

Madrid, 28th July 2010

PRELIMINARY H1 2010 SALES AND RESULTS

Highlights

- The **second quarter of 2010** has experienced **further increase in occupancy** whereas **consolidated ADR for the group has stopped declining** (0.0% variation for Q2 isolated figures after six quarters of consecutive declines).
- **LFL RevPar in Europe increased by 7.05%**. A remarkable performance was seen in Germany with a LFL growth of more than 15%; in Italy, which maintained a rate close to 6%; and in Spain, which turned out being finally positive. On the other hand, the Americas achieved a growth over 10%. Globally, the **LFL RevPar increased 7.23 %**.
- This strong improvement in the operating environment as well as an increase in productivity drove to a growth in **recurring EBITDA of 60.7%** (€61.29M compared to €38.15M for the same period last year).
- **Revenues in the real estate division reached €6.53M** compared to €11.69M in the same period of last year. The reduction in sales is explained by the fact that less housing units were deeded in the first six months of 2010.
- In **April 2010** NH Hoteles signed an agreement for the sale of St Ermin's hotel in **London** for **£65M**, implying €0.6M in non recurring revenues as capital gains and €-8,9M due to exchange rate differences.

Consolidated Hotel Activity

CONSOLIDATED FIGURES AS OF JUNE 30TH 2010 VS 2009 HOTEL ACTIVITY					
(€ million)		H1 2010	H1 2009	DIFF.10/ 09	% DIFF
REVENUE		639.98	591.20	48.78	8.3%
OPERATING EXPENSES		437.87	418.48	19.39	4.6%
GOP		202.11	172.72	29.39	17.0%
EBITDA		68.33	35.44	32.89	92.8%

RevPar

In the second quarter of 2010 the fall in consolidated prices stopped completely and occupancy increased by two digits in almost all business units. Accordingly, RevPar increased 13% in the quarter. As a result, the RevPar in the first half of the year grew above 7% both in consolidated and LFL terms.

- **Spain and Portugal:** Positive trend in occupancy continues and this finally appears to be leading to stabilization in ADR. Noteworthy is the increase in sales at weekends for all regions. Madrid, Barcelona and Valencia show over 20% increase in occupancy.
- **Italy:** The fall in prices decreases and the recovery of occupancy remains as the most remarkable factor, although Milan did not host for this year a series of recurring trade fairs related to the medical sector. The result was an increase in RevPar of 6.23% in H1'10.
- **Benelux and other:** Increase in occupancy together with the slowdown in the fall of average prices resulted in a positive RevPar in H1'10. Amsterdam and Brussels saw outstanding improvement in activity, whereas secondary cities show a slower recovery. Conference hotels in the Netherlands had a worst behaviour.

- **Germany:** The German business unit continues to experience a strong demand growth producing increases both in average prices and in occupancy of 7% and 10% respectively. We highlight an increased activity of the corporate client, the MICE segment and events. It should be noted that Munich shows an exceptional growth in RevPar due to a more favourable trade fairs calendar for this year.
- **Central and Eastern Europe:** Homogeneous behaviour among the different countries. Slight improvements were seen in destinations that had not experienced any recovery yet, like Zurich and Geneva (Switzerland), Budapest (Hungary) and Timisoara (Romania). Austria also confirms a clear recovery in occupancy.
- **The Americas:** Increase in occupancy both in Argentina and Mexico in the range of 20% (although in the latter market the comparison is more favourable due to the swine flu affecting negatively last year's performance) which translates into positive RevPar close to 15% in constant 2010 exchange rates (10.3% in EUR). Greater weight of the corporate segment in the second quarter but with less number of events. Mexico continues to suffer from lack of safety in the region, whereas Chile recovers quickly from the earthquake that struck the city in February this year.

NH HOTELES KPI UP TO JUNE 2010											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2010	2009	2010	2009	% Var	2010	2009	% Var	2010	2009	% Var
Spain & Portugal "Like for like"	12,142	12,143	61.34%	52.00%	17.98%	73.58	82.81	-11.14%	45.14	43.06	4.84%
B.U. SPAIN	12,958	13,029	59.51%	50.92%	16.86%	73.22	82.40	-11.14%	43.57	41.96	3.84%
Italy "Like for like"	5,972	6,022	62.34%	55.48%	12.36%	89.66	94.83	-5.46%	55.89	52.61	6.23%
B.U. ITALY	7,569	7,381	60.60%	54.57%	11.04%	91.64	96.18	-4.73%	55.53	52.49	5.80%
Benelux "Like for like"	8,330	8,318	62.17%	57.25%	8.58%	88.68	94.14	-5.81%	55.13	53.90	2.27%
B.U. BENELUX	9,241	9,101	62.50%	58.10%	7.57%	90.81	94.84	-4.25%	56.75	55.10	3.00%
Central & Eastern Europe "Like for like"	2,056	2,055	69.86%	64.73%	7.93%	77.82	79.58	-2.22%	54.36	51.51	5.53%
B.U. CENTRAL & EASTERN EUROPE	2,120	2,095	68.70%	64.56%	6.41%	77.42	79.27	-2.33%	53.19	51.17	3.94%
Germany "Like for like"	10,031	10,033	58.93%	53.64%	9.87%	71.71	67.10	6.87%	42.26	35.99	17.42%
B.U. GERMANY	10,239	10,051	58.56%	53.56%	9.33%	71.80	67.10	7.00%	42.04	35.94	16.98%
EUROPE "LIKE FOR LIKE"	38,531	38,572	61.50%	54.78%	12.27%	79.20	83.06	-4.65%	48.71	45.50	7.05%
TOTAL EUROPE CONSOLIDATED	42,127	41,656	60.59%	54.46%	11.26%	80.42	83.93	-4.19%	48.73	45.71	6.60%
Las Americas "Like for like"	2,840	2,840	61.39%	53.39%	14.99%	66.38	69.20	-4.07%	40.75	36.94	10.30%
LATINAMERICA CONSOLIDATED	3,359	3,680	59.31%	52.75%	12.42%	65.79	66.11	-0.49%	39.02	34.88	11.88%
NH HOTELES "LIKE FOR LIKE"	41,371	41,412	61.49%	54.68%	12.46%	78.32	82.13	-4.64%	48.16	44.91	7.23%
TOTAL CONSOLIDATED	45,486	45,336	60.50%	54.32%	11.37%	79.36	82.53	-3.85%	48.01	44.83	7.08%

Results

LFL hotel revenues of the first semester increased €31.21M (or 5.8%) while operating expenses only increased 3.6%, despite the remarkable grow in LFL activity (+12.4% occupancy).

This improvement in productivity resulted in an increase in LFL GOP of €17.41 M (+10.8%) and in LFL EBITDA of €21.32M (+62.3%). Consequently, the sales conversion ratio for H1 reached 56% in LFL GOP and 68% in LFL EBITDA.

In this sense, we must highlight the performance of the German Business Unit, with an EBITDA/ Sales conversion ratio of 78%, followed by Italy with (76%) and Spain (72%). It must be noted that these last two markets also suffered falls in ADR of -5.5% and - 11.1% respectively.

CLOSING AS OF JUNE 30TH 2010 VS 2009 HOTEL ACTIVITY

(€ million)	H1 2010	H1 2009	DIFF.10/ 09	% DIFF
SPAIN & PORTUGAL	166.30	156.00	10.30	6.6%
ITALY	89.22	86.64	2.58	3.0%
BENELUX	138.06	137.84	0.21	0.2%
CENTRAL & EASTERN EUROPE	29.84	27.92	1.92	6.9%
GERMANY	119.48	106.19	13.28	12.5%
AMERICA	30.24	27.34	2.91	10.6%
REVENUE LIKE FOR LIKE HOTELS	573.13	541.93	31.21	5.8%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 10/ 09	50.50	46.52	3.97	8.5%
TOTAL RECURRING REVENUE	623.63	588.45	35.18	5.98%
RELEVANT NON-RECURRING REVENUE	16.35	2.75	13.60	494.55%
TOTAL REVENUE	639.98	591.20	48.78	8.3%
SPAIN & PORTUGAL	113.21	109.34	3.86	3.5%
ITALY	67.26	66.94	0.31	0.5%
BENELUX	92.27	91.03	1.25	1.4%
CENTRAL & EASTERN EUROPE	21.12	19.89	1.23	6.2%
GERMANY	78.27	73.39	4.88	6.7%
AMERICA	22.06	19.79	2.27	11.4%
OPEX LIKE FOR LIKE HOTELS	394.18	380.39	13.80	3.6%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 10/ 09	34.38	32.63	1.74	5.3%
TOTAL RECURRING OPEX	428.56	413.02	15.54	3.76%
RELEVANT NON - RECURRING OPEX	9.31	5.46	3.85	70.51%
TOTAL OPERATING EXPENSES	437.87	418.48	19.39	4.6%
SPAIN & PORTUGAL	53.10	46.66	6.44	13.8%
ITALY	21.96	19.69	2.27	11.5%
BENELUX	45.78	46.82	-1.03	-2.2%
CENTRAL & EASTERN EUROPE	8.72	8.03	0.69	8.6%
GERMANY	41.21	32.80	8.40	25.6%
AMERICA	8.18	7.54	0.64	8.5%
GOP LIKE FOR LIKE HOTELS	178.95	161.54	17.41	10.8%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 10/ 09	16.12	13.89	2.23	16.1%
TOTAL RECURRING GOP	195.07	175.43	19.64	11.20%
RELEVANT NON - RECURRING GOP	7.04	-2.71	9.75	359.78%
TOTAL GOP	202.11	172.72	29.39	17.0%
LEASES&PT LIKE FOR LIKE HOTELS	123.40	127.31	-3.91	-3.1%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 10/ 09	10.38	9.97	0.41	4.1%
TOTAL LEASES & PROPERTY TAXES	133.78	137.28	-3.50	-2.5%
SPAIN & PORTUGAL	11.45	4.03	7.43	184.5%
ITALY	5.72	2.34	3.37	143.8%
BENELUX	28.44	29.50	-1.06	-3.6%
CENTRAL & EASTERN EUROPE	-0.75	-1.44	0.69	48.0%
GERMANY	4.70	-5.73	10.43	182.1%
AMERICA	5.99	5.53	0.46	8.3%
EBITDA LIKE FOR LIKE HOTELS	55.55	34.24	21.32	62.3%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 10/ 09	5.74	3.91	1.82	46.6%
TOTAL RECURRING EBITDA	61.29	38.15	23.14	60.66%
EBITDA NON RECURRING	7.04	-2.71	9.75	359.78%
TOTAL EBITDA	68.33	35.44	32.89	92.8%

NH HOTELES, S.A. AS OF JUNE 30th 2010 P&L ACCOUNT

(€ million)	H1 2010		H1 2009		2010/ 2009
Room Revenues	623.6	96%	588.5	98%	6.0%
Real estate sales and other	6.5	1%	11.6	2%	(44.1%)
Non-recurring Revenues	16.4	3%	2.9	0%	-
TOTAL REVENUES	646.5	100%	602.9	100%	7.2%
Real estate cost of sales	1.9	0%	5.3	1%	(63.8%)
Staff Cost	235.5	36%	228.6	38%	3.0%
Operating expenses	197.8	31%	191.4	32%	3.3%
Other Non-recurring expenses	9.3	1%	4.0	1%	130.7%
GROSS OPERATING PROFIT	202.0	31%	173.6	29%	16.4%
Lease payments and property taxes	134.0	21%	137.3	23%	(2.4%)
EBITDA	68.0	11%	36.3	6%	87.3%
Impairment	6.0	1%	18.0	3%	(66.7%)
Depreciation	61.1	9%	61.1	10%	(0.0%)
EBIT	0.9	0%	(42.8)	(7%)	102.1%
Market value derivatives	6.9	1%	2.9	0%	142.3%
Interest expense	20.1	3%	25.5	4%	(21.1%)
Exchange rate difference	21.6	3%	0.0	0%	-
Income from minority equity interests	0.6	0%	2.4	0%	(76.6%)
EBT	(48.3)	(7%)	(73.6)	(12%)	34.3%
Corporate income tax	(0.3)	(0%)	(18.2)	(3%)	98.3%
NET INCOME before minorities	(48.0)	(7%)	(55.4)	(9%)	13.4%
Minority interests	(8.1)	(1%)	(14.4)	(2%)	43.6%
NET INCOME	(39.9)	(6%)	(41.0)	(7%)	2.7%

Financial performance and other key events

- **Non recurring activity:** Mainly composed of the sale of three hotels in Mexico and one in London. These transactions had an impact of €16.4M at revenue level as capital gains and €-21.6M as net exchange rate differences after EBIT.
- **Leases:** slightly lower expenditure compared to previous year due to the renegotiation and cancellation of certain contracts, compensating the negative effect of new openings and the inflation increase in the majority of current contracts.
- **Net Debt:** decreased to €1,068.8M as of June 30th 2010 from €1,118.7M as of December 31st 2009.
- **Impairment:** Due to the low stock turnover in Sotogrande, the company has decided to register a provision that amounts to €1M per month. This accounting adjustment is reversible and does not represent a cash outflow.
- **Market value derivatives:** mainly due to the provision from the Equity Swap, which reflects in this case the decrease in NH Hoteles' share price since the beginning of the year, linked to the equity swap that covers the stock option plan implemented in 2007. This provision is reversible (until its maturity in 2013) and does not represent a cash outflow. Market value of interest-rate derivatives of the group are also included under this item.
- **Financial expenses:** decrease in financial expenses vs 2009 mainly driven by the decrease in average net debt vs same period last year due to the capital increase obtained in 2009.
- **Minority interests:** show mainly the losses attributable to NH's partner in the Italian business unit.

Real Estate Activity

Real Estate Activity - Revenue Breakdown	H1 2010		H1 2009	
	Mn Euros	% total	Mn Euros	% total
Apartments	2.21	34%	7.83	68%
Mooring Points	0.32	5%	0.34	3%
Water and Community	3.23	50%	3.01	26%
Plots	-	0%	-	0%
Other Revenue	0.72	11%	0.41	4%
Total Revenue	6.48	100%	11.59	100%
Committed Sales	7.44		32.96	

- Real estate activity generated sales of €6.48M in the first six months of the year, down from €11.59M in the same period of last year.
 - The reduction in sales is explained by the fact that less housing units were deeded in the first half of 2010. During the first six months of 2010, deeds for a total of 6 housing units have been obtained for a total of €2.28M (vs. 16 housing units for a total of €7.83M in H1'09).
- EBITDA amounted to €-0.37M, vs. €0.84M in H1'09. The activity's net income in H1'10 is €-5.59M, vs. €-1.09M in H1'09. This decrease is mainly explained by provisions amounting to €6.00M.
- As of June 30th 2010, Sotogrande had committed sales not yet accounted for on the books for a total of €7.44M, mainly attributable to the Ribera del Marlin development, pending receipt of the deeds from the buyers (€3.94M) and the rest to docks in La Marina for an amount of €3.50M. The decrease in the committed sales is attributable to sales accounted for from year-end 2008 (moment of delivery) up to June 2010.

New Agreements and Openings

From January the 1st 2010 until July the 30th 2010, NH signed one management contract with 210 rooms in Taormina, Sicily (already running property) and one lease contract with 193 rooms in Milan, Italy.

New Hotel Agreements from January 1st to June 30th 2010

City	Contract	# Rooms	Opening
Taormina (Sicily), Italy	Management	210	2010
Milan, Italy	Lease	193	2011
		403	

New Openings

During the first 6 months of 2010, 5 new hotels with 683 rooms and two hotel extension with 64 additional rooms were opened.

New Hotel Openings from January 1st to June 30th 2010

Hotels	City	Contract	# Rooms
NH Porta Rossa	Florence, Italy	Lease	72
NH Central Station (Ext.)	Amsterdam, Holland	Lease	20
NH Ludwigsburg	Ludwigsburg, Germany	Lease	130
NH Capo dei Greci	Taormina (Sicily), Italy	Management	210
NH Praha Radlicka	Prague, Czech Republic	Lease	134
NH Olomuc Congress	Olomuc, Czech Republic	Management	137
Hesperia Cordoba (Ext.)	Cordoba, Spain	Management	44
Total New Openings			747

We highlight the opening of the third NH hotel in Florence and the opening of the hotel-resort NH Capo dei Greci in Taormina. This last hotel comes to replace the two hotels that NH Hoteles had previously in the city and that were cancelled recently.

Additionally, NH Hoteles enters for the first time the Czech market with two hotels with 137 and 134 rooms in Olomuc and Prague respectively.

Asset Management

Sale of non strategic assets

NH Hoteles reaffirms its commitment to sell non strategic assets amounting to €300 million, which after the recent divestures in Mexico and in the UK (€117M) would total €183M. The company estimates that the plan should be completed during the first months of 2011.

Hotels that left the Group since January 1st 2010

13 contracts have been cancelled as part of the asset rationalisation strategy implemented by the Company.

Hotels	City	Contract	# Rooms
Framon Gran hotel Timeo	Taormina, Italy	Management	83
Framon Villa Sant Andrea	Taormina, Italy	Management	79
NH Riviera Cancun	Cancun, Mexico	Management	550
Hilton Guadalajara	Guadalajara, Mexico	Ownership	450
Hilton Garden Inn Monterrey	Monterrey, Mexico	Ownership	150
Hilton Garden Inn Ciudad Juarez	Ciudad Juarez, Mexico	Ownership	120
NH Krystal Ixtapa	Ixtapa, Mexico	Management	255
NH Krystal Puerto Vallarta	Puerto Vallarta, Mexico	Management	680
NH Krystal Cancun	Cancun, Mexico	Management	453
NH Carlton	Salzburg, Austria	Lease	40
NH Jolly St. Ermin's	London, United Kingdom	Ownership	275
Hesperia Balneario Guitiriz	Lugo, Spain	Management	107
*Schlosshotel Bühlerhöhe	Baden Baden, Germany	Lease	90
Total Exits			3,332

*Exit date August 31st

In January 2010 three management contracts were cancelled: two hotels in Sicily (Italy), with a total of 162 rooms and one hotel in Mexico with 550 rooms.

In February 2010 NH Hoteles signed an agreement for the sale of three assets in Mexico. The transaction contemplated the sale of 3 owned hotels operated under franchise agreements with the Hilton brand (Hilton Guadalajara with 450 rooms, the Hilton Garden Inn Monterrey with 150 rooms and the Hilton Garden Inn Ciudad Juarez, with 120 rooms) and the cancelation of the management contracts for the Krystal vacation hotels operated by the company in Cancun (453 rooms), Puerto Vallarta (680 rooms) and Ixtapa (255 rooms).

In March 2010 a lease contract with call option was cancelled in Salzburg, Austria. Such contract contributed with negative EBITDA to the group.

In April, NH Hoteles closed the sale of its St Ermin's hotel in London (275 rooms).

Finally in June, the exit of the hotel Hesperia Balneario Guitiriz (107 rooms) took place and will thus not be managed by NH Hoteles any longer.

Customer Satisfaction

The customer survey (score from 0 to 10) measures different categories of the client satisfaction: reservations, check in, room & bathroom cleanness, common area cleanness, room equipment, room maintenance, breakfast, check out, room service and hotel staff. As shown in the table below, the number of surveys received increased 58.0% while the overall rating rose slightly compared to the previous period last year.

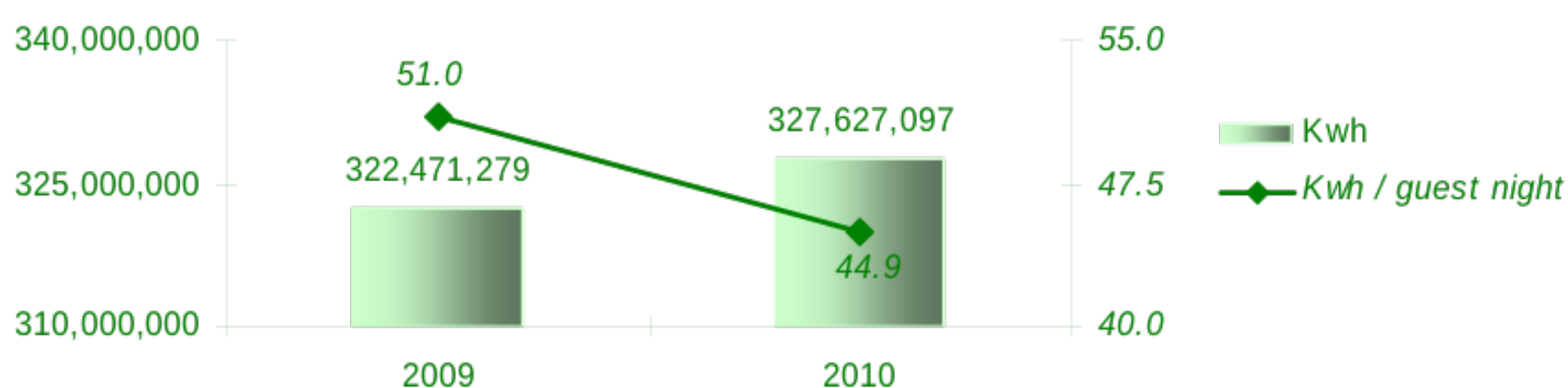
	H1 2010	H1 2009
Submitted Surveys	29,471	18,644
Total NH Hoteles	8.42	8.32

Environmental Metrics

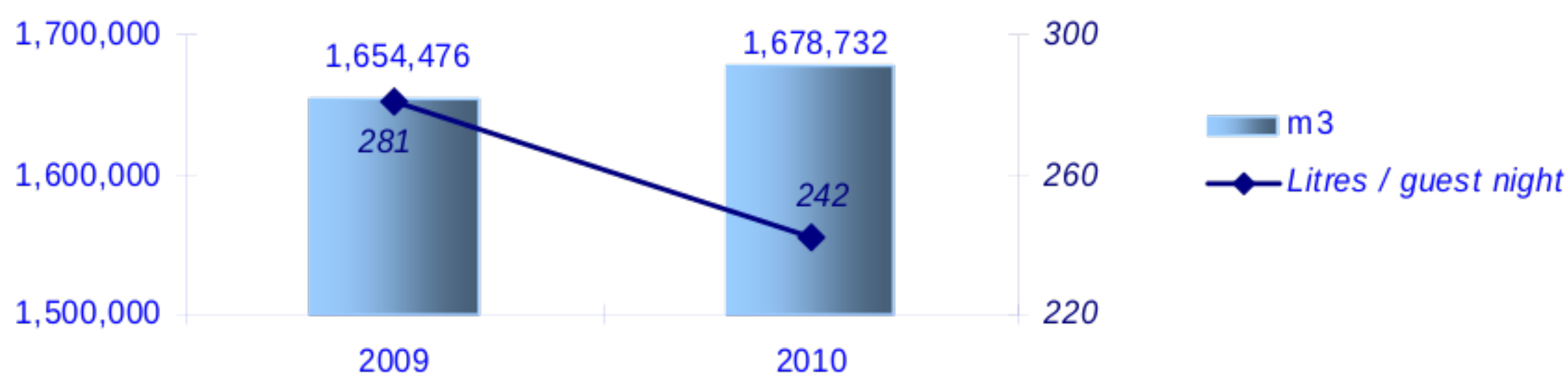
The Environmental Plan of NH Hoteles, which includes energy efficiency, eco-design and waste management as priorities, will lead the Company to **reduce 20% its CO2 emissions, waste production and consumption of water and energy.**

*CONSUMPTIONS AND EMISSIONS

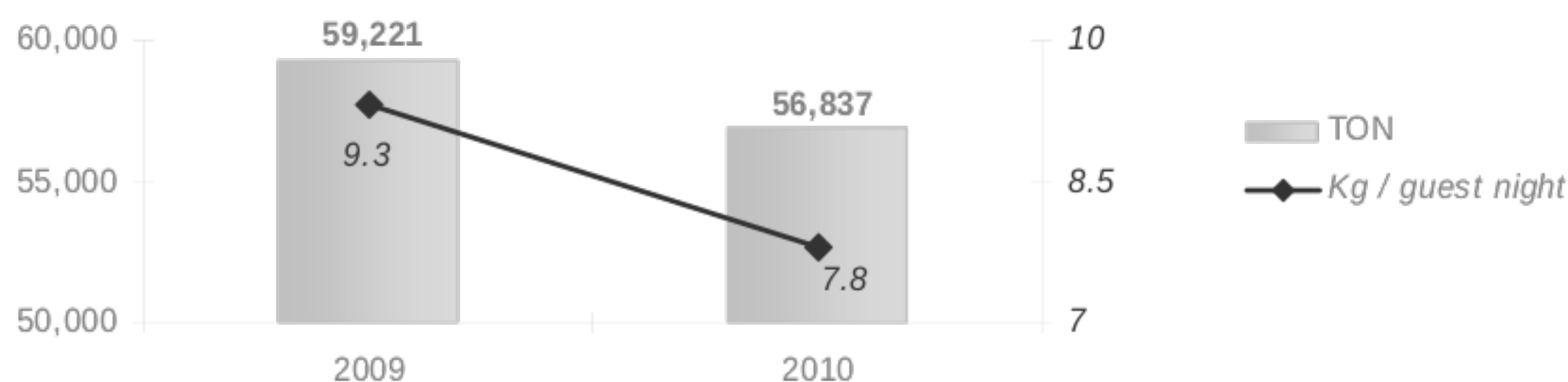
ENERGY CONSUMPTION (+1.6%)



WATER CONSUMPTION (+1.5%)



CO2 EMISSIONS (-4.0%)



*Comparable urban hotels

Overall consumption results increased significantly below occupancy growth (which increased 12.5%). CO2 emissions decrease by 4.0%. On the other hand, consumption and emissions per guest and night showed a significant decrease as a result of saving initiatives implemented during 2009.

HOTELS ON OPERATION BY COUNTRIES AS OF JUNE 30TH 2010

	TOTAL		LEASED			OWNED		MANAGED	
	Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
ANDORRA	1	60	0	0	0	0	0	1	60
ARGENTINA	12	1,822	0	0	0	11	1,524	1	298
AUSTRIA	6	1,180	3	6	1,180	0	0	0	0
BELGIUM	11	1,632	0	2	434	9	1,198	0	0
CHILE	1	122	0	0	0	1	122	0	0
CUBA	2	968	0	0	0	0	0	2	968
CZECH REPUBLIC	2	271	0	1	134	0	0	1	137
DOMINICAN REPUBLIC	2	1,015	0	0	0	0	0	2	1,015
ENGLAND	3	533	0	1	121	0	0	2	412
FRANCE	3	559	0	2	397	1	162	0	0
GERMANY	59	10,278	18	59	10,278	0	0	0	0
HOLLAND	35	6,504	4	16	2,441	18	3,983	1	80
HUNGARY	1	160	0	1	160	0	0	0	0
ITALY	53	8,286	1	33	5,349	16	2,449	4	488
LUXEMBOURG	1	148	1	1	148	0	0	0	0
MEXICO	11	1,770	0	4	559	3	541	4	670
POLAND	1	93	0	0	0	0	0	1	93
PORTUGAL	2	165	0	2	165	0	0	0	0
ROMANIA	2	161	0	1	83	0	0	1	78
SOUTH AFRICA	2	240	0	1	198	1	42	0	0
SPAIN	174	20,912	3	91	10,365	15	2,219	68	8,328
SWITZERLAND	5	632	0	3	400	2	232	0	0
UNITED STATES	1	242	0	0	0	1	242	0	0
URUGUAY	1	136	0	0	0	1	136	0	0
VENEZUELA	2	892	0	0	0	0	0	2	892
OPEN HOTELS	393	58,781	30	224	32,412	79	12,850	90	13,519

NH HOTELES AGREED PROJECTS AS OF JUNE 30TH 2010

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
ARGENTINA	0	275	0	0	0	0	0	0	275
COLOMBIA	1	140	0	0	0	1	140	0	0
CUBA	0	150	0	0	0	0	0	0	150
CZECH REPUBLIC	1	236	0	1	236	0	0	0	0
GERMANY	3	612	0	3	612	0	0	0	0
HUNGARY	2	213	0	2	213	0	0	0	0
ITALY	6	1,069	0	4	697	1	202	1	170
MEXICO	2	272	0	1	130	1	142	0	0
PANAMA	1	180	0	0	0	1	180	0	0
POLAND	1	187	0	0	0	0	0	1	187
SPAIN	11	1,187	0	8	901	0	0	3	286
VENEZUELA	1	323	0	0	0	0	0	1	323
TOTAL PROJECTS	29	4,844	0	19	2,789	4	664	6	1,391

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

	2010	2011	2012	2013
Expected Investment (€ million)	13.5	7.6	5.8	5.5