

Madrid, 28th July 2011

PRELIMINARY H1 2011 SALES AND RESULTS

Highlights

- NH Hoteles reported **Net Income of €22.5 million** in the first half of 2011, compared to €40million losses in the same period of last year.
- **Hotel revenue increased by +11%** (+8% considering recurring activity only).
- **EBITDA in the hotel activity soared up to €92.7 million** (€72.9 million excluding non-recurring items).

Consolidated Hotel Activity

CONSOLIDATED FIGURES AS OF JUNE 30TH 2011 VS 2010 HOTEL ACTIVITY					
(€ million)		6M 2011	6M 2010	DIFF.11/ 10	% DIFF
REVENUE		709.22	639.04	70.18	11.0%
OPERATING EXPENSES		471.49	437.03	34.46	7.9%
GOP		237.73	202.01	35.72	17.7%
EBITDA		92.69	68.54	24.15	35.2%

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 the first half of 2011 LFL RevPar rose by +7.7%, as a result of +4.71% increase in occupancy and +2.84% increase in ADR.

- **B.U. Spain:** The Spanish economy continues generating a demand extremely sensitive to prices. LFL RevPar increased by +2.8% in H1 but still positively affected by occupancy (+5.1%) and slightly negative ADR growth (-2.2%). It is remarkable the performance of Barcelona and Valencia (+11% and +15% RevPar respectively). On the contrary, Madrid showed a more sluggish recovery.
- **B.U. Italy:** Strong growth in occupancy in the second quarter compared to last year, driving LFL occupancy from -1.4% decrease reported in Q1 to +4.4% increase in H1. This recovery in demand (thanks to a more active corporate client) permitted the company to achieve +3.2% LFL ADR. Milan benefits from a greater number of events in the city and outperforms the rest of the cities with RevPar increasing +10% (50% of such increase explained by improvement in average prices).

- **B.U. Benelux:** Increase in demand generated by corporate clients resulted in double-digit LFL RevPar growth (+11.8%). Out of this increase, close to 65% was explained by a better ADR. The growth in RevPar in the first half of the year has been driven primarily by key cities and ADR growth (remarkably Amsterdam and Brussels with a RevPar increase over +17% and +16% respectively). Secondary cities however show a slower recovery.
- **B.U. Central Europe:** LFL RevPar growth of +8.4. Switzerland, as well as the city of Vienna in Austria reached double-digit growths. Additionally, the German cities of Düsseldorf and Nürnberg benefited from different fairs and conventions and also obtained double-digit growth in RevPar. Berlin on the contrary had a worst behaviour, partly affected by new hotels that recently opened in the city.
- **B.U. Resorts Europe:** Strong increase in consolidated RevPar thanks to a strategy focused on occupancy. The market is still affected by a demand extremely sensitive to prices.
- **B.U. The Americas:** Strong LFL RevPar growth in H1 (+13%). Mercosur saw ADR increasing +13% (+23% at constant 2011 exchange rates) whereas occupancy increased +4%. Mexico on the other hand reached +11% growth in occupancy thanks to the business traveller.

NH HOTELES KPI UP TO JUNE 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	64.14%	61.02%	5.11%	71.48	73.11	-2.23%	45.85	44.62	2.77%
B.U. SPAIN	13,289	12,557	62.66%	60.30%	3.91%	71.56	72.99	-1.96%	44.84	44.01	1.88%
Italy "like for like"	6,643	6,641	63.28%	60.60%	4.41%	93.00	90.10	3.21%	58.85	54.61	7.77%
B.U. ITALY	7,474	7,569	61.30%	60.60%	1.16%	94.38	91.64	2.99%	57.86	55.53	4.18%
Benelux "like for like"	8,221	8,221	64.02%	61.60%	3.93%	92.38	85.90	7.54%	59.14	52.91	11.77%
B.U. BENELUX	9,007	9,241	65.84%	62.50%	5.35%	98.70	90.81	8.69%	64.98	56.75	14.50%
Central Europe "like for like"	12,087	12,086	63.51%	60.88%	4.32%	75.32	72.50	3.89%	47.84	44.14	8.37%
B.U. CENTRAL EUROPE	12,900	12,269	62.59%	60.42%	3.59%	75.56	72.36	4.42%	47.29	43.72	8.17%
Europe Urban "like for like"	39,153	39,151	63.77%	61.03%	4.50%	80.69	78.50	2.79%	51.46	47.91	7.42%
TOTAL EUROPE URBAN CONSOLID.	42,669	41,637	63.07%	60.88%	3.60%	82.63	80.24	2.97%	52.11	48.85	6.68%
B.U. RESORTS EUROPE	452	490	53.44%	36.37%	46.95%	86.43	105.04	-17.71%	46.19	38.20	20.92%
Europe "like for like"	39,301	39,299	63.73%	61.01%	4.47%	80.71	78.55	2.75%	51.44	47.92	7.34%
TOTAL EUROPE CONSOLIDATED	43,121	42,127	62.97%	60.59%	3.92%	82.66	80.42	2.79%	52.05	48.73	6.83%
Las Americas "like for like"	3,124	3,124	64.05%	59.43%	7.77%	69.15	65.97	4.82%	44.29	39.21	12.97%
LATINAMERICA CONSOLIDATED	3,394	3,359	62.04%	59.31%	4.61%	68.20	65.79	3.66%	42.31	39.02	8.44%
NH HOTELES "like for like"	42,425	42,423	63.76%	60.89%	4.71%	79.86	77.65	2.84%	50.91	47.28	7.69%
TOTAL CONSOLIDATED	46,515	45,486	62.90%	60.50%	3.98%	81.62	79.36	2.85%	51.34	48.01	6.94%

Results

LFL hotel revenues in the first half of 2011 increased €35.3M (+6.2%) while operating expenses increased +4.1%.

This improvement in sales resulted in an increase in GOP of €19.1 M, reaching a sales conversion ratio of 54%.

It is worth mentioning the Italian business unit, where the increase in sales was coupled with a minor increase in costs, resulting in a conversion ratio to GOP of 84%.

Likewise, Benelux due to an efficient cost control in Q2 reaches a conversion ratio to GOP of 56% compared to 31% reported in Q1.

CLOSING AS OF JUNE 30TH 2011 VS 2010 HOTEL ACTIVITY

(€ million)	6M 2011	6M 2010	DIFF.11/ 10	% DIFF
SPAIN	165.64	160.60	5.04	3.1%
ITALY	102.83	96.39	6.43	6.7%
BENELUX	142.70	131.03	11.67	8.9%
CENTRAL EUROPE	157.12	147.37	9.76	6.6%
RESORTS EUROPE	3.88	4.06	-0.18	-4.4%
AMERICA	35.15	32.62	2.53	7.8%
REVENUE LIKE FOR LIKE HOTELS	607.32	572.07	35.26	6.2%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	63.37	50.66	12.70	25.1%
TOTAL RECURRING REVENUE	670.69	622.73	47.96	7.70%
RELEVANT NON-RECURRING REVENUE	38.53	16.31	22.22	136.24%
TOTAL REVENUE	709.22	639.04	70.18	11.0%
SPAIN	110.97	108.05	2.92	2.7%
ITALY	73.28	72.21	1.06	1.5%
BENELUX	92.93	87.77	5.16	5.9%
CENTRAL EUROPE	101.60	96.16	5.44	5.7%
RESORTS EUROPE	4.42	4.06	0.36	9.0%
AMERICA	24.63	23.46	1.18	5.0%
OPEX LIKE FOR LIKE HOTELS	407.83	391.71	16.12	4.1%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	44.94	36.01	8.93	24.8%
TOTAL RECURRING OPEX	452.77	427.72	25.05	5.86%
RELEVANT NON - RECURRING OPEX	18.72	9.31	9.41	101.07%
TOTAL OPERATING EXPENSES	471.49	437.03	34.46	7.9%
SPAIN	54.67	52.55	2.12	4.0%
ITALY	29.55	24.18	5.37	22.2%
BENELUX	49.77	43.26	6.51	15.0%
CENTRAL EUROPE	55.52	51.20	4.32	8.4%
RESORTS EUROPE	-0.54	0.00	-0.54	-88204.5%
AMERICA	10.52	9.16	1.35	14.8%
GOP LIKE FOR LIKE HOTELS	199.49	180.35	19.13	10.6%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	18.43	14.66	3.78	25.8%
TOTAL RECURRING GOP	217.92	195.01	22.91	11.75%
RELEVANT NON - RECURRING GOP	19.81	7.00	12.81	183.00%
TOTAL GOP	237.73	202.01	35.72	17.7%
LEASES&PT LIKE FOR LIKE HOTELS	131.11	127.50	3.61	2.8%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	13.93	5.97	7.96	133.2%
TOTAL LEASES & PROPERTY TAXES	145.04	133.47	11.57	8.7%
SPAIN	11.56	10.92	0.64	5.9%
ITALY	10.54	6.54	4.00	61.2%
BENELUX	30.53	24.43	6.11	25.0%
CENTRAL EUROPE	7.99	3.99	4.00	100.3%
RESORTS EUROPE	-0.57	-0.01	-0.56	-8170.2%
AMERICA	8.31	6.99	1.33	19.0%
EBITDA LIKE FOR LIKE HOTELS	68.38	52.86	15.52	29.4%
OPENINGS, CLOSINGS, REFURBISHMENTS & OTHER 11/ 10	4.50	8.68	-4.18	-48.1%
TOTAL RECURRING EBITDA	72.88	61.54	11.34	18.43%
EBITDA NON RECURRING	19.81	7.00	12.81	183.00%
TOTAL EBITDA	92.69	68.54	24.15	35.2%

NH HOTELES, S.A. AS OF JUNE 30th 2011 P&L ACCOUNT

(€ million)	6M 2011		6M 2010		2011/ 2010
Hotel Revenues	670.7	94%	622.7	96%	7.7%
Real estate sales and other	6.2	1%	7.0	1%	(11.4%)
Non-recurring Revenues	38.6	5%	16.4	3%	135.1%
TOTAL REVENUES	715.4	100%	646.1	100%	10.7%
Real estate cost of sales	0.6	0%	1.9	0%	(67.0%)
Staff Cost	245.6	34%	235.5	36%	4.3%
Operating expenses	212.3	30%	197.7	31%	7.4%
Other Non-recurring expenses	18.7	3%	9.3	1%	100.9%
GROSS OPERATING PROFIT	238.3	33%	201.7	31%	18.1%
Lease payments and property taxes	145.4	20%	133.7	21%	8.7%
EBITDA	92.9	13%	68.0	11%	36.7%
Impairment	4.4	1%	6.0	1%	(26.3%)
Depreciation	59.6	8%	61.1	9%	(2.5%)
EBIT	28.9	4%	0.9	0%	3149.4%
Market value derivatives	(11.6)	(2%)	6.9	1%	(267.0%)
Interest expense	22.0	3%	20.1	3%	9.4%
Exchange rate difference	0.0	0%	21.6	3%	(100.0%)
Income from minority equity interests	1.1	0%	0.6	0%	103.6%
EBT	17.3	2%	(48.3)	(7%)	135.8%
Corporate income tax	(3.4)	(0%)	(0.3)	(0%)	980.6%
NET INCOME before minorities	20.7	3%	(48.0)	(7%)	143.1%
Minority interests	(1.8)	(0%)	(8.1)	(1%)	(78.1%)
NET INCOME	22.5	3%	(39.9)	(6%)	156.3%

Financial performance and other key events

- **Non recurring activity:** includes at EBITDA level €38M capital gains derived from the ARTOS transaction and €18.7M non-recurring expenses mostly explained by redundancy payments as a result of staff restructuring.
- **Leases:** increase in lease costs as a consequence of new openings and the end of certain rent reductions that applied in 2010.
- **Net Debt:** net debt reduction from €1,116.6M as of 31st of March 2011 to €1,080.0M as of 30th of June 2011 due to operating cash flow generation in Q2.
- **Impairment:** the company has decided to provision €4.4M in the first half of the year in relation to some residential and resorts assets in the south of Spain.
- **Market value derivatives:** Firstly, it comprises the Equity Swap provision (€10.2M) 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 Q2 2011 (€5.17) 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:** the increase in financial expenses is basically explained by the cost of the waiver obtained in 2010, higher interest rates, and increasing spreads in new credit lines.
- **Minority interests:** it basically shows the losses attributable to NH Hoteles' partner in the Italian business unit, mitigated by a better performance in Q2.

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 €6.21M, compared to €7.08M in the same period of last year.
 - During the first half of the year, deeds for a total of 2 housing units and 1 plot of land have been obtained for a total of €1.30M vs. 6 housing units for a total of €2.28M in 2010.
- EBITDA amounted to €0.20M, vs. €-0.58M in the same period of last year. This improvement in EBITDA is explained by the fact that the products handed over this year had a higher margin than the product handed over in 2010. The activity's Net Loss was €-3.26M, vs. €-6.23M of last year. The improvement in net result is explained by minor impairment provisions registered in H1 2011 compared to the same period of last year.
- As of June 30th 2011, Sotogrande had committed sales not yet accounted for on the books for a total of €6.74M (€3.30M attributable to the Ribera del Marlin development; €2.30M to the docks in La Marina and €1.14M to plots of land).

New Agreements and Openings

From January 1st 2011 until June 30th 2011, NH 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 June 30th 2011

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

New Openings

During the first 6 months of 2011, six new hotels with 816 rooms and one hotel extension with 48 rooms were opened.

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

Hotels	City	Contract	# Rooms
NH Lingotto	Turin, Italy	Management	240
NH Lingotto Tech	Turin, Italy	Management	140
NH Ribera del Manzanares	Madrid, Spain	Lease	224
Hesperia WTC Valencia (ext.)	Valencia, Venezuela	Management	48
NH Castellar	Cadiz, Spain	Management	74
NH Algeciras Suites	Algeciras, Spain	Management	73
NH Frankfurt Messe	Frankfurt, Germany	Lease	65
Total New Openings			864

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).

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

In the month of May the second hotel opened its doors in Algeciras and finally in June we highlight the opening of a lease contract hotel in Frankfurt (variable lease formula).

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
Hesperia Chalet del Golf	Gerona, Spain	Management	33
NH Capo dei Greci	Sicilia, Italy	Management	200
Total Exits			444

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

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

Customer Satisfaction

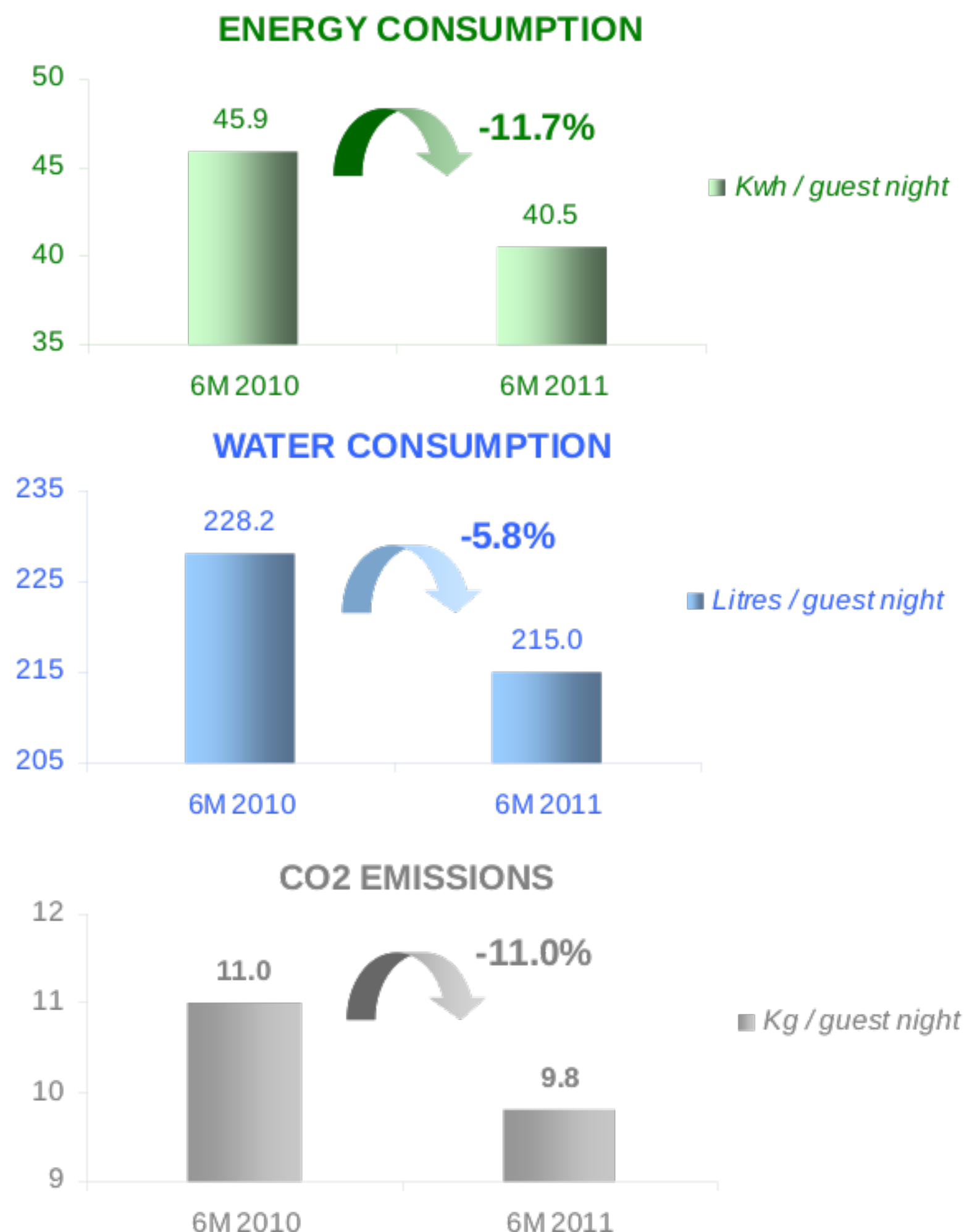
The customer survey (score from 0 to 10) measures different categories of the client satisfaction: reservations, check in, room & bathroom cleanness, common area cleanness, room equipment, room maintenance, breakfast, check out, room service and hotel staff. As shown in the table below, the number of surveys received has increased by 78% while the overall rating decrease slightly compared to the previous period of last year.

	6M 2011	6M 2010
Submitted Surveys	52,614	29,588
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



*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. Energy consumption was reduced more than 11% compared to last year. Moreover, 5 of the 6 business units decreased their energy consumption more than 10%. Additionally to the improvements already obtained regarding water consumption, the first semester of the year saw a further reduction of 5.8%.

HOTELS ON OPERATION BY COUNTRIES AS OF JUNE 30TH 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	163	18,164	3	96	10,989	13	1,965	54	5,210	-	-
B.U. SPAIN	PORTUGAL	2	165	-	2	165	-	-	-	-	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	53	8,254	1	32	5,289	15	2,247	5	659	1	59
B.U. BENELUX	HOLLAND	35	6,509	4	16	2,441	18	3,988	1	80	-	-
B.U. BENELUX	BELGIUM	11	1,632	-	2	434	9	1,198	-	-	-	-
B.U. BENELUX	FRANCE	3	556	-	2	397	1	159	-	-	-	-
B.U. BENELUX	ENGLAND	3	533	-	1	121	-	-	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	61	10,769	10	56	9,765	5	1,004	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	6	1,183	1	6	1,183	-	-	-	-	-	-
B.U. CENTRAL EUROPE	SWITZERLAND	5	632	-	4	510	1	122	-	-	-	-
B.U. CENTRAL EUROPE	CZECH REPUBLIC	2	271	-	1	134	-	-	1	137	-	-
B.U. CENTRAL EUROPE	ROMANIA	2	161	-	1	83	-	-	1	78	-	-
B.U. CENTRAL EUROPE	HUNGARY	1	160	-	1	160	-	-	-	-	-	-
B.U. CENTRAL EUROPE	POLAND	1	93	-	-	-	-	-	1	93	-	-
B.U. RESORTS EUROPE	RESORTS SPAIN	13	2,939	-	-	-	2	254	11	2,685	-	-
B.U. RESORTS EUROPE	RESORTS ITALY	1	202	-	-	-	1	202	-	-	-	-
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	59,109	20	227	32,706	84	13,888	88	12,456	1	59

NH HOTELES AGREED PROJECTS AS OF JUNE 30TH 2011

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

		TOTAL		LEASED			OWNED		MANAGED	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U SPAIN	SPAIN	9	774	-	5	432	-	-	4	342
B.U ITALY	ITALY	5	760	-	3	515	-	-	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 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		20	2,677	-	11	1,375	2	320	7	982

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

	2011	2012	2013	2014
Expected Investment (€ million)	7.8	8.2	4.7	0.8