9M 2013 PRELIMINARY SALES AND RESULTS

Madrid, 14th of November 2013

NH HOTELES, S.A.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

NH Hotels successfully completes its refinancing process in order to undertake its strategic plan. The company issued unsecured convertible bonds and senior secured notes which, along with obtaining a new syndicated loan, allowed its debt structure to be aligned with its business plans.

NH therefore has additional resources in order to assume its investment and repositioning plan of its portfolio within a more flexible contractual framework.

The LFL RevPar performed positively over the last five months, with growth in the months of **June, July, August, September and October of +1.89%, +2.39%, +1.53%, +1.44% and +2.49%, respectively**.

The trend in the LFL RevPar in the third quarter of the year changed and **behaved positively** with regard to the previous year **+1.77%** (as compared to Q1 -1.48% and Q2 -0.34%).**All business units performed positively in the third quarter** of the year **in terms of RevPar.** In addition, **hotel revenues LFL grow +0.5% for the first time in the last two years.**

Isolating the third quarter, recurrent hotel EBITDA LFL is up +7.4% compared to previous year.

Other Highlights

- **Up to September, LFL RevPar was similar to the previous year, -0.03%** (the drop in average prices was almost fully offset by the increase in occupancy). The performance of the business units of **Central Europe and Italy continues to be positive**.
- Despite the **increase in occupancy** with regard to the first nine months of 2012 **(+2.87% LFL)**, **sales decreased by -2.8%** as a result of certain hotels being **excluded from the scope of consolidation** that no longer belong to the Group or that no longer consolidate due to a change in the type of contract, the **slowdown in sales in the MICE and restaurant business** (with a reduction of **-3.18%**), and the drop in **average prices (-2.82% LFL).**
- All **initiatives for containing operating costs** included in the budget for the year **are being met** and these costs **decreased by -0.2%** in the first nine months **with much higher activity levels**, in addition to the effect of absorbing the inflation.
- The company **continued to reduce lease payments** in 2013, thereby sufficiently offsetting increases from negotiations in previous years and CPI adjustments.
- As a result of the above, the **recurring EBITDA** stood at **€+80.48 million, achieving a 42% absorption ratio of the drop in sales.**
- The Group's **consolidated net result**, due to the net capital gains generated by non-recurring activities and the fact that an impairment provision was not recognised this year, **increased by +79.3%**, from a loss of **€-50 million** in the previous year to a cumulative loss of **€-10 million** as of September 2013.

2013

- **2013 outlook**: With regard to the forecasts announced at the beginning of the year, recurring EBITDA growth of between +5% and +10% is maintained for the year, excluding the effect of the sale of the NH Krasnapolsky hotel, and with a sales level similar to that of the previous year.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

- **Strategic and Operational Initiatives:** the Board of Directors approved the five-year Strategic Plan. This plan's main aspects include re-designing the NH brand, segmenting and optimizing its portfolio, updating its product and reinventing the 'NH experience'.
- **Sale of assets**: The company fulfilled its objective for this year of reaching €100 million in sales prior to 30th of June, which was reached with the €140 million in cash received from the sale of the NH Krasnapolsky hotel. With the new financing obtained, the company maintains its objective of selling c. €125 million in assets during 2014 in order to finance the repositioning plan.

RevPar Trend

- RevPar trend has changed in the third quarter, showing positive growth compared to the same period (+1.77%), as compared to the two negative previous quarters. The first quarter of 2013, the LFL RevPar decreased by -1.48%, and second, although performance improved, still decreased by -0.34%.
- The positive performance since June should be remarked, with LFL RevPar growth of +1.89% in June, +2.39% in July, +1.53% in August, and +1.44% in September.
- During the first nine month of the year, RevPar LFL reached similar levels compared to previous year (-0.03%), offsetting virtually the entire drop in prices (-2.82%), with an increase in occupancy of +2.87%. Two different behaviours were identified with regard to RevPar: on one hand, the business units of Central Europe and Italy performed positively during the three quarters (+2.64% and +1.59% respectively), and on the other hand, the business units of Spain, Benelux and Latin America performed negatively, although in the third quarter of the year, there was a positive trend in all business units.
- It is worth mentioning that RevPar mix has changed in the third quarter and it is generally applicable to all business units, being growth driven by occupancy and with virtually no ADR declines.

B.U. Spain

- The third quarter saw improvement over the two previous quarters and performed positively for the first time in eight quarters (Q1 -4.71%, Q2 -3.53% and Q3 +0.43%) as a result of having performed better in terms of prices (+1.69% growth with regard to the previous year), although occupancy level did decrease (-1.24%).
- The cumulative nine-month LFL RevPar stood at (-2.58%) due to a combination of decreased average prices (-3.01%) and increased occupancy levels (+0.44%). Barcelona continues to perform better than the rest of Spanish cities. We expect negative performance during the last quarter, mainly as a result of the poor performance in Madrid.

B.U. Italy

- Performance in the third quarter continued to be positive, although slightly less than that of the second quarter (Q1 +0.69%, Q2 +2.67% and Q3 +1.16%) as a result of lower growth in occupancy levels (+1.41% in Q3 compared to +3.68% in Q2), with similar ADR levels as compared to the year before (Q3 -0.25%).
- The nine-month LFL RevPar figure increased compared to last year (+1.59%) due to both a strong hike in occupancy (+3.55%) and reduced average prices (-1.90%). The positive performance achieved throughout the year is excepted to continue in the last quarter.

B.U. Benelux

- The Business Unit has achieved the best performance in the third quarter among all of the Group's business units in Europe and, for the first time, growth was recorded during the year (Q1 -4.82%, Q2 -3.92% and Q3 +4.76%), as a result of having achieved higher growth in terms of average prices (+2.73%) and occupancy levels (+1.97%). The strong growth in Q3 in Amsterdam, with an LFL RevPar of +14.85% (ADR increase +8.84% and occupancy increase +5.52%), should be noted.
- In the first nine months, this business unit saw a reduction in its LFL RevPar (-1.38%), with higher occupancy rates than the previous year (+1.15%), but with a drop in average prices (-2.50%). RevPar levels similar to those of the previous year are expected in the last quarter of the year.

B.U. Central Europe

- A RevPar level similar to that of the previous year was obtained in the third quarter, with a +0.08% increase in the LFL RevPar, with occupancy growth (+2.44%) and decrease in ADR (-2.31%). Isolating the months of June and July, LFL RevPar grew by +5.43% and +5.26%, respectively, but in September this performance was negative (-4.36%), since the performance in September of the previous year was excellent (+12.38%).
- This business unit achieved the Group's best growth figures in the first nine months with an increase in LFL RevPar of +2.64%, mainly due to the strong growth in occupancy rates (+5.15%), although there was a decrease in prices of -2.39%. Isolating the effect of the DRUPA trade fair that is held in Dusseldorf every four years, and which was held last year, the decrease in average prices of this business unit was only -1.29%. In general, all German cities recorded high occupancy levels, most notably with an increase of over 10% in RevPar in Munich. The forecast for the fourth quarter continues to be positive.

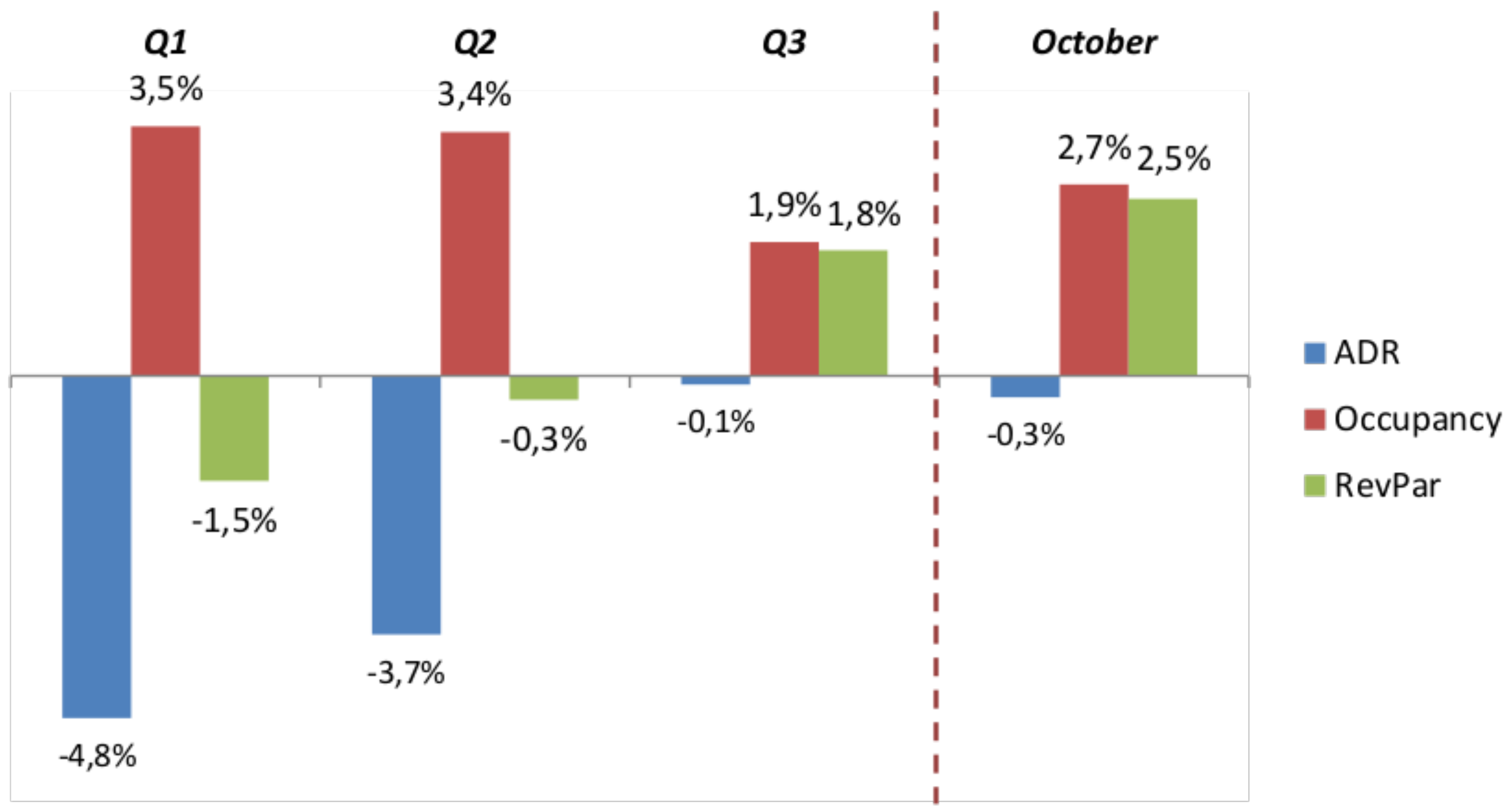
B.U. The Americas

- The performance of the third quarter was much better than that of the previous quarters (Q1 -12.30%, Q2 +0.74% and Q3 +6.70%), mainly in terms of occupancy where it should be noted that in Q1 occupancy decreased by -4.31%, in Q2 it increased by +8.12% and in Q3 it increased by +13.53%. The decrease in ADR (-6.02%) is due to unfavourable exchange rates evolution.
- The Group's largest drop took place during these nine months, whereby the LFL RevPar decreased by -2.94%, with increased occupancy levels (+6.06%) and a stark decrease in average prices (-8.48%), which have been weighed down heavily by the adverse trends in exchange rates. With a constant exchange rate, the decrease in average prices would have been -0.82%, and the performance of the RevPar would be positive (+5.19%). The positive performance in the months of June, July, August and September, with LFL RevPar growth of +8.36%, +14.78%, +10.57% and +20.33%, respectively, is noteworthy.
- Latin America had showed varying trends in its main markets. Mexico has stood out positively, with RevPar increases at nine months of over 8%, driven mainly by the growth in hotel occupancy rates. Argentina however has had very weak performance at nine months (-10.6%), as a result of the drop in prices which were highly affected by the adverse trends in the exchange rate, although the strong increase in occupancy in the third quarter exceeded the drop in prices and, therefore, the RevPar performed positively (+9.40%). The expectations for Argentina and Mexico for the fourth quarter are positive.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

NH HOTELES KPI 9 MONTHS 2013

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2,013	2,012	2,013	2,012	% Var	2,013	2,012	% Var	2,013	2,012	% Var
Spain & Portugal "Like for like"	11,998	11,995	64.11%	63.83%	0.44%	67.38	69.47	-3.01%	43.20	44.34	-2.58%
B.U. SPAIN	12,868	13,529	62.77%	62.04%	1.17%	66.89	68.40	-2.20%	41.99	42.44	-1.06%
Italy "Like for like"	6,610	6,582	64.80%	62.58%	3.55%	88.70	90.41	-1.90%	57.48	56.58	1.59%
B.U. ITALY	7,582	7,550	63.20%	60.11%	5.14%	91.67	92.74	-1.16%	57.93	55.74	3.93%
Benelux "Like for like"	8,428	8,428	67.21%	66.44%	1.15%	85.36	87.55	-2.50%	57.36	58.17	-1.38%
B.U. BENELUX	8,731	8,896	67.56%	67.02%	0.80%	87.61	91.35	-4.09%	59.19	61.22	-3.33%
Central Europe "like for like"	12,627	12,627	71.39%	67.90%	5.15%	75.70	77.55	-2.39%	54.05	52.66	2.64%
B.U. CENTRAL EUROPE	12,627	12,769	71.39%	67.60%	5.60%	75.70	77.32	-2.09%	54.05	52.27	3.40%
TOTAL EUROPE "LIKE FOR LIKE"	39,663	39,632	67.20%	65.47%	2.64%	77.44	79.37	-2.43%	52.04	51.96	0.15%
TOTAL EUROPE CONSOLIDATED	41,808	42,744	66.45%	64.40%	3.19%	78.42	80.18	-2.19%	52.11	51.63	0.93%
Latin America "Like for like"	3,151	3,151	63.34%	59.72%	6.06%	63.23	69.09	-8.48%	40.05	41.26	-2.94%
LATINAMERICA CONSOLIDATED	3,288	3,288	63.43%	58.67%	8.11%	63.93	69.93	-8.58%	40.55	41.03	-1.17%
NH HOTELES "LIKE FOR LIKE"	42,814	42,783	66.92%	65.05%	2.87%	76.45	78.67	-2.82%	51.16	51.17	-0.03%
TOTAL CONSOLIDATED	45,096	46,032	66.23%	63.99%	3.50%	77.41	79.51	-2.64%	51.27	50.88	0.77%



NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

Recurring Results

Income in the third quarter of the year decreased by €-7.4 million (-2.3%), which was an improvement compared to the cumulative drop in the first half of the year of -3.1%. As of September, income decreased by €-27.75 million (-2.8%) as a result of the following:

- The drop in hotel activities of -2.2% (€-21.44 million), caused mainly by:
  - Exclusions from the scope of consolidation of certain hotels. The most significant closings in the previous year are: NH Cóndor (1st of April), NH Mercader (16th of April) and NH Trier (2nd of July). The changes in the scope of consolidation during the year are: the closing of the NH Abashiri, NH Girona and NH La Perdiz leased hotels; the change to a franchise contract of the NH Villa de Coslada, NH Califa, NH Puerto de Sagunto and NH Campo Cartagena hotels that were operated under lease agreements and the NH Krasnapolsky hotel which became a hotel under management as of 26th of June. The total effect of all exclusions from the scope of consolidation reached €16.0 million, which represent 75% of the drop in sales.
  - Drop in food and beverage (F&B) sales (-3.18%). The deterioration of F&B sales has a lower impact on gross operating profit (GOP) than room sales. Central Europe, Spain and Benelux experienced a more drastic reduction in these businesses, with decreases of between -4% and -6%, while sales in Italy were similar to those of the previous year (+0.21%) Latin America performed positively with a +14.54% increase in the restaurant business, in spite of a decrease in room sales.
  - Decrease in ADR.
- Decrease of -42.0% in the income from real estate activities (€-6.31 million) affected by the change in regulations. See the explanation in the section on real estate activities analysed below.

Regarding operating costs, the efforts implemented to boost the company's efficiency have reduced these costs by -0.2% in absolute terms, in spite of the increase in occupancy rate (+2.87% in LFL terms), which rose to 66.92% in 2013 from 65.05% in 2012, plus the effect of having to absorb inflation.

In the third quarter of 2013, the reduction in operating costs is even greater (-1.6%), as a result of the collective redundancy procedures implemented in Spain since the middle of the second quarter.

- Thanks to the containment plans launched in 2012, personnel expenses were reduced with regard to the previous year by -0.6% despite having levels of activity above those of the previous year, having strengthened sales teams and the effects of inflation.
- The adjustments implemented in the middle of the second quarter of 2013 regarding personnel begin to take effect in the third quarter, whereby personnel expenses were reduced by -3.3% with regard to the same quarter of the previous year.
- Other direct management costs rose +2.0% due to an increase in commissions (because of the greater number of commissioned sales) and an increase in extraordinary IT systems expenditures (in line with the new systems plan being implemented in the Company), and an increase in energy prices. The trend is similar in the third quarter, +2.2%.
- The costs of the company's real estate activities decreased by 97.5% due to the regulatory changes mentioned in the first paragraph of the section on real estate activities.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

As of September, as a result of the foregoing, the recurring EBITDA stood at €+80.48 million, and an absorption ratio for the drop in sales of 42% was obtained.

In the third quarter, the absorption ratio for the drop in sales was 107%, and the company achieved an EBITDA that was slightly greater than that of the previous year +1.7% despite the decrease of revenues of 2.3%.

By markets (LFL hotel activity):

- **Spain** is the Group's business unit that has shown the greatest drop in income (-4.5%) at nine months, due mainly to the drop in average prices and the reduction in restaurant income. Despite the reduction in operating costs (-1.8%), due to the reduction in personnel expenses (-2.2%) and other operating costs (-1.3%), the sharp drop in income meant the business unit did not achieve any growth in terms of GOP. However, the total effect of reducing the aforementioned expenses and the significant reduction achieved in the lease expenses (-11.1%), caused the business unit to obtain an EBITDA growth of 102.7% (+€1.5 million) with regard to the previous year. Operating costs were reduced in the third quarter (-3.4%) by more than the drop in income (-1.9%), thereby increasing GOP by +2.0% and the EBITDA by +180.5% compared to the third quarter of last year.
- **Italy** achieved a level of income similar to the previous year (-0.0%) at nine months and is the only business unit where GOP increased compared with last year (+6.0%), achieving a GOP margin of 30.5% as compared to 28.8% of the previous year. With the reduction obtained in lease payments (-6.9%), an improvement in the EBITDA of +38.2% (+€4.6 million) was also achieved. This business unit's improved efficiency was particularly notable, with a -2.5% decrease in operating costs, highlighting the reduction in personnel expenses of -9.1%.
- **Benelux** saw the second higher drop in nine-month income (-1.1%) primarily due to a drop in average prices. Operating costs increased by +3.1%, thereby causing a deterioration in profits, which was the result of the increase in personnel expenses (+3.4%), which, in turn, was due to the increase in employee welfare expenses and the collective agreement, and due to the increase in other operating costs (+2.8%), mainly due to the extraordinary IT system expenses. This is the business unit which contributes the most EBITDA to the Group due to the greater proportion of hotels owned. There was a 4.2% increase in revenues in the third quarter and an improvement both in GOP (+4.8%) and EBITDA (+2.7%), thereby helping to offset the reduction in profit of the previous quarters.
- **Central Europe** has achieved a slight increase in income with regard to last year (+0.1%). This unit was affected by the DRUPA trade fair that is held in Dusseldorf every four years and which was held last year. The effect of this trade fair is a €2.80 million drop in income and €2.79 million in GOP. Operating costs rose by +6.1% as a result of the higher level of activity (occupancy rate of 71.39% in September 2013 as compared with 67.90% in the previous year), the increase in personnel expenses (caused mainly by the new group reservation office that was installed in October last year in Berlin), the increase in energy prices (due to the entry into force of the renewable energy law), and the increase in the fees and IT system expenses. As a result, both GOP and EBITDA deteriorated.
- **The Americas** performed better in terms of nine-month income with a slight increase of +0.8% as a result of the strong performance of the occupancy levels (+6.06%) and the increase in F&B income (+14.5%), although this unit was adversely affected by the 20% depreciation of the Argentine peso with respect to the previous year. The inflationary spiral in Argentina and the greater level of activity increase the business unit's costs (+6.3%), causing a decrease in GOP and EBITDA.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

RECURRING HOTEL ACTIVITY 2013 VS 2012

(€ million)	2013 3Q	2012 3Q	%DIF	2013 9 months	2012 9 months	%DIF
SPAIN	71.98	73.37	(1.9%)	219.93	230.33	(4.5%)
ITALY	48.48	47.86	1.3%	145.11	145.14	(0.0%)
BENELUX	71.48	68.61	4.2%	208.00	210.26	(1.1%)
CENTRAL EUROPE	90.10	91.56	(1.6%)	265.52	265.25	0.1%
AMERICA	19.52	18.55	5.3%	52.63	52.21	0.8%
REVENUE LIKE FOR LIKE HOTELS	**301.57**	**299.95**	**0.5%**	**891.19**	**903.18**	**(1.3%)**
OPENINGS, CLOSINGS, REFURBISH. & OTHER 13/12	**14.79**	**22.36**	**(33.9%)**	**51.88**	**61.33**	**(15.4%)**
REVENUE	**316.36**	**322.31**	**(1.8%)**	**943.07**	**964.51**	**(2.2%)**
SPAIN	51.57	53.37	(3.4%)	160.14	163.08	(1.8%)
ITALY	34.20	33.83	1.1%	100.82	103.35	(2.5%)
BENELUX	47.49	45.72	3.9%	140.28	136.04	3.1%
CENTRAL EUROPE	57.93	56.48	2.6%	173.38	163.39	6.1%
AMERICA	13.18	12.83	2.7%	38.11	35.87	6.3%
OPEX LIKE FOR LIKE HOTELS	**204.38**	**202.23**	**1.1%**	**612.73**	**601.74**	**1.8%**
OPENINGS, CLOSINGS, REFURBISH. & OTHER 13/12	**14.09**	**17.36**	**(18.8%)**	**42.09**	**47.64**	**(11.7%)**
OPERATING EXPENSES	**218.47**	**219.59**	**(0.5%)**	**654.82**	**649.38**	**0.8%**
SPAIN	20.41	20.00	2.0%	59.79	67.25	(11.1%)
ITALY	14.29	14.03	1.8%	44.29	41.78	6.0%
BENELUX	23.99	22.89	4.8%	67.72	74.22	(8.8%)
CENTRAL EUROPE	32.17	35.08	(8.3%)	92.14	101.86	(9.5%)
AMERICA	6.34	5.71	10.9%	14.52	16.34	(11.2%)
GOP LIKE FOR LIKE HOTELS	**97.19**	**97.71**	**(0.5%)**	**278.46**	**301.45**	**(7.6%)**
OPENINGS, CLOSINGS, REFURBISH. & OTHER 13/12	**0.70**	**5.01**	**(86.1%)**	**9.79**	**13.68**	**(28.5%)**
GOP	**97.89**	**102.72**	**(4.7%)**	**288.25**	**315.13**	**(8.5%)**
LEASES&PT LIKE FOR LIKE HOTELS	**66.82**	**69.44**	**(3.8%)**	**200.18**	**209.28**	**(4.3%)**
OPENINGS, CLOSINGS, REFURBISH. & OTHER 13/12	**2.59**	**4.26**	**(39.2%)**	**8.21**	**9.05**	**(9.2%)**
LEASES & PROPERTY TAXES	**69.41**	**73.70**	**(5.8%)**	**208.39**	**218.33**	**(4.6%)**
SPAIN	1.31	(1.63)	180.5%	2.96	1.46	102.7%
ITALY	5.21	4.08	27.7%	16.54	11.97	38.2%
BENELUX	12.44	12.11	2.7%	33.59	41.52	(19.1%)
CENTRAL EUROPE	6.45	9.27	(30.4%)	14.74	24.57	(40.0%)
AMERICA	4.96	4.44	11.8%	10.45	12.64	(17.3%)
EBITDA LIKE FOR LIKE HOTELS	**30.37**	**28.28**	**7.4%**	**78.28**	**92.16**	**(15.1%)**
OPENINGS, CLOSINGS, REFURBISH. & OTHER 13/12	**(1.89)**	**0.74**	**(355.4%)**	**1.58**	**4.64**	**(66.0%)**
EBITDA	**28.48**	**29.02**	**(1.9%)**	**79.86**	**96.80**	**(17.5%)**

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

Income statement

NH HOTELES, S.A. P&L ACCOUNT						
(€ million)	**Q3 2013**	**Q3 2012**	**2013/2012**	**9 M 2013**	**9M 2012**	**2013/2012**
Hotel Revenues	316.4	322.3	(1.8%)	943.1	964.5	(2.2%)
Real estate sales and other	3.9	5.4	(27.4%)	8.7	15.0	(42.0%)
TOTAL REVENUES	**320.3**	**327.7**	**(2.3%)**	**951.8**	**979.6**	**(2.8%)**
Real estate cost of sales	(0.1)	(2.0)	(97.0%)	(0.2)	(6.0)	(97.5%)
Staff Cost	(114.7)	(118.7)	(3.3%)	(348.4)	(350.4)	(0.6%)
Operating expenses	(106.3)	(104.0)	2.2%	(313.9)	(307.7)	2.0%
GROSS OPERATING PROFIT	**99.2**	**103.0**	**(3.8%)**	**289.4**	**315.5**	**(8.3%)**
Onerous contract reversal provision				9.4	0.9	(943.3%)
Lease payments and property taxes	(72.7)	(72.9)	(0.3%)	(218.3)	(219.8)	(0.7%)
EBITDA	**29.6**	**29.1**	**1.7%**	**80.5**	**96.5**	**(16.6%)**
Depreciation	(23.5)	(28.3)	(16.9%)	(71.3)	(84.5)	(15.6%)
EBIT	**6.1**	**0.8**	**653.1%**	**9.2**	**12.1**	**(23.7%)**
Interest expense	(9.1)	(14.7)	(37.7%)	(44.0)	(39.3)	11.7%
Income from minority equity interests	(1.9)	(0.7)	(162.5%)	(5.4)	(1.1)	(391.7%)
EBT	**(4.9)**	**(14.6)**	**66.2%**	**(40.1)**	**(28.4)**	**(41.3%)**
Corporate income tax	(4.0)	(4.2)	(4.5%)	(5.3)	(7.1)	24.7%
NET RESULT before minorities	**(8.9)**	**(18.8)**	**52.4%**	**(45.4)**	**(35.5)**	**(28.1%)**
Minority interests	0.5	2.3	(79.1%)	2.0	6.2	(67.2%)
NET RECURRING RESULT	**(8.4)**	**(16.4)**	**48.6%**	**(43.4)**	**(29.2)**	**(48.5%)**
Non Recurring EBITDA	(3.0)	(2.4)	(24.4%)	32.4	(10.1)	419.4%
Other Non Recurring items	1.0	(3.5)	128.3%	0.7	(10.6)	106.6%
NET RESULT including Non-Recurring activity	**(10.4)**	**(22.4)**	**53.3%**	**(10.3)**	**(50.0)**	**79.3%**

Financial performance and Other relevant facts

- **Leases:** The Company was able to reduce the lease payments throughout the first nine months of 2013 with regard to the previous year (-0.7% reduction), offsetting increases in negotiations from previous years and CPI adjustments. In the first nine months of the year 51 actions were taken on leased hotels with negative EBITDA, thus making it possible to cancel eight leased contracts, resulting in annual rental payments reductions c. €15 million, of which €7 million consisted in temporary reductions. In the last quarter, additional income reductions are anticipated to those already obtained.
- **Depreciation:** Expenses for depreciation have been reduced (-16%) as a consequence of the impairment provision recorded in 2012.
- **Net Debt and Financial Expenses:** The Group's debt levels at the end of September 2013, €686.0 million, remained at levels similar to those at the end of June 2013, €686.2 million, due to the fact that the operating cash generated was sufficient to handle the Group's repayment obligations and capex during the third quarter. The increase in financial expenses at nine months was the result of the increase in the spreads of the new financing, both from the syndicated loan as of April 2012 and from that related to NH Italy agree upon in July 2012. The financial expenses in the third quarter were reduced with regard to the third quarter of the previous year as a result of the debt repayments made in the first half of the year, of

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

the reduction of the spreads in the syndicated loan from the end of June, and of the remuneration of the funds available due to the HNA capital increase (finance income that offsets part of the financial expenses).

- **Non-Controlling Interests:** show mainly losses attributable to the shareholder of NH Hotels in the Italian business unit that are reduced by the improvement in the results obtained.

Non-recurring EBITDA

As of September 2012, €-10.1 million in non-recurring expenses were included in the EBITDA, most of which were severances payments due to staff restructuring.

In 2013, €+32.4 million in income were included in the EBITDA, which includes mainly the gains on the sale of the NH Krasnapolsky hotel.

Other non-recurring items

- **Impairment:** As of September 2012, an impairment provision was recognised for €-22.94 million, that net of the tax effect and other lessor effects totals €-10.6 million. After the high provision recorded at the end of 2012, it has not been necessary to increase the impairment provision this year.
- **Change in fair value of financial instruments:** first of all, it includes the reduction of the provision in reference to the Equity Swap which covers the Option Plan approved in 2007 and which, as a result of the rise in the share price since the end of 2012 (from €2.61 to €3.82), has a positive sign (€+7.24 million). As a result of the new financial structure mentioned below, the Equity Swap shall be cancelled, taking effect in November 2013. Secondly, it also includes the market value of the Group's interest rate derivatives which, due to the adverse trends during the year, negatively contribute to this line (€-1.74 million).
- **Other items:** it includes non-recurring financial expenses (€-4.33) for the reversal of the exchange rate differences due to the distribution of dividends in Latin America, non-recurring depreciation (€-3.38 million) due to the write off of assets related to IT system changes and non-recurring taxes (€+2.91) as a result of applying taxes to non-recurring expenses. All concepts amount to €-4.8 million and offset the previous point (fair value of financial instruments (€+5.5 million)).

New Financial Structure

NH Hotels carried out three financing transactions for a total of €700 million in order to establish a new and more flexible balance sheet structure, to replace the 2012 syndicated loan, and to make additional funds available in order to carry out its business plans, including investments of up to €200 million.

- Issue of Secured Senior Notes amounting to €250 million maturing at six years in November 2019, with an annual fixed interest rate of 6.875%.
- Issue of unsecured convertible bonds, with the option for shareholders to convert them into NH Hoteles, S.A. shares, amounting to €250 million, maturing at five years in November 2018, with a fixed annual interest rate of 4%, and a conversion price for NH Hotel shares of €4.919 per share (30% conversion premium).
- "Club Deal" financing for an amount that will be quantified at €200 million (distributed over a loan tranche that would be immediately available, and a revolving credit facility tranche), with final maturity at four years in November 2017, and a variable interest rate equal to quarterly Euribor plus a 4% margin.

"Club Deal" financing and the secured senior notes will share the same guarantees, on a competitive basis governed by an agreement between creditors: joint and several guarantee of various wholly-owned subsidiaries

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

of the Group and the rights in rem as security interest (mortgages and pledges) on various assets of NH Hotels or wholly-owned investees.

Lastly, NH Hotels requested a credit rating for the issuing company, NH Hoteles, S.A., and for the secured senior notes from "Standard & Poors" and "Fitch". The ratings issued, which are provisional until the refinancing transactions and the review of the definitive documentation by the agencies have been completed, are as follows:

	NH Hoteles	*Secured Senior Notes*
Standard & Poors	*B-*	*B*
Fitch	*B-*	*B+*

Real Estate Activity

On the 1st of January 2013, the IFRS 11 Joint Arrangements standard took effect, eliminating the possibility of proportional consolidation for jointly-controlled companies (which is the case of Residencial Marlin and los Alcornoques in Sotogrande), thus making it necessary to use the equity method. This change has had a significant impact on the fiscal year 2013 sales figures, since these companies' sales will no longer be included under income in the Consolidated Income Statement.

- Real estate activities have dropped to €8.73 million from the €15.03 million recorded for the same period last year. In the first nine months of 2013, 12 apartments of Residencial Marlin were registered for a total of €2.34 million*, as compared to the 14 homes that were sold in the same period in 2012 for a total of €6.56 million.

(*) This income is not included under Income from real estate activities in the income statement due to a change in the accounting regulations implemented under the IFRS 11 Joint Arrangements.

Taking into account the same accounting criteria in the period, the increase in sales would be 3%, equal to €0.25 million.

- The EBITDA was €0.62 million, compared to €-0.26 million in same period of previous year. If a restatement were to be made applying the same regulations, the EBITDA would have been €0.13 million. This improvement in EBITDA in 2013 relates mainly to the increased sales of lots and berths, as well as the reduction in operating costs. The net loss was -€4.49 million, compared to -€9.03 million the previous year. The Company's net results improved because at September 2012, the company recognised inventory write-offs amounting to €-9.44 million and incurred €-0.66 million in expenses for termination benefits. In addition, the result of the companies accounted for using the equity method was €-2.90 million as compared to €-0.45 million for the same period of 2012.
- As of 30th of September 2013, Sotogrande has sale commitments that have yet to be accounted for totalling €2.33 million, relating to the Ribera del Marlín property that has yet to be registered by the purchasers (€2.02 million) and berths in La Marina (€0.31 million).

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

New Agreements and Openings

Between 1st of January 2013 and 30th of September 2013, NH Hotels entered into a lease agreement in Curitiba (Brazil), with 180 rooms, and the opening date is envisaged for 2016; and a management agreement in Punta Cana (Dominican Republic) for 750 rooms and an opening date envisaged for November 2013.

City	Contract	# Rooms	Opening
Curitiva, Brasil	Leased	180	2016
Punta Cana, Dominican Republic	Management	750	2013
		930	

New Openings

During the first nine months of 2013, two hotel extensions were carried out, the Hesperia WTC Valencia hotel in Venezuela increased its number of rooms by 18, reaching a total of 294 rooms, and the NH Puebla hotel in Mexico increased its number of rooms by 52, reaching a total of 180 rooms.

New Hotel Openings from January 1st to September 30th 2013

Hotels	City	Contract	# Rooms
Ext. Hesperia WTC Valencia	Valencia, Venezuela	Management	18
Ext. NH Puebla	Puebla, Mexico	Management	52
Total New Openings			**70**

Asset Management

Sale of Non-Strategic Assets

On the 24th of June, NH Hotels announced the sale of the Hotel Krasnapolsky in Amsterdam, the Netherlands, for a gross sales price of €157 million, with NH retaining a management agreement for a 25-year period (with estimated management fees exceeding €2 million per year). The disposal implied gross capital gains for the NH Group amounting to €42 million. The buyer will invest nearly €40 million in refurbishing the hotel. The EBITDA generated by the hotel in 2012 was €16.2 million.

Hotels that left the NH Group from the 1st of January to the 30th of September 2013

Hotels	City	Contract	# Rooms
NH Abashiri	Valencia, Spain	Leased	168
NH Girona	Gerona, Spain	Leased	115
Hesperia Park Hotel Troya	Tenerife, Spain	Management	318
NH Liberty	Messina, Italy	Management	51
NH Royal Palace	Messina, Italy	Management	103
NH La Perdiz	Jaen, Spain	Leased	81
NH Rincon de Pepe	Murcia, Spain	Management	146
Hesperia Ferrol	Ferrol, Spain	Management	95
Total Exits			**1.077**

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

In February, the lease agreement for the NH Abashiri hotel (Valencia, Spain), which had negative operating profits, was cancelled.

In March, the Group signed the cancellation of the lease agreement for the NH Girona hotel in Spain, which had negative operating profits.

As of 1st of March, the NH Califa hotel in Cordoba, Spain, with 65 rooms, is now being operated as a franchise contract rather than a lease agreement.

The Hesperia Park Troya hotel in Adeje, Tenerife, has left the Group.

On 30th of April, two hotels located in Messina, Italy with 51 and 103 rooms, respective, left the Group.

A total of 11 projects that were being signed and yet to be opened with a total of 1,094 rooms (551 rooms under a lease arrangement with an investment of €7.13 million, and 543 rooms under a management agreement) were cancelled. Six projects were located in Spain, two in Italy, two in Hungry and one in the Czech Republic.

As of 30th of June, the NH hotel in Puerto de Sagunto, Spain, with 99 rooms, is now being operated as a franchise contract rather than a lease agreement, and as of 26 June, the NH Krasnapolsky hotel is now operated under a management contract rather than being directly owned.

On 1st of August, the lease agreement for the NH La Perdiz hotel in Jaén, Spain, with 81 rooms, was cancelled.

On 5th of September, the NH Campo hotel in Cartagena, Spain, with 100 rooms, is now being operated as a franchise contract rather than a lease agreement.

As of 30th of September, the Group no longer manages two hotels: the NH Rincón de Pepe hotel in Murcia, Spain, with 146 rooms and the Hesperia Ferrol hotel in Spain, with 95 rooms.

In the last quarter, one project signed in Milan under a lease arrangement that had yet to be opened, with 193 rooms and that did not entail any investment on the part of NH was cancelled.

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

HOTELS ON OPERATION BY COUNTRIES AS OF SEPTEMBER 30TH 2013

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	165	19.754	3	87	10.084	16	2.428	53	6.549	9	693
B.U. SPAIN	PORTUGAL	2	165	-	2	165	-	-	-	-	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	50	8.085	1	32	5.300	15	2.280	3	505	-	-
B.U. BENELUX	HOLLAND	35	6.509	4	16	2.441	17	3.520	2	548	-	-
B.U. BENELUX	BELGIUM	10	1.550	-	2	434	8	1.116	-	-	-	-
B.U. BENELUX	FRANCE	3	556	-	2	397	-	-	1	159	-	-
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	521	-	3	399	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	13	2.092	-	5	689	4	681	4	722	-	-
B.U. LAS AMERICAS	ARGENTINA	13	2.049	-	-	-	11	1.524	2	525	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	3	1.261	-	-	-	-	-	3	1.261	-	-
B.U. LAS AMERICAS	VENEZUELA	3	1.165	-	-	-	-	-	3	1.165	-	-
B.U. LAS AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. LAS AMERICAS	COLOMBIA	1	137	-	-	-	1	137	-	-	-	-
B.U. LAS AMERICAS	CHILE	1	122	-	-	-	1	122	-	-	-	-
OPEN HOTELS		**383**	**57.846**	20	**214**	**31.240**	**82**	**13.352**	**77**	**12.468**	**10**	**786**

NH HOTELES – INVESTOR RELATIONS
Santa Engracia. 120, 28003 Madrid
T: +34 91 396 05 06 - F: +34 91 451 97 95
www.nh-hotels.com – investor.relations@nh-hotels.com

NH HOTELES AGREED PROJECTS AS OF SEPTEMBER 30TH 2013

Following the 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	3	481	-	2	322	-	-	1	159
B.U BENELUX	HOLLAND	1	278	-	-	-	-	-	1	278
B.U THE AMERICAS	HAITI	1	72	-	-	-	-	-	1	72
B.U THE AMERICAS	VENEZUELA	-	25	-	-	-	-	-	-	25
B.U THE AMERICAS	PANAMA	1	200	-	-	-	1	200	-	-
B.U THE AMERICAS	DOMINICAN REP.	1	750	-	-	-	-	-	1	750
B.U THE AMERICAS	BRASIL	1	180	-	1	180	-	-	-	-
B.U THE AMERICAS	MEXICO	1	135	-	-	-	-	-	1	135
TOTAL PROJECTS		**10**	**2.217**	**-**	**3**	**502**	**1**	**200**	**6**	**1.515**

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

	2013	2014	2015	2016
Expected Investment (€ million)	1.5	2.9	1.5	0.7