

Madrid, 20th December 2011

11M 2011 PRELIMINARY SALES AND RESULTS

Highlights

- In the months of **October and November Gross Operating Profit reached €117 million (+40% vs. 2010)** and **EBITDA €69 million (+96%)**.
- The contribution of these months drove **Net Income** up to **€25.6 million** compared to €-40,2 million for the first 11 months of the previous year **(+164% vs. 2010)**.
- Thanks to the improvement in operating efficiency, the **staff costs** in the **month of October** were reduced by **-5,2%** (like for like) and in the **month of November -11,9%** compared to previous year. With respect to **other operating expenses**, the decrease in the month of **October** was **-6,9%** and **-8,6%** in **November**, compared to the previous year.
- **Benelux, Central Europe and Latin America** continue showing **RevPar growth** whereas Spain and Italy decrease slightly.
- The significant increase in margins achieved in the months of October and November resulted in **accumulated conversion ratios at GOP and EBITDA (LFL) levels of 101% and 81%**, respectively.
- The group has intensified its negotiations with the financial institutions regarding the refinancing process. NH Hoteles owns **assets with a market value two times its debt**.

CONSOLIDATED RESULTS 2011

<i>(€ million)</i>	2011 oct-nov		2010 oct-nov		% var	2011 11 meses		2010 11 meses		% var
REVENUE	273.0	100%	254.4	100%	7.3%	1,329.4	100%	1,234.9	100%	7.7%
OPERATING EXPENSES	156.0	57%	171.0	67%	(8.8%)	865.7	65%	847.7	69%	2.1%
GOP	117.0	43%	83.3	33%	40.4%	463.7	35%	387.2	31%	19.8%
EBITDA	69.0	25%	35.1	14%	96.3%	196.6	15%	137.3	11%	43.2%
NET INCOME	24.2	9%	5.0	2%	380.9%	25.6	15%	(40.2)	(5%)	163.7%

RevPar

The months of October and November showed a more difficult comparison with the previous year. This fact was contemplated in the budget for 2011, that expected a smaller growth for the last months of the year. Furthermore, the increasing uncertainty of the European markets due to the sovereign debt crisis had a negative effect on the hotel industry. Nevertheless, all business units show RevPar growths in the months of October and November, except for Italy and Spain (this latter representing only 12% of EBITDA LFL year to date).

	NH HOTELES KPI 11 MONTHS 2011											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR			
	2,011	2,010	2,011	2,010	% Var	2,011	2,010	% Var	2,011	2,010	% Var	
Spain & Portugal "like for like"	11,645	11,647	66.46%	63.62%	4.47%	69.93	70.82	-1.26%	46.48	45.06	3.16%	
B.U. SPAIN	13,473	13,111	65.44%	62.11%	5.37%	70.66	71.45	-1.10%	46.24	44.37	4.20%	
Italy "like for like"	6,667	6,659	65.45%	63.09%	3.74%	91.01	89.51	1.67%	59.56	56.47	5.48%	
B.U. ITALY	7,691	7,711	62.89%	62.44%	0.72%	92.62	91.09	1.68%	58.25	56.87	2.41%	
Benelux "like for like"	8,221	8,221	66.06%	65.80%	0.41%	91.08	85.59	6.42%	60.17	56.31	6.85%	
B.U. BENELUX	9,075	9,194	67.05%	66.79%	0.39%	97.25	91.24	6.59%	65.21	60.93	7.02%	
Central Europe "like for like"	11,973	11,972	66.80%	64.11%	4.19%	74.07	73.33	1.01%	49.47	47.01	5.25%	
B.U. CENTRAL EUROPE	12,852	12,477	66.10%	63.22%	4.55%	74.30	73.24	1.45%	49.11	46.31	6.06%	
Total Europe "like for like"	38,506	38,499	66.31%	64.14%	3.37%	79.33	78.01	1.68%	52.60	50.04	5.11%	
TOTAL EUROPE CONSOLIDATED	43,091	42,492	65.52%	63.51%	3.17%	81.25	79.98	1.59%	53.23	50.79	4.81%	
Latin America "like for like"	3,124	3,124	68.83%	66.43%	3.62%	71.07	65.82	7.99%	48.92	43.72	11.90%	
LATIN AMERICA CONSOLIDATED	3,415	3,307	66.75%	65.49%	1.92%	69.85	65.52	6.61%	46.62	42.91	8.66%	
NH HOTELES "like for like"	41,630	41,623	66.50%	64.31%	3.39%	78.69	77.07	2.10%	52.32	49.57	5.56%	
TOTAL CONSOLIDATED	46,506	45,800	65.61%	63.65%	3.08%	80.40	78.91	1.89%	52.75	50.22	5.03%	

Results

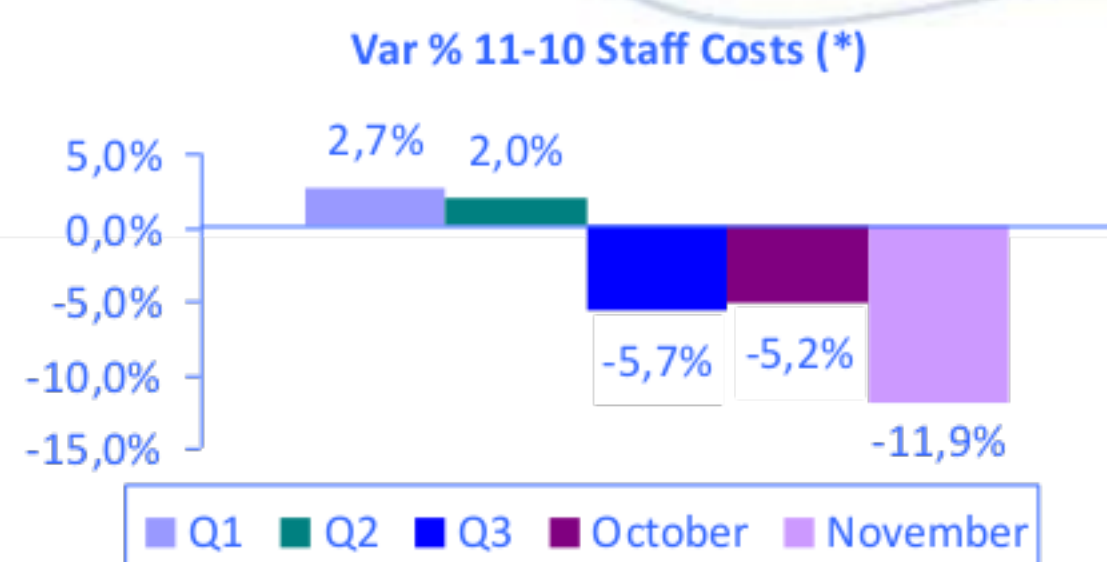
Despite the decline in the growth of sales compared to the previous year, the group achieved outstanding conversion ratios in the months of October and November at GOP and EBITDA levels, resulting in a significant increase of EBITDA (more than double-digit increase of EBITDA LFL in all business units).

The decline in the growth of sales had a larger effect on the MICE and F&B businesses, both with lower margins compared to room sales.

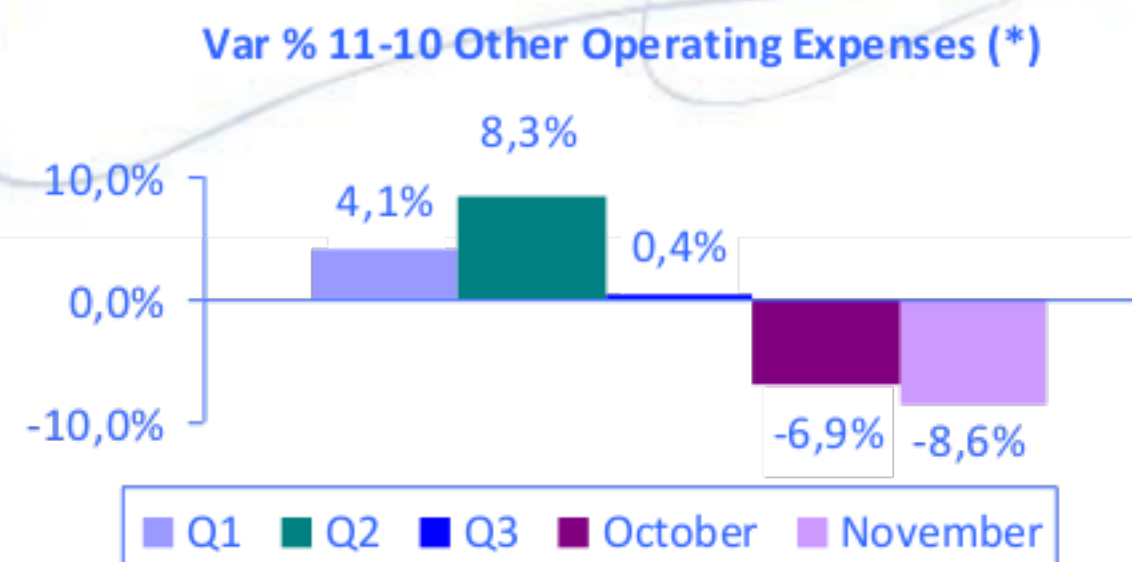
The conversion ratio to GOP up to November reached 101% (LFL) and 81% at EBITDA level. These good results reveal the fruits of the ambitious savings plan that the group started early this year and the focus on improving efficiency.

At business unit level, Benelux, Central Europe and Latin America outstand positively, showing more resilient F&B and MICE revenues (in the case of Latin America the increase is even greater than the one registered for room revenues). Spain and Italy experienced a greater pressure on this type of income, but were able to decrease operating expenses more than the other business units (-14% and -10% respectively).

In October and November, all business units achieved an increase of LFL GOP close to +10%. At EBITDA level, Italy showed an increase over 11%, being close to +20% for the rest of business units.



(*) "like for like"



CLOSING 2011 VS 2010 HOTEL ACTIVITY						
(€million)	2011 oct-nov	2010 oct-nov	% var	2011 11 months	2010 11 months	% var
SPAIN	53.95	57.65	-6.4%	286.54	285.94	0.2%
ITALY	38.41	39.80	-3.5%	190.88	183.45	4.0%
BENELUX	53.95	54.08	-0.2%	266.87	254.94	4.7%
CENTRAL EUROPE	59.77	60.65	-1.4%	296.20	285.63	3.7%
* AMERICA	15.21	13.12	15.9%	70.98	65.07	9.1%
REVENUE LIKE FOR LIKE HOTELS	221.29	225.30	-1.8%	1,111.46	1,075.03	3.4%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/10	27.51	25.83	6.5%	143.49	124.10	15.6%
TOTAL RECURRING REVENUE	248.80	251.13	-0.93%	1,254.95	1,199.13	4.66%
RELEVANT NON-RECURRING REVENUE	20.69	0.41	4946.34%	59.38	23.39	153.87%
TOTAL REVENUE	269.49	251.54	7.1%	1,314.33	1,222.52	7.5%
SPAIN	32.15	37.46	-14.2%	189.45	192.06	-1.4%
ITALY	24.01	26.64	-9.9%	132.92	134.33	-1.0%
BENELUX	31.32	33.34	-6.1%	168.95	168.21	0.4%
CENTRAL EUROPE	33.31	35.19	-5.3%	183.93	182.79	0.6%
AMERICA	8.55	7.98	7.2%	46.45	44.77	3.7%
OPEX LIKE FOR LIKE HOTELS	129.35	140.62	-8.0%	721.70	722.17	-0.1%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/10	18.25	16.85	8.3%	103.18	86.76	18.9%
TOTAL RECURRING OPEX	147.60	157.47	-6.27%	824.88	808.93	1.97%
RELEVANT NON - RECURRING OPEX	4.42	9.80	-54.90%	27.50	23.15	18.79%
TOTAL OPERATING EXPENSES	152.02	167.27	-9.1%	852.38	832.08	2.4%
SPAIN	21.80	20.20	7.9%	97.09	93.88	3.4%
ITALY	14.40	13.15	9.5%	57.95	49.12	18.0%
BENELUX	22.63	20.74	9.1%	97.92	86.74	12.9%
CENTRAL EUROPE	26.46	25.46	3.9%	112.27	102.83	9.2%
AMERICA	6.67	5.15	29.5%	24.53	20.29	20.9%
GOP LIKE FOR LIKE HOTELS	91.95	84.69	8.6%	389.76	352.86	10.5%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/10	9.25	8.97	3.1%	40.31	37.34	7.9%
TOTAL RECURRING GOP	101.20	93.66	8.05%	430.07	390.20	10.22%
RELEVANT NON - RECURRING GOP	16.27	-9.39	N/A	31.88	0.24	N/A
TOTAL GOP	117.47	84.27	39.4%	461.95	390.44	18.3%
LEASES&PT LIKE FOR LIKE HOTELS	43.81	44.30	-1.1%	240.01	232.80	3.1%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/10	4.19	3.47	20.7%	26.22	16.48	59.0%
TOTAL LEASES & PROPERTY TAXES	48.00	47.77	0.5%	266.23	249.28	6.8%
SPAIN	7.13	6.01	18.5%	19.00	18.52	2.6%
ITALY	7.87	7.05	11.7%	22.98	16.53	39.0%
BENELUX	16.91	14.25	18.6%	63.01	51.75	21.7%
CENTRAL EUROPE	10.44	8.56	22.0%	24.44	17.07	43.2%
AMERICA	5.79	4.52	28.1%	20.33	16.19	25.6%
EBITDA LIKE FOR LIKE HOTELS	48.14	40.39	19.2%	149.75	120.06	24.7%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/10	5.06	5.50	-8.0%	14.09	20.86	-32.4%
TOTAL RECURRING EBITDA	53.20	45.89	15.93%	163.84	140.92	16.26%
EBITDA NON RECURRING	16.27	-9.39	N/A	31.88	0.24	N/A
TOTAL EBITDA	69.47	36.50	90.3%	195.72	141.16	38.7%

(*) If we consider Exchange Rates up to November, LFL Revenue in Latin America for Oct-Nov would have increased +7,5%.

NH HOTELES, S.A. P&L ACCOUNT

(€ million)	2011 oct-nov	2010 oct-nov	% var	2011 11 months	2010 11 months	% var
Hotel Revenues	248.8	251.1	(0.9%)	1,255.0	1,199.1	4.7%
Real estate sales and other	3.5	2.8	25.4%	15.0	12.2	23.0%
Non-recurring Revenues	20.7	0.5	4302.1%	59.4	23.6	152.2%
REVENUES	273.0	254.4	7.3%	1,329.4	1,234.9	7.7%
Real estate cost of sales	0.9	0.6	58.9%	2.1	2.5	(15.9%)
Staff Cost	78.1	83.0	(6.0%)	443.8	440.1	0.8%
Operating expenses	71.6	75.8	(5.5%)	391.3	380.0	3.0%
Other Non-recurring expenses	5.4	11.6	(53.7%)	28.5	25.1	13.6%
GROSS OPERATING PROFIT	117.0	83.3	40.4%	463.7	387.2	19.8%
Lease payments and property taxes	48.0	48.2	(0.4%)	267.1	249.9	6.9%
EBITDA	69.0	35.1	96.3%	196.6	137.3	43.2%
Impairment	1.5	2.0	(27.5%)	9.6	11.0	(13.2%)
Depreciation	17.8	17.5	2.0%	106.9	109.3	(2.2%)
EBIT	49.7	15.7	217.2%	80.2	17.0	371.0%
Market value derivatives	(0.0)	0.6	(105.1%)	1.3	1.7	(25.9%)
Interest expense	9.8	9.7	1.9%	44.7	38.4	16.4%
Non-recurring financial expenses	1.9	0.0	n/a	1.9	24.2	(92.1%)
Income from minority equity interests	2.7	0.7	259.5%	6.2	1.2	402.4%
EBT	35.3	4.7	653.5%	26.1	(48.5)	153.8%
Corporate income tax	(0.1)	(5.9)	(99.0%)	(6.7)	(2.7)	146.5%
NET INCOME before minorities	35.4	10.6	234.3%	32.8	(45.8)	171.6%
Minority interests	11.2	5.6	101.6%	7.2	(5.6)	(228.6%)
NET INCOME	24.2	5.0	380.9%	25.6	(40.2)	163.7%

Financial performance and other key events

- **Non recurring activity:** includes at EBITDA level €59M of capital gains corresponding to the sale of assets (€39M to the ARTOS transaction and €20M to Hotel Lotti) and €28.5M non-recurring expenses mostly explained by redundancy payments as a result of staff restructuring and several provisions. Non-recurring results are applied to enhance the efficiency of the company.
- Regarding **recurring activity** and analyzing the performance of October and November, the weaker pace of revenue growth (+7.9% Q1; +7.2% Q2; +4.0% Q3 and -0.6% in October and November) is partially due to a tougher comparability, and is offset by a cost decline (-5.5%), which results in an increase of recurring GOP (+7.6%) in these two months.
- **Leases:** slight decrease (-0.4%) achieved during the months of October and November compared to the previous year, therefore contributing to an improvement in the EBITDA margin.
- **Net Debt:** net debt reduction down to €987.8M as of 30th of November 2011 from €1,067.9M as of 30th of September 2011. The sale of Hotel Lotti and the improvement in operating margins explain the decline of the net financial debt.
- **Impairment:** the company has decided to increase the provision that relates to some residential and resorts assets in the south of Spain up to €9.6 million.

- **Market value derivatives:** Firstly, it comprises the increase in the Equity Swap provision (€3.95M) hedging the Stock Option Plan approved in 2007, that given the negative share price evolution from the end of 2010 (€3.40) till the end of November (€2.97) has had a negative impact. The provision is revertible as long as the share price recovers, up to the maturity of the Plan in 2013, and does not imply any cash out for the company; and secondly, it incorporates the positive effect of the market value on the interest rate derivatives of the group.
- **Financial expenses:** the increase in financial expenses is basically explained by the cost of the waiver obtained in 2010, higher interest rates, and increasing spreads in new credit lines.
- **Minority interests:** the change is mostly explained by the sale of Hotel Lotti.

Real Estate Activity

- The real estate activity generated sales of €15.06M for the first 11 months of 2011, compared to €12.38M in the same period of last year.
- EBITDA amounted to €0.92M, vs. €-3.83M in the same period of last year. The improvement in net result (from €-11.79M to €-7.07M) is explained by minor impairment provisions registered in 2011 compared to last year.

New Agreements and Openings

From January 1st 2011 until November 30th 2011, NH signed 5 management contracts with 540 rooms:

- 1 existing hotel with 74 rooms in Castellar de la Frontera, Cadiz, Spain.
- 1 hotel in Teruel, Spain, with 56 rooms opening in 2013.
- 1 hotel in Bratislava, Slovakia, with 116 rooms, opening in 2012
- 1 hotel in Turin, Italy with 159 rooms, opening in 2013
- 1 hotel in Guadalajara, Mexico, with 135 rooms, opening in 2013

New Hotel Agreements from January 1st to November 30th 2011

City	Contract	# Rooms	Opening
Cadiz, Spain	Management	74	2011
Teruel, Spain	Management	56	2013
Bratislava, Slovakia	Management	116	2012
Turin, Italy	Management	159	2013
Guadalajara, Mexico	Management	135	2013
540			

New Openings

During the first 11 months of 2011, eight new hotels with 1,091 rooms and two hotel extensions with 124 rooms and 155 rooms were added to the portfolio.

New Hotel Openings from January 1st to November 30th 2011

Hotels	City	Contract	# Rooms
NH Lingotto	Turin, Italy	Management	240
NH Lingotto Tech	Turin, Italy	Management	140
NH Ribera del Manzanares	Madrid, Spain	Lease	224
Hesperia WTC Valencia (ext.)	Valencia, Venezuela	Management	124
NH Castellar	Cadiz, Spain	Management	74
NH Algeciras Suites	Algeciras, Spain	Management	73
NH Frankfurt Messe	Frankfurt, Germany	Lease	62
NH Bogota 93	Bogota, Colombia	Owned	140
NH Diagonal Center	Barcelona, Spain	Lease	138
NH Provincial (ext.)	Mar de Plata, Argentina	Management	155
Total New Openings			1,370

In the month of January we highlighted the opening of two management hotels that were signed at the end of last year in Turin with 240 and 140 rooms respectively and the opening in Madrid of the NH Ribera del Manzanares hotel with 224 rooms.

The Hesperia WTC Valencia hotel, which opened in the last quarter of 2010 with 32 rooms, has increased its total rooms with 48 additional rooms in January and 76 additional rooms in September (the hotel will have a total of 323 rooms).

An existing hotel has been added to the portfolio in Castellar de la Frontera, Cadiz, with 74 rooms.

In the month of May the second hotel opened its doors in Algeciras and in June an additional hotel was opened in Frankfurt (under a variable lease formula).

In the month of October the first hotel in Colombia opened its doors, with 140 rooms and 5 stars and finally in November another hotel opened in Barcelona with 138 rooms.

Asset Management

Sale of non strategic assets

On February 2011 NH Hoteles announced the sale of a 33% stake in Lotti hotel in Paris for €35 million and on March 2011 the closing of the ARTOS transaction (NH Hoteles executed the call options over 10 out of 30 hotels and simultaneously sold 5 of them under a "sale&lease-back" agreement). After the deal, such leased hotels have a variable rent structure with a minimum guaranteed, being the rent level similar to the previous contract.

On October 2011 NH Hoteles announced the sale of the remaining 67% stake in Lotti hotel in Paris for €71 million. With this additional sale, the asset sales since 2009 total EUR345m, 15% above the EUR300m target initially announced by the company.

Hotels that left the Group since January 1st 2011

Hotels	City	Contract	# Rooms
Hesperia Centurion	Cambrils, Spain	Management	211
Hesperia Chalet del Golf	Gerona, Spain	Management	33
NH Capo dei Greci	Sicilia, Italy	Management	200
NH Gottigen	Gottingen, Germany	Leased	114
NH Fuenlabrada	Madrid, Spain	Leased	132
Total Exits			690

The NH Venus Sea Garden hotel in Siracusa, Sicily (Italy) changed from being a lease to become a franchise contract.

A project in Rome (lease contract with 182 rooms) was cancelled.

Since August, the hotel NH Gottingen, with negative EBITDA, does not belong to the NH Group.

Since October, the hotel NH Fuenlabrada, with negative EBITDA and 132 rooms is also out of the NH Hoteles portfolio.

HOTELS ON OPERATION BY COUNTRIES AS OF NOVEMBER 30TH 2011

BUSINESS UNIT	COUNTRY	TOTAL		Call Option	LEASED		OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms		Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	176	21,119	3	96	10,995	15	2,229	64	7,837	1	58
B.U. SPAIN	PORTUGAL	2	165	-	2	165	-	-	-	-	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	54	8,456	1	32	5,289	16	2,449	5	659	1	59
B.U. BENELUX	HOLLAND	35	6,509	4	16	2,441	18	3,988	1	80	-	-
B.U. BENELUX	BELGIUM	11	1,632	-	2	434	9	1,198	-	-	-	-
B.U. BENELUX	FRANCE	3	556	-	2	397	-	-	1	159	-	-
B.U. BENELUX	ENGLAND	3	533	-	1	121	-	-	1	200	1	212
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	60	10,655	10	55	9,651	5	1,004	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	6	1,183	1	6	1,183	-	-	-	-	-	-
B.U. CENTRAL EUROPE	SWITZERLAND	5	632	-	4	510	1	122	-	-	-	-
B.U. CENTRAL EUROPE	CZECH REPUBLIC	2	271	-	1	134	-	-	1	137	-	-
B.U. CENTRAL EUROPE	ROMANIA	2	161	-	1	83	-	-	1	78	-	-
B.U. CENTRAL EUROPE	HUNGARY	1	160	-	1	160	-	-	-	-	-	-
B.U. CENTRAL EUROPE	POLAND	1	93	-	-	-	-	-	-	-	1	93
B.U. LAS AMERICAS	MEXICO	13	2,040	-	5	689	4	681	4	670	-	-
B.U. LAS AMERICAS	ARGENTINA	13	2,049	-	-	-	11	1,524	2	525	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	2	1,015	-	-	-	-	-	2	1,015	-	-
B.U. LAS AMERICAS	VENEZUELA	3	1,048	-	-	-	-	-	3	1,048	-	-
B.U. LAS AMERICAS	UNITED STATES	1	242	-	-	-	1	242	-	-	-	-
B.U. LAS AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. LAS AMERICAS	COLOMBIA	1	140	-	-	-	1	140	-	-	-	-
B.U. LAS AMERICAS	CHILE	1	122	-	-	-	1	122	-	-	-	-
OPEN HOTELS		400	59,367	20	226	32,598	84	13,879	86	12,468	4	422

NH HOTELES AGREED PROJECTS AS OF NOVEMBER 30TH 2011

After different negotiations and cancellation of various agreed projects, the current number of rooms and hotels to be opened is as follows.

		TOTAL		LEASED			OWNED		MANAGED	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U SPAIN	SPAIN	8	636	-	4	294	-	-	4	342
B.U ITALY	ITALY	6	919	-	3	515	-	-	3	404
B.U CENTRAL EUROPE	HUNGARY	3	244	-	2	192	-	-	1	52
B.U CENTRAL EUROPE	CZECH REPUBLIC	1	236	-	1	236	-	-	-	-
B.U CENTRAL EUROPE	SLOVAKIA	1	116						1	116
B.U THE AMERICAS	VENEZUELA	-	167	-	-	-	-	-	-	167
B.U THE AMERICAS	PANAMA	1	200	-	-	-	1	200	-	-
B.U THE AMERICAS	ARGENTINA	-	50	-	-	-	-	-	-	50
B.U THE AMERICAS	MEXICO	1	135	-	-	-	-	-	1	135
TOTAL PROJECTS		21	2,703	-	10	1,237	1	200	10	1,266

Committed CAPEX corresponding to the abovementioned projects per year of execution:

	2011	2012	2013	2014
Expected Investment (€ million)	0	3.6	4.8	8.7