.4%**	**69.5**	**4.1%**

RevPAR Development by Region (Leased & Managed Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**
Nordics	77.8%	2.4 pp	140.7	3.9%	109.5	7.2%	102.6	7.7%
Rest of Western Europe	80.5%	0.5 pp	126.3	2.5%	101.7	3.1%	96.3	–2.0%
Eastern Europe	66.6%	1.5 pp	86.2	4.8%	57.4	7.2%	58.6	12.6%
Middle East, Africa & Others	55.4%	1.5 pp	104.1	–2.8%	57.6	–0.2%	54.2	–2.5%
Group	**69.7%**	**1.2 pp**	**112.2**	**2.3%**	**78.1**	**4.0%**	**74.9**	**2.4%**

	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016
Nordics	74.6%	3.7 pp	131.0	3.9%	97.8	9.3%	93.0	12.0%
Rest of Western Europe	75.0%	1.3 pp	121.5	2.5%	91.1	4.3%	86.8	0.0%
Eastern Europe	59.1%	2.7 pp	80.1	4.2%	47.4	9.2%	48.7	14.4%
Middle East, Africa & Others	61.4%	1.8 pp	113.7	–2.5%	69.8	0.5%	61.5	–2.0%
Group	**66.8%**	**2.2 pp**	**109.7**	**2.0%**	**73.3**	**5.4%**	**69.5**	**4.1%**

RevPAR Development by Region (Leased Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**	**Q2 2017**	**vs. 2016**
Nordics	78.4%	1.0 pp	137.5	2.9%	107.8	4.3%	100.6	5.2%
Rest of Western Europe	80.1%	0.9 pp	125.4	3.5%	100.5	4.7%	97.0	1.9%
Group	**79.4%**	**1.0 pp**	**130.5**	**3.2%**	**103.6**	**4.5%**	**98.5**	**3.3%**

	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016	H1 2017	vs. 2016
Nordics	75.0%	3.5 pp	128.6	3.1%	96.4	8.1%	91.5	11.4%
Rest of Western Europe	75.3%	1.6 pp	122.4	3.6%	92.1	5.8%	88.7	3.2%
Group	**75.1%**	**2.4 pp**	**125.0**	**3.4%**	**93.9**	**6.8%**	**89.9**	**6.8%**

RevPAR Development – Like-for-like to Reported (Leased & Managed Hotels)

RevPAR	Q2 2017	H1 2017
L/L growth	4.0%	5.4%
FX impact	–0.5%	–0.4%
Units out or closed for renovation	1.8%	2.4%
New openings	–2.9%	–3.3%
Reported growth	2.4%	4.1%

Revenue per Area of Operation

MEUR	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Rooms revenue	148.2	149.2	–0.7%	269.1	263.5	2.1%
F&D revenue	61.5	64.8	–5.1%	121.7	121.4	0.2%
Other hotel revenue	6.1	7.8	–21.8%	11.6	13.3	–12.8%
Total hotel revenue (leased)	**215.8**	**221.8**	**–2.7%**	**402.4**	**398.2**	**1.1%**
Fee revenue (managed & franchised)	31.9	32.1	–0.6%	61.5	57.1	7.7%
Other revenue	6.4	5.9	8.5%	12.7	11.5	10.4%
Total revenue	**254.1**	**259.8**	**–2.2%**	**476.6**	**466.8**	**2.1%**

Total Fee Revenue

MEUR	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Management Fees	9.3	8.4	10.7%	17.3	15.9	8.8%
Incentive Fees	7.2	8.1	–11.1%	13.0	13.0	0.0%
Franchise Fees	3.5	3.4	2.9%	6.3	5.8	8.6%
Other Fees (incl. marketing, reservation fee etc.)	11.9	12.2	–2.5%	24.9	22.4	11.2%
Total fee revenue	**31.9**	**32.1**	**–0.6%**	**61.5**	**57.1**	**7.7%**

Revenue per Region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
Q2	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	97.4	106.9	118.4	114.9	—	—	—	—	215.8	221.8
Managed	0.7	0.4	7.2	8.1	9.9	9.5	6.9	6.8	24.7	24.8
Franchised	2.4	2.5	3.1	2.9	1.6	1.8	0.1	0.1	7.2	7.3
Other	4.1	3.5	2.3	2.4	—	—	—	—	6.4	5.9
Total	**104.6**	**113.3**	**131.0**	**128.3**	**11.5**	**11.3**	**7.0**	**6.9**	**254.1**	**259.8**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
H1	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	183.0	189.0	219.4	209.2	—	—	—	—	402.4	398.2
Managed	1.2	0.9	12.5	13.7	16.7	14.7	16.0	15.0	46.4	44.3
Franchised	4.7	4.7	5.7	5.2	4.4	2.7	0.2	0.2	15.0	12.8
Other	8.4	6.6	4.4	4.9	—	—	—	—	12.8	11.5
Total	**197.3**	**201.2**	**242.0**	**233.0**	**21.1**	**17.4**	**16.2**	**15.2**	**476.6**	**466.8**

Rental Expenses

MEUR	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Fixed rent	46.0	48.2	–4.6%	92.2	96.0	–4.0%
Variable rent	14.3	14.6	–2.1%	24.1	23.1	4.3%
Rent	**60.3**	**62.8**	**–4.0%**	**116.3**	**119.1**	**–2.4%**
Rent as % of leased hotel revenue	27.9%	28.3%	–0.4 pp	28.9%	29.9%	–1.0 pp
Shortfall guarantees	–1.0	–1.0	0.0%	1.9	2.3	–17.4%
Rental expense	**59.3**	**61.8**	**–4.0%**	**118.2**	**121.4**	**–2.6%**

Operating Profit before Depreciation and Amortisation and Gain on Sales of Fixed Assets (EBITDA)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Q2	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	11.1	12.8	12.0	12.6	—	—	—	—	—	—	23.1	25.4
Managed	0.5	0.2	5.1	6.2	7.7	8.1	3.6	3.6	—	—	16.9	18.1
Franchised	1.3	1.5	1.3	1.3	0.8	0.9	0.0	0.1	—	—	3.4	3.8
Other[1)]	2.7	1.4	–0.2	0.0	—	—	–0.5	0.1	—	—	2.0	1.5
Central costs	—	—	—	—	—	—	—	—	–17.0	–12.4	–17.0	–12.4
Total	**15.6**	**15.9**	**18.2**	**20.1**	**8.5**	**9.0**	**3.1**	**3.8**	**–17.0**	**–12.4**	**28.4**	**36.4**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
H1	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	14.5	10.2	12.4	9.8	—	—	—	—	—	—	26.9	20.0
Managed	0.7	0.5	6.9	7.1	10.4	10.2	8.1	8.0	—	—	26.1	25.8
Franchised	2.4	2.5	2.3	2.1	3.1	1.0	0.0	0.1	—	—	7.8	5.7
Other[1)]	4.3	2.2	–0.5	0.0	—	—	–0.5	–0.0	—	—	3.3	2.2
Central costs	—	—	—	—	—	—	—	—	–33.2	–26.5	–33.2	–26.5
Total	**21.9**	**15.4**	**21.1**	**19.0**	**13.5**	**11.2**	**7.6**	**8.1**	**–33.2**	**–26.5**	**30.9**	**27.2**

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

Operating Profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Q2	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	1.7	6.0	1.8	5.9	—	—	—	—	—	—	3.5	11.9
Managed	0.5	0.2	4.1	5.9	7.6	8.1	2.9	3.6	—	—	15.1	17.8
Franchised	1.2	1.5	1.3	1.3	0.8	0.9	0.0	0.1	—	—	3.3	3.8
Other[1)]	2.1	0.8	–0.2	0.0	—	—	–0.5	0.1	—	—	1.4	0.9
Central costs	—	—	—	—	—	—	—	—	–17.0	–12.4	–17.0	–12.4
Total	**5.5**	**8.5**	**7.0**	**13.1**	**8.4**	**9.0**	**2.4**	**3.8**	**–17.0**	**–12.4**	**6.3**	**22.0**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
H1	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	1.4	–6.6	–3.9	–1.7	—	—	—	—	—	—	–2.5	–8.3
Managed	0.7	0.5	5.7	6.6	10.3	10.1	7.3	7.9	—	—	24.0	25.1
Franchised	2.3	2.5	2.3	2.0	3.1	1.0	0.0	0.1	—	—	7.7	5.6
Other[1)]	3.1	1.1	–0.5	0.0	—	—	–0.5	–0.0	—	—	2.1	1.1
Central costs	—	—	—	—	—	—	—	—	–33.2	–26.5	–33.2	–26.5
Total	**7.5**	**–2.5**	**3.6**	**6.9**	**13.4**	**11.1**	**6.8**	**8.0**	**–33.2**	**–26.5**	**–1.9**	**–3.0**

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

Reconciliation of Profit/Loss for the Period

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016
Total operating profit/loss (EBIT) for reportable segments	**6.3**	**22.0**	**–1.9**	**–3.0**
Financial income	0.4	0.7	0.6	1.0
Financial expense	–0.8	–1.0	–1.6	–1.8
Group's total profit/loss before tax	**5.9**	**21.7**	**–2.9**	**–3.8**

Balance Sheet and Investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Assets	173.6	172.1	290.2	283.9	15.7	15.2	29.3	31.3	508.8	502.5
Investments (tangible & intangible assets)	15.0	23.2	8.8	47.5	0.0	0.2	0.1	0.1	9.3	71.0

Quarterly Key Figures

MEUR	Q2 2017	Q2 2016	Q2 2015	Q2 2014	Q2 2013
RevPAR	74.9	73.1	77.2	72.6	68.7
Revenue	254.1	259.8	263.8	247.1	248.9
EBITDAR	88.4	98.1	94.8	93.0	97.0
EBITDA	28.4	36.4	33.6	30.8	34.9
EBIT	6.3	22.0	23.0	21.4	26.2
Profit for the period	3.6	16.2	15.4	14.1	17.4
EBITDAR margin, %	34.8	37.8	35.9	37.6	39.0
EBITDA margin, %	11.2	14.0	12.7	12.5	14.0
EBIT margin, %	2.5	8.5	8.7	8.7	10.5

	2017		2016				2015			
MEUR	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
RevPAR	74.9	64.0	66.2	75.3	73.1	60.4	67.9	77.0	77.2	63.7
Revenue	254.1	222.5	243.1	251.3	259.8	207.0	255.4	261.4	263.8	216.4
EBITDAR	88.4	61.7	78.7	87.3	98.1	50.5	87.7	97.7	94.8	60.9
EBITDA	28.4	2.5	23.1	29.0	36.4	–9.2	32.5	35.8	33.6	–0.7
EBIT	6.3	–8.2	–10.3	16.4	22.0	–25.0	22.3	24.4	23.0	–12.4
Profit/loss for the period	3.6	–7.6	16.9	14.9	16.2	–21.6	14.3	17.9	15.4	–13.4
EBITDAR Margin %	34.8	27.7	32.4	34.7	37.8	24.4	34.3	37.4	35.9	28.1
EBITDA Margin %	11.2	1.1	9.5	11.5	14.0	–4.4	12.7	13.7	12.7	–0.3
EBIT Margin %	2.5	–3.7	–4.2	6.5	8.5	–12.1	8.7	9.3	8.7	–5.7

Hotel and Room Openings and Signings

	Openings				Signings			
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
	Q2 2017	Q2 2017	H1 2017	H1 2017	Q2 2017	Q2 2017	H1 2017	H1 2017
By region:								
Nordics	—	—	—	—	—	—	—	—
Western Europe	1	84	2	246	1	100	2	350
Eastern Europe	4	553	5	724	—	—	3	627
Middle East, Africa & Others	3	760	6	1,352	3	1,566	7	3,867
Total	**8**	**1,397**	**13**	**2,322**	**4**	**1,666**	**12**	**4,844**
By brand:								
Radisson Blu	1	167	4	770	3	1,566	5	2,036
Park Inn by Radisson	7	1,230	9	1,552	1	100	5	2,282
Other	—	—	—	—	—	—	2	526
Total	**8**	**1,397**	**13**	**2,322**	**4**	**1,666**	**12**	**4,844**
By contract type:								
Leased	—	—	—	—	—	—	1	250
Managed	4	897	9	1,822	3	1,566	8	4,097
Franchised	4	500	4	500	1	100	3	497
Total	**8**	**1,397**	**13**	**2,322**	**4**	**1,666**	**12**	**4,844**

In Q2 2017, eight hotels and 1,314 rooms left the system, resulting in a net opening of 83 rooms.

Hotels and Rooms in Operation and under Development (in Pipeline)

	In operation				Under development			
	Hotels		Rooms		Hotels		Rooms	
30 June	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
By region:								
Nordics	59	62	14,293	14,859	—	—	—	—
Rest of Western Europe	132	134	26,643	26,679	13	14	2,377	2,739
Eastern Europe	101	100	23,868	24,040	29	25	5,692	4,924
Middle East, Africa & Others	72	67	15,777	14,730	74	67	17,708	14,772
Total	**364**	**363**	**80,581**	**80,308**	**116**	**106**	**25,777**	**22,435**
By brand:								
Radisson Blu	239	238	56,757	56,627	69	62	14,867	13,770
Park Inn by Radisson	118	117	22,946	22,603	37	38	8,900	7,496
Others	7	8	878	1,078	10	6	2,010	1,169
Total	**364**	**363**	**80,581**	**80,308**	**116**	**106**	**25,777**	**22,435**
By contract type:								
Leased	66	70	16,534	17,442	1	—	250	—
Managed	191	188	43,262	42,254	102	93	23,371	20,325
Franchised	107	105	20,785	20,612	13	13	2,156	2,110
Total	**364**	**363**	**80,581**	**80,308**	**116**	**106**	**25,777**	**22,435**

Definitions

The company presents certain financial measures in this interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they allow evaluation of the company's performance. Because not all companies calculate these financial measures similarly, these are not always comparable to measures used by other companies. These financial measures should not be considered a substitute for measures defined under IFRS.

IFRS Measures

Revenue
All related business revenue (including rooms revenue, food & drinks revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

Earnings per Share
Profit for the period, before allocation to non-controlling interests, divided by the weighted average number of shares outstanding.

Basic Average Number of Shares
Weighted average number of ordinary shares outstanding during the period.

Non-IFRS Measures – Alternative Performance Measures

EBIT
Operating profit before net financial items and tax.

EBIT Margin
EBIT as a percentage of Revenue.

EBITDA
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax.

EBITDA Margin
EBITDA as a percentage of Revenue.

EBITDAR
Operating profit before rental expenses and share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax.

EBITDAR Margin
EBITDAR as a percentage of Revenue.

Net Cash (Debt)
Cash & cash equivalents plus short-term interest-bearing assets (with maturity within three months) minus interest-bearing liabilities (short-term & long-term), excluding retirement benefit obligations as well as liabilities related to investments in hotels under management contracts, for which repayments are linked to fees collected.

	30 Jun 2017	31 Dec 2016
Cash & cash equivalents [A]	10.7	8.0
Cash & cash equivalents classified as held-for-sale [B]	0.0	0.0
Short-term interest bearing assets [C]	—	—
Interest-bearing liabilities [D]	48.5	37.9
Retirement benefit obligations [E]	3.9	3.7
Liabilities related to investments in hotels under management contracts [F]	5.1	5.3
Net cash (debt) [A+B+C-D+E+F]	**–28.8**	**–20.9**

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

MEUR	30 Jun 2017	31 Dec 2016
Interest-bearing assets [A]	34.3	33.1
Interest-bearing liabilities [B]	48.5	37.9
Net interest-bearing assets/liabilities [A-B]	**–14.2**	**–4.8**

Free Cash Flow
Total cash flow from operating activities and investing activities.

MEUR	H1 2017	H1 2016
Cash flow from operating activities [A]	24.1	16.8
Cash flow from investing activities [B]	–23.4	–49.1
Free cash flow [A+B]	**0.7**	**–32.3**

Rent as Percentage of Leased Hotel Revenue
Rental expense minus shortfall guarantees as percentage of total hotel revenue (leased portfolio).

MEUR	H1 2017	H1 2016
Rental expense [A]	118.2	121.4
Where of shortfall guarantees [B]	1.9	2.3
Total hotel revenue [C]	402.4	398.2
Rent as percentage of leased hotel revenue [(A-B)/C]	**28.9%**	**29.9%**

Net Working Capital
Inventory plus current non-interest-bearing receivables minus current non-interest-bearing liabilities.

MEUR	30 Jun 2017	31 Dec 2016
Inventory [A]	4.6	4.6
Current non-interest-bearing receivables [B]	137.8	122.6
Current non-interest-bearing liabilities [C]	182.4	165.6
Net working capital [A+B-C]	**–40.0**	**–38.4**

RevPAR
Rooms revenue in relation to available rooms, whereas available rooms is defined as total rooms inventory less rooms not available for sale.

Leased portfolio	H1 2017	H1 2016
Rooms revenue (MEUR) [A]	269.1	263.5
Number of available rooms (thousands) [B]	2,993	3,130
RevPAR [A/B]	**89.9**	**84.2**

Operating Measures

Average Room Rate
Average Room Rate – Rooms revenue in relation to number of rooms sold. This is also referred to as ARR (Average Room Rate), ADR (Average Daily Rate) or AHR (Average House 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.

F&D
Food and Drink.

FF&E
Furniture, Fittings and Equipment.

L/L Hotels
Same hotels in operation during the previous period compared ("like-for-like").

Occupancy (%)
Number of rooms sold in relation to the number of rooms available for sale.

RevPAR L/L
RevPAR for L/L hotels at constant exchange rates.

Geographic Regions/Segments

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

Rest of Western Europe (ROWE)
Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

Eastern Europe (incl. CIS countries) (EE)
Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan.

Middle East, Africa and Others, (MEAO)
Algeria, Angola, Bahrain, Benin, Cape Verde, Chad, China, Congo, Egypt, Ethiopia, Gabon, Ghana, Iraq, Ivory Coast, Kenya, Kuwait, Lebanon, Libya, Mali, Mauritius, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Sudan, Togo, Tunisia, Uganda, the United Arab Emirates, Zambia and Zimbabwe.

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