

Madrid, 5th May 2011

Q1 2011 SALES AND RESULTS

Highlights

- For the first time since 2007, NH Hoteles reports **positive Net Income** in the first quarter.
- **Hotel revenue increased by +12%** (+8% considering recurring activity only).
- Recurring hotel activity **EBITDA soars up to €3,6 million**.
- In the last 12 months, the company disposed assets for an aggregate value of **€273 million**, which reduced financial leverage and favoured liquidity.

Consolidated Hotel Activity

CONSOLIDATED FIGURES AS OF MARCH 31ST 2011 VS 2010 HOTEL ACTIVITY					
(€ million)		3M 2011	3M 2010	DIF.11/ 10	% DIFF
REVENUE		322.81	288.26	34.55	12.0%
OPERATING EXPENSES		224.81	206.74	18.07	8.7%
GOP		98.00	81.52	16.48	20.2%
EBITDA		24.00	15.42	8.58	55.6%

RevPar

From January the 1st 2011 the company has changed the reporting of the different business units as follows:

1. Business units "Germany" and "Central and Eastern Europe" have merged into one single unit which will be called **"Central Europe"**. The merge is due to the relative small size of "Central and Eastern Europe" and management synergies.
2. A new business unit has been created **"Resorts Europe"**, which will incorporate all the resorts that are currently managed in Italy and Spain. This change will allow the company to better monitor and manage this group of hotels.

During 1Q 2011 RevPar rose +8.1%. More than half of the increase (52%) was ADR driven, in line with the company's plan for the whole year.

- **B.U. Spain:** The sluggish recovery of the Spanish economy continues generating a demand extremely sensitive to prices. RevPar increased by +4.6% in Q1 but still positively affected by occupancy and slightly negative ADR growth. It is remarkable the performance of Barcelona and Valencia as well as the corporate client (especially small companies). Lastly, the North African turmoil has benefited the hotels in the Canary Islands (more than +15% RevPar increase in the urban segment).
- **B.U. Italy:** The ADR increase strategy has produced an increase of prices LFL of +3.3% while occupancy has diminished slightly (-1.4%). Rome and Milan outstand the rest of the cities with RevPar increases of +6.2% and +3.0% respectively.

- **B.U. Benelux:** The positive RevPar in the first quarter has been driven primarily by key cities and ADR growth (remarkably Amsterdam and Brussels with a RevPar increase of +10% and +20% respectively). Secondary cities however show a slower recovery.
- **B.U. Central Europe:** Central Europe reached two digits RevPar growth LFL (+11.1%), with 70% explained by a better ADR. Berlin, together with other secondary cities like Düsseldorf o Nürnberg benefited from different fairs and conventions and in general all hotels are being positively affected by the strong recovery of the country.
- **B.U. Resorts Europe:** The market is experiencing a significant price war in the European resorts. Demand from the UK traveller has been negatively impacted by a weaker sterling while, on the contrary, the German traveller performed stronger. North African conflicts, as mentioned before, favoured demand of the Canary Islands resorts.
- **B.U. The Americas:** Strong RevPar growth in Q1. Mexico has seen a significant growth in occupancy (+15%) thanks to the business traveller. Mercosur, on the other hand, reacted very positively to the ADR increase strategy (+20%).

NH HOTELES KPI UP TO MARCH 2011											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2011	2010	2011	2010	% Var	2011	2010	% Var	2011	2010	% Var
Spain & Portugal "like for like"	12,203	12,203	57.41%	53.94%	6.43%	69.46	70.65	-1.70%	39.87	38.11	4.62%
B.U. SPAIN	13,278	12,674	55.81%	52.98%	5.34%	69.62	70.71	-1.54%	38.85	37.46	3.72%
Italy "like for like"	6,580	6,576	53.88%	54.63%	-1.37%	87.48	84.70	3.28%	47.13	46.27	1.87%
B.U. ITALY	7,411	7,364	52.24%	55.36%	-5.64%	88.85	86.29	2.97%	46.42	47.76	-2.81%
Benelux "like for like"	8,689	8,689	56.80%	55.21%	2.87%	91.57	85.82	6.70%	52.01	47.38	9.76%
B.U. BENELUX	9,138	9,222	57.21%	55.41%	3.25%	93.84	87.58	7.15%	53.69	48.53	10.64%
Central Europe "like for like"	12,086	12,086	57.66%	55.90%	3.14%	78.95	73.28	7.75%	45.52	40.96	11.13%
B.U. CENTRAL EUROPE	12,894	12,180	56.25%	55.64%	1.10%	79.08	73.23	7.99%	44.48	40.74	9.18%
Europe Urban "like for like"	39,558	39,554	56.76%	54.93%	3.33%	80.11	77.14	3.85%	45.47	42.38	7.31%
TOTAL EUROPE URBAN CONSOLID.	42,721	41,440	55.62%	54.73%	1.64%	80.97	78.06	3.72%	45.04	42.72	5.43%
B.U. RESORTS EUROPE	371	474	42.68%	29.16%	46.39%	92.08	107.37	-14.24%	39.30	31.30	25.54%
Europe "like for like"	39,706	39,702	56.74%	54.94%	3.27%	80.12	77.18	3.82%	45.46	42.40	7.22%
TOTAL EUROPE CONSOLIDATED	43,091	41,913	55.51%	54.44%	1.98%	81.04	78.24	3.58%	44.99	42.59	5.63%
Las Americas "like for like"	3,124	3,124	62.41%	56.94%	9.61%	66.99	60.08	11.50%	41.81	34.21	22.22%
LATINAMERICA CONSOLIDATED	3,394	3,844	59.81%	57.45%	4.11%	66.39	60.63	9.50%	39.71	34.83	14.00%
NH HOTELES "LIKE FOR LIKE"	42,830	42,826	57.15%	55.09%	3.75%	79.08	75.89	4.20%	45.20	41.80	8.11%
TOTAL CONSOLIDATED	46,485	45,757	55.83%	54.69%	2.08%	79.89	76.68	4.19%	44.60	41.94	6.35%

Results

LFL hotel revenues in the first quarter of 2011 increased €19.1 M (or +7.4%) while operating expenses increased +4.4%.

This improvement in sales resulted in an increase in GOP of €10.7 M, reaching a sales conversion ratio of 56%.

Worth mentioning is the effort done in the Italian business unit. The slight drop in sales was faced with an important reduction in costs, achieving an improvement in efficiency.

The negative trend in costs in Benelux on the other hand is explained by an increase in F&B sales, that has required consequently extra human resources.

Lease costs increased 6% as a consequence of the increase in activity (affecting the variable component of rents), the adjustments of fixed rents to CPI 2010, and the end of certain rent reductions that applied in 2010. At LFL EBITDA level, the sales conversion ratio reached 36%.

CLOSING AS OF MARCH 31ST 2011 VS 2010 HOTEL ACTIVITY

(€ million)	3M 2011	3M 2010	DIF.11/ 10	% DIFF
SPAIN	73.59	67.59	6.00	8.9%
ITALY	41.64	41.80	-0.16	-0.4%
BENELUX	68.27	63.42	4.86	7.7%
CENTRAL EUROPE	73.73	68.13	5.60	8.2%
RESORTS EUROPE	1.89	1.93	-0.04	-2.0%
AMERICA	16.32	13.50	2.82	20.9%
REVENUE LIKE FOR LIKE HOTELS	275.44	256.37	19.07	7.4%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	19.04	16.17	2.87	17.7%
TOTAL RECURRING REVENUE	294.48	272.54	21.94	8.05%
RELEVANT NON-RECURRING REVENUE	28.33	15.72	12.61	80.22%
TOTAL REVENUE	322.81	288.26	34.55	12.0%
SPAIN	53.58	51.34	2.24	4.4%
ITALY	33.22	34.63	-1.41	-4.1%
BENELUX	49.67	46.33	3.34	7.2%
CENTRAL EUROPE	49.75	47.47	2.28	4.8%
RESORTS EUROPE	2.01	1.95	0.07	3.5%
AMERICA	12.31	10.44	1.87	17.9%
OPEX LIKE FOR LIKE HOTELS	200.55	192.16	8.39	4.4%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	16.35	13.23	3.12	23.6%
TOTAL RECURRING OPEX	216.90	205.39	11.51	5.60%
RELEVANT NON - RECURRING OPEX	7.91	1.35	6.56	485.93%
TOTAL OPERATING EXPENSES	224.81	206.74	18.07	8.7%
SPAIN	20.01	16.25	3.76	23.1%
ITALY	8.43	7.18	1.25	17.4%
BENELUX	18.60	17.09	1.51	8.9%
CENTRAL EUROPE	23.98	20.66	3.32	16.1%
RESORTS EUROPE	-0.13	-0.02	-0.11	-561.6%
AMERICA	4.00	3.06	0.94	30.8%
GOP LIKE FOR LIKE HOTELS	74.89	64.21	10.68	16.6%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	2.69	2.94	-0.25	-8.5%
TOTAL RECURRING GOP	77.58	67.15	10.43	15.53%
RELEVANT NON - RECURRING GOP	20.42	14.37	6.05	42.10%
TOTAL GOP	98.00	81.52	16.48	20.2%
LEASES&PT LIKE FOR LIKE HOTELS	67.33	63.42	3.92	6.2%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	6.67	2.68	3.98	148.6%
TOTAL LEASES & PROPERTY TAXES	74.00	66.10	7.90	12.0%
SPAIN	-1.07	-4.80	3.73	77.7%
ITALY	-1.23	-1.53	0.30	19.4%
BENELUX	8.53	7.73	0.80	10.3%
CENTRAL EUROPE	-1.40	-2.60	1.20	46.1%
RESORTS EUROPE	-0.14	-0.02	-0.12	-496.8%
AMERICA	2.88	2.01	0.87	43.1%
EBITDA LIKE FOR LIKE HOTELS	7.56	0.80	6.77	850.9%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	-3.98	0.25	-4.24	-1660.8%
TOTAL RECURRING EBITDA	3.58	1.05	2.53	240.95%
EBITDA NON RECURRING	20.42	14.37	6.05	42.10%
TOTAL EBITDA	24.00	15.42	8.58	55.6%

NH HOTELES, S.A. AS OF MARCH 31st 2011 P&L ACCOUNT

(€ million)	3M 2011		3M 2010		2011/ 2010
Hotel Revenues	294.5	91%	272.5	94%	8.1%
Real estate sales and other	2.5	1%	2.7	1%	(7.4%)
Non-recurring Revenues	28.4	9%	15.9	5%	78.8%
TOTAL REVENUES	325.3	100%	291.1	100%	11.8%
Real estate cost of sales	0.6	0%	0.7	0%	(14.7%)
Staff Cost	120.1	37%	114.4	39%	4.9%
Operating expenses	99.4	31%	93.7	32%	6.0%
Other Non-recurring expenses	7.9	2%	1.4	0%	481.6%
GROSS OPERATING PROFIT	97.4	30%	80.9	28%	20.3%
Lease payments and property taxes	74.1	23%	66.1	23%	12.1%
EBITDA	23.3	7%	14.8	5%	57.2%
Impairment	0.0	0%	3.0	1%	-
Depreciation	29.0	9%	30.0	10%	(3.4%)
EBIT	(5.7)	(2%)	(18.2)	(6%)	68.5%
Market value derivatives	(9.3)	(3%)	3.3	1%	(384.4%)
Interest expense	10.3	3%	10.1	3%	2.0%
Exchange rate difference	0.0	0%	12.6	4%	-
Income from minority equity interests	0.0	0%	0.0	0%	-
EBT	(6.8)	(2%)	(44.2)	(15%)	84.7%
Corporate income tax	(3.2)	(1%)	(7.5)	(3%)	(57.8%)
NET INCOME before minorities	(3.6)	(1%)	(36.7)	(13%)	90.1%
Minority interests	(5.0)	(2%)	(5.2)	(2%)	(3.9%)
NET INCOME	1.4	0%	(31.5)	(11%)	104.3%

Financial performance and other key events

- **Non recurring activity:** includes at EBITDA level €28.4M capital gains derived from the ARTOS transaction and €7.9M non-recurring expenses mostly explained by redundancy payments as a result of staff restructuring.
- **Leases:** increase in lease costs as a consequence of the increase in activity (affecting the variable component of rents), the adjustments of fixed rents to CPI 2010, and the end of certain rent reductions that applied in 2010.
- **Net Debt:** increased to €1,116.6M as of March 31st 2011 from €1,000.4M as of December 31st 2010. This is mainly explained by: the sale of a 33% stake in Lotti hotel (€35M net debt reduction), the last payment that was due regarding to the acquisition of Jolly (€88M net debt increase), the ARTOS transaction (€12M increase), and the increase in working capital that is common for the first quarter of the year.
- **Impairment:** in the first quarter of 2011, no provisions for impairment were registered.
- **Market value derivatives:** Firstly, it comprises the Equity Swap provision (€8.5M) hedging the Stock Option Plan approved in 2007, that given the favourable share price evolution from the end of 2010 (€3.40) to the end of Q1 2011 (€4.79) has had a positive 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:** similar financial expenses as a consequence of a reduction in net debt in Q1 2011 compared to the same period of last year.
- **Minority interests:** it basically shows the losses attributable to NH Hoteles' partner in the Italian business unit.

Real Estate Activity

- From January the 1st 2011 the result of the Golf Club La Reserva is included within the real estate activity. Results for La Reserva have also been included in last year figures in order to make the comparability.
- Real estate activity generated sales of €2.51M, compared to €2.71M in the same period of last year.
 - During the first quarter of the year, deeds for a total of 2 housing units have been obtained for a total of €0.64M vs. 3 housing units for a total of €0.94M in 2010.
- EBITDA amounted to €-0.74M, vs. €-0.62M in the same period of last year. This decrease is mainly explained by the negative contribution of the Golf Club La Reserva of €-0.35M. The activity's Net Income was €-0.82M, vs. €-3.04M of last year. The improvement in net result is explained by the impairment provision registered in Q1 2010 (€-3.00M due to the low stock turnover) that is no longer affecting 2011 figures.
- As of March 31st 2011, Sotogrande had committed sales, not yet accounted for on the books, for a total of €7.24M (€3.30M attributable to the Ribera del Marlin development and €3.94M to the docks in La Marina).

New Agreements and Openings

From January 1st 2011 until March 31st 2011, NH has signed 2 management contracts with 130 rooms:

- 1 existing hotel with 74 rooms in Castellar de la Frontera, Cadiz, Spain.
- 1 hotel in Teruel, Spain, with 56 rooms and expected opening in 2013.

New Hotel Agreements from January 1st to March 31st 2011

City	Contract	# Rooms	Opening
Cadiz, Spain	Management	74	2011
Teruel, Spain	Management	56	2013
130			

New Openings

During the first 3 months of 2011, four new hotels with 678 rooms and one hotel extension with 48 rooms have been opened.

New Hotel Openings from January 1st to March 31st 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	48
NH Castellar	Cadiz, Spain	Management	74
Total New Openings			726

In the month of January we highlight 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 added 48 additional rooms (the hotel will have a total of 323 rooms).

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

Hotels that left the Group since January 1st 2011

Hotels	City	Contract	# Rooms
Hesperia Centurion	Cambrils, Spain	Management	211
Total Exits			211

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

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 has almost doubled while the overall rating decrease slightly compared to the previous period of last year.

	3M 2011	3M 2010
Submitted Surveys	24,624	12,454
Total score NH Hoteles	8.3	8.4

Environmental Metrics

The Environmental Plan of NH Hoteles launched in 2009, 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



WATER CONSUMPTION



CO2 EMISSIONS



*Comparable urban hotels

Ratios of consumption and emissions per guest and night showed a significant decrease as a result of saving initiatives implemented during 2009 and 2010.

HOTELS ON OPERATION BY COUNTRIES AS OF MARCH 31ST 2011

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	162	18,092	3	95	10,871	13	1,964	54	5,257	-	-
B.U. SPAIN	PORTUGAL	2	165	-	2	165	-	-	-	-	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	51	8,142	1	33	5,616	15	2,247	3	279	-	-
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	-	-	2	412	-	-
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	10,704	10	55	9,700	5	1,004	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	6	1,180	1	6	1,180	-	-	-	-	-	-
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. RESORTS EUROPE	RESORTS SPAIN	14	2,972	-	-	-	2	254	12	2,718	-	-
B.U. RESORTS EUROPE	RESORTS ITALY	4	514	-	1	53	1	202	1	200	1	59
B.U. LAS AMERICAS	MEXICO	13	2,040	-	5	689	4	681	4	670	-	-
B.U. LAS AMERICAS	ARGENTINA	13	1,909	-	-	-	11	1,524	2	385	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	2	1,015	-	-	-	-	-	2	1,015	-	-
B.U. LAS AMERICAS	VENEZUELA	3	972	-	-	-	-	-	3	972	-	-
B.U. LAS AMERICAS	UNITED STATES	1	242	-	-	-	1	242	-	-	-	-
B.U. LAS AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. LAS AMERICAS	CHILE	1	122	-	-	-	1	122	-	-	-	-
OPEN HOTELS		400	59,202	20	227	32,900	84	13,887	88	12,356	1	59

NH HOTELES AGREED PROJECTS AS OF MARCH 31ST 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	10	847	-	5	432	-	-	5	415
B.U ITALY	ITALY	6	942	-	4	697	-	-	2	245
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	GERMANY	1	65	-	1	65	-	-	-	-
B.U THE AMERICAS	VENEZUELA	-	243	-	-	-	-	-	-	243
B.U THE AMERICAS	PANAMA	1	180	-	-	-	1	180	-	-
B.U THE AMERICAS	COLOMBIA	1	140	-	-	-	1	140	-	-
B.U THE AMERICAS	ARGENTINA	-	100	-	-	-	-	-	-	100
TOTAL PROJECTS		23	2,997	-	13	1,622	2	320	8	1,055

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

	2011	2012	2013	2014
Expected Investment (€ million)	9.0	8.2	4.7	0.8