

3 MONTH PRELIMINARY SALES AND RESULTS 2014

6 of May 2014



nh | HOTEL GROUP

nh
HOTELS


NH COLLECTION

nhow

Hesperia
RESORTS

In April, an agreement was reached with Banca Intesa whereby **NH Hotel Group will acquire 44.5% of the share capital of NH Italia**, thereby attaining 100% of the company. The acquisition will take place by a **capital increase in NH Hotel Group through a non-monetary contribution** of the 44.5% in hands of Intesa. The transaction will entail the issue of **42 million new shares with an issue price of €4.70** (€2 par value and €2.70 premium). Both the capital increase and the appointment of a new director for Intesa in the board will be submitted for approval at the Annual Shareholders Meeting.

RevPar (LFL) was positive (+2,5%) in the first quarter of the year, continuing the trend of the two previous quarters, with a +3.05% growth in occupancy levels and a slight decrease in ADR of -0,6%. **Not including January**, which saw a negative price performance, **ADR would have been positive in all business units** (Latin America in constant currency). It should be noted that **all business units show positive RevPar growth in this quarter** despite unfavourable currency movements in Latin America.

LFL revenues from recurrent hotel activity in the first quarter of the year are up **2.5%**, while operating costs are up 1.2% (taking into account a 3.0% increase in occupancy), producing an **increase in Gross Operating Profit (GOP) of 6.0%** and an **EBITDA increase of €5.1M (vs. €0.3M in 2013)** due to the **renegotiation of rental agreements (-1.0%)**.

Recurring EBITDA is at **€-8.2M** compared with the **€-7.7M** of last year, out of which €+1.2 million corresponded to the **removal of hotels from the consolidation perimeter**. **In comparable terms, recurring EBITDA would have been €-7.0 M compared to €-7.7 M last year, an improvement of 8.3%**. An absorption ratio for the drop in sales of +67% was obtained.

All the **initiatives are going according to plan** and the effect can now be seen in a reduction in lease payments and a slight increase in average prices.

The **net result including non-recurring activity**, although still negative, is up 7.0% on the previous year.

Other Highlights

- Despite the **increase in occupancy during the quarter (+3.32%)**, **consolidated revenues are down €1.7 million (-0.6%)** as a result of the **removal of hotels from the consolidation perimeter** (€7.9 million, partly offset by hotels that were being refurbished in 2013), the **slowdown in sales in the MICE and restaurant business (€2.0 million or -2.6%)** and the drop in **average prices (-0.72%)**.
- **Staff costs are down -1.2%**. The payroll to revenue percentage is down slightly despite the increased occupancy (+3.32%) and the adjustment of contracts for inflation. **Other operating costs are up 2.9%** due to the **Marketing and Systems** sections, which was envisaged in the Strategic Plan and offset in part by a reduction in commissions and the implementation of energy efficiency measures.
- The company **continues to reduce leases costs** in 2014 by renegotiating agreements in Spain and terminating contracts with a negative contribution, compensating for increases deriving from previous years' renegotiations and CPI rises.

Outlook 2014 and Status of the Strategic Plan

- **2014:** guidance is maintained for the year as a whole, with an estimated RevPar growth of between +3% and +5%, with a greater weighting in the second half of the year due to the implementation of a number of the Strategic Plan's income-generating initiatives. Recurring EBITDA should grow between 5% and 10% on the previous year.
- **Repositioning Plan:** The company still has around 30 hotels under refurbishment (NH Embajada and NH Firenze are now completed), the most significant being the NH Eurobuilding, which will be relaunched at the beginning of October. As already mentioned in previous reports, the summer months will see the most intensive works as this is the least busy period for the majority of the hotels. In April, the change of signage for the first 20 hotels was begun and 50% of the portfolio is expected to be completed by the end of the second quarter.
- **Brand:** In April, the new marketing campaign ("NH is me") was launched in Spain, Italy and Benelux. It will be roll out in Germany in May. Written and online media have been used in Italy and Spain and television and online media in Benelux. The German market will see the greatest emphasis on online media.
- **Pricing & Revenue Management:** The pilot tests on the "B2C Pricing" project, redefining the relationship between room type and pricing strategy, have now concluded. This new approach will be implemented in all hotels from May to September. The project to implement improvements in "Pricing & Revenue Management", on the other hand, will be tested for two months in two locations in Spain.
- **IT:** The systems migration has been completed in the BU Spain, while the following BU will be Benelux in July and Central Europe in October. The CRM change was completed at the end of April. The front-office migration will begin in Spain in July. In addition, and in conjunction with the marketing campaign, the website has been updated and new mobile applications have been launched. Website sales have risen 3.3% in Q1, which is the first positive result in recent quarters.
- **Support functions:** The shared services centre has been implemented in Spain since the beginning of the year and has been in a stabilisation phase during the first quarter of this year. The rest of the BUs will continue entering into the project in accordance with the plan.
- **Sale and Optimization of Assets:** The company maintains its disposal target of €125 million for the year as a whole and has various ongoing processes that are at varying stages of completion.
- **Lease payments:** the objectives for the year are advanced, and between the savings already made and the projects awaiting signature, the Company has already reached 45% of the target for the year.

RevPar Trend and Recurrent Hotel Activity

- RevPar for the first quarter continues the changing trend seen in the 3Q (+1.8%) and 4Q (+2.7%) of 2013. The group's LFL RevPar grew 2.5%, far above the RevPar recorded in the 1Q of the previous year (-1.5%).
- The composition of RevPar growth continues in the same vein as recent quarters. This growth is a result of occupancy, up 3.1% in line with the previous quarter, and a slight fall in average prices (-0.5%). In terms of occupancy, in the first quarter all the business units have performed positively, particularly Latin America, which is up +16.4%. Prices in Spain, Italy, Central Europe and Latin America (at constant exchange rates) have performed positively, with only Benelux registering moderate falls in prices due to poor performance in January, although this has improved in February and March.

- LFL hotel revenues are up for the whole group, in line with RevPar growth (+2.5%), and above the growth in direct costs (+1.2%), allowing an increase in GOP of +6%, which in turn translates to an EBITDA increase of 14.1% to €5.1 million compared to €0.3 million the previous year.

B.U. Spain

- The evolution of the first three months of the year confirms the forecasts outlined in the previous report, with growths in occupancy and average prices. The 1Q of 2014 has seen a much better RevPar performance (+2.5%) than the four quarters of 2013 (Q1 -4.7%; Q2 -3.5%; Q3 +0.4%; Q4 +1.34%), demonstrating a change in the national trend, which we hope to confirm in the next quarter.
- LFL occupancy has increased +1.5%, continuing the positive trend of the last quarter (Q4 +1.3%), and average prices have risen by around +1.0% after a fall in Q4 (-2.6%), confirming a positive reaction to the pricing policies implemented at the end of last year.
- Despite the impact of the change of date of Easter Week in important destinations like Seville, the BU as a whole has benefited from having more working days, registering a good month in March in overall terms. This effect has been especially notable in destinations like Madrid (RevPar growth of +6.6% due to a rise in occupancy +6.1% and average prices +0.5%) and Valencia (with RevPar growth of +6.0%, due to a rise in occupancy +5.2% and average prices +0.8%), which are beginning to show clear signs of recovery. Total revenues for the BU are up +3.5% for the quarter owing to the strong performance of other revenue streams, while operating costs have remained stable (+0.5%), which equates to a +14.4% rise in GOP. In terms of EBITDA, the BU has recorded a growth of +41%, due to the significant reduction in lease costs (-3.8%).

B.U. Italy

- The results for the 1Q of 2014 continue the positive trend seen throughout 2013, with RevPar growth of +2.8% (Q2 +2.67%, Q3 +1.16% and Q4 +3.80%). This growth is determined mainly by increased occupancy (+2.19%) and slight price increases (+0.6%).
- We highlight January for the entire BU, with RevPar growth of +8.6% and an excellent performance in Milan and Rome, as well as March, with non-comparable results due to the different Easter Week dates and the election of the Pope, which took place in March last year.
- Revenues are up this quarter compared to the previous quarter (+1.2%), although the increase in its direct costs (+5.3%) and lease costs (+1.1%) have led to a fall in EBITDA from €0.5 million to €-0.7 million. Considering that in this quarter a series of extraordinary expenses primarily related to marketing were incurred, operating expenses would have increased by +3.1% and EBITDA would have been in breakeven.

B.U. Benelux

- As anticipated in the previous report, Benelux has seen a RevPar growth of +2.77%, up on the previous quarter (+0.6%), with contrasting performances between occupancy and prices. The positive trend for occupancy (+4.3%), continuing the growth of the last quarters of 2013 (Q3 +2.0% and Q4 +3.3%), compensates for the fall in average prices (-1.5%), which is less than the figure for the previous quarter (-2.6%). This fall is the result of poor performance in January but February and March have been more positive.
- As a result of the above, the first quarter of the year has seen an upturn in LFL revenues of +3.0%, with cities like Amsterdam and London performing excellently, with sales up +7.5%.

- The improvement in sales figures, along with a -2.6% fall in operating costs despite the significant increase in occupancy, has produced a growth in GOP of +20.8%. In addition, the stabilisation of lease costs (-0.3%) translates to an increase in EBITDA for the company in relative (+114.5%) and absolute (+2.93 million) terms.

B.U. Central Europe

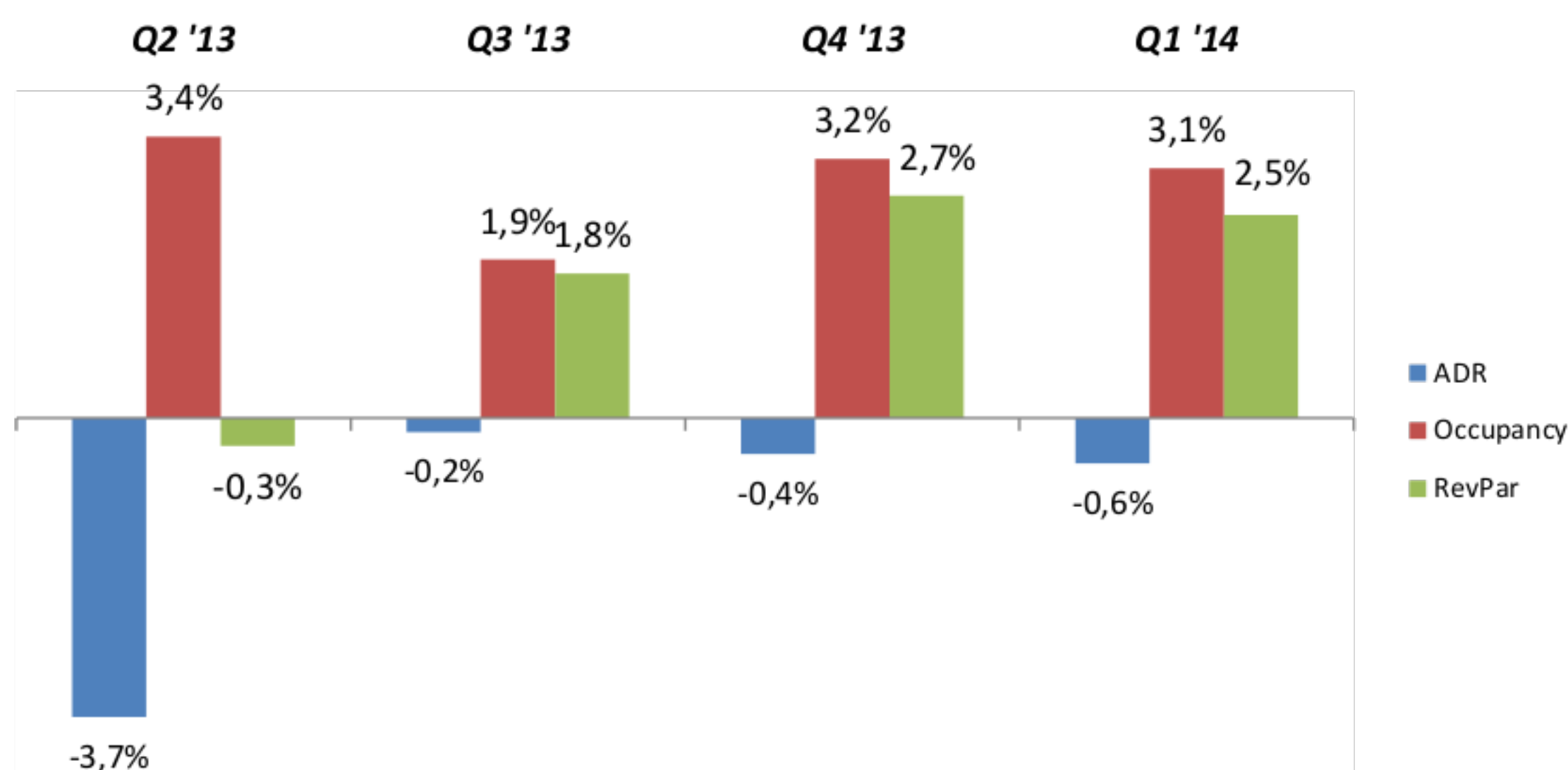
- This business unit has continued to see positive RevPar movements since the second quarter of last year (Q2 +3.3%; Q3 +0.1%; Q4 +6.4% and Q1 +1.2%). As happened in the previous quarter, the movement in Q1 is marked by increases both in occupancy (+0.9%) and prices (0.25%).
- The main German cities have had contrasting performances due to the festival dates. Cities like Cologne, Dusseldorf and Nuremberg have performed well, largely due to the impact of various festivals and conventions, while others like Berlin, Frankfurt and Munich have shown a weaker performance, marked by January. Similarly, countries like Switzerland, Hungary, and Romania have seen positive movements compared with Q4 of last year.
- The increase of +0.5% in revenues for Q1 has not managed to offset the +1.9% increase in operating costs, causing a fall in GOP of -2.5%. This fall is partly offset by a -0.6% fall in lease costs, leading to a €0.6 million fall in EBITDA (from €0.1 million to €-0.7 million).

B.U. The Americas

- LFL Latin America shows RevPar growth of 38.39% for the whole region following a 16.08% rise in occupancy levels and a 19.22% rise with constant exchange rates.
- Singling out regions, Mexico has seen a growth of +6.24% in occupancy and +11.9% in average prices thanks to the re-segmentation strategy implemented in recent months and significant growth in the domestic economy. Discounting the impact of Easter Week, a positive second quarter is also forecast, mainly through increased prices.
- Argentina has seen the company's highest RevPar growth, +70% in constant currency, after a +30% increase in average prices and a +30% rise in occupancy, which is particularly notable considering it relates to a holiday period in which there are very few important festivals or conventions.
- At current currency values, the BU saw RevPar growth of +8.25% due to a fall in average prices (-7.0%) due to a sharp depreciation of local currencies. Despite this, RevPar growth has been the highest of the last 4 quarters (Q2 +0.7%; Q3 +6.7% and Q4 +3.9%).
- Due to all this and thanks to the strong performance of other revenue streams, total sales for the BU increased by +10.8%. This growth translates to a +29.1% growth in GOP due to significant cost containment (+3.5%) and EBITDA growth of +38.5% owing to the moderate rise in lease costs.

NH HOTELES KPI 3 MONTHS 2014

| | AVERAGE ROOMS | | OCCUPANCY % | | | ADR | | | REVPAR | | |
|----------------------------------|---------------|--------|-------------|--------|--------|-------|-------|--------|--------|-------|--------|
| | 2,014 | 2,013 | 2,014 | 2,013 | % Var | 2,014 | 2,013 | % Var | 2,014 | 2,013 | % Var |
| Spain & Portugal "Like for like" | 11,001 | 10,946 | 58.04% | 57.17% | 1.51% | 64.70 | 64.06 | 1.01% | 37.55 | 36.62 | 2.53% |
| B.U. SPAIN | 12,391 | 13,110 | 56.90% | 55.32% | 2.85% | 65.44 | 64.07 | 2.14% | 37.23 | 35.45 | 5.04% |
| Italy "Like for like" | 6,806 | 6,920 | 55.77% | 54.58% | 2.19% | 88.82 | 88.27 | 0.63% | 49.53 | 48.17 | 2.83% |
| B.U. ITALY | 7,302 | 7,575 | 54.73% | 53.01% | 3.26% | 87.34 | 87.24 | 0.12% | 47.80 | 46.24 | 3.38% |
| Benelux "Like for like" | 8,428 | 8,428 | 57.74% | 55.33% | 4.35% | 81.62 | 82.87 | -1.51% | 47.13 | 45.86 | 2.77% |
| B.U. BENELUX | 8,428 | 8,896 | 57.74% | 56.26% | 2.63% | 81.62 | 84.86 | -3.82% | 47.13 | 47.74 | -1.28% |
| Central Europe "like for like" | 12,628 | 12,627 | 63.78% | 63.20% | 0.91% | 77.86 | 77.66 | 0.25% | 49.66 | 49.08 | 1.17% |
| B.U. CENTRAL EUROPE | 12,628 | 12,627 | 63.78% | 63.20% | 0.91% | 77.86 | 77.66 | 0.25% | 49.66 | 49.08 | 1.17% |
| TOTAL EUROPE "LIKE FOR LIKE" | 38,863 | 38,921 | 59.44% | 58.27% | 2.01% | 76.82 | 76.75 | 0.09% | 45.66 | 44.72 | 2.11% |
| TOTAL EUROPE CONSOLIDATED | 40,749 | 42,208 | 58.82% | 57.46% | 2.36% | 76.55 | 76.67 | -0.15% | 45.02 | 44.05 | 2.20% |
| Latin America "Like for like" | 3,180 | 3,180 | 64.79% | 55.65% | 16.41% | 60.49 | 65.04 | -7.01% | 39.19 | 36.20 | 8.25% |
| LATINAMERICA CONSOLIDATED | 3,180 | 3,288 | 64.79% | 55.81% | 16.08% | 60.49 | 64.68 | -6.49% | 39.19 | 36.10 | 8.55% |
| NH HOTELES "LIKE FOR LIKE" | 42,043 | 42,101 | 59.84% | 58.07% | 3.05% | 75.48 | 75.90 | -0.55% | 45.17 | 44.07 | 2.49% |
| TOTAL CONSOLIDATED | 43,929 | 45,496 | 59.25% | 57.34% | 3.32% | 75.28 | 75.82 | -0.72% | 44.60 | 43.48 | 2.58% |

Quarter Evolution


| "Like For Like" % Var | Business Unit Evolution | | | | | | | | | | | |
|--------------------------------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Occupancy | | | | ADR | | | | RevPar | | | |
| | Q2 '13 | Q3 '13 | Q4 '13 | Q1 '14 | Q2 '13 | Q3 '13 | Q4 '13 | Q1 '14 | Q2 '13 | Q3 '13 | Q4 '13 | Q1 '14 |
| Spain | 1,0% | -1,2% | 1,3% | 1,5% | -4,5% | 1,7% | -2,6% | 1,0% | -3,5% | 0,4% | -1,3% | 2,5% |
| Italy | 3,7% | 1,4% | 2,0% | 2,2% | -1,0% | -0,2% | 1,7% | 0,6% | 2,7% | 1,2% | 3,8% | 2,8% |
| Benelux | -0,4% | 2,0% | 3,3% | 4,3% | -3,6% | 2,7% | -2,6% | -1,5% | -3,9% | 4,8% | 0,6% | 2,8% |
| Central Europe | 7,3% | 2,4% | 3,2% | 0,9% | -3,8% | -2,3% | 3,1% | 0,3% | 3,3% | 0,1% | 6,4% | 1,2% |
| TOTAL EUROPE | 3,1% | 1,1% | 2,5% | 2,0% | -3,4% | 0,3% | 0,2% | 0,1% | -0,4% | 1,5% | 2,6% | 2,1% |
| Latinoamerica constant exchange rate | 8,1% | 13,5% | 11,7% | 16,4% | -1,3% | 2,7% | 4,6% | 18,6% | 6,7% | 16,6% | 16,8% | 38,0% |

| RECURRING HOTEL ACTIVITY 2014 VS 2013 | | | |
|---|------------------|------------------|-----------------|
| (€ million) | 2014 3 months | 2013 3 months | %DIF |
| SPAIN | 58,67 | 56,68 | 3,5% |
| ITALY | 43,79 | 43,25 | 1,2% |
| BENELUX | 59,28 | 57,54 | 3,0% |
| CENTRAL EUROPE | 81,23 | 80,83 | 0,5% |
| AMERICA | 16,77 | 15,13 | 10,8% |
| REVENUE LIKE FOR LIKE HOTELS | 259,75 | 253,43 | 2,5% |
| OPENINGS, CLOSINGS, REFURBISH. & OTHER | 8,95 | 18,08 | (50,5%) |
| REVENUE | 268,70 | 271,51 | (1,0%) |
| SPAIN | 44,67 | 44,45 | 0,5% |
| ITALY | 34,41 | 32,67 | 5,3% |
| BENELUX | 42,50 | 43,65 | (2,6%) |
| CENTRAL EUROPE | 55,69 | 54,63 | 1,9% |
| AMERICA | 11,15 | 10,78 | 3,5% |
| OPEX LIKE FOR LIKE HOTELS | 188,42 | 186,17 | 1,2% |
| OPENINGS, CLOSINGS, REFURBISH. & OTHER | 21,55 | 22,84 | (5,6%) |
| OPERATING EXPENSES | 209,97 | 209,01 | 0,5% |
| SPAIN | 14,00 | 12,23 | 14,4% |
| ITALY | 9,38 | 10,58 | (11,4%) |
| BENELUX | 16,78 | 13,89 | 20,8% |
| CENTRAL EUROPE | 25,55 | 26,20 | (2,5%) |
| AMERICA | 5,62 | 4,36 | 29,1% |
| GOP LIKE FOR LIKE HOTELS | 71,32 | 67,26 | 6,0% |
| OPENINGS, CLOSINGS, REFURBISH. & OTHER | (12,60) | (4,76) | (164,7%) |
| GOP | 58,73 | 62,50 | (6,0%) |
| SPAIN | 17,53 | 18,22 | (3,8%) |
| ITALY | 10,14 | 10,03 | 1,1% |
| BENELUX | 11,29 | 11,33 | (0,3%) |
| CENTRAL EUROPE | 26,04 | 26,13 | (0,4%) |
| AMERICA | 1,27 | 1,22 | 4,8% |
| LEASES&PT LIKE FOR LIKE HOTELS | 66,27 | 66,92 | (1,0%) |
| OPENINGS, CLOSINGS, REFURBISH. & OTHER | (0,17) | 2,76 | (106,2%) |
| LEASES & PROPERTY TAXES | 66,10 | 69,68 | (5,1%) |
| SPAIN | (3,53) | (5,99) | 41,0% |
| ITALY | (0,76) | 0,56 | (235,9%) |
| BENELUX | 5,49 | 2,56 | 114,5% |
| CENTRAL EUROPE | (0,49) | 0,07 | (841,3%) |
| AMERICA | 4,35 | 3,14 | 38,5% |
| EBITDA LIKE FOR LIKE HOTELS | 5,05 | 0,33 | 1413,9% |
| OPENINGS, CLOSINGS, REFURBISH. & OTHER | (12,42) | (7,51) | (65,4%) |
| EBITDA | (7,37) | (7,18) | (2,6%) |

Recurring Consolidated Results

In the first quarter of the year revenue is down €-1.7 million (-0.6%), mainly due to:

- The drop in hotel activities of -1.0% (€-2.8 million), caused mainly by:
 - The removal from the consolidation perimeter of NH Gran Hotel Krasnapolsky (which goes under management and had non-consolidated revenues of €-5.8 million last year) and other hotels which leave the group and are detailed below (with non-consolidated revenues of €2.1 million), partly offset by the hotels that were undergoing refurbishment in 2013.
 - The most important closures in 2013 were: NH Abashiri, NH Girona, NH La Perdiz, NH Veracruz and NH Vicenza. In 2013, the NH Villa de Coslada, NH Califa, NH Puerto de Sagunto and NH Campo Cartagena hotels changed to a franchise contract, operated under lease agreements, and the NH Krasnapolsky hotel became a hotel under management as of the 26th of June.
 - The change in the perimeter in 2014 corresponds to the termination of the lease agreement for NH Santander Parayas.
 - Drop of €2.0 million in food and beverage (F&B) sales (-2.6%). The deterioration of F&B sales has less of an impact on GOP than room sales. The trends vary by region: Benelux has suffered the most intense drop of close to -10% (which is again explained by the effect of the sale of the NH Grand Hotel Krasnapolsky and in comparable sales F&B revenues would have increased by 0.4%) and Central Europe has registered a -4% drop. Latin America remains a positive highlight, with a 15% increase in revenues from the restaurant business. This is followed by Italy, which increased 5%.
 - Fall in average prices (-0.72%)
- A € +1,1 million increase in Real Estate business revenue.

In terms of operating costs, it should be noted that personnel expenses fell -1.2% and the percentage over sales also came down despite increased occupancy (+3.32%) and absorption of inflation, demonstrating the cutbacks that have been made in Spain and Holland since the middle of 2013.

Other operating costs are up 2.9% due to the Marketing and Systems sections, which was envisaged in the Strategic Plan and which are partly offset by a reduction in commissions and the implementation of energy efficiency measures.

In the first quarter of 2014 and as a result of the foregoing, recurring EBITDA stood at €-8.2M compared to €-7.7 M of last year, out of which €+1.2 M correspond to removal of hotels from the consolidation perimeter. If we had not removed these hotels, recurring EBITDA would have been €-7.0 M compared to €-7.7 M of last year, an improvement of 8.3%. The absorption ratio of the fall of sales stood at +67%.

Consolidated Income Statement

| NH HOTELES, S.A. P&L ACCOUNT | | | |
|--|---------------|---------------|---------------|
| (€ million) | 3M 2014 | 3M 2013 | 2014/2013 |
| Hotel Revenues | 268,7 | 271,5 | (1,0%) |
| Real estate sales and other | 3,2 | 2,1 | 54,3% |
| TOTAL REVENUES | 271,9 | 273,6 | (0,6%) |
| Real estate cost of sales | (0,9) | 0,0 | N/A |
| Staff Cost | (111,8) | (113,1) | (1,2%) |
| Operating expenses | (101,2) | (98,3) | 2,9% |
| GROSS OPERATING PROFIT | 58,1 | 62,2 | (6,6%) |
| Onerous contract reversal provision | 4,5 | 3,1 | (43,4%) |
| Lease payments and property taxes | (70,8) | (73,0) | (3,0%) |
| EBITDA | (8,2) | (7,7) | (7,3%) |
| Depreciation | (23,7) | (24,0) | (1,0%) |
| EBIT | (32,0) | (31,7) | (1,0%) |
| Interest expense | (13,7) | (17,2) | (20,0%) |
| Income from minority equity interests | (0,6) | (0,9) | 36,2% |
| EBT | (46,3) | (49,8) | 6,9% |
| Corporate income tax | 4,9 | 6,5 | (25,1%) |
| NET RESULT before minorities | (41,5) | (43,3) | 4,2% |
| Minority interests | 4,7 | 4,6 | 2,4% |
| NET RECURRING RESULT | (36,8) | (38,7) | 5,0% |
| <hr/> | | | |
| Non Recurring EBITDA | (3,5) | (1,6) | (128,4%) |
| Other Non Recurring items | 1,7 | (1,2) | 237,8% |
| NET RESULT including Non-Recurring activity | (38,6) | (41,5) | 7,0% |

Financial performance and other relevant facts

- **Leases:** The company has managed to reduce total lease costs in the first quarter of 2014 by -3.0% by renegotiating agreements in Spain and canceling contracts with negative contribution, compensating for increases deriving from previous years' renegotiations and CPI reviews. During the first quarter of 2014, 11 actions were taken on leased hotels with negative EBITDA, making it possible to exit 1 leased contract. With these initiatives it has been possible to make annualised savings of €1.9 million, of which €0.1 million are temporary.
- **Non-Controlling Interests:** mainly show losses attributable to the NH Hotel Group partner in the Italian business unit.

Non- recurring EBITDA

In Q1 2013 at EBITDA level there was €-1.6 million relating to compensation resulting from workforce restructuring. In the first quarter of 2014 this stands at €-3.5 million, still mainly made up of layoffs compensation.

Otros non-recurring items

- **Impairment:** it has not been necessary to increase the impairment provision at consolidated level.
- **Other items:** in 2013 the Equity Swap provision was included, covering the Option Plan that was cancelled in November with the refinancing of the debt.

Debt and liquidity

| As of March 31st 2014 € million | Maximum Available | Availability | Drawn | Debt maturities * | | | | |
|---|----------------------|--------------|--------------|-------------------|-------------|-------------|--------------|--------------|
| | | | | 2014 | 2015 | 2016 | 2017 | ≥ 2018 |
| Senior Credit Facilities | | | | | | | | |
| Syndicated Term Loan Facility | 133,3 | - | 133,3 | 19,0 | 19,0 | 19,0 | 76,3 | - |
| Syndicated Revolving Credit Facility | 66,7 | 66,7 | - | - | - | - | - | - |
| Senior Secured Notes due 2019 | 250,0 | - | 250,0 | - | - | - | - | 250,0 |
| Total debt secured by the Collateral | 450,0 | 66,7 | 383,3 | 19,0 | 19,0 | 19,0 | 76,3 | 250,0 |
| Other Secured loans | 198,1 | 3,4 | 194,7 | 25,6 | 33,1 | 22,0 | 52,3 | 61,7 |
| Total secured debt | 648,1 | 70,1 | 578,0 | 44,6 | 52,1 | 41,0 | 128,6 | 311,7 |
| Senior Unsecured Convertible Bonds due 2018 | 224,5 | 0,0 | 224,5 | - | - | - | - | 224,5 |
| Unsecured loans | 24,1 | 7,1 | 17,0 | 17,0 | - | - | - | - |
| Subordinated loans | 75,0 | 0,0 | 75,0 | - | - | - | - | 75,0 |
| Total unsecured debt | 323,6 | 7,1 | 316,5 | 17,0 | - | - | - | 299,5 |
| Arranging loan expenses | | | (22,9) | (0,7) | (0,7) | (0,7) | (2,9) | (17,9) |
| Accrued interests | | | 11,1 | 11,1 | - | - | - | - |
| Total debt | 971,7 | 77,2 | 882,7 | 72,0 | 51,4 | 40,3 | 125,7 | 593,3 |
| Cash and cash equivalents ** | | 80,8 | 80,8 | | | | | |
| Net debt | | 158,0 | 801,9 | | | | | |

* According to original amortization schedules

** Does not include the market value of nine million treasury shares we lend to the joint lead managers of the convertible bonds.

- The Group's net debt at the end of the first quarter of the year is €801.9 million, an increase of €57 million on the last quarter of 2013 (€745 million), mainly due to the capex of repositioning and the seasonal nature of the business, making this first quarter weaker in terms of cash generation.
- The reduction of financial expenses in the quarter is the result of the lower level of debt and lower spreads as a result of refinancing in the last quarter of 2013.

Real Estate Activity

- Real Estate activity has posted revenues of €3.2 million as opposed to the €2.1 million recorded for the same period last year. In the first quarter of 2014, 1 villa and a mooring have been incorporated, while there were no sales in 2013.
- Through the company Residencial Marlin, which uses the equity method, a total of 2 apartments have been incorporated in the amount of €0.69 million, against a total of 2 houses in the amount of €1.05M in the same period in 2013.

- The EBITDA was -€0.89 million, compared to €-0.51 million in same period of the previous year. The worse EBITDA in 2014 corresponds to a smaller margin in the sale of property units as well as an increase in operating costs, the result of an increase in maintenance costs from the water company for various extraordinary repairs. The net loss was €-2.20 million, compared to €-1.52 million the previous year.

New Agreements and Openings

Between the 1st of January 2014 and the 31st of March 2014, NH Hoteles signed a management agreement in Havana, Cuba, with 220 rooms, opening on the 1st of February this year, a management agreement in Trento, Italy, with 89 rooms, expected to open in the first quarter of 2015, a lease agreement in São Paulo (Brazil) with 174 rooms and expected opening date of the first quarter of 2016, and a management agreement in Lima, Peru, with 164 rooms, which will be opened in 2016.

| City | Contract | # Rooms | Opening |
|-------------------|------------|---------|---------|
| La Habana, Cuba | Management | 220 | 2014 |
| Trento, Italy | Management | 89 | 2015 |
| Sao Paulo, Brasil | Leased | 174 | 2016 |
| Lima, Peru | Management | 164 | 2016 |
| 647 | | | |

New Openings

During the first quarter of 2014, the new hotel Nhow opened in Rotterdam, Holland, with 278 rooms, as well as the 4-star hotel in Capri, Havana, with 220 rooms.

New Hotel Openings from 1st January to 31st March 2014

| Hotels | City | Contract | # Rooms |
|----------------------------|----------------------------|------------|------------|
| Nhow Rotterdam | Rotterdam, The Netherlands | Management | 278 |
| NH Capri, La Habana | La Habana, Cuba | Management | 220 |
| Total New Openings | | | 498 |

Asset Management

Sale of Non-Strategic Assets

Hotels that left NH Group from 1st January to 31st March 2014

| Hotels | City | Date | Contract | # Rooms |
|-----------------------------|---------------------------------|----------|------------|------------|
| NH Agustinos | Berrioplano, Spain | January | Management | 60 |
| NH Delta | Tudela, Spain | January | Franchise | 43 |
| NH Castellar | Castellar de la Frontera, Spain | February | Management | 74 |
| NH Lotti | Paris, France | March | Management | 159 |
| NH Santander Parayas | Santander, Spain | March | Leased | 103 |
| Total Exits | | | | 439 |

HOTELS ON OPERATION BY COUNTRY AS OF MARCH 31ST 2014

| BUSINESS UNIT | COUNTRY | TOTAL | | LEASED | | | OWNED | | MANAGED | | FRANCHISE | |
|---------------------|--------------------|------------|---------------|-------------|------------|---------------|-----------|---------------|-----------|---------------|-----------|------------|
| | | Hotels | Rooms | Call Option | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| B.U. SPAIN | SPAIN | 157 | 19.189 | 3 | 85 | 9.924 | 16 | 2.428 | 49 | 6.252 | 7 | 585 |
| B.U. SPAIN | PORTUGAL | 2 | 165 | - | 2 | 165 | - | - | - | - | - | - |
| B.U. SPAIN | ANDORRA | 1 | 60 | - | - | - | - | - | 1 | 60 | - | - |
| B.U. ITALY | ITALY | 49 | 7.970 | 1 | 31 | 5.185 | 15 | 2.280 | 3 | 505 | - | - |
| B.U. BENELUX | HOLLAND | 36 | 6.789 | 4 | 16 | 2.441 | 17 | 3.522 | 3 | 826 | - | - |
| B.U. BENELUX | BELGIUM | 10 | 1.550 | - | 2 | 434 | 8 | 1.116 | - | - | - | - |
| B.U. BENELUX | FRANCE | 2 | 397 | - | 2 | 397 | - | - | - | - | - | - |
| B.U. BENELUX | ENGLAND | 2 | 321 | - | 1 | 121 | - | - | 1 | 200 | - | - |
| B.U. BENELUX | SOUTH AFRICA | 2 | 242 | - | 1 | 198 | 1 | 44 | - | - | - | - |
| B.U. BENELUX | LUXEMBOURG | 1 | 148 | 1 | 1 | 148 | - | - | - | - | - | - |
| B.U. CENTRAL EUROPE | GERMANY | 59 | 10.438 | 10 | 54 | 9.438 | 5 | 1.000 | - | - | - | - |
| B.U. CENTRAL EUROPE | AUSTRIA | 6 | 1.183 | 1 | 6 | 1.183 | - | - | - | - | - | - |
| B.U. CENTRAL EUROPE | SWITZERLAND | 4 | 522 | - | 3 | 400 | 1 | 122 | - | - | - | - |
| B.U. CENTRAL EUROPE | CZECH REPUBLIC | 2 | 579 | - | - | - | - | - | 2 | 579 | - | - |
| B.U. CENTRAL EUROPE | ROMANIA | 2 | 161 | - | 1 | 83 | - | - | 1 | 78 | - | - |
| B.U. CENTRAL EUROPE | HUNGARY | 1 | 160 | - | 1 | 160 | - | - | - | - | - | - |
| B.U. CENTRAL EUROPE | SLOVAQUIA | 1 | 117 | - | - | - | - | - | 1 | 117 | - | - |
| B.U. CENTRAL EUROPE | POLAND | 1 | 93 | - | - | - | - | - | - | - | 1 | 93 |
| B.U. CENTRAL EUROPE | UNITED STATES | 1 | 242 | - | - | - | 1 | 242 | - | - | - | - |
| B.U. LAS AMERICAS | MEXICO | 12 | 1.984 | - | 4 | 581 | 4 | 681 | 4 | 722 | - | - |
| B.U. LAS AMERICAS | ARGENTINA | 13 | 2.049 | - | - | - | 11 | 1.524 | 2 | 525 | - | - |
| B.U. LAS AMERICAS | DOMINICAN REPUBLIC | 4 | 2.011 | - | - | - | - | - | 4 | 2.011 | - | - |
| B.U. LAS AMERICAS | VENEZUELA | 3 | 1.195 | - | - | - | - | - | 3 | 1.195 | - | - |
| B.U. LAS AMERICAS | URUGUAY | 1 | 136 | - | - | - | 1 | 136 | - | - | - | - |
| B.U. LAS AMERICAS | COLOMBIA | 1 | 137 | - | - | - | 1 | 137 | - | - | - | - |
| B.U. LAS AMERICAS | HAITI | 1 | 72 | - | - | - | - | - | 1 | 72 | - | - |
| B.U. LAS AMERICAS | CUBA | 1 | 220 | - | - | - | - | - | 1 | 220 | - | - |
| B.U. LAS AMERICAS | CHILE | 1 | 122 | - | - | - | 1 | 122 | - | - | - | - |
| OPEN HOTELS | | 376 | 58.252 | 20 | 210 | 30.858 | 82 | 13.354 | 76 | 13.362 | 8 | 678 |

AGREED PROJECTS AS OF MARCH 31ST 2014

Following latest negotiations and after the cancellation of several signed projects, the number of hotels and rooms pending to be opened would be the following.

| BUSINESS UNIT | COUNTRY | TOTAL | | LEASED | | | OWNED | | MANAGED | |
|-----------------------|---------|-----------|--------------|-------------|----------|------------|----------|------------|----------|------------|
| | | Hotels | Rooms | Call Option | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| B.U SPAIN | SPAIN | 1 | 96 | - | - | - | - | - | 1 | 96 |
| B.U ITALY | ITALY | 4 | 570 | - | 2 | 322 | - | - | 2 | 248 |
| B.U THE AMERICAS | PERU | 1 | 164 | - | - | - | - | - | 1 | 164 |
| B.U THE AMERICAS | PANAMA | 1 | 200 | - | - | - | 1 | 200 | - | - |
| B.U THE AMERICAS | BRASIL | 2 | 354 | - | 2 | 354 | - | - | - | - |
| B.U THE AMERICAS | CHILE | 1 | 146 | - | - | - | - | - | 1 | 146 |
| B.U THE AMERICAS | MEXICO | 1 | 142 | - | - | - | - | - | 1 | 142 |
| TOTAL PROJECTS | | 11 | 1.672 | - | 4 | 676 | 1 | 200 | 6 | 796 |

Committed investment corresponding to the aforementioned hotels by year of execution:

| | 2014 | 2015 | 2016 |
|---------------------------------|------|------|------|
| Expected Investment (€ million) | 3.7 | 10.1 | 0.7 |

nh | HOTEL GROUP

nh
HOTELS


nh COLLECTION

nh*ow*

Hesperia
RESORTS

www.nh-hotels.com