

**Madrid, 28<sup>th</sup> February 2011**

## **12M 2010 SALES AND RESULTS**

### **Highlights**

- **Greater increase in LFL ADR in Q4 (+4.9%)**. **LFL RevPar in the quarter increased +13.0% whereas LFL revenues +10.4%**.
- The **sales to GOP conversion ratio (LFL) remained at 61%** in line with 9 months results, absorbing a big part of the increase in activity.
- **Recurring EBITDA** corresponding to the hotel activity **almost doubled (+85%)**, totalling **€140.1 million**.
- During the last quarter of 2010 **divestments totalling €86 million** have taken place. These transactions, together with previous disposals and the recent announcement in Q1 '11 of **the sale of a 33% stake in Lotti hotel in Paris**, sum up a total of **€240 million** (representing 80% fulfilment of the plan). The company maintains its commitment to complete the plan in Q1 2011.
- **Net Income loss was reduced by 57%** despite the effect of negative non recurring provisions of different nature (representing €-24 million).

### **Consolidated Hotel Activity**

CONSOLIDATED FIGURES AS OF DECEMBER 31ST 2010 VS 2009 HOTEL ACTIVITY					
(€ million)		12M 2010	12M 2009	DIF.10/ 09	% DIF
REVENUE		1,322.04	1,195.38	126.66	10.6%
OPERATING EXPENSES		903.39	853.26	50.13	5.9%
GOP		418.65	342.12	76.53	22.4%
EBITDA		149.80	70.39	79.41	112.8%

### **RevPar**

The trend seen in Q3 continued in the last quarter of the year, with greater improvement in ADR. This performance in price together with increase in occupancy raised LFL RevPar in Q4 by +13,0%. As a result, RevPar for the year reached +10.4% in LFL terms.

- **Spain and Portugal:** The drift experienced in Q3 continued this quarter with occupancy increasing around +10% together with ADR decrease bottoming out. Barcelona stands out positively (greater demand in all segments), whereas Valencia benefitted from greater number of events and congresses. Seville on the other hand showed a slower recovery, whereas Madrid was negatively affected by the holidays calendar in December vs last year.
- **Italy:** Occupancy increases give way to ADR stabilization. The performance of Rome stands out positively reaching +3% ADR for the year. Secondary cities on the other hand suffered a more volatile demand and are showing a slower recovery. It is worth mentioning that results in the month of December were negatively affected by the holidays calendar vs previous year.



- **Benelux and other:** Q4 confirms the trend seen in the previous quarter. Primary cities benefitted from a greater demand (especially Amsterdam with +15.5% RevPar for full year), whereas secondary cities show a more sluggish recovery.
- **Germany:** Once again, Germany continued to outperform the rest of business units in the last quarter. Both occupancy and ADR showed double digit increase in the quarter, reaching RevPar over +20% for the year. It is worth mentioning that Munich exceptionally enjoyed a more favourable trade fair calendar this year.
- **Central and Eastern Europe:** The last quarter reaffirms the trend seen in Q3, with increase over +5% both in occupancy and ADR. This increase in sales is mainly explained by both a more favourable behaviour of the Corporate and MICE segments in the month of November; and a significant increase in activity in weekends and holidays in the month of December. It is especially remarkable the recovery of Switzerland and Austria whereas the rest of countries in the business unit show a slower recovery.
- **The Americas:** The level of occupancy reached in Argentina in the last quarter has permitted a significant increase in average price for the region (+5.9% for 12 months, with similar growth considering constant exchange rates). Mexico on the other hand registered its best performing quarter, reaching +12.5% LFL occupancy for the year. This growth together with the improvement in average prices resulted in over +20% RevPar in Mexico for 12 months. We also highlight a better behaviour of the MICE segment in Q4.

NH HOTELES KPI UP TO DECEMBER 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	62.71%	53.41%	17.41%	71.39	79.04	-9.68%	44.77	42.22	6.04%
B.U. SPAIN	13,092	12,921	60.80%	52.86%	15.02%	71.31	78.90	-9.62%	43.35	41.71	3.95%
Italy "Like for like"	5,600	5,641	63.84%	58.95%	8.30%	88.33	90.45	-2.34%	56.39	53.32	5.77%
B.U. ITALY	7,333	7,279	61.52%	57.98%	6.10%	90.92	91.19	-0.29%	55.93	52.86	5.81%
Benelux "Like for like"	8,330	8,323	65.38%	59.95%	9.05%	88.44	89.01	-0.63%	57.82	53.36	8.36%
B.U. BENELUX	9,189	9,096	65.78%	60.39%	8.94%	90.82	90.37	0.50%	59.75	54.57	9.48%
Central & Eastern Europe "Like for like"	2,056	2,056	73.46%	68.34%	7.49%	78.85	77.15	2.20%	57.93	52.73	9.86%
B.U. CENTRAL & EASTERN EUROPE	2,155	2,096	71.77%	68.27%	5.13%	78.00	76.99	1.30%	55.98	52.56	6.50%
Germany "Like for like"	9,941	9,942	61.32%	56.48%	8.57%	70.64	64.21	10.00%	43.31	36.27	19.43%
B.U. GERMANY	10,357	10,075	60.48%	56.17%	7.67%	71.23	64.92	9.72%	43.08	36.47	18.14%
EUROPA "LIKE FOR LIKE"	38,069	38,105	63.68%	57.27%	11.20%	78.00	79.12	-1.42%	49.67	45.31	9.62%
TOTAL EUROPE CONSOLIDATED	42,126	41,467	62.49%	56.99%	9.65%	79.52	80.30	-0.96%	49.70	45.76	8.60%
Las Americas "Like for like"	2,840	2,840	65.22%	57.35%	13.73%	70.30	65.34	7.59%	45.85	37.47	22.36%
LATINAMERICA CONSOLIDATED	3,315	3,663	63.27%	57.04%	10.93%	69.69	63.21	10.25%	44.09	36.05	22.29%
NH HOTELES "LIKE FOR LIKE"	40,909	40,945	63.79%	57.27%	11.37%	77.45	78.16	-0.91%	49.40	44.77	10.36%
TOTAL CONSOLIDATED	45,441	45,131	62.55%	57.00%	9.74%	78.80	78.91	-0.14%	49.29	44.98	9.59%

## Results

LFL hotel revenues in 2010 increased €96.54M (or +9.0%) while operating expenses only increased +4.9%, despite the remarkable grow in LFL activity (+11.4% occupancy).

This improvement in productivity resulted in an increase in LFL GOP of €58.51 M (+18.5%) and in LFL EBITDA of €62.80M (+92.7%). Consequently, the sales conversion ratio reached 61% at LFL GOP and 65% at LFL EBITDA levels respectively.

In this sense, we must highlight the performance of the Italian Business Unit, with a GOP/ Sales conversion ratio over 100%, followed by Spain (69%), Germany (62%), and Benelux (45%). Out of these four business units only Germany has had a positive evolution in prices for the 12 months period (+10%).



**CLOSING AS OF DECEMBER 31ST 2010 VS 2009 HOTEL ACTIVITY**
*(€ million)*

	12M 2010	12M 2009	DIF.10/ 09	% DIF
SPAIN & PORTUGAL	331.26	308.17	23.10	7.5%
ITALY	175.53	170.06	5.47	3.2%
BENELUX	291.73	274.75	16.98	6.2%
CENTRAL & EASTERN EUROPE	65.47	57.59	7.88	13.7%
GERMANY	243.73	211.74	31.99	15.1%
AMERICA	67.17	56.03	11.13	19.9%
<b>REVENUE LIKE FOR LIKE HOTELS</b>	<b>1,174.88</b>	<b>1,078.34</b>	<b>96.54</b>	<b>9.0%</b>
<b>OPENINGS, CLOSINGS, REFURBISHMENTS &amp; OTHER 10/ 09</b>	<b>119.17</b>	<b>113.07</b>	<b>6.10</b>	<b>5.4%</b>
<b>TOTAL RECURRING REVENUE</b>	<b>1,294.05</b>	<b>1,191.41</b>	<b>102.64</b>	<b>8.62%</b>
<b>RELEVANT NON-RECURRING REVENUE</b>	<b>27.99</b>	<b>3.97</b>	<b>24.02</b>	<b>605.04%</b>
<b>TOTAL REVENUE</b>	<b>1,322.04</b>	<b>1,195.38</b>	<b>126.66</b>	<b>10.6%</b>
SPAIN & PORTUGAL	229.85	222.70	7.15	3.2%
ITALY	133.52	134.97	-1.45	-1.1%
BENELUX	191.41	182.14	9.27	5.1%
CENTRAL & EASTERN EUROPE	44.48	40.52	3.96	9.8%
GERMANY	154.14	142.12	12.02	8.5%
AMERICA	46.49	39.41	7.08	18.0%
<b>OPEX LIKE FOR LIKE HOTELS</b>	<b>799.89</b>	<b>761.86</b>	<b>38.03</b>	<b>5.0%</b>
<b>OPENINGS, CLOSINGS, REFURBISHMENTS &amp; OTHER 10/ 09</b>	<b>85.26</b>	<b>81.94</b>	<b>3.32</b>	<b>4.1%</b>
<b>TOTAL RECURRING OPEX</b>	<b>885.15</b>	<b>843.80</b>	<b>41.35</b>	<b>4.90%</b>
<b>RELEVANT NON - RECURRING OPEX</b>	<b>18.24</b>	<b>9.46</b>	<b>8.78</b>	<b>92.81%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>903.39</b>	<b>853.26</b>	<b>50.13</b>	<b>5.9%</b>
SPAIN & PORTUGAL	101.41	85.47	15.94	18.7%
ITALY	42.00	35.09	6.92	19.7%
BENELUX	100.32	92.61	7.71	8.3%
CENTRAL & EASTERN EUROPE	20.99	17.08	3.91	22.9%
GERMANY	89.59	69.62	19.97	28.7%
AMERICA	20.68	16.62	4.05	24.4%
<b>GOP LIKE FOR LIKE HOTELS</b>	<b>374.99</b>	<b>316.48</b>	<b>58.51</b>	<b>18.5%</b>
<b>OPENINGS, CLOSINGS, REFURBISHMENTS &amp; OTHER 10/ 09</b>	<b>33.91</b>	<b>31.13</b>	<b>2.78</b>	<b>8.9%</b>
<b>TOTAL RECURRING GOP</b>	<b>408.90</b>	<b>347.61</b>	<b>61.29</b>	<b>17.63%</b>
<b>RELEVANT NON - RECURRING GOP</b>	<b>9.75</b>	<b>-5.49</b>	<b>15.24</b>	<b>277.60%</b>
<b>TOTAL GOP</b>	<b>418.65</b>	<b>342.12</b>	<b>76.53</b>	<b>22.4%</b>
<b>LEASES&amp;PT LIKE FOR LIKE HOTELS</b>	<b>244.45</b>	<b>248.74</b>	<b>-4.29</b>	<b>-1.7%</b>
<b>OPENINGS, CLOSINGS, REFURBISHMENTS &amp; OTHER 10/ 09</b>	<b>24.40</b>	<b>22.99</b>	<b>1.41</b>	<b>6.1%</b>
<b>TOTAL LEASES &amp; PROPERTY TAXES</b>	<b>268.85</b>	<b>271.73</b>	<b>-2.88</b>	<b>-1.1%</b>
SPAIN & PORTUGAL	19.45	1.64	17.81	1087.2%
ITALY	9.34	2.61	6.74	258.4%
BENELUX	66.03	58.71	7.32	12.5%
CENTRAL & EASTERN EUROPE	1.63	-1.95	3.57	183.6%
GERMANY	17.60	-5.92	23.52	397.2%
AMERICA	16.49	12.65	3.84	30.3%
<b>EBITDA LIKE FOR LIKE HOTELS</b>	<b>130.54</b>	<b>67.74</b>	<b>62.80</b>	<b>92.7%</b>
<b>OPENINGS, CLOSINGS, REFURBISHMENTS &amp; OTHER 10/ 09</b>	<b>9.51</b>	<b>8.14</b>	<b>1.37</b>	<b>16.9%</b>
<b>TOTAL RECURRING EBITDA</b>	<b>140.05</b>	<b>75.88</b>	<b>64.17</b>	<b>84.57%</b>
<b>EBITDA NON RECURRING</b>	<b>9.75</b>	<b>-5.49</b>	<b>15.24</b>	<b>277.60%</b>
<b>TOTAL EBITDA</b>	<b>149.80</b>	<b>70.39</b>	<b>79.41</b>	<b>112.8%</b>



**NH HOTELES, S.A. AS OF DECEMBER 31st 2010 P&L ACCOUNT**

(€ million)	12M 2010		12M 2009		2010/ 2009
Hotel Revenues	1,294.1	97%	1,191.4	98%	8.6%
Real estate sales and other	12.8	1%	22.1	2%	(42.0%)
Non-recurring Revenues	28.0	2%	4.4	0%	-
<b>TOTAL REVENUES</b>	<b>1,334.8</b>	<b>100%</b>	<b>1,217.9</b>	<b>100%</b>	<b>9.6%</b>
Real estate cost of sales	3.0	0%	8.0	1%	(61.8%)
Staff Cost	478.3	36%	458.9	38%	4.2%
Operating expenses	416.6	31%	396.3	33%	5.1%
Other Non-recurring expenses	19.3	1%	12.9	1%	49.6%
<b>GROSS OPERATING PROFIT</b>	<b>417.6</b>	<b>31%</b>	<b>341.8</b>	<b>28%</b>	<b>22.2%</b>
Lease payments and property taxes	269.7	20%	271.7	22%	(0.7%)
<b>EBITDA</b>	<b>147.8</b>	<b>11%</b>	<b>70.1</b>	<b>6%</b>	<b>111.0%</b>
Impairment	9.4	1%	37.1	3%	(74.7%)
Depreciation	123.2	9%	124.8	10%	(1.3%)
<b>EBIT</b>	<b>15.2</b>	<b>1%</b>	<b>(91.9)</b>	<b>(8%)</b>	<b>(116.5%)</b>
Market value derivatives	(0.6)	(0%)	(13.0)	(1%)	(95.1%)
Interest expense	42.7	3%	49.9	4%	(14.3%)
Exchange rate difference	24.2	2%	0.0	0%	-
Income from minority equity interests	1.5	0%	6.6	1%	(78.0%)
<b>EBT</b>	<b>(52.5)</b>	<b>(4%)</b>	<b>(135.4)</b>	<b>(11%)</b>	<b>(61.2%)</b>
Corporate income tax	(5.1)	(0%)	(20.3)	(2%)	(74.8%)
<b>NET INCOME before minorities</b>	<b>(47.4)</b>	<b>(4%)</b>	<b>(115.1)</b>	<b>(9%)</b>	<b>(58.8%)</b>
Minority interests	(6.1)	(0%)	(18.0)	(1%)	(65.9%)
<b>NET INCOME</b>	<b>(41.3)</b>	<b>(3%)</b>	<b>(97.1)</b>	<b>(8%)</b>	<b>(57.5%)</b>

**Financial performance and other key events**

- **Non recurring activity:** mostly explained by the sale of assets in Mexico, London, Switzerland, Italy, and a minority stake swap in two managed Hotels in the Caribbean area. These transactions had a positive impact of €28.0M in revenues as capital gains and a negative €24.2M impact in expenses due to adverse exchange rate evolution. In addition, non-recurring expenses also consider redundancy payments and some provisions mainly related to Grupo Marsans.
- **Leases:** some contract cancellations and rent renegotiations have resulted in a slight decrease in rent payment compared to the previous year allowing the company to compensate for new openings and CPI increase.
- **Net Debt:** decreased to €1,000.4M as of December 31<sup>st</sup> 2010 from €1,118.7M as of December 31<sup>st</sup> 2009.
- **Impairment:** better trading conditions in Germany and Italy allowed the company to revert some provisions in the last quarter of 2010.
- **Market value derivatives:** Firstly, it comprises the Equity Swap provision (€-3.1M) hedging the Stock Option Plan approved in 2007, that given the unfavourable share price evolution from the end of 2009 (€3.7) to the end of 2010 (€3.4) 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 rates derivatives of the group that offsets the abovementioned provision.
- **Financial expenses:** financial expenses and net debt decreased as a consequence of the capital increase in mid 2009 and recent asset sales transactions.



- **Minority interests:** it basically shows lower losses attributable to NH Hoteles' partner in Italy due to a better trading environment and positive contribution from asset sales.

### Real Estate Activity

Real Estate Activity - Revenue Breakdown	12 MONTHS 2010		12 MONTHS 2009	
	Mn Euros	% total	Mn Euros	% total
Apartments	3.83	30%	9.85	44%
Mooring Points	0.40	3%	0.74	3%
Water and Community	6.97	54%	7.21	32%
Plots	-	0%	-	0%
Other Revenue	1.60	13%	4.68	21%
<b>Total Revenue</b>	<b>12.80</b>	<b>100%</b>	<b>22.48</b>	<b>100%</b>
<b>Committed Sales</b>	<b>7.24</b>		<b>19.33</b>	

- Real estate activity generated sales of €12.80M in 2010, down from €22.48M in the same period of last year.
  - The reduction in sales is explained by the fact that less housing units were deeded in the year 2010. During this period, deeds for a total of 10 housing units have been obtained for a total of €3.82M (vs. 21 housing units for a total of €9.85M in 2009).
- EBITDA amounted to €-1.99M, vs. €-0.33M in the same period of last year. This decrease is mainly explained by a decrease in real estate sales, as well as a lower margin generated by the type of product being sold. The activity's Net Income was €-6.25M, vs. €-5.24M of last year.
- As of December 31st 2010, Sotogrande had committed sales not yet accounted for on the books for a total of €7.24M, mainly attributable to the Ribera del Marlin development, pending receipt of the deeds from the buyers (€3.30M) and the rest to docks in La Marina (€3.94M). The decrease in committed sales is attributable to sales accounted for from year-end 2008 (moment of delivery) up to December 2010. These sales correspond to the Ribera del Marlin product.

### New Agreements and Openings

From January the 1<sup>st</sup> 2010 until December the 31<sup>st</sup> 2010, NH Hoteles signed 8 hotels with 1,035 rooms:

- One management contract with 210 rooms in Taormina, Sicily (already running property)
- Two lease contracts with 193 and 52 rooms in Milan and Barcelona respectively (both with a variable component in the lease structure)
- Finally five management contracts in Budapest (Hungary), Capena (Italy), Algeciras (Spain) and two in Turin (Italy) adding 580 rooms.



### New Hotel Agreements from January 1<sup>st</sup> to December 31<sup>st</sup> 2010

City	Contract	# Rooms	Opening
Taormina (Sicily), Italy	Management	210	2010
Milan, Italy	Lease	193	2011
Budapest, Hungary	Management	52	2012
Capena, Italy	Management	75	2011
Barcelona, Spain	Lease	52	2012
Algeciras, Spain	Management	73	2011
Turin, Italy	Management	240	2011
Turin, Italy	Management	140	2011
		<b>1,035</b>	

### New Openings

During 2010, 15 new hotels with 2,111 rooms and two hotel extension with 64 additional rooms were opened.

### New Hotel Openings from January 1<sup>st</sup> to December 31<sup>st</sup> 2010

Hotels	City	Contract	# Rooms
<b>NH Porta Rossa</b>	Florence, Italy	Lease	72
<b>NH Central Station (Ext.)</b>	Amsterdam, Holland	Lease	20
<b>NH Ludwigsburg</b>	Ludwigsburg, Germany	Lease	130
<b>NH Capo dei Greci</b>	Taormina (Sicily), Italy	Management	210
<b>NH Praha Radlicka</b>	Prague, Czech Republic	Lease	134
<b>NH Olomuc Congress</b>	Olomuc, Czech Republic	Management	137
<b>Hesperia Cordoba (Ext.)</b>	Cordoba, Spain	Management	44
<b>NH Valle Dorado</b>	Mexico FD, Mexico	Lease	130
<b>Donnafugata Golf Resort &amp; Spa</b>	Ragusa (Sicily), Italy	Ownership (57%)	202
<b>NH Dresden Altmarkt</b>	Dresden, Germany	Lease	240
<b>Hesperia WTC Valencia</b>	Valencia, Venezuela	Management	32
<b>NH Palacio de Tepa</b>	Madrid, Spain	Lease	85
<b>NH Girona</b>	Girona, Spain	Lease	115
<b>Nhow Berlin</b>	Berlin, Germany	Lease	304
<b>NH Queretaro</b>	Queterato, Mexico	Ownership (62%)	140
<b>NH Campo de Cartagena</b>	Cartagena, Spain	Lease	100
<b>NH Hotel Casino</b>	Mar de Plata, Argentina	Management	80
<b>Total New Openings</b>			<b>2,175</b>

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.

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

Remarkable is the opening of one hotel in Mexico D.F., and the opening of the luxurious hotel Resort Donnafugata in Sicily.

During the last quarter of 2010, 7 additional hotels were opened. We highlight the opening of the second hotel with the Nhow brand in the NH portfolio, located in Berlin with 304 rooms; the opening of two 5 stars hotels, one in Madrid with 85 rooms and the other one in Venezuela with 32 rooms (although it will have a total of 323 rooms in the future) and the opening of the first NH hotel in Girona with 115 rooms.



On January the 1<sup>st</sup> 2011 the two hotels signed under Management contracts in Turin opened its doors, with 240 and 140 rooms respectively. On January the 10<sup>th</sup> NH Ribera de Manzanares hotel was opened in Madrid with 224 rooms.

## Asset Management

### Sale of non strategic assets

During the third quarter of the year the group announced that besides the divestures in Mexico and in the UK (€117M), several assets in the euro zone had been committed and signalized.

Referring to this commitments, in the last quarter of the year several divestments have taken place: one hotel in Switzerland for €15M (110 rooms), two hotels in Italy for €36M (194 rooms) and €22M (169 rooms) respectively, and finally other minor non hotel assets for €13M.

These transactions, together with previous disposals and the recent announcement in Q1 '11 of the sale of a 33% stake in Lotti hotel in Paris, sum up a total of €240M (representing 80% fulfilment of the plan). The company maintains its commitment to complete the plan in Q1 2011.

### Hotels that left the Group since January 1st 2010

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

Hotels	City	Contract	# Rooms
<b>Framon Gran hotel Timeo</b>	Taormina, Italy	Management	83
<b>Framon Villa Sant Andrea</b>	Taormina, Italy	Management	79
<b>NH Riviera Cancun</b>	Cancun, Mexico	Management	550
<b>Hilton Guadalajara</b>	Guadalajara, Mexico	Ownership	450
<b>Hilton Garden Inn Monterrey</b>	Monterrey, Mexico	Ownership	150
<b>Hilton Garden Inn Ciudad Juarez</b>	Ciudad Juarez, Mexico	Ownership	120
<b>NH Krystal Ixtapa</b>	Ixtapa, Mexico	Management	255
<b>NH Krystal Puerto Vallarta</b>	Puerto Vallarta, Mexico	Management	680
<b>NH Krystal Cancun</b>	Cancun, Mexico	Management	453
<b>NH Carlton</b>	Salzburg, Austria	Lease	40
<b>NH Jolly St. Ermin's</b>	London, United Kingdom	Ownership	275
<b>Hesperia Balneario Guitiriz</b>	Lugo, Spain	Management	107
<b>Schlosshotel Bühlerhöhe</b>	Baden Baden, Germany	Lease	90
<b>Hesperia Alicante Golf</b>	Alicante, Spain	Management	156
<b>NH Ischia Thermal Spa Resort</b>	Ischia, Italy	Ownership	194
<b>NH Alfonso IX</b>	Lugo, Spain	Management	60
<b>NH Parque Central</b>	La Habana, Cuba	Management	410
<b>NH Krystal L. Villas and Resort</b>	Cayo Coco, Cuba	Management	690
<b>Total Exits</b>			<b>4,842</b>

On 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.

On 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).

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

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

On June, the exit of the hotel Hesperia Balneario Guitiriz (107 rooms) took place and will thus not be managed by NH Hoteles any longer as well as the hotel Hesperia Alicante Golf (closed from August onwards). The Schlosshotel Bühlerhöhe's (Germany) lease contract on the other hand was cancelled as of August 31<sup>st</sup> 2010 due to its negative EBITDA contribution.

On November, the sale of NH Luzern hotel in Switzerland with 110 rooms took place. This hotel will be part of the NH Group under a lease contract for one year. The sale of the hotel NH Ischia Thermal Spa Resort located in Ischia, Italy, was also completed. The hotel will not be operated any longer by NH Hoteles.

On December 31<sup>st</sup> three Management contracts were cancelled. One referring to a hotel located in Lugo, Spain (NH Alfonso IX) and two located in Cuba: one in The Habana (NH Parque Central) and the other in Cayo Coco (NH Krystal L. Villas and Resort).

A project of a hotel located in Wroclaw, Poland (expected to open in 2013) was also cancelled.

### **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 50% while the overall rating rose slightly compared to the previous period last year.

	12M 2010	12M 2009
Submitted Surveys	63,179	41,969
Total score NH Hoteles	8.41	8.39

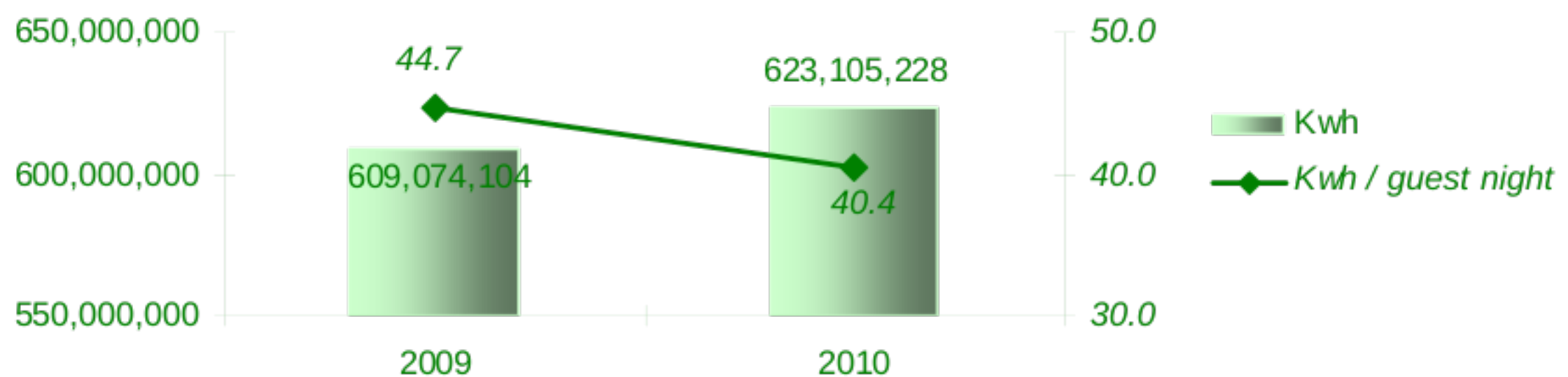


## Environmental Metrics

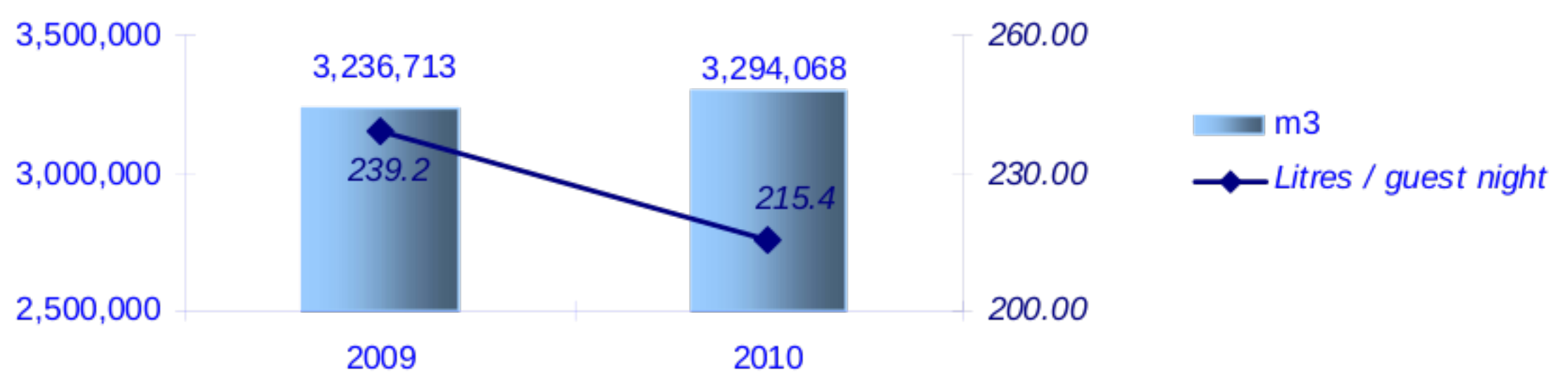
The Environmental Plan of NH Hoteles, which includes energy efficiency, eco-design and waste management as priorities, will lead the Company to **reduce 20% its CO2 emissions, waste production and consumption of water and energy.**

### \*CONSUMPTIONS AND EMISSIONS

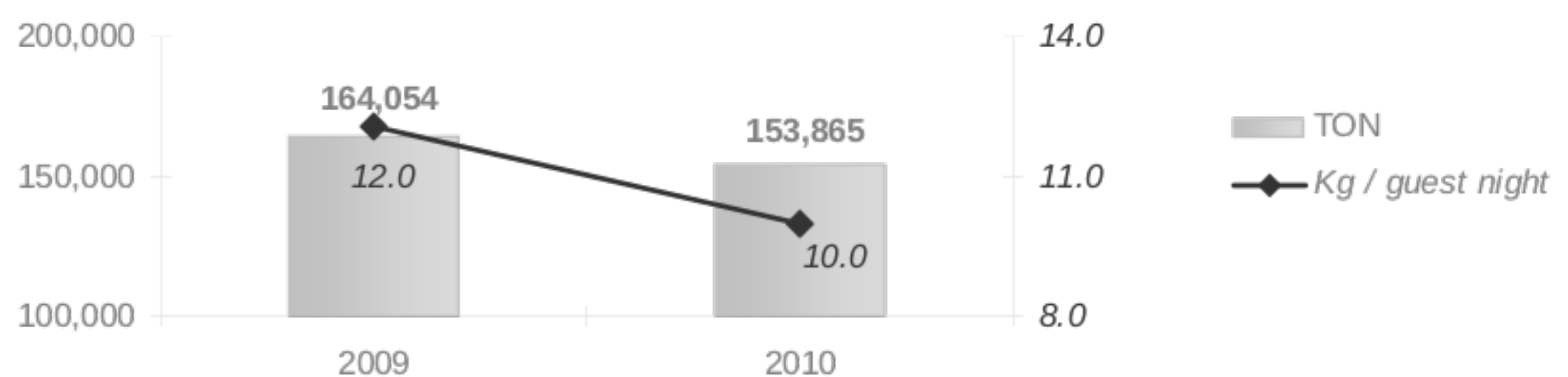
#### ENERGY CONSUMPTION (+2.3%)



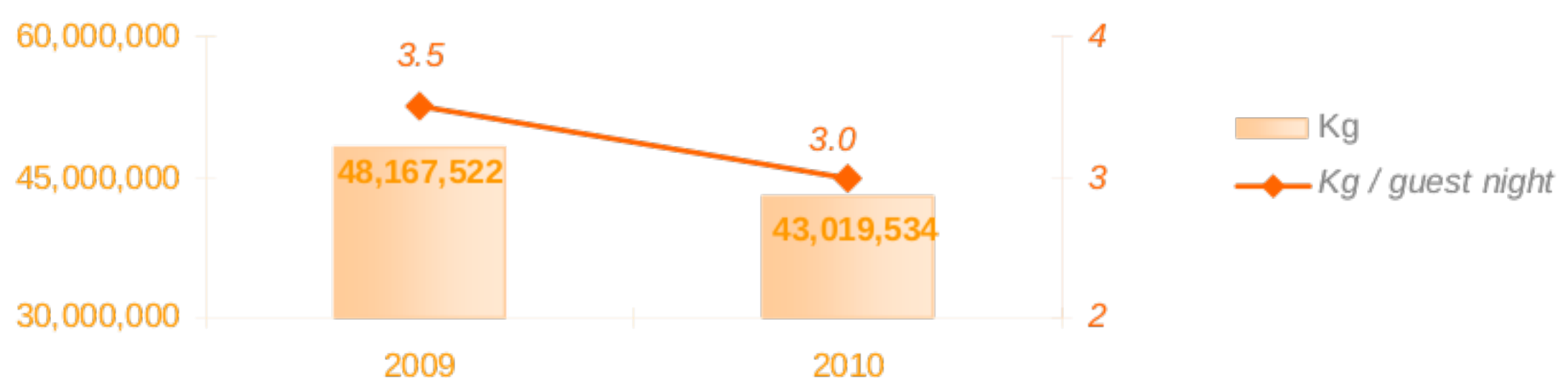
#### WATER CONSUMPTION (+1.8%)



#### CO2 EMISSIONS (-6.2%)



#### WASTE PRODUCTION (-10.7%)



\*Comparable urban hotels

Overall consumption results increased significantly below occupancy growth (which increased 11.4%). CO2 emissions and waste production decrease by 6% and 11%. On the other hand, consumption and emissions per guest and night showed a significant decrease as a result of saving initiatives implemented during 2010.



## HOTELS ON OPERATION BY COUNTRIES AS OF DECEMBER 31<sup>ST</sup> 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	13	1,909	0	0	0	11	1,524	2	385
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
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	556	0	2	397	1	159	0	0
GERMANY	60	10,704	18	60	10,704	0	0	0	0
HOLLAND	35	6,509	4	16	2,441	18	3,988	1	80
HUNGARY	1	160	0	1	160	0	0	0	0
ITALY	53	8,276	1	33	5,348	16	2,449	4	479
LUXEMBOURG	1	148	1	1	148	0	0	0	0
MEXICO	13	2,040	0	5	689	4	681	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	242	0	1	198	1	44	0	0
SPAIN	175	20,977	3	94	10,647	15	2,218	66	8,112
SWITZERLAND	5	632	0	4	510	1	122	0	0
UNITED STATES	1	242	0	0	0	1	242	0	0
URUGUAY	1	136	0	0	0	1	136	0	0
VENEZUELA	3	924	0	0	0	0	0	3	924
<b>OPEN HOTELS</b>	<b>397</b>	<b>58,687</b>	<b>30</b>	<b>230</b>	<b>33,359</b>	<b>79</b>	<b>12,883</b>	<b>88</b>	<b>12,445</b>



## NH HOTELES AGREED PROJECTS AS OF DECEMBER 31<sup>ST</sup> 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	100	0	0	0	0	0	0	100
COLOMBIA	1	140	0	0	0	1	140	0	0
CZECH REPUBLIC	1	236	0	1	236	0	0	0	0
GERMANY	1	65	0	1	65	0	0	0	0
HUNGARY	3	244	0	2	192	0	0	1	52
ITALY	8	1,322	0	4	697	0	0	4	625
PANAMA	1	180	0	0	0	1	180	0	0
SPAIN	10	1,015	0	6	656	0	0	4	359
VENEZUELA	0	291	0	0	0	0	0	0	291
<b>TOTAL PROJECTS</b>	<b>25</b>	<b>3,593</b>	<b>0</b>	<b>14</b>	<b>1,846</b>	<b>2</b>	<b>320</b>	<b>9</b>	<b>1,427</b>

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

	2011	2012	2013
Expected Investment (€ million)	9.0	7.9	5.5