

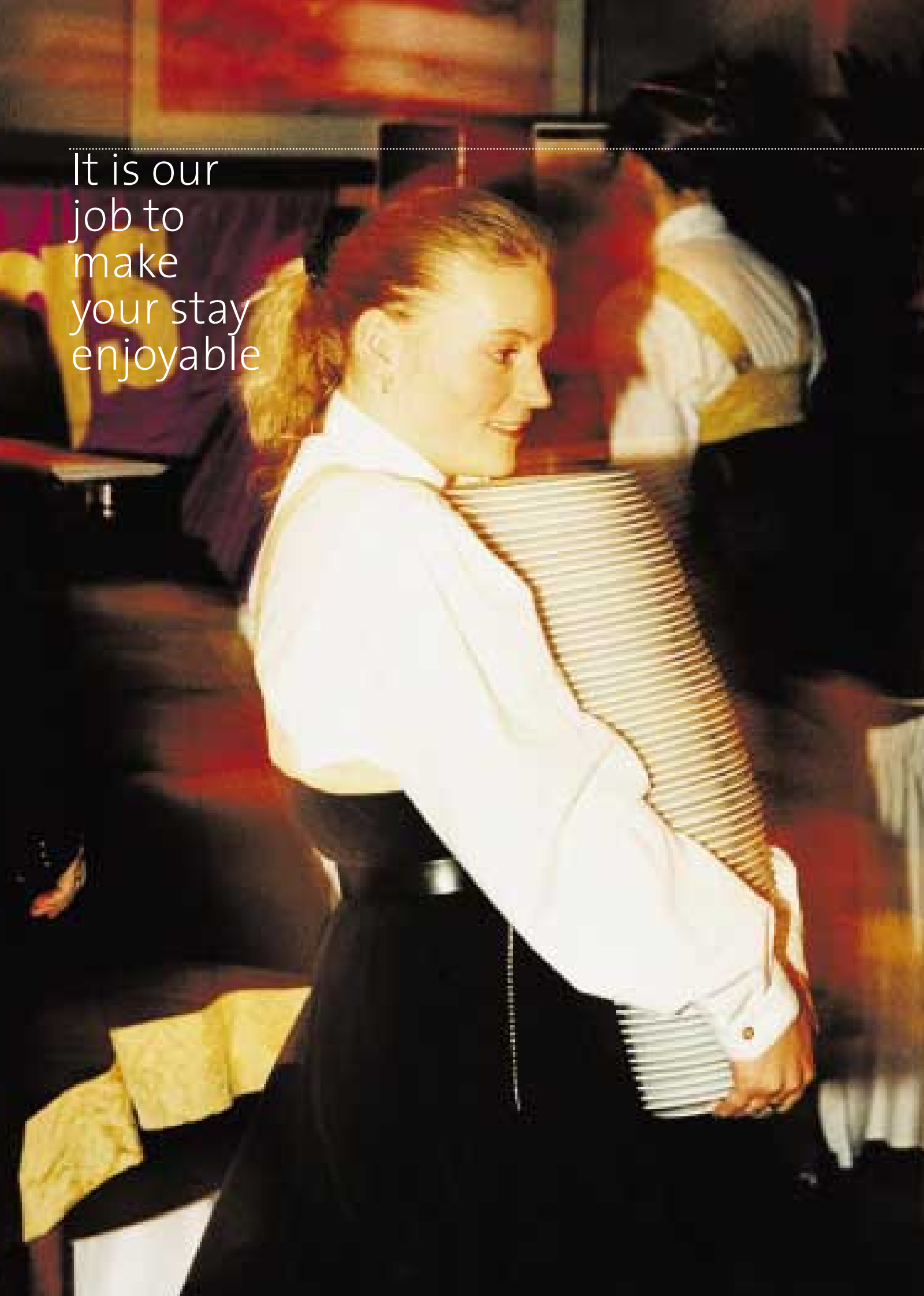
Welcome to
Choice Hotels
Scandinavia ASA

1998

Annual Report



It is our
job to
make
your stay
enjoyable



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This is Choice Hotels Scandinavia ASA

The objective of Choice Hotels Scandinavia ASA is to become the leading hotel chain in Scandinavia. We are to create optimal results for our owners by running a professional and sought-after hotel and restaurant business.

The company was set up as an operating company for hotels in 1990. Through a Master Franchise Agreement entered into with Choice Hotels International in 1994, we acquired the rights to market hotels in Scandinavia under the Comfort, Quality and Clarion brands. Choice Hotels AS is a subsidiary of Choice Hotels Scandinavia ASA and organises the franchise business with responsibility for all hotels in Norway, Sweden and Denmark. Choice Hotels Scandinavia ASA had a turnover of NOK 1,517 million in 1998 and a profit before tax of NOK 82 million.

Choice Hotels International was one of the first hotel chains whose mission was to provide segmented hotel offers customised to meet the requirements of the different customer groups while economies of scale were achieved through integrated operations.

The product segmentation provides wide market coverage, and the content of the different brands is being continuously developed and adjusted to meet the requirements and wishes of the market.

Since the formation of the operating company, Choice Hotels Scandinavia ASA has experienced heavy growth, in particular on the Norwegian market. The other Scandinavian markets are now being focused on, with Sweden as the principal area of commitment. The organisation is action and development oriented. Core business areas are: operations, sales and franchise, marketing and technological development. In order to boost its turnover, Choice Hotels Scandinavia ASA reorganised the Group operations in 1997/98. This has resulted in the following:

- improved earnings per share
- increased turnover on the holiday/leisure market
- improved communication with a view to further development and control



Financial Ratios

The Group		1998	1997	1996	Calculation basis
Profitability					
Net operating margin	%	6.1	16.2	4.5	Operating profit/operating income
Return on total assets	%	9.6	22.1		Operating profit before financial costs/av. total assets
Return on equity	%	18.0	72.5		Profit after tax/av. equity capital
Cash flow	MNOK	132.9	226.9	23.3	Profit before tax - payable taxes + ordinary depreciation

Financial standing/Capital adequacy

Book equity capital as at 31.12. MNOK		441.3	546.5	123.7	
Equity ratio	%	40.0	52.9	12.1	Total equity capital/total assets
Debt ratio	%	60.0	47.1	87.9	Total debt/total assets
MNOK		381.5	225.7	649.6	Interest-bearing debt
Share price (highest/lowest)	NOK	26.70/8.00 ^{*)}	31.00/21.00		*) Lowest value reflects repayment to shareholders of NOK 5.00 per share (Oct. 1998)
Share price as at 31.12.	NOK	11.00	25.00		
Share price as at 29.03.	NOK	16.50			

Liquidity

Liquid funds	MNOK	223.6	278.0	117.6	
Current ratio		1.59	1.61	0.94	Total current assets/total current liab.

Financial ratios per share

Number of shares as at 31.12.		39 640 285	39 640 285	425 749	
Average number of shares		39 640 285	33 522 673	84 867	
Nominal value per share	NOK	0.10	0.10	5.0	
Cash flow per share	NOK	3.35	6.77	274.23	Cash flow/av. no. of shares
Earnings per share (EPS)	NOK	2.35	6.36	143.06	Profit for the year/av. no. of shares
Price/earnings per share (P/E)		4.7	3.9	N/A	Share price as at 31.12./EPS
Equity capital per share	NOK	11.13	13.79	290.51	Total equity capital/no. of shares as at 31.12.

The segments

		Comfort		Quality		Clarion		Franchise	
		1998	1997	1998	1997	1998	1997	1998	1997
Operating income (million)	MNOK	511.9	389.1	581.6	426.5	361.5	278.5	63.0	39.9
Operating profit/loss before depr.	MNOK	49.3	54.4	34.6	51.5	9.3	8.9	11.0	-0.8
Gross operating margin	%	9.6	14.0	5.9	12.1	2.6	3.2	17.5	-2.0
Occupancy rate	%		61.9	59.9	60.1	61.8	65.6	70.5	
Av. income per room night sold	NOK	597	609	612	583	790	786		
No. of hotels as at 31.12.									
- owned		8	8	1	2	1	10	10	
- leased		17	18	20	11	5	6	42	35
- franchised		7	13	28	27	1	36	40	
Total *)		32	39	49	40	7	6	88	85

*) In addition, there are 5 hotels which are not covered by the franchise agreements of the chain

Directors' Report 1998

RESULT FOR 1998

In 1998, the Choice Group had a profit before tax of NOK 82.3 million. The profit is distributed on ordinary operations of the hotel and franchise business, NOK 51.3 million, and the profit from sale of real property and property company interests, NOK 31.0 million.

This represents a solid increase in the Group's ordinary operating profit compared with 1997.

Net operating income amounts to NOK 1,516.9 million in 1998 against NOK 1,305.6 million in 1997. The consolidated operating costs for 1998 amount to NOK 1,424.3 million. Net financial costs amount to NOK 10.3 million. Ordinary operating costs comprise normal costs in connection with the growth of the chain and the start-up of newly-established businesses.

The Group's parent company, Choice Hotels Scandinavia ASA (CHS), generated a total operating income of NOK 54.0 million in 1998 (the comparative figure for 1997 was NOK 286.2 million). The high operating income in 1997 is due to intragroup rent receipts as well as property and property company sales. Operating costs amounted to NOK 41.0 million in 1998 (NOK 92.1 million in 1997), which gave an operating profit of NOK 12.9 million (NOK 194.1 million in 1997). The profit before tax was NOK 19.9 million.

FINANCIAL POSITION

The financial position of the CHS Group is sound. The Group's equity ratio was 40.0% at the end of the year. In October 1998, a repayment of share capital, NOK 198.2 million, was made to the shareholders of the company. The Group's net interest-bearing debt increased by NOK 155.8 million to NOK 381.5 million as a result of the purchase of new properties. The Board

of Directors notes that the company has an excellent equity ratio.

The Group's liquidity is good. The sum of liquid funds and available drawing rights in banks was NOK 283.0 million at the year-end.

OPERATIONS

The Group has experienced continuous growth since the formation of the Choice Hotels chain in Norway in 1990. The business was expanded heavily in 1996 when the CHS Group acquired the Swedish hotel chain Home Hotel with 19 hotels in Sweden and Norway and entered into new leases for four hotels in Norway and four hotels in Sweden. The growth continued in 1997 through the acquisition of Inter Nor Hotels AS and the introduction of the Clarion segment in Norway by the formation of leases for five Clarion hotels.

The growth has continued in 1998. In January, CHS took over the operations of Comfort Hotel Grand AS in Stavanger, and, in February, Quality Hotel Kristianstad in Sweden was taken over. In the same month, the Group acquired a further 40% of the shares in Prize Hotels AB, making the Group's interest in the company 60%. In April, Comfort Home Hotel Grand opened in Bodø following extensive renovation works, and, in May, Quality Hotel 11 in Gothenburg became part of the Choice Group. In June, the Group took over the first operating hotel in Denmark, Hotel Excelsior in Copenhagen. July saw the official inauguration of the chain's large investment at Gardermoen, Clarion Oslo Airport Hotel. In addition to new hotels in the chain, there have been considerable capacity extensions at several of the hotels, including Quality Skjærgården Hotel & Badepark and Quality Airport Hotel Gardermoen.

In January 1998, Choice Hotels Scandinavia ASA bought back Mastemyr Hotel AS from AB Invest AS and sold the property to City Finansiering AS, which is a long-term property owner. CHS has entered into a 20-year lease with City Finansiering AS on leasing the hotel. In May, Quality Panorama Hotel in Gothenburg was sold to Nordisk Renting AB at the same time as a 20-year lease was entered into on leasing the hotel. In July, CHS acquired Grønningen Invest AS, which owns the property Clarion Ernst Hotel in Kristiansand.

After the year-end 1998/1999, Choice Hotels Scandinavia has expanded further through the acquisition of Hotelservice AS (hotel property and operation of Quality Ringerike Hotel), the acquisition of Hotel Ekoxen AB (hotel property and operation of the Collegium hotel and conference centre in Linköping), the takeover of the operation of Hotel Konserthuset in Malmö and the purchase of the remaining 40% of the shares in Prize Hotels AB so that Choice Hotels Sweden AB now owns 100% of the shares in this company.

REPAYMENT OF SHARE CAPITAL TO THE SHAREHOLDERS

At the General Meeting on 30 April 1998, a resolution was adopted to increase the share capital of the company by NOK 198.2 million with a subsequent reduction of the share capital of the company by an equivalent amount for repayment to the shareholders of NOK 5.00 per share, totalling NOK 198.2 million. The payment was made after the expiry of the creditor deadline in October 1998.

MERGER

For the purpose of creating a more rational and expedient corporate structure in the Choice Group

and to achieve more effective and cost-saving administration and accounting in the Group, the subsidiaries Quality Hotels Operations AS, Comfort Hotels Operations AS, Clarion Hotels Operations AS, Home Hotel AS and Othello AS were merged with the parent company Choice Hotels Scandinavia ASA with effect in terms of accounting from 01.01.98.

THE YEAR 2000

CHS' international booking system 2001 is ready to tackle the year-2000 problems. Furthermore, guarantees have been obtained from systems suppliers for other administrative systems which are used in the operational organisation which state that the systems have been prepared for the year 2000. Where the current IT systems cannot handle the year-2000 problems, they will be replaced in the course of 1999. An implementation plan has been prepared and implemented to handle this. Furthermore, programmes of action and check lists have been prepared for all technical installations, etc. where the transition to the year 2000 may result in problems. The control programme and the implementation of any measures will be implemented in co-operation with our suppliers in good time before the year-end. We have the intention and ability to use a sufficient amount of resources and funds to complete the Group's Plan of Action for the Year 2000 in time.

BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

At the end of 1998, the company's Board of Directors had the following composition: Petter A. Stordalen (Chairman of the Board of Directors), Henrik A. Christensen (member of the Board of Directors), Arvid Ramsdal (member of the Board of Directors) and

Ragnar Sjoner (member of the Board of Directors). According to his own wishes, Director Mathias Berg retired from the Board of Directors in December 1998. Siri-Lill Stensby is President of the company.

Apart from the events outlined in the Directors' Report, no special conditions have occurred since the year-end 1998/1999.

The Board of Directors regards the corporate working environment as good and has not implemented any special measures in this area in 1998. The business does not pollute the external environment in excess of that which is normal for hotel business activities and is generally regarded as having a good environmental profile.

As at 31.12.98, the number of employees amounted to approx. 2700 in the Group, and the parent company Choice Hotels Scandinavia ASA had 20 employees.

Salary and other remuneration to the Group Chief Executive/Managing Director are stated in a separate note.

In 1998, NOK 240,000 was paid in Directors' fees. The company has a management agreement with Anker Holding AS, in which the Chairman of the Board of Directors, Petter A. Stordalen, owns 90% of the shares. NOK 350,000 was paid to this company in 1998.

An auditor's fee of NOK 524,250 for ordinary auditing has been entered as expenditure in 1998. A consultancy fee of NOK 1,005,000 to the auditor has been entered as expenditure.

Reference is, moreover, made to the presented accounts with the accompanying notes and cash flow analysis as well as to the Annual Reports of the individual subsidiaries.

DEVELOPMENT AND PROSPECTS

In 1999, CHS will concentrate on further development of existing businesses. High priority will be given to the Group's operating margins. The work on gaining a stronger foothold in Sweden and the expansion of the business activities in Denmark will be intensified in 1999.

ALLOCATION OF PROFIT

The Board of Directors recommends that the profit for the year be allocated as follows:

Group contribution received	NOK 1,252,300
Allocated to free reserve	<u>NOK 51,754,175</u>
Total amount allocated	<u>NOK 40,501,875</u>

On the basis of the CHS Group's sound financial standing and large liquid funds, the Board of Directors recommends a repayment to the shareholders of NOK 1.50 per share, a total amount of NOK 59.5 million. The resolution will be presented at the ordinary General Meeting on 28 April 1999, and any payment will be made in August/September 1999.

SHAREHOLDER POLICY

The objective of the company is to generate a competitive return for its shareholders over time both through a cash dividend and an increase in the value of the shares. The size of the dividend will vary depending on the results of the company and the general economic trends, etc.

At the year-end, the company had 611 shareholders. As at 25.03.99, the largest shareholder of the company is Eiendomsspar AS, which owns 13,800,864 shares, equivalent to 34.8% of the share capital. Petter A. Stordalen directly and indirectly owns a total of



Seated from left: Petter A. Stordalen and Arvid Ramsdal.
 Standing from left: Henrik A. Christensen and Ragnar Sjoner.

12,579,949 shares, equivalent to 31.7% of the share capital, and has entered into an option agreement on the purchase of a further 900,000 shares (2.3%). The company has bought own shares and owns 3,636,810 shares as at 25 March, which is equivalent to 9.17% of the share capital of the company. Of the other members of the Board of Directors, Henrik A.

Christensen owns 50,000 shares, Arvid Ramsdal 25,000 shares and Ragnar Sjoner 8,000 shares. President Siri-Lill Stensby owns 4,000 shares in the company. The company has entered into option agreements with Directors Henrik A. Christensen, Arvid Ramsdal and Ragnar Sjoner which give each of them the right to acquire a further 99,000 shares in the company.

The Board of Directors would like to thank all employees for their great efforts and commitment and for good co-operation in 1998.

25 March 1999

Petter A. Stordalen
 Chairman of the Board

Henrik A. Christensen
 Member of the Board

Ragnar Sjoner
 Member of the Board

Arvid Ramsdal
 Member of the Board

Siri-Lill Stensby
 President

Profit and Loss Account

(Amounts in NOK 1,000)

The parent company						The Group
1997	1998	Note		Note	1998	1997
(note 1)						
OPERATING INCOME AND OPERATING COSTS						
286 164	53 977	12	Operating income	30	1 516 871	1 305 647
0	0		Cost of sales		171 272	142 004
19 496	14 820	13	Payroll costs and other staff costs	32	522 015	411 092
52 680	21 098	14	Other operating costs	31	672 039	482 493
19 904	5 117	5	Ordinary depreciation	25	54 294	54 938
0	0		Bad debts	23	4 643	3 773
92 080	41 035		Total operating costs		1 424 263	1 094 300
194 084	12 94	2	Operating profit		92 608	211 347
FINANCIAL INCOME AND FINANCIAL COSTS						
8 054	8 765		Interest received from group companies		0	0
3 286	8 011		Other financial income		20 236	13 193
-6 636	-7 453		Interest paid to group companies		0	0
-19 597	-2 375		Other financial costs		-30 524	-49 676
-14 893	6 948		Net financial items		-10 288	-36 483
179 191	19 890		Profit before taxes		82 320	174 864
-2 999	20 612	10	Taxes	29	9 748	37 654
176 192	40 502		Profit after taxes		92 068	212 518
0	0		Minority interests		895	791
176 192	40 502		Profit for the year		92 963	213 309
Allocations and transfers						
12 862	0		To legal reserve			
80 676	0		Group contribution made			
-63 544	-11 252		Group contribution received			
146 198	51 754	15	To free reserve			
176 192	40 502		Total allocations and transfers			

Clarion Ernst Hotel, Kristiansand.



Balance Sheet as at 31 December

(Amounts in NOK 1,000)

The parent company				The Group		
1997	1998	Note	Note	1998	1997	
(note 1)						
ASSETS						
Current assets						
159 102	82 603	2,9	Liquid funds	22,26	223 607	277 998
0	0		Trade debtors	23	91 301	63 304
393 476	67 573	3	Accounts receivable from group companies		0	0
20 544	17 411	4	Other short-term receivables	23	55 189	46 993
0	0		Stocks		17 107	9 461
573 122	167 587		Total current assets		387 204	397 756
Capital assets						
229 176	310 792	6	Shares in the Group's companies		0	0
1 025	1 283	7	Other shares and company interests	24	1 691	1 702
0	0	10	Deferred tax advantage	28	31 498	12 895
0	96 900	8	Long-term accounts receivables from group companies		0	0
12 160	12 160		Other long-term receivables	32	30 603	25 882
16 000	12 000	5	Goodwill	25	66 862	99 583
20 937	3 376	5	Machinery, fixtures and fittings, etc.	25	120 861	81 262
0	0	5	Buildings	25	449 368	403 888
0	0	5	Sites	25	15 315	9 912
279 298	436 511		Total capital assets		716 198	635 124
852 420	604 098		Total assets		1 103 402	1 032 880
LIABILITIES AND EQUITY CAPITAL						
Short-term debt						
15 784	971		Trade creditors		56 291	62 327
22 228	15 704		Tax withholdings, public duties, holiday pay		105 589	85 553
492	0	10	Tax payable		3 605	2 915
84 068	165 890		Short-term debt to group companies		0	0
254 659	17 136		Other short-term debt		78 018	96 381
377 231	199 701		Total short-term debt		243 503	247 176
Long-term debt						
21 400	788	10	Deferred tax	28	31 498	12 895
633	96 900	11	Other long-term debt	27	382 815	226 298
22 033	97 688		Total long-term debt		414 313	239 193
399 264	297 389		Total debt		657 816	486 369
0	0		Minority interests		4 245	9
Equity capital						
3 964	3 964	15,20	Share capital (39,640,285 shares at NOK 0.10)		3 964	3 964
226 995	46 995	15	Legal reserve		0	0
17 280	17 280	15	Revaluation reserve		0	0
204 917	238 470	15	Free reserve		0	0
0	0		Various reserves		437 377	542 538
453 156	306 709	15	Total equity capital	33	441 341	546 502
852 420	604 098		Total liabilities and equity capital		1 103 402	1 032 880
17 842	28 827	16	Security pledged	34	567 881	410 696
1 609 446	2 262 662	16	Guarantee liability	34	435	285

Cash Flow Analysis

(Amounts in NOK 1,000)

The parent company 1998		The Group 1998
	CASH FLOW FROM OPERATIONAL ACTIVITIES:	
19 890	Profit before taxes	82 320
-492	Tax paid for the period	-3 344
54	Loss/profit on sale of capital assets	-30 917
5 117	Ordinary depreciation	54 294
0	Change in stocks	-7 616
0	Change in trade debtors	-27 529
-9 758	Change in trade creditors	-1 035
423 003	Change in other accrual items	43 384
437 814	Net cash flow from operational activities	109 557
	CASH FLOW FROM INVESTMENT ACTIVITIES:	
10 000	Payments received for sales of fixed assets	244 117
-20 138	Payments made for purchases of fixed assets	-115 359
382	Payments received for sales of shares and units in other companies	427
-93 401	Payments made for purchases of shares and units in other companies	-87 457
-103 157	Net cash flow from investment activities	1 728
	CASH FLOW FROM FINANCING ACTIVITIES:	
0	Payments received for new long-term debt raised	288 594
0	Payments made for repayment of long-term debt	-43 000
-224 779	Payments made for repayment of short-term debt	-250 882
-198 201	Repayment of equity capital	-198 201
11 824	Payments received of group contributions	0
-411 156	Net cash flow from financing activities	-203 489
0	Currency translation effects	-2 187
-76 499	Net change in liquid funds	-54 391
159 102	Liquid funds 01.01.	277 998
82 603	Liquid funds 31.12.	223 607

Accounting Principles for 1998

General principles

The accounts have been prepared and presented in accordance with sound accounting policies. No changes have been made to the Group's accounting principles in 1998. All amounts have been stated in NOK 1,000 unless otherwise specified. Amounts denominated in foreign currency have been stated separately.

Consolidation principles

The consolidated accounts comprise Choice Hotels Scandinavia ASA and all subsidiaries in which Choice Hotels Scandinavia ASA has a direct or indirect controlling interest. The consolidated accounts have been prepared as if the Group was an entity. See note 21, which shows which companies are included in the consolidated accounts for 1998.

The acquisition method has been used in connection with the consolidation of subsidiaries. Differences between cost price for the shares of the subsidiaries and the book value of net assets in the same subsidiaries at the date of acquisition have been analysed and ascribed to the assets to which the differences relate. That part of the excess cost price which cannot be ascribed to acquired assets is classified as goodwill and written off over the estimated useful life, maximum 10 years. Consolidation has been made from the takeover date and up to the date of sale.

Minority interests' shares of the profit after tax and the equity capital are shown as separate items in the profit and loss account and the balance sheet.

All major transactions and intragroup accounts which form part of the consolidated accounts are eliminated.

In connection with consolidation of foreign subsidiaries, the profit and loss accounts are translated into Norwegian kroner in accordance with an average exchange rate for the accounting period. Translation differences are entered directly against the Group's equity capital.

Affiliated companies are defined as companies in which the group companies have a significant influence (20-50% interest) and where the investment is of a long-term nature. The interests are valued in accordance with the equity method, which means that the cost price for the interests is added to the Group's share of the result for the year in the affiliated companies after write-off of added values in the affiliated companies.

Balance sheet classification

Current assets and short-term debt normally comprise items which fall due for payment within one year from the balance sheet date. Trade debtors and trade creditors are always defined as short-term. Other assets and debt items are entered as capital assets and long-term debt respectively.

Accounts receivable

Accounts receivable are valued at the lower of nominal and actual value on 31.12.

Stocks

Stocks are valued at the lower of cost price in accordance with the "first-in-first-out" principle and estimated actual value.

Accounts receivable and debt denominated in foreign currency

Short-term accounts receivable and debt denominated in foreign currency are translated at the exchange rate on the balance sheet date.

Long-term shareholdings

Shares are valued at cost price. Shares which have been purchased for permanent ownership are classified as long-term shareholdings.

Fixed assets

Fixed assets are entered in the balance sheet at the cost of acquisition plus write-ups and less financial depreciation. The rates of depreciation have been fixed on the basis of an evaluation of the useful life of the individual capital assets. In those cases in which the asset is attached to leased hotel properties where the lessor will become the owner at the end of the term of the lease, the assets have been written off over the term of the lease if the term is shorter than the estimated useful life of the asset. Maintenance is entered as expenses on a continuous basis. In connection with sale of capital assets, profits are entered as operating income and losses as operating costs.

Taxes

The tax cost in the profit and loss account comprises both the tax payable for the period and deferred tax attached to the profit for the year. The deferred tax liability comprises both future tax payable in connection with reversal of temporary differences and deferred tax attached to

ascribable added values or decreases in values which occur in connection with the consolidation of subsidiaries in accordance with the acquisition method.

Pension costs

In those cases in which the Group has pension schemes for Norwegian companies, these are primarily covered via collective pension schemes with life assurance companies. The schemes are treated as defined benefit plans in the accounts. Pension funds are valued at market value. Pension liabilities are valued at the current value of future pension benefits which have been earned on the balance sheet date. The liabilities are calculated on the basis of assumptions about discount rate, estimated future pay growth and pension adjustment. Net pension liabilities are presented as long-term debt, whereas net pension funds on overfinanced schemes are treated as long-term accounts receivable.

The pension costs for the period are included under the item payroll costs and other staff costs and consist of the period's pension earned, interest paid on estimated pension liability, estimated return on pension funds, any effect of changes in estimates and pension plans entered in the profit and loss account as well as deviations between actual and estimated return entered in the profit and loss account.

Employees in Sweden are covered by a defined contribution plan.

Business areas

The Group's business area is limited to the hotel and restaurant trade. For this reason, no figures are presented for business areas. Geographically, the Group carries on business activities in Norway, Sweden and Denmark.

See separate note which shows how the turnover is distributed on the countries.

Cash flow analysis

A new presentation model was taken into use in 1998 and, for this reason, comparative figures with the previous year are not shown. The cash flow analysis has been prepared in accordance with the indirect method. Liquid assets comprise cash in hand, bank deposits and any short-term investments in securities (not shares) with a maturity of less than 3 months from the date of acquisition.

Notes - The Parent Company

Notes 1-20 apply to the parent company. Notes 21-34 cover the consolidated accounts.

Note 1 – Comparative figures

In 1998, Choice Hotels Scandinavia ASA implemented a merger with the wholly-owned subsidiaries Quality Hotels Operations AS, Comfort Hotels Operations AS, Clarion Hotels Operations AS, Home Hotel AS and Othello AS with effect in terms of accounting and tax from 01.01.98. As comparative figures, Choice Hotels Scandinavia ASA's figures for 1997 are shown plus the transferor companies' figures as they are shown in the consolidated accounts. All the companies have been consolidated for the whole of 1997 so that the comparative figures are comparable.

Note 2 – Liquid assets

Of bank deposits, NOK 2,301 million is tied-up tax withholding funds.

Note 3 – Accounts receivable from group companies

Received group contributions are entered with NOK 11,252 million under accounts receivable from group companies.

Note 4 – Other short-term receivables

Other short-term receivables include an account receivable of NOK 15.0 million, which is advance payment in connection with the takeover of 100% of the shares in Hotellservice AS (Quality Ringerike Hotel). The takeover took place on 1 January 1999.

Note 5 – Fixed assets

	Machinery, fixtures and fittings, etc.	Goodwill	Total
Cost of acquisition 01.01.98	38 949	20 000	58 949
Additions during the year	1 383	0	1 383
Disposals during the year (cost of acquisition)	-30 817	0	-30 817
Cost of acquisition 31.12.98	9 515	20 000	29 515
Total ordinary depr. and writedowns as at 31.12.98	-6 139	-8 000	-14 139
Book value as at 31.12.98	3 376	12 000	15 376
Ordinary depreciation 1998	1 117	4 000	5 117
Rate of depreciation, ordinary depreciation	20/33 %	20 %	

Investment in and sale of fixed assets for the past 5 years:

	Machinery/fixtures and fittings, etc.		Buildings		Sites	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
1994	7 054	-	61 372	-	4 262	-
1995	53	-500	461	-15 014	-	-243
1996	24 751	-5	116 003	-	12 691	-
1997	6 258	-	68 550	-365 132	9 492	-42 184
1998	1 383	-17 827	-	-	-	-

The investments have been stated at cost price. Sold fixed assets have been stated at sales price.



Notes - The Parent Company

Note 6 – Shares in the Group's companies

As at 31.12.98, the parent company has the following shares in subsidiaries:

Company name	Company share capital	Interest in %	No. of shares	Nominal value (NOK)	Book value
Choice Hotels AS	5 398	100.0%	5 398	1 000	108 201
Mastemyr Hotell AS	24 445	100.0%	244 450	100	45 700
Grønningen Invest AS	250	100.0%	2 500	100	28 827
Vestlia Hotel AS	6 100	100.0%	610	10 000	14 562
Inter Nor Hotels AS (new)	50	100.0%	50	1 000	50
Home Hotels AS (new)	50	100.0%	50	1 000	50
Comfort Hotel Holberg AS	300	100.0%	300	1 000	311
Comfort Hotel Børsparken AS	100	100.0%	100	1 000	101
Comfort Hotel Majorstuen AS	300	100.0%	300	1 000	300
Comfort Hotel Grand AS	1 050	100.0%	1 050	1 000	2 791
Comfort Home Hotel Amanda AS	100	100.0%	100	1 000	100
Comfort Home Hotel Atlantic AS	100	100.0%	100	1 000	100
Comfort Home Hotel Hammer AS	100	100.0%	100	1 000	100
Comfort Home Hotel Tollboden AS	100	100.0%	100	1 000	100
Comfort Home Hotel With AS	100	100.0%	100	1 000	100
Comfort Home Hotel Bakeriet AS	100	100.0%	100	1 000	100
Comfort Home Hotel Bryggen AS	100	100.0%	100	1 000	100
Comfort Home Hotel Grand AS	200	100.0%	200	1 000	200
Quality Park Hotel AS	50	100.0%	50	1 000	617
Quality Airport Hotel Stjørdal AS	50	100.0%	50	1 000	702
Quality Hafjell Hotel AS	300	100.0%	300	1 000	4 156
Quality Airport Hotel Gardermoen AS	300	100.0%	300	1 000	300
Quality Panorama Hotel AS	50	100.0%	50	1 000	227
Quality Airport Hotel Stavanger AS	300	100.0%	300	1 000	809
Quality Kristiansand Hotel AS	100	100.0%	100	1 000	101
Quality Residence Hotel AS	100	100.0%	100	1 000	866
Quality Vestlia Hotel AS	200	100.0%	200	1 000	200
Quality Maritim Hotel Florø AS	100	100.0%	100	1 000	100
Quality Skjærgården Hotel og Badepark AS	50	100.0%	10	5 000	0
Quality Edvard Grieg AS	100	100.0%	100	1 000	100
Clarion Royal Christiania Hotel AS	21 000	100.0%	210 000	100	20 562
Clarion Grand Olav Hotel AS	200	100.0%	200	1 000	200
Clarion Admiral Hotel AS	50	100.0%	50	1 000	6
Clarion Tyholmen Hotel AS	1 000	100.0%	1 000	1 000	7 460
Clarion Ernst Hotel AS	15 357	100.0%	153 570	100	10 806
Clarion Oslo Airport Hotel AS	300	100.0%	300	1 000	300
Choice Hotels Sweden AB	TSEK 42 500	100.0%	425 000	SEK 100	60 920
Choice Hotels Danmark AS	TDKK 500	100.0%	500	DKK 1 000	567
Total					310 792

Note 7 – Other shares and company interests

Company name	Company share capital	Interest in %	No. of shares	Nominal value	Book value
Rica Hotell- og Restaurantkjede ASA	24 000	-	1 600	NOK 1.00	50
First Hospitality AB		-	5 000	SEK 5.00	408
KS AS Skagen Hotellbygg		3.0%			825
Total					1 283

The shares and the company interests have been valued at cost price in the accounts.

Notes - The Parent Company

Note 8 – Long-term accounts receivable from group companies

A loan of NOK 96.9 million to the wholly-owned subsidiary Grønningen Invest AS. The terms of the loan are the same as for the loan raised with Den norske Bank, NOK 96.9 million, entered in the balance sheet under long-term debt, see note 11.

Note 9 – Drawing rights

Unused drawing rights on the group account system with Den norske Bank amount to NOK 50.0 million as at 31.12.98.

Note 10 – Taxes

Below, the differences between accounting profit before taxes and tax base for the year are shown.

	1998	1997
Profit before taxes	19 890	179 191
Permanent differences		
Issue costs	0	-14 691
Other items	3 648	4 053
Group contributions received/made	11 252	-17 132
Change in temporary differences attached to		
- Current assets/short-term debt	5 767	2 542
- Capital assets/long-term debt	-4 052	31 175
- Gain and loss account	16 891	-64 764
- Loss to be carried forward	-53 396	-118 618
Tax base for the year	0	1 756
Nominal rate of tax	28%	28%
Tax payable	0	492

The statement below shows the difference between accounting values and tax values as well as deferred tax debt at the end of 1998 and 1997. Temporary negative and positive differences which reverse or can be reversed in the same period have been equalised.

Temporary differences as at 31.12. attached to:

- Current assets/short-term debt	-7 928	-2 161
- Capital assets/long-term debt	8 147	-19 760
- Gain and loss account	67 563	84 454
- Loss to be carried forward (lapses in year 2006)	-39 036	-92 433
Total temporary differences	28 746	-29 900
Write-up of shares in group company*	-20 010	0
Net tax for intragroup purchases	-5 919	-2 113
Basis for calculation of deferred tax	2 817	-32 013
Nominal rate of tax	28%	28%
Estimated deferred tax	788	21 400

* The company has not estimated deferred tax attached to write-up of shares in the subsidiary Choice Hotels Sweden AB, as there is no doubt that the company will not be sold

Figures for 1997 comprise all the merged companies. One of the transferor companies has considerable negative differences which, in accordance with the rules of the Norwegian Companies Act, cannot be entered as assets in the balance sheet. As there are positive differences in the transferee company, the merger means that this tax advantage will be equalised in deferred tax. This reduction in deferred tax has been entered as income as reduced tax cost in 1998.

Taxes in the profit and loss account consist of:	1998	1997
Income tax payable	0	479
Change in deferred tax	-20 612	2 250
Taxes	-20 612	2 999

Notes - The Parent Company

Note 11 – Other long-term debt

Other long-term debt consists of a loan of NOK 96.9 million with DnB. The interest is fixed until 01.10.2003 at a rate of interest of 6.25% p.a. The loan has a maturity of 20 years.

Note 12 – Operating income

	1998	1997
Operating income consists of the following:		
Management fees from group companies	49 744	43 785
Rent receipts from group companies	0	49 512
Profit on sale of property and property company interests	0	186 164
Misc. operating income	4 233	2 859
Share of result in limited partnership	0	3 843
Total operating income	53 977	286 163

Note 13 – Remuneration to Managing Director

Salary and other remuneration to the Group Chief Executive amounted to NOK 1,311,000 in 1998.

Note 14 – Leases and Rental Agreements

The company has entered into leasing agreements on five vehicles and various fixtures and fittings. The vehicles are leased for a term of two or three years. Fixtures and fittings are leased for a term of two to five years. The total leasing costs for the year amount to NOK 521,000.

The company leases office premises located at Olav V's gt 6 in Oslo. The lease runs until 01.01.2004. Leasing costs for 1999 amount to NOK 1,805,000.

Note 15 – Change in equity capital

	Share capital	Legal reserve	Revaluation reserve	Free reserve	Total
Equity capital 01.01.98	3 964	226 995	17 280	204 917	453 156
Increase in share capital	198 201	-180 000		-18 201	0
Decrease in share capital with payment	-198 201				-198 201
Profit for the year				51 754	51 754
Equity capital 31.12.98	3 964	46 995	17 280	238 470	306 709



Comfort Home Hotel Post, Oscarshamn, Sweden

Notes - The Parent Company

Note 16 – Security pledged, guarantee liability

Security pledged:

As security for a loan of NOK 96.9 million with DnB, 100% of the shares in Grønningen Invest AS have been pledged, the book value of the shares is NOK 28,827 million. As at 31.12.97, machinery, fixtures and fittings, etc. of a book value of NOK 17,842 million were put up as security for rent liabilities in subsidiaries.

Guarantee liability:	1998	1997
Guarantees for rent liabilities in subsidiaries *)	1 989 871	1 608 048
Guarantees for loans in subsidiaries	272 333	0
Guarantees attached to leasing obligations in subsidiaries	23	1 113
Joint and several liability KS AS Skagen Hotellbygg	435	285
Total guarantee liability	2 262 662	1 609 446

*) Guarantees for rent liabilities in subsidiaries represent the annual guarantee amount multiplied by the guarantee period.

The figure has not been discounted down. The guarantee amount is distributed over the following period:

	1-12 months	1-5 years	5-10 years	11-15 years	15-20 years
Guarantee amount in the period:	263 589	476 481	522 044	413 622	314 135
Average annual guarantee amount:	263 589	119 120	104 409	82 724	62 827

Note 17 – Conditional obligations

The Group Chief Executive has a clause in her contract of employment which entitles her to receive compensation equivalent to six months' salary in addition to salary during the ordinary notice of termination, which is three months, if she herself gives notice to quit her position with the company. In the event of notice of dismissal by the company, the compensation must be equivalent to twelve months' salary plus salary during the ordinary period of notice. However, this does not apply to a valid notice of dismissal.

Note 18 – Risk amount

Average risk per share as at 01.01.98 has been estimated at minus NOK 0.18 (39,640,285 shares of a nominal value of NOK 0.10).

Average risk per share as at 01.01.97 was estimated at NOK 25.08 (622,195 shares of a nominal value of NOK 5.00).

Note 19 – Pension liabilities

The company has no pension liabilities vis-à-vis any employees.

Note 20 – Options

At the ordinary General Meeting on 30.04.98, the company decided to grant the Board of Directors a power of attorney to increase the share capital of the company by up to NOK 100,000 by the issue of up to 1,000,000 shares of a nominal value of NOK 0.10 at a price to be fixed by the Board of Directors. The power of attorney is to be used as a basis for one or more increases in capital as part of incentive schemes for the company's Board of Directors and employees. This power of attorney has been granted until the date for the ordinary General Meeting in 2001.

As at 31.12.98, on the basis of the above power of attorney, option agreements have been entered into with Directors Henrik A. Christensen, Arvid Ramsdal and Ragnar Sjoner which entitle each of them to acquire 99,000 shares in the company. The options were granted in December 98, and the subscription price has been fixed at NOK 11.0 per share plus interest at a rate of 0.75% per commenced month from 30.12.98. The subscription price is equivalent to the share price at the time of the granting of the options, which is also equivalent to the share price on 31.12.98.

The following applies to each of the option agreements: 33,000 options may be exercised in the period after the ordinary General Meeting in 1999 until 31.08.99, a further 33,000 options in the period after the ordinary General Meeting in the year 2000 until 31.08.2000 and the remaining 33,000 options in the period after the ordinary General Meeting in the year 2001 until 31.08.2001.

Notes - The Group

Note 21 – The Group

As at 31.12.98, the Group consists of the following companies:

	% interests owned by the Group		% interests owned by the Group
Choice Hotels Scandinavia ASA (parent company)			
Mastemyr Hotell AS	100	Home Hotel AS (new)	100
Grønningen Invest AS	100	Choice Hotels AS	100
Vestlia Hotel AS	100	Choice Hotels Sweden AB	100
Quality Park Hotel AS	100	AB Liljekonvaljen	100
Quality Airport Hotel Stjørdal AS	100	Bilan Home Hotel AB	100
Quality Hafjell Hotel AS	100	Bolinder-Munktel Home Hotel AB	100
Quality Airport Hotel Gardermoen AS	100	Eurostop Hotell & Restauranger AB	100
Quality Panorama Hotel AS	100	Fregatten Home Hotel AB	100
Quality Airport Hotel Stavanger AS	100	Förvaltnings AB Bataljonen	100
Quality Kristiansand Hotel AS	100	HB Harpan	100
Quality Residence Hotel AS	100	HB Nithammaren	100
Quality Vestlia Hotel AS	100	HB Ran 1	100
Quality Skjærgården Hotel og Badepark AS	100	Home Hotel Ekonomiledning AB	100
Quality Maritim Hotel Florø AS	100	Home Hotel i Göteborg AB	100
Quality Edvard Grieg AS	100	Home Hotel i Malmö AB	100
Comfort Hotel Holberg AS	100	Home Hotel i Oskarshamn AB	100
Comfort Hotel Børsparken AS	100	Home Hotel i Umeå AB	100
Comfort Hotel Majorstuen AS	100	Home Hotel i Jönköping AB	100
Comfort Hotel Grand AS	100	Quality Hotel i Kristianstad AB	100
Comfort Home Hotel Amanda AS	100	Majoren Home Hotel AB	100
Comfort Home Hotel Atlantic AS	100	Göteborgs Kongressservice AB	100
Comfort Home Hotel Bakeriet AS	100	Hotell Panorama Göteborg KB	100
Comfort Home Hotel Bryggen AS	100	Hotellfastigheter i Göteborg AB	100
Comfort Home Hotel Grand AS	100	KB Fregatten	100
Comfort Home Hotel Hammer AS	100	Kompaniet Home Hotel AB	100
Comfort Home Hotel Tollboden AS	100	Packhuset Home Hotel AB	100
Comfort Home Hotel With AS	100	Tapto Home Hotel AB	100
Clarion Royal Christiania Hotel AS	100	Prize Hotel AB	60
Clarion Admiral Hotel AS	100	Svenska Prize Hotel AB	60
Clarion Oslo Airport Hotel AS	100	Hotel Renen AB	60
Clarion Grand Olav Hotel AS	100	Choice Hotels Denmark AS	100
Clarion Tyholmen Hotel AS	100	Comfort Hotel Excelsior AS	100
Clarion Ernst Hotel AS	100	Inter Nor Hotels AS (new)	100

Note 22 – Liquid funds

Of bank deposits, NOK 14,034 million is tied-up tax withholding funds (NOK 11,805 million in 1997).

Note 23 – Trade debtors, other short-term receivables

Accounts receivable have been entered at face value less deduction for estimated bad debts concerning trade debtors, NOK 4,081 million (NOK 2,882 million in 1997).

Note 24 – Other shares and company interests

Company name	Company share capital	Interest in %	No. of shares	Nominal value	Book value
KS AS Skagen Hotellbygg		3.0%			825
First Hospitality AB	SEK 23 075	-	5,000	SEK 5.00	408
Minor shareholdings in Norway (cost price)		-			399
Minor shareholdings in Sweden (cost price)		-			59
Total					1 691

Notes - The Group

Note 25 – Fixed assets

	Machinery, fixtures and fittings, etc.	Buildings	Sites	Goodwill	Total
Cost of acquisition 01.01.98	119 776	410 505	9 912	109 952	650 145
Translation differences	441	1 081	81	303	1 906
Additions during the year	71 787	229 245	8 986	2 976	312 994
Disposals during the year (cost of acquisition)	-930	-176 308	-3 664	-23 493	-204 395
Cost of acquisition 31.12.98	191 074	464 523	15 315	89 738	760 650
Total ordinary depr. and writedowns	-70 213	-15 155	0	-22 876	-108 244
Book value 31.12.98	120 861	449 368	15 315	66 862	652 406
Ordinary depreciation 1998	31 980	10 086	0	12 228	54 294
Rate of depreciation	10/33 %	2 %		10/20 %	

Investment in and sale of fixed assets during the past 5 years.

	Machinery/fixtures and fittings, etc.		Buildings		Sites	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
1994	10 605	-	61 967	-	4 570	-
1995	3 850	-518	12 811	-15 014	-	-243
1996	55 728	-194	459 411	-2 275	29 960	-
1997	48 144	-6 568	183 971	-547 560	9 492	-52 988
1998	71 787	-665	229 245	-245 458	8 986	-3 664

The investments have been stated at cost price. Sold fixed assets have been stated at sales price.

Note 26 – Drawing rights

Unused drawing rights in Norwegian group companies amount to NOK 50.0 million as at 31.12.98.

Unused drawing rights in Sweden amount to SEK 10.0 million as at 31.12.98.

Note 27 – Other long-term debt

Other long-term debt amounts to NOK 382.8 million, NOK 381.5 million of which is interest-bearing. The remaining NOK 1.3 million consists of pension liabilities including employer's contributions.

Of the total debt, SEK 283.0 million has been raised in Sweden with security in Swedish hotel properties.

The principal part of the interest-bearing debt has long-term fixed interest at rates of interest which vary between 5.21% and 6.25%.

The loan agreements make requirements for the Group's liquidity and financial standing.

Notes - The Group

Note 28 – Deferred tax/deferred tax advantage

Below, an itemisation is given of the tax effect of temporary differences between accounting values and tax values and loss to be carried forward at the end of the accounting year.

Deferred tax/tax advantage has been calculated on the basis of differences which cannot be equalised, based on nominal rates of tax (28.0%). The Group is in a net deferred tax advantage position. Net tax advantage has not been entered in the balance sheet because of the limitation rule laid down in the Norwegian Companies Act. The deferred tax advantage is based on estimated future earnings in Sweden.

	1998	1997
Current assets/short-term debt	-4 011	-3 237
Gain and loss account	25 987	23 647
Capital assets/long-term debt	-3 674	8 502
Total differences	18 302	28 912
Loss to be carried forward		
Norway	-10 930	-25 922
Sweden	-108 647	-122 804
Denmark	-8	0
Net tax effect	-101 283	-119 814
Deferred tax	31 498	12 895
Deferred tax advantage	31 498	12 895
Net tax advantage not entered in the balance sheet	-101 283	-119 814

Regarding loss to be carried forward in Sweden, SEK 415.0 million, there are a few limitations attached to the use until the end of the year 2001. The loss may subsequently be used freely within the Swedish business of the Group. There is no time limit on the right to carry the loss forward. Loss to be carried forward in Norway, NOK 39.0 million, will lapse in the year 2006.

Note 29 – Taxes

	1998	1997
Tax payable, Norway	3 385	2 945
Tax payable, Sweden	0	0
Tax payable, Denmark	312	0
Change in deferred tax	-13 445	-40 599
Taxes in the profit and loss account (net income)	-9 748	-37 654

Note 30 – Operating income

Operating income consists of:	1998	1997
Accommodation turnover	884 592	660 137
Food & Beverage turnover	495 184	396 872
Other sales of goods	101 731	75 113
Income from franchise business and card products	31 093	28 224
Profit on sale of property and property company shares	31 005	171 682
Misc. operating income	9 497	2 919
- Commissions paid	-36 231	-29 300
- Total operating income	1 516 871	1 305 647

Operating income distributed on countries:

Norway	1 104 207	1 097 627
Sweden	402 687	208 020
Denmark	9 977	0
Total operating income	1 516 871	1 305 647

Notes - The Group

Note 31 – Leases

The Group has entered into leases for all hotels which are run, but not owned, by the Group with the exception of Clarion Admiral Hotel and the Comfort Prize Hotels in Stockholm and Malmö where management agreements have been entered into.

As a general rule, the rent is based on the turnover of the hotel with a lower limit of a further agreed minimum rent. As at 31.12.98, the Group has entered into a total of 37 leases, for most of which there is a right to renew for five to ten years after the expiry of the term of the lease. The average remaining term on the leases is approx. 10 years.

The annual external rent costs in the Group are estimated to amount to approx. NOK 380.0 million in 1999.

Note 32 – Pensions

In the accounts, the pension schemes are treated in accordance with the provisional Norwegian Accounting Standard (NRS) for pension costs. Collective pension schemes have been established which entitle employees at five of the Group's subsidiaries in Norway to future pension benefits. The scheme covers 155 active employees and 48 old age pensioners. These schemes are treated as defined benefit plans.

The companies' net pension funds/liabilities as at 31.12.98:

	Underfinanced plans	Overfinanced plans
Current value of incurred pension liabilities	5 382	13 842
Value of pension funds	4 233	16 043
Estimated net pension funds (liabilities)	-1 149	2 201
Unamortised estimate deviation	-	1 508
Net pension funds (liabilities) entered in the balance sheet	-1 149	3 709

Pension costs for the year:

Current value of pensions earned for the year	906
Interest paid on the pension liability	1 226
Return on pension funds	1 507
Net pension costs for the year	625

The following financial and actuarial calculations have been used as a basis:

Return on pension funds	8.0%
Discount rate	7.0%
Annual estimated pay increase/G adjustment	3.3%
Annual estimated adjustment of pensions	2.5%

Employees at the hotels in Sweden are covered by a defined contribution plan. This has the effect that the employees are not guaranteed a fixed payment when they reach the pensionable age. The payment will depend on how the insurance company manages the funds paid in. The premium for the year has been entered as costs under the item payroll costs and other staff costs.

Note 33 – Change in equity capital

Consolidated equity capital as at 01.01.98	546 502
Capital decrease by repayment to shareholders	-198 201
Currency translation differences	77
Consolidated profit for 1998	92 963
Consolidated equity capital as at 31.12.98	441 341

Notes - The Group

Note 34 – Pledging of security, guarantee liability

Pledging of security:

	1998	1997
Debt secured by mortgage or pledge	381 504	250 282

Trade debtors, stocks and property have been pledged as security for overdraft facility granted. Parts of machinery, fixtures and fittings, etc. have been pledged as security for future rent liabilities.

Book value of assets pledged as security:

	1998	1997
Buildings (of which negative pledges 137,729)	449 368	302 956
Sites (of which negative pledges 4,367)	15 315	9 912
Trade debtors	60 280	54 671
Stocks	12 507	8 150
Machinery, fixtures and fittings, etc.	30 411	35 007
Total security pledged	567 881	410 696

In addition, shares in the subsidiary Grønningen Invest AS (cost price NOK 28,827 million) have been pledged as security for debt. The shares in two subsidiaries in Sweden (cost price SEK 23,535 million) have been pledged as security for future liabilities.

Guarantee liability

	1998	1997
Joint and several liability KS AS Skagen Hotellbygg	435	285
Total guarantee liability	435	285



Comfort Home Hotel Victoria, Jønkøping, Sweden

Quality Edvard Grieg Hotel & Suites, Bergen/Sandsli.

Auditor's Report



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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Choice Hotels Scandinavia ASA

AUDITOR'S REPORT FOR 1998

We have audited the annual report and accounts of Choice Hotels Scandinavia ASA for 1998 which show a profit for the year of NOK 40,502,000 for the parent company and a consolidated profit for the year of NOK 92,963,000. The annual report and accounts, which comprise the Board of Directors' report, profit and loss account, balance sheet, cash flow statement, notes to the accounts and consolidated accounts, are presented by the company's Board of Directors and its managing director.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and Norwegian generally accepted auditing standards. We have performed those audit procedures which we have considered necessary to confirm that the annual report and accounts are free of material misstatements. We have examined, on a test basis, the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by Norwegian generally accepted auditing standards we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the application of the profit for the year is in accordance with the requirements of the Norwegian Joint-Stock Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Norwegian Joint-Stock Companies Act and present fairly the financial position of the company and of the group as of December 31, 1998 and the result of its operations for the financial year, in accordance with Norwegian generally accepted accounting principles.

Oslo, March 25, 1999
DELOITTE & TOUCHE

Alf-Anton Eid
State Authorized Public Accountant (Norway)

Deloitte Touche
Tohmatsu

Beigun, Flom, Funder, Haugestad, Kristiansund, Kristiansund Lyngdal,
Oslo, Sagde, Stavanger, Steinkjer, Trondheim, Tvedestrand, Volda, Ørsta
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Financial Position

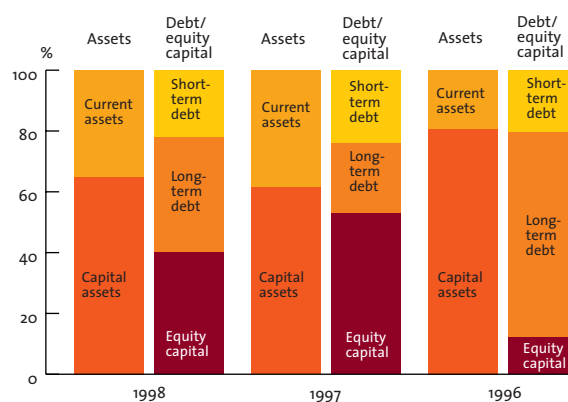
At the year-end, the Group had total assets of NOK 1,103.4 million, which was an increase of NOK 70.5 million compared with the previous year. There has been a change in the capital structure of the company, which has resulted in a decrease in the share of equity capital and an equivalent increase in the share of long-term debt. The decrease in the share of equity capital from an equity ratio of 52.9% at the previous year-end to an equity ratio of 40.0% at the present year-end must be seen on the basis of the fact that, in line with the resolution adopted at the General Meeting, Choice Hotels Scandinavia ASA has repaid NOK 198.2 million to its shareholders in the course of 1998. The financial standing of the company must nevertheless be regarded as very satisfactory. At the same time, the Group's acquisitions of new hotel properties have resulted in an increase in long-term debt from NOK 239.1 million at the previous year-end to NOK 414.3 million at the present year-end.

The Group's total liabilities at the year-end are consequently NOK 657.8 million against NOK 486.4 million at the same time last year.

Of the total debt, NOK 381.5 million is interest-bearing debt which is entirely related to long-term debt. A significant part of the interest-bearing debt has long-term fixed interest at rates of interest which vary from 5.21% to 6.25%. Of the total debt, SEK 283.0 million has been raised in Sweden.

The Group's liquidity position is very good, even after the liquidity of the company was drained of NOK 198.2 million in 1998 in connection with the company's repayment of equity capital to its shareholders. At the year-end, the Group has liquid funds of NOK 223.6 million as well as unused drawing facility of NOK 59.4 million, totalling NOK 283.0 million against NOK 387.3 million at the previous year-end. On the basis of the company's sound financial standing, liquidity position and future expectations, the company has a solid foundation for making the recommended repayment of equity capital of NOK 59.5 million to the shareholders of the company.

Development in balance sheet structure



Shareholders

SHAREHOLDER POLICY

The objective of the company's shareholder policy is that the value of the company quoted on the Stock Exchange must always reflect the underlying values in the company. The shareholders are to be ensured of an interesting financial return, and, through this, a basis must be created for a sufficient inflow of capital for further development of the Group. The return to the shareholders will be in the form of both a long-term increase in the value of the shares and share dividend. An objective for the company is that the shares in Choice Hotels Scandinavia ASA are to be seen as an attractive and liquid investment alternative for both Norwegian and foreign investors.

SHAREHOLDER STRUCTURE

The shareholder structure of the company has changed considerably since the year-end 1997/1998. Petter A. Stordalen and companies acquired 890,000 shares in the company in December 1998 and entered into option agreements on the purchase of 1,900,000 shares in the company, 1,000,000 shares of which were redeemed on 02.03.99. The date of redemption for the remaining 900,000 shares is 26.03.99. Inclusive of existing options, this will have the effect that Stordalen and companies will have an interest of 34.0% of the shares in the company. In February 1999, Eiendomsspar AS increased its shareholding in Choice Hotels Scandinavia ASA by 6,053,740 shares through the company Rådhusseiendommene AS so that companies controlled by Eiendomsspar AS constitute the largest group of shareholders with 34.8% of the shares. 68.8% of the shares are consequently owned by two groups of shareholders. The number of shareholders in the company has been reduced from 668 shareholders at the year-end 1997/98 to 550 shareholders as at 26.03.99, distributed on 521 Norwegian and 29 foreign shareholders. The other shareholders primarily consist of private companies and private individuals.

SHARE PRICE DEVELOPMENT

At the year-end 1997/98, the share price was NOK 25.00. The price fluctuated between NOK 22.00 and NOK 24.00 until October 1998 when a repayment to the shareholders of NOK 5.00 per share was made. This resulted in a natural change in the price to NOK 15.00. Because of international turbulence in the world economy, a weak Norwegian krone and a high level of interest rates in Norway, the price plummeted towards the end of the year. The lowest price was NOK 8.00 in December. At the year-end, the price recovered somewhat to NOK 11.00. In 1999, the share price development has been positive, which is due to a general improvement in the economy but also to the sound underlying financial development in the company. So far in 1999, the highest price has been NOK 17.50, whereas the price was NOK 16.50 as at 29.03.99.

REPAYMENT TO THE SHAREHOLDERS

On the basis of the sound financial standing and liquidity of the company, a bonus issue of NOK 1.50 per share, totalling approx. NOK 59.5 million, has been proposed. The repayment to the shareholders can only take place after the statutory creditor deadline has expired. Any repayment is not expected to be possible until in August/September 1999 at the earliest.

OPENING VALUE ADJUSTMENT DEVELOPMENT

The average opening value adjustment per share is as follows:

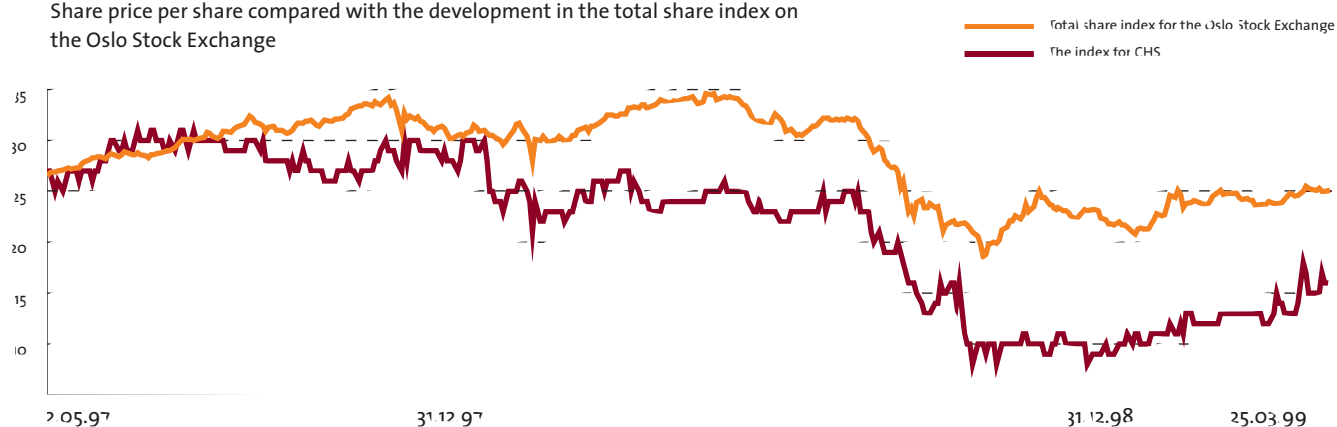
as at 01.01.97	NOK 25,08	(622,195 shares of a nominal value of NOK 5.00)
as at 01.01.98	NOK -0.18	(39,640,285 shares of a nominal value of NOK 0.10)

THE 20 LARGEST SHAREHOLDERS AS AT 26.03.1999

	Shareholders	Number of shares	%
1.	Eiendomsspar AS	13 800 864	34.8%
2.	Petter Anker Stordalen and companies	13 479 949	34.0%*
3.	Choice Hotels Scandinavia ASA	3 636 810	9.2%
4.	AB Invest AS	1 002 500	2.5%
5.	Sektor Eiendomsutvikling AS	1 000 000	2.5%
6.	Joh-System AS	1 000 000	2.5%
7.	Harald Jacobsen	784 515	2.0%
8.	Storebrand Livsforsikring AS	735 500	1.9%
9.	State Street Bank & Trust Co.	536 000	1.4%
10.	Per Arne Damm	301 732	0.8%
11.	Lasse Aunaas	301 185	0.8%
12.	Tine Pensjonskasse	300 000	0.8%
13.	Leif Vinge	281 185	0.7%
14.	Haven Invest AS	281 185	0.7%
15.	Choice Hotels International	250 000	0.6%
16.	Asuthalden	217 500	0.5%
17.	Leif Høegh Rederis Pensjonskasse	200 000	0.5%
18.	Deutsche Boerse Clearing AG	150 000	0.4%
19.	Chase Manhattan Bank	150 000	0.4%
20.	Brown Brothers Harriman & Co	150 000	0.4%
	Other shareholders	1 081 360	2.7%
	Total number of shares	39 640 285	100.0%

* incl. options

Share price per share compared with the development in the total share index on the Oslo Stock Exchange



Organisation and Management

Choice Hotels Scandinavia ASA is characterised by a decentralised management structure in which employees are given responsibility and decision-making authority.

The organisation is young and dynamic. The management of the company likes to think along unconventional lines and has its strength in taking quick decisions based on wide experience from the trade. The flexible and open decision-making process has shown itself to be highly effective and has given the company a cutting edge on a market in which quick decisions based on knowledge of the trade are essential. The trend in the Scandinavian and international hotel trade is towards large, owner-integrated chain players. Choice Hotels Scandinavia ASA is a prime mover and leading player in this development on our market.



From the top left: Managing Director Petter A. Stordalen, Director Investment Jon Erik Brøndmo, Director Operations Torgeir Silseth and Financial Director Pål Nordheim.

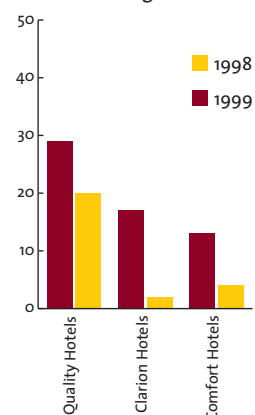
The Organisation



Brands and Product Development

In the current market, strong brands are synonymous with success. It means security for the customer because the name has an experienced value and content to which the customer can relate. The brand creates a short cut to a decision to choose us. Like the Choice hotels internationally, our business idea in Scandinavia is based on a segmented offer of hotels. We are currently represented with three brands on the Scandinavian market. Comfort, Quality and Clarion. Each of these brands has its own content and distinctive features, which together represent a complete offer for the market. All our three brands have had a considerable increase in market recognition in the past year.

Unassisted recognition in %



Source: Aftenposten & MMI, 1999





The Comfort Hotels are room/breakfast hotels which primarily cater for business travellers. The hotels are centrally located, and a simple evening meal is also served at most of the hotels. Several of the Comfort Hotels are housed in historical buildings with well-equipped rooms. The objective is to provide business travellers with a “home from home”.



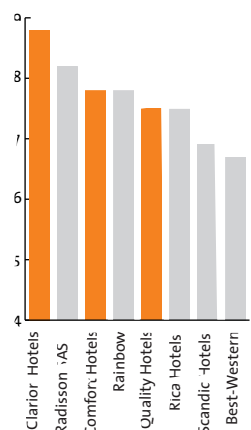
The Quality Hotels primarily cater for the course/conference and holiday/leisure markets. The hotels are centrally located in relation to communications, attractions and sights. All Quality Hotels in Scandinavia are full-service hotels.



The Clarion Hotels are our full-service offer to travellers who want to stay in a hotel which has all facilities. The hotels are centrally located in large cities or at airports.

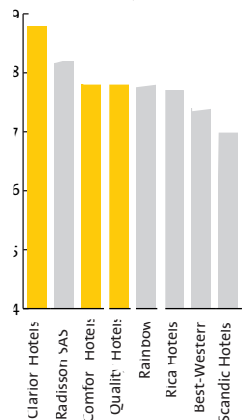
All the hotel segments score a very high rating in loyalty market surveys and can also show a considerable increase in the degree of satisfaction among the customers.

Loyalty, scale 1-10



Source: Aftenposten & MMI, 1999

Satisfaction, scale 1-10



Source: Aftenposten & MMI, 1999

Customers who know us choose us

The objective is to have loyal customers who have our hotels as their natural first choice.

Customers who choose to return time and time again because of the service and advantages which they have experienced at our hotels. These customers are recruited through strong market programmes on both the business market and the holiday/leisure market.



On the holiday/leisure market, the Nordic Hotel Pass is a well-established and popular product. Through this pass, holiday/leisure travellers are offered good terms and conditions at our hotels in Scandinavia in the summer months and at weekends. We have built a considerable base in this market segment, and the increase was 77% in 1998.

On the business market, our loyalty card, Choice Card, is well established. The card currently gives bonus and advantages to 65,000 card holders and saw an increase in turnover of 16% in 1998.





Customer Booking Centre

Choice Hotels Scandinavia ASA has its own booking centre in Oslo, which is linked up with 23 Choice booking centres worldwide.

All these centres use Choice Hotels International's own booking system – Choice 2001 – which also has its own interface to all GDS systems (Global Distribution systems) and is consequently available to travel agencies worldwide.

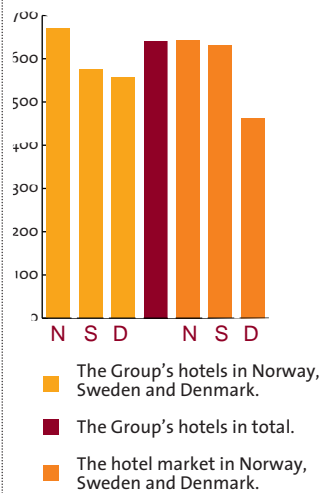
160,000 bookings were made with Choice Hotels in Scandinavia via the 2001 system in 1998. Bookings for all Choice Hotels worldwide can also be made on the Internet.

This gives the chain excellent distribution and availability.



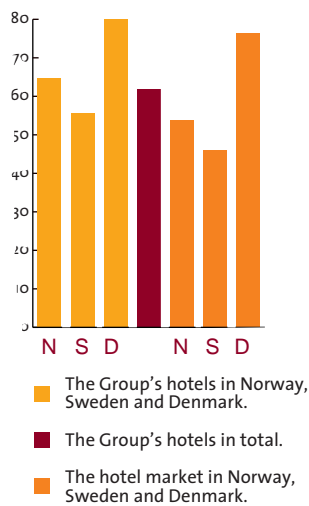
The Year 1998 in Review – Development and Growth

Average room price NOK



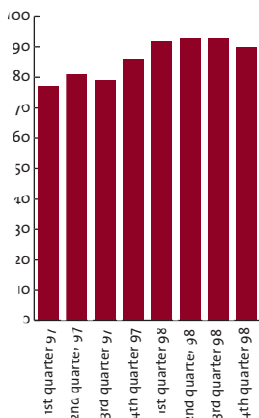
Source: SSB/RBL (Norway)
SCB (Sweden)
DST (Denmark)

Occupancy rate



Source: SSB/RBL (Norway)
SCB (Sweden)
DST (Denmark)

Increase in no. of hotels 1997



Competition on the Scandinavian hotel market is very sharp. Several chains now want to be regarded as Scandinavian instead of national chains, and the general trend is to regard Scandinavia as one market.

Choice Hotels Scandinavia is the second largest of the owner-integrated chains. The objective is to become the leading player in terms of size, quality and development. In order to meet this objective, we have, from the start, had an aggressive growth philosophy, which we have continued in 1998 and which we will continue to have as our basis.

Choice Hotels Scandinavia ASA has generally had a positive development both regarding occupancy rate and average room price achieved when compared with the Group's results from 1997 and with the Scandinavian market as a whole. The slight decrease in the occupancy rate in Sweden from 1997 to 1998 is due to start-ups of new hotels in the chain.

In 1998, Choice Hotels Scandinavia ASA increased its capacity by 1,158 rooms, i.e. by approx. 11.5% of the total room capacity. 243 of the rooms were added through extensions of existing hotels in the chain. We took over four hotels: Comfort Hotel Grand in Stavanger, Hotel Excelsior in Copenhagen, Quality Hotel 11 in Gothenburg and Quality Grand Hotel in Kristianstad.

Together, these hotels have 472 rooms. Last year, two newly-built hotels were added to the chain: Comfort Home Hotel Grand in Bodø (97 rooms) and Clarion Oslo Airport Hotel (346 rooms).



Areas of Commitment

In addition to our defined objective of growth in Sweden, we have invested heavily in the Gardermoen area. This strategic decision has borne fruit, and we already have a solid foothold in the area.

Quality Airport Hotel Gardermoen has been renovated and upgraded, for example with new conference facilities. In the course of 1999, the hotel will be extended with a number of small conference rooms meant for day meetings. The building and opening of Clarion Oslo Airport Hotel was our largest single investment in 1998.

The hotel opened in July, and it has had a satisfactory occupancy rate since the opening of the main airport in October. The course and conference facilities have been in great demand. In addition, the hotel houses the largest indoor bathing facilities in Norway and consequently has a large number of holiday and leisure visitors as well as families.

Operations and Quality Assurance

Consolidation and quality assurance of the operations are extremely important in periods of heavy growth. Choice Hotels Scandinavia ASA is not a property company but a hotel company. We must be best at hotel operations and earn money from this. At the beginning of 1998, our objective was to improve our operating margins. This is a continuous process, and we are already seeing the results of the measures which have been implemented. If extraordinary income from sale of properties is excluded, our operating profit increased by NOK 21.9 million to NOK 61.6 million. We regard this as satisfactory considering the large costs incurred in connection with the opening of new hotels and the integration of hotels which we have taken over.

In order to enhance the efficiency of the operational follow-up and ensure profitable operations, several management systems have been implemented, including an overview of orders on hand, daily reports and monthly reports. In 1998, the hotels were divided into regions which are each under a Regional Manager. The Regional Managers report directly to the Operations Director of the Group. This organisational model has resulted in improved control and quicker reporting to Choice centrally, making it possible to initiate necessary measures at an early stage. The operational organisation is now planned in such a way that work is carried on in a smooth and flexible manner and so that our employees can focus on further development.

Each week we receive a customer satisfaction index (CSI) from our hotels. Appraisals are made on a continuous basis at all courses and conferences which are held, and the results of these play a decisive role in the development and management of the hotels. The hotels also prepare budgets, accounts and deviation analyses.

Health, Safety and Environment

In 1998, we have worked systematically to lay down requirements and guidelines for HSE in our companies. We quality assure and continuously implement safety training in the event of fire, robberies, threats, etc. All hotels in the chain follow standardised training systems and have the same routines. We must provide our customers with security and safety when they are in our hotels. Internally, we have defined clear guidelines for measures to secure the working environment of each individual employee.



The Markets

We know who our customers
are and we know their
needs and requirements.





The Business Market

Business travellers and course/conference participants give increasing priority to a hotel stay providing experiences which are not work-related. In Choice Hotels Scandinavia we are aware of this trend and have planned our course/conference hotels precisely to meet these wishes and requirements. As one of the largest players on this market in Scandinavia, we have as a clear objective that we must be able to offer our business customers experiences beyond the ordinary.

On the business market, including course and conference activities, we experienced solid growth in 1998. The total increase in turnover was of as much as 45%. The main reason for this increase is better follow-up of the customers and more targetted marketing.

The Sales Department entered into chain agreements with many large business customers in 1998. The challenge is to boost our share of these customers' total overnight stays in hotels. In order to co-ordinate the sales work, the Department has now been organised into regions in line with the Operations Department with a Sales Manager for each region.

The Holiday/Leisure Market

On the individual holiday/leisure market, we have had an excellent increase through our Nordic Hotel Pass product. Sales of this holiday pass alone increased by 77% during 1998. On the professional market, last year also showed good progress with an increase of approx. 18%. This includes incoming tour operators in Scandinavia and package tour operators.

The holiday/leisure market is becoming increasingly fragmented and mobile. The seasons are becoming extended, and the degree of individualism is increasing. When the market signals changed requirements, we must be there to meet them. Therefore, we have introduced yellow and green weeks in our Nordic Hotel Pass, and in the course of 1999 we will also launch theme products specially customised to meet individual requirements. Key words are sport, culture, family and experiences as well as a separate programme for senior citizens.

Employee Development

Of People for People

Around 5000 people in Scandinavia have their daily work in Choice.

These people are not just an important part of the company – they are the company.

Therefore, Choice is committed to vocational and personal employee development.

A service business is nothing without motivated and committed employees with the right attitude to their work and the customers.





The whole of 1998 was characterised by heavy growth and changes. There was a great need for identification of joint objectives. The group management therefore invested resources in planning strategies and laying down concrete objectives for employees at all levels and in all parts of the company. Through goal-oriented motivational and information activities, this is currently permeating the whole company. A number of conferences have been held for staff groups at which the exchange of experience and joint objectives were in focus. In addition, a two-day conference is held annually for all Departmental Managers at all the hotels. Key words at this conference are motivation and togetherness. This work will be continued in 1999.

All the photographs in this Annual Report are of our employees. Their expressions and spontaneous joy show what we mean by the right attitude to their work. The joy of being part of the team which is Choice shines through. We want to continue to build on this in the future.

Choice towards the Year 2000

Choice Hotels Scandinavia ASA is today one of Scandinavia's leading hotel chains with business activities in franchising, brand building and hotel operations. This is the basis for our future commitments. Towards the millennium we will continue to work towards our objective to become the leading hotel chain in Scandinavia. We will meet this objective through commitment to accessibility, service and competence.

The people in the organisation are the most important asset. We are to strengthen our competence through joint training, instruction and exchange of knowledge and experience.

We are also to give priority to further development of the positive corporate culture which we are in the process of building up – a culture based on joint values: togetherness, responsibility and openness.

The building of brands will continue. We are to develop our brands further and give them a Scandinavian content which is adjusted to our market.

Choice Hotels Scandinavia ASA continues to expand where this is advantageous for both customers and consumers. The growth will take place in accordance with detailed strategies aimed at greater coverage and width in large Scandinavian cities.

On the basis of the customers' wishes and requirements, we are to be able to offer the market "the sought-after hotel experience" at a reasonable price whether the customers are holiday/leisure travellers, course/conference participants or business travellers.

Through upgrading and standardisation of the hotels' IT systems, we are to be at the forefront of the development in this area. This commitment will mean that our customers will be served even more effectively and that it will be easier for us to meet our customers' individual wishes and requirements.



Choice Hotels Scandinavia ASA has initiated a year-2000 programme in order to map the extent of the year-2000 problem in its own business and to implement the necessary measures to solve the problems which are identified. For many of our systems, the necessary adjustments have already been made. The remaining work is scheduled to be concluded before September 1999.

Cost effectiveness is the best competitive means. We are to keep our organisation as flat as possible and the administration as small as possible. The objective is to give our shareholders the best possible return on their investments.



Choice is to build on quality and service. Fundamental values include greater responsiveness to the customers and continuous innovation and improvement in order to create new markets.

At the same time we will pursue the best price and optimisation policy in which our customers are to benefit from better planning.

Through this, we will give our shareholders a satisfactory return, our customers an optimal product and our employees an interesting and sought-after workplace.

Choice Hotels in Scandinavia as at 01.04.99

Choice Customer Service Centre, tel.: 22 33 42 00 or 800 34 444 (in Norway)
020 666 0000 (in Sweden) and 800 10 465 (in Denmark)

Hotels in Denmark

Copenhagen	Hotel Excelsior
	Quality Hotel Høje Taastrup
	Quality Hotel Østerport

Tel.

45 33 24 50 85
45 43 99 77 66
45 33 11 22 66

Fax

45 33 24 50 87
45 43 99 72 66
45 33 12 25 55

E-mail

kennw@teliamail.dk
friendly@image.dk
quality.cph@danbbs.dk

Hotels in Norway

Arendal	Clarion Tyholmen Hotel
Bergen	Clarion Admiral Hotel
	Comfort Hotel Holberg
Bergen/Sandsli	Quality Edvard Grieg Hotel & Suites
Bodø	Comfort Home Hotel Grand
Bø i Telemark	Quality Lifjell Hotel
Drammen	Comfort Home Hotel Tollboden
Fagernes	Quality Fagernes Hotel
Florø	Quality Maritim Hotel
Førde	Comfort Hotel Førde
	Quality Sunnfjord Hotel
Gardermoen	Clarion Oslo Airport Hotel
	Quality Airport Hotel Gardermoen
Geilo	Quality Vestlia Hotel
Gjøvik	Quality Grand Hotel
Hamar	Quality Astoria Hotel
Hammerfest	Quality Hammerfest Hotel
Harstad	Quality Arcticus Hotel
Haugesund	Comfort Home Hotel Amanda
Hovden	Quality Hovden Høyfjellshotell
Hønefoss	Quality Ringerike Hotel
Kongsberg	Quality Grand Hotel
Kristiansand	Clarion Ernst Hotel
	Comfort Hotel Skagerak
	Quality Kristiansand Hotel
Kristiansund	Comfort Hotel Fosna
Langesund	Quality Skjærgården Hotel & Badepark
Larvik	Quality Grand Hotel Farris
Lillehammer	Comfort Home Hotel Hammer
Lilleh./Hafjell	Quality Hunderfossen Hotel
	Quality Hafjell Hotel
Molde	Comfort Hotel Nobel (under etabl.)
Moss	Clarion Hotel Refsnes Gods
Oppdal	Quality Oppdal Hotel
Oslo	Clarion Royal Christiania Hotel
	Comfort Hotel Børsparken
	Comfort Hotel Majorstuen
	Quality Savoy Hotel
Oslo/Kolbotn	Quality Park Hotel
Oslo/Skjetten	Quality Olavsgaard Hotel

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55 98 01 50

75 52 27 09

35 95 33 50

32 89 11 35

61 36 14 20

57 75 75 10

57 82 60 70

57 82 65 22

63 94 94 95

63 97 37 27

32 09 16 89

61 17 07 90

62 52 81 67

78 42 96 60

77 06 52 00

52 72 86 21

37 93 96 11

32 12 72 05

32 73 41 29

38 02 03 07

38 07 02 43

38 17 77 80

71 67 76 59

35 97 81 90

33 18 70 45

61 26 37 30

61 27 72 12

61 27 77 80

71 21 59 54

69 27 83 01

72 42 07 65

23 10 80 80

22 47 17 18

22 46 77 36

23 35 42 01

66 80 86 62

63 84 76 00

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questlia@online.no

qgrand@online.no

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gard.grubstad@comfort.choice.no

qualhov@eunet.no

henning.friberg@quality-grand.no

booking@ernst.no

vitvedt@czi.net

pejoerge@online.no

salg@grand-hotel-farris.no

comfham@eunet.no

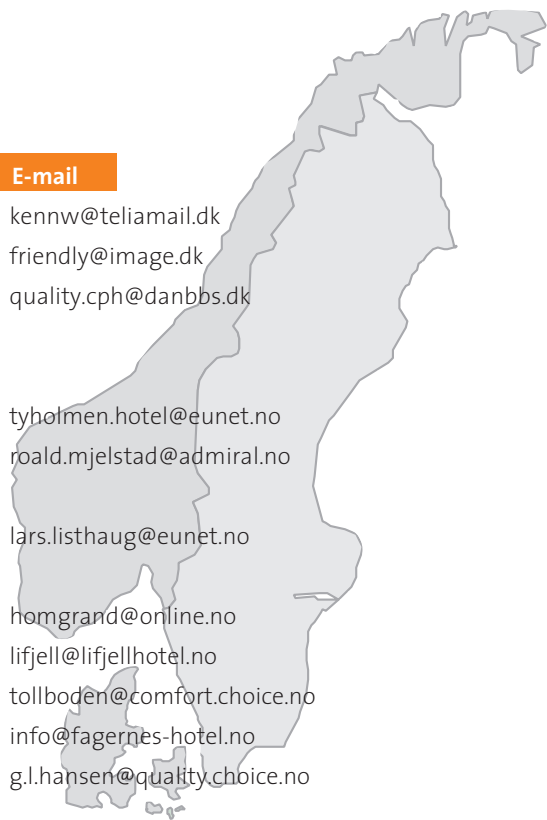
gunnveig@oppdal-booking.no

christiania@clarion.choice.no

c.thorsen@comfort.choice.no

savoy@online.no

wenche.finnkroken@quality.choice.no



Røros	Quality Røros Hotel	72 40 80 00	72 40 80 81	post@roroshotel.no
Sandefjord	Comfort Home Hotel Atlantic	33 46 80 00	33 46 80 20	atlantic@comfort.choice.no
Sandnes	Quality Residence Hotel	51 62 35 00	51 66 32 45	eltj-residence@quality.choice.no
Sogndal	Quality Sogndal Hotel	57 67 23 11	57 67 26 65	
Stavanger	Comfort Hotel Grand	51 89 58 00	51 89 57 10	comfort@netpower.no
	Quality Airport Hotel Stavanger	51 65 66 00	51 65 62 15	
Steinkjer	Quality Grand Hotel	74 16 47 00	74 16 62 87	qugrand@eunet.no
Stjørdal	Quality Airport Hotel Stjørdal	74 82 60 11	74 82 75 90	
Stord	Quality Stord Hotel	53 40 25 00	53 40 25 01	info@stord-hotel.no
Tromsø	Comfort Home Hotel With	77 68 70 00	77 68 96 16	teoplant@online.no
	Comfort Hotel Saga	77 68 11 80	77 68 23 80	
Trondheim	Clarion Grand Olav Hotel	73 53 53 10	73 53 57 20	ahay@eunet.no
	Comfort Home Hotel Bakeriet	73 52 52 00	73 50 23 30	
	Comfort Hotel Augustin	73 54 70 00	73 54 70 01	hotel-augustin@hotel-augustin.no
	Quality Panorama Hotel	72 88 65 22	72 88 86 26	booking@panoramahotel.no
	Quality Prinsen Hotel	73 53 06 50	73 53 06 44	prinsen.hotel@czi.net
Ulsteinvik	Quality Ulstein Hotel	70 01 30 00	70 01 30 13	postmaster@exchange.ulsteinhotel.no
Vrådal i	Quality Straand Hotel	35 05 61 00	35 05 63 50	quality.straand@telenett.no
Telemark				
Ålesund	Comfort Home Hotel Bryggen	70 12 64 00	70 12 11 80	bryggen@comfort.choice.no
	Quality Scandinavie Hotel	70 12 31 31	70 13 23 70	

Hotels in Sweden

Arlanda	Quality Eurostop Hotel Arlandastad	46 85 95 111 00	46 85 95 101 10	haakan.samuelsson@swipnet.se
Duved	Quality Renen Hotel	46 64 72 02 00	46 64 72 06 85	
Eskilstuna	Comfort Home Hotel Bolinder Munktell	46 16 16 78 00	46 16 12 77 12	comfort.bolinder@eskilstuna.mail.telia.com
Gothenburg	Quality Panorama Hotel Quality Hotel 11	46 31 767 70 00 46 31 779 11 11	46 31 767 70 70 46 31 779 11 10	receptionen@panorama.se thomas.bernet@hotel11.se
Halmstad	Quality Eurostop Hotel Halmstad	46 35 18 35 00	46 35 18 38 99	hotel.eurostop.halmstad@swipnet.se
Jønkøping	Quality Eurostop Hotel Jønkøping Comfort Home Hotel Victoria	46 36 18 36 00 46 36 71 28 00	46 36 18 36 87 46 36 71 50 50	receptionen@qhej.dtc.se hotel@victoriahome.com
Kalmar	Comfort Home Hotel Packhuset	46 48 05 70 00	46 48 08 66 42	hotelpackhuset@telia.com
Karlstad	Comfort Home Hotel Bilan	46 54 10 03 00	46 54 21 92 14	comforthome.hotelbilan@telia.com
Kristianstad	Quality Grand Hotel	46 44 10 36 00	46 44 12 57 82	direktionen@grandhotel-kid.se
Linkøping	Quality Ekoxen Hotel	46 13 25 26 00	46 13 12 19 03	
Malmö	Comfort Hotel Prize Quality Hotel Konserthuset	46 40 611 25 11 46 40 10 07 30	46 40 611 23 10 46 40 611 92 24	mmo.prize@prize.se
Nykøping	Comfort Home Hotel Kompaniet	46 155 28 80 20	46 155 28 16 73	kompaniet@swipnet.se
Oscarshamn	Comfort Home Hotel Post	46 49 11 60 60	46 49 11 70 18	hotelpost@telia.com
Skøvde	Comfort Home Hotel Majoren	46 500 41 06 10	46 500 48 92 50	frontdesk@majoren.se
Stockholm	Comfort Home Hotel Tapto Comfort Hotel Prize	46 86 64 50 00 46 8 566 222 00	46 86 64 07 00 46 8 566 224 44	comfort.tapto@stockholm.mail.telia.c prize.sth@prize.se
Umeå	Quality Royal Hotel Comfort Home Hotel Uman Comfort Hotel Umeå	46 90 10 07 30 46 90 12 72 20 46 90 12 58 00	46 90 10 07 39 46 90 12 74 20 46 90 14 10 75	uman@umea.homehotel.se
Varberg	Comfort Home Hotel Fregatten	46 34 07 70 00	46 34 06 11 121	comfort.fregatten@telia.com
Ørebro	Quality Eurostop Hotel Ørebro	46 19 20 50 00	46 19 20 52 99	receptionen.quality.choice@swipnet.se

Visit us on the Internet: www.choicehotels.no
E-mail: post@choice.no



"Choice -
let your heart
decide."

Design: A.G. Design, Photos: Ellen Lorenzen, Stein Jørgensen and Choice Hotels Scandinavia ASA, Print: Bryne Offset as



Thank you for staying with us



Choice Hotels Scandinavia ASA

Olav Vs gate 6 , 6th Floor,

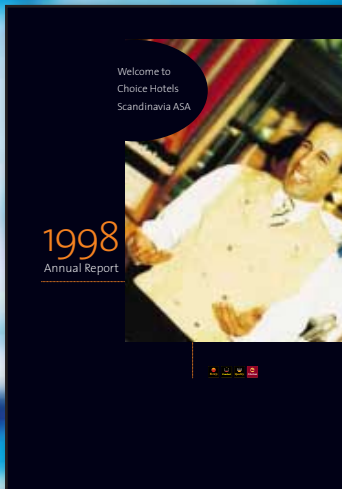
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N-0125 Oslo, Norway

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Fax: +47 22 40 13 10

Choice Hotels Scandinavia ASA



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