

En cumplimiento de lo establecido en el artículo 82 de la Ley 24/1988, de 28 de Julio, del Mercado de Valores, y en sus disposiciones complementarias, **NH HOTELES, S.A.** (en adelante, “**NH Hoteles**” o la “**Sociedad**”) pone en conocimiento de la Comisión Nacional del Mercado de Valores el siguiente:

## HECHO RELEVANTE

1.

NH Hoteles, tras el acuerdo adoptado en el día de hoy por su Consejo de Administración, tiene intención de realizar una emisión de obligaciones simples, de rango senior y garantizadas (*senior secured notes*), por un importe inicial de hasta 225 millones de euros, con vencimiento en 2019 y pago semestral de intereses (las “**Obligaciones**”), como otra de las operaciones tendentes a hacer posible su reestructuración financiera, con el objetivo de disponer de recursos adicionales para realizar sus planes de inversión y reposicionamiento de su cartera de hoteles y de contar con un marco contractual más flexible para la ejecución de esos planes.

La emisión estaría dirigida únicamente a inversores cualificados internacionales, sujeta al derecho del estado de Nueva York, Estados Unidos, y cotizaría en la lista principal de la Bolsa de Luxemburgo.

Las obligaciones estarían garantizadas mediante fianza solidaria otorgada por distintas filiales íntegramente participadas del grupo del que NH Hoteles es sociedad dominante, y por determinados derechos reales de hipoteca y de prenda sobre activos de la Sociedad o de filiales íntegramente participadas.

La emisión de las Obligaciones, el importe concreto de la emisión y sus términos y condiciones definitivos, incluyendo el tipo de interés, se concretarán, en su caso, una vez que se haya completado un proceso de prospección de la demanda que se llevará a cabo en los próximos días y teniendo en cuenta sus resultados.

2.

La Sociedad procederá a la emisión de las Obligaciones únicamente si al mismo tiempo llevase a cabo una emisión de obligaciones convertibles, que ha sido también considerada por el Consejo de Administración y que sería una operación vinculada a la emisión de las Obligaciones. El importe estimado de la emisión podría ser de hasta 275 millones de euros, con vencimiento en 2018 y pago trimestral de intereses (las “**Obligaciones Convertibles**”). La emisión de las Obligaciones Convertibles se realizaría con exclusión del derecho de suscripción preferente, destinada únicamente a inversores cualificados internacionales, con un esquema de préstamo de valores como es usual, sujetas a derecho inglés y con cotización en el segmento de mercado abierto (“Freiverkehr”) de la Bolsa de Frankfurt. El Consejo de

Administración decidirá sobre la emisión de Obligaciones Convertibles en su momento, teniendo en cuenta los términos y condiciones de su posible colocación.

3.

El importe agregado total de valor nominal de las Obligaciones y de las Obligaciones Convertibles sería aproximadamente de 470 millones de euros y, en conjunto con los compromisos de financiación al grupo NH Hoteles que han sido asumidos por un grupo de entidades de crédito, comunicados mediante información de hecho relevante de fecha 18 octubre de 2013, alcanzaría un total no superior a 700 millones de euros.

Con esos recursos, si las tres operaciones resultasen ejecutadas y desembolsadas, la Sociedad amortizaría totalmente la financiación sindicada de 2012 y otras obligaciones financieras, y dispondría adicionalmente de fondos, incluyendo el efectivo en el patrimonio de la Sociedad, para invertir hasta 200 millones de euros en sus planes de negocio, que incluyen el desarrollo de su marca, el reposicionamiento de hoteles entre 2014 y 2016 y la expansión del negocio.

Madrid, 24 de octubre de 2013.

Carlos Ulecia

Secretario General

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# Additional Information

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October, 2013



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## 1. Transaction overview

# Sources and uses and pro-forma capital structure

## Sources & Uses

Sources (€m)		Uses (€m)	
Corporate HY Bond	[200-225]	Repayment of Existing Credit Facility	548
Convertible bond	[200 - 275]	Equity swap	56
New Senior Term Loan Facility	153	Repayment of Secured loans	15
New RCF of €76mm	[Undrawn]	Transaction expenses and interest swap termination	23
Use of existing cash on B/S	15		
<b>Total sources</b>	<b>643</b>	<b>Total uses</b>	<b>643</b>

## Pro forma capital structure as of June-30, 2013

Pro-forma capital structure	€m	% of EV	Total LTV <sup>3</sup>	Collateral LTV <sup>4</sup>	x LTM EBITDA	Margin	Tenor
Cash	(136)						
Mortgage loans	200						
Corporate HY Bond	225			40.6%			6 years
New Senior Credit Facility	153			40.6%		4.0%	4 years
<b>Secured net debt</b>	<b>441</b>	<b>21.3%</b>	<b>31.6%</b>		<b>4.7x</b>		
Convertible bond	250 <sup>5</sup>						5 years
Unsecured and Subordinated Loans	92						
<b>Total net debt</b>	<b>783</b>	<b>37.7%</b>	<b>56.0%</b>		<b>8.3x</b>		
Equity <sup>2</sup>	1,295						
<b>Enterprise Value</b>	<b>2,078</b>	<b>100.0%</b>					
LTM Pro Forma Adjusted EBITDA (Jun-13) <sup>1</sup>	94						
Value of owned hotels <sup>3</sup>				€1.4bn			

HY bondholders would be at 41% LTV – collateral val. of €931m

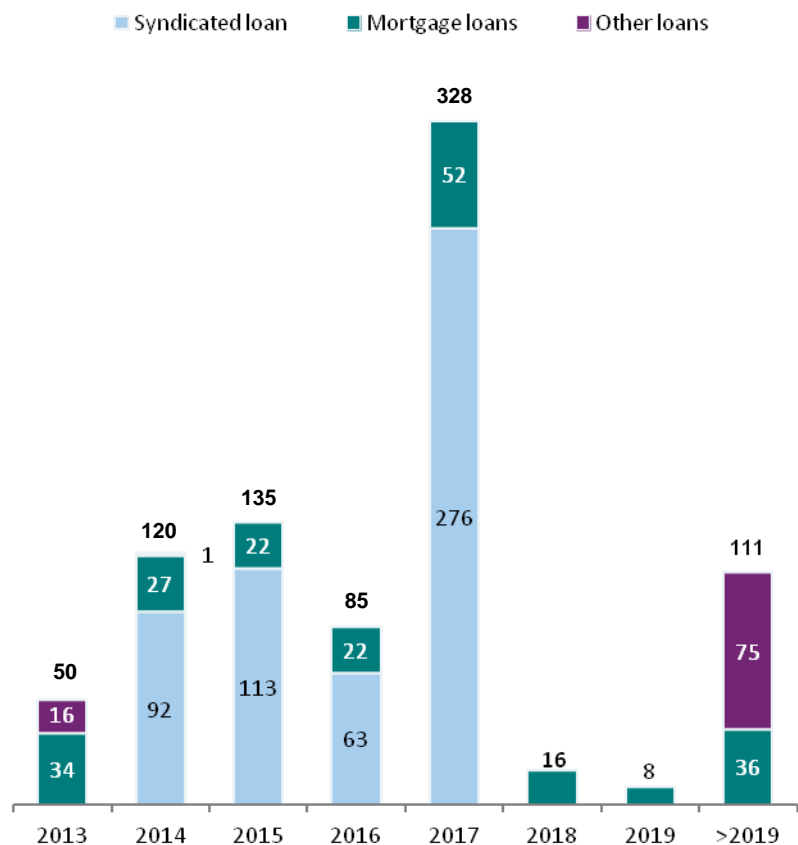
Convertible bond issuance is Unsecured

Source: Company information, Bloomberg as of September, 2013.

<sup>1</sup> Adjusted for non-recurrent items; <sup>2</sup> Market cap as of October 18, 2013; <sup>3</sup> Book value of owned hotels; <sup>4</sup> Based on collateral valuation of €931mm; <sup>5</sup> Assuming Convertible bond size

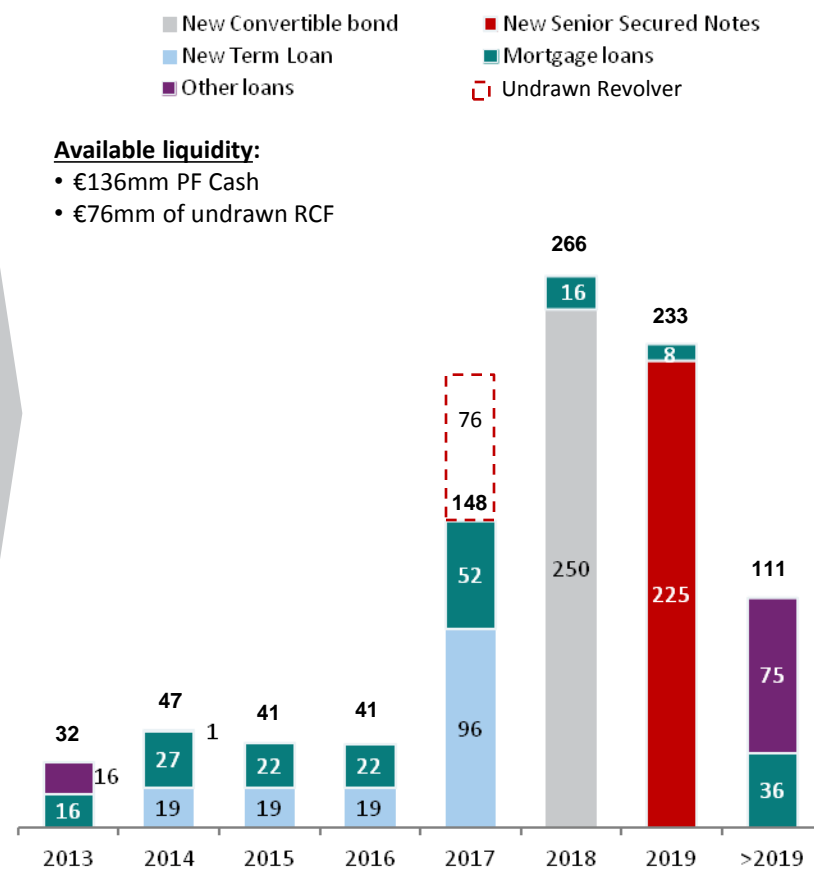
# Significantly improved maturity profile

## Current debt structure amortization schedule (€mm)



Year	2013	2014	2015	2016	2017	2018	2019	>2019
% of Total debt	6%	15%	17%	11%	41%	2%	1%	14%

## Pro Forma amortization schedule (€mm)



Year	2013	2014	2015	2016	2017	2018	2019	>2019
% of Total debt	4%	5%	5%	5%	17%	30%	26%	13%

### Available liquidity:

- €136mm PF Cash
- €76mm of undrawn RCF



## Senior Secured Notes Offering Summary

Company	<ul style="list-style-type: none"><li>NH Hoteles S.A.</li></ul>
Principal amount	<ul style="list-style-type: none"><li>EUR 225 million</li></ul>
Currency	<ul style="list-style-type: none"><li>EUR</li></ul>
Maturity	<ul style="list-style-type: none"><li>6 years</li></ul>
Optional redemption	<ul style="list-style-type: none"><li>Non-call 4 years</li></ul>
Coupon	<ul style="list-style-type: none"><li>Fixed rate coupon; rate determined at the time of pricing</li></ul>
Use of proceeds	<ul style="list-style-type: none"><li>Refinance existing debt and pay transaction fees and expenses</li></ul>
Security	<ul style="list-style-type: none"><li>First lien secured</li></ul>
Guarantees	<ul style="list-style-type: none"><li>Same guarantee package as new credit facilities</li></ul>
Incurrence covenants	Customary bond covenants .

\* This transaction has been approved by the Board of Directors of the Company on 24 October 2013. Execution is subject to satisfactory pricing and is also linked to the launching and execution of the Senior Secured Unguaranteed Convertible Notes issue referred in the following slide.

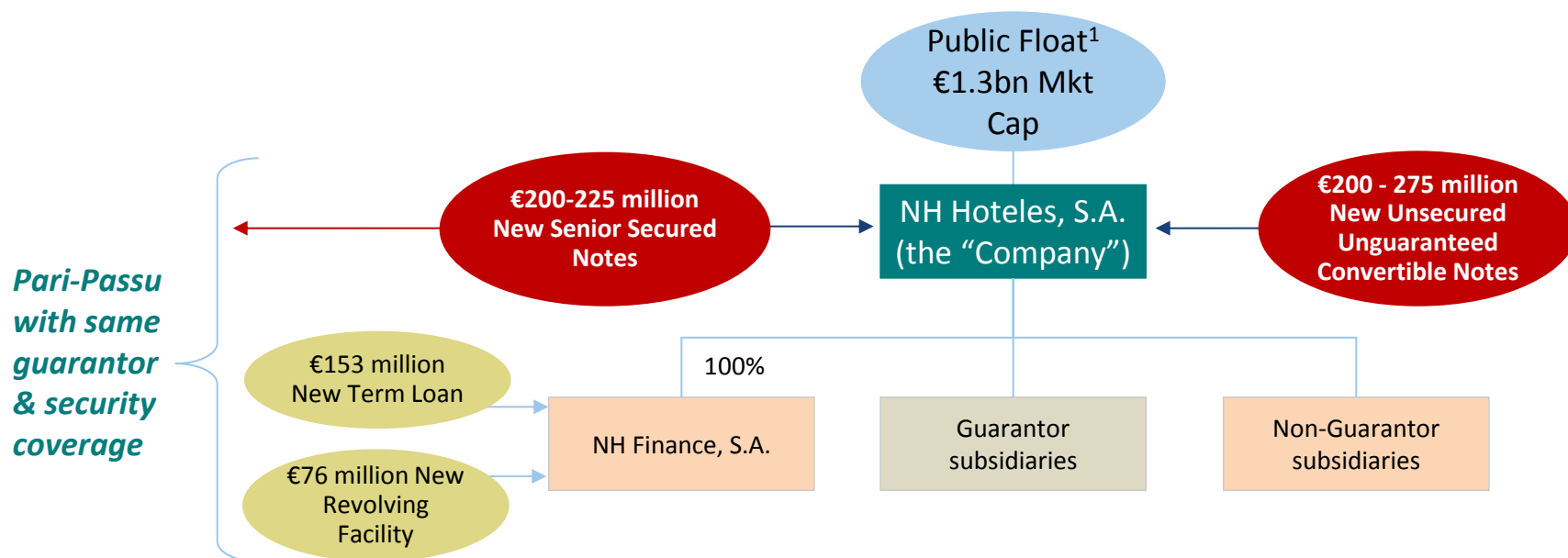
# Indicative termsheets (\*)

## Senior Unsecured Unguaranteed Convertible Notes Offering Summary

Company	<ul style="list-style-type: none"> <li>NH Hoteles, S.A.</li> </ul>
Securities	<ul style="list-style-type: none"> <li>EUR denominated bonds convertible into ordinary shares of the Company (the “Shares”)</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company</li> </ul>
Offering type	<ul style="list-style-type: none"> <li>Reg S only</li> </ul>
Principal amount	<ul style="list-style-type: none"> <li>EUR 200 million base size + EUR 75 million increase option</li> </ul>
Currency	<ul style="list-style-type: none"> <li>EUR</li> </ul>
Maturity	<ul style="list-style-type: none"> <li>5 years</li> </ul>
Structure	<ul style="list-style-type: none"> <li>Par / Par</li> </ul>
Reference Share Price	<ul style="list-style-type: none"> <li>Volume Weighted Average Price of the Shares on Spanish Stock Exchanges between launch and pricing</li> </ul>
Conversion Premium	<ul style="list-style-type: none"> <li>[●]% - [●]% above Reference Share Price</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>[●]% - [●]% per annum, payable quarterly in arrear</li> </ul>
Company Call	<ul style="list-style-type: none"> <li>After 3 years and 21 days, at par + accrued interest, subject to a 130% trigger / at any time if more than 85% of the Notes have been converted / redeemed</li> </ul>
Anti-dilution Protection	<ul style="list-style-type: none"> <li>Standard Euromarket anti-dilution protection</li> </ul>
Dividend Protection	<ul style="list-style-type: none"> <li>Full dividend protection</li> </ul>
Negative Pledge	<ul style="list-style-type: none"> <li>Yes, in respect of Capital Market Indebtedness of the Company and its Material Subsidiaries, except for the security package in relation to the Company’s EUR 225 million Senior Secured Notes due 2019 being offered concurrently</li> </ul>
Use of proceeds	<ul style="list-style-type: none"> <li>Refinance existing debt and pay transaction fees and expenses</li> </ul>
Change of control	<ul style="list-style-type: none"> <li>In the event of Change in Control, Investor Put at par + accrued interest</li> <li>Temporary downward adjustment of the Conversion Price</li> </ul>
Tax call / Gross-up	<ul style="list-style-type: none"> <li>Yes</li> </ul>
Lock-up (Company)	<ul style="list-style-type: none"> <li>90 days</li> </ul>
Events of Default	<ul style="list-style-type: none"> <li>Yes, for the Company and its Material Subsidiaries, subject to customary threshold and grace periods, including a EUR 25 million cross default</li> </ul>
Listing of the Bonds	<ul style="list-style-type: none"> <li>Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange</li> </ul>
Governing law	<ul style="list-style-type: none"> <li>English Law, except for the conditions regulating the syndicate of bondholders (Spanish law)</li> </ul>
Joint Lead Managers & Joint Book runners	<ul style="list-style-type: none"> <li>Barclays Bank plc. , BNP Paribas and Morgan Stanley &amp; Co. International plc.</li> </ul>
Stock Loan Facility	<ul style="list-style-type: none"> <li>9 million Shares made available for a the Stock Loan Facility</li> </ul>

\* This transaction has been considered by the Board of Directors of the Company in connection with the Senior Secured Notes issue as two connected transactions.

# High Yield and Convertible Notes issuing structure overview



- 1 As of the issue date, gross drawn debt secured by the Collateral represents 41% LTV
- 2 Senior Secured Notes Guarantor subsidiaries represent:
  - 39% of total assets as of June 30, 2013
  - 63% of Net Sales<sup>2</sup> as of LTM June 30, 2013
  - 75% of EBITDA<sup>2</sup> as of LTM June 30, 2013
- 3 Non-Guarantors subsidiaries, as of June 30, 2013 had a consolidated outstanding indebtedness of €221m, excluding amounts outstanding under the Existing Senior Credit Facilities
- 4 €76mm of Revolving line undrawn on the issue date together with €136mm of PF cash provides significant liquidity cushion

<sup>1</sup> As of September 25, 2013, shareholders consist of Hesperia 20%, HNA 20%, Bankia 13%, Blackrock 5%, Intesa Sanpaolo 5%, Ponte Gadea 4%, Taube Hodson Stonex 4% and other, including NHH directors and employees 30%; <sup>2</sup> Excluding the Company EBITDA

# Collateralised assets description

## HY & Credit Facilities collateral assets

Collateral Assets	Valuation(€m) <sup>1</sup>	
Sotogrande	271	
Barbizon Palace	93	
Eurobuilding	75	
Amsterdam Centre	74	
Leeuwenhorst	72	
Koningshof	63	
Schiphol Airport Hotel	51	
Brussels Airport Hotel	33	
Brussels City Centre	30	
Other 15 Hotels	169	
<b>Total</b>	<b>931</b>	

<b>Hotels offered as collateral</b>	Hotels location		
	The Netherlands (€m)	421	85%
	Spain (€m)	75	15%
	<b>Total (€m)</b>	<b>496</b>	<b>1</b>

<b>Pledge of shares</b>	Hotels location		
	Belgium	141	86%
	The Netherlands	23	14%
	<b>Total (€m)</b>	<b>164</b>	<b>2</b>

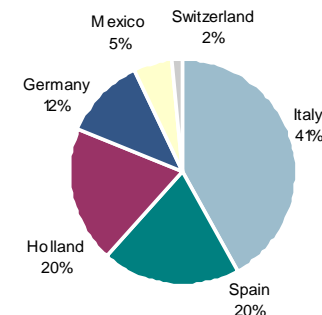
  

<b>Total collateral</b>	Sotogrande		
	NAV attributed (€m)	304	89%
	<b>Collateral stake (€m)</b>	<b>271</b>	
	<b>Total NAV (€m)</b>	<b>931</b>	

## Existing secured loans

- Assets securing existing Loans (Mortgage Loans) **have no overlap** with High Yield and Club Deal offered collateral assets
  - Value of securing assets of **c.€0.5bn<sup>2</sup>** **3**
- NH Calderon (Barcelona, Spain) valued between €40m - €50m, is expected to become Free of Charges shortly (*pie chart considers NH Calderon*)

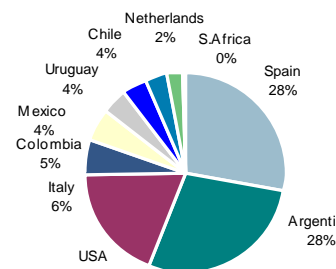
Value breakdown by country



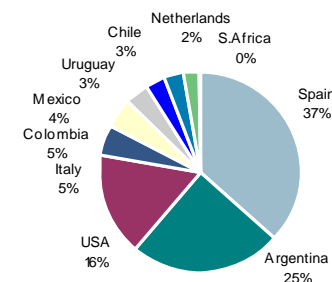
## Assets free of charges

- Hotels Free of Charges are valued at c. €0.3bn<sup>2</sup>, or €0.4bn<sup>2</sup> considering the forthcoming release of the mortgage over NH Calderon **4**
  - Spain and Argentina are the regions where the majority of the assets free of charges are located

Value split by country – w/o NH Calderon



Value split by country – w NH Calderon

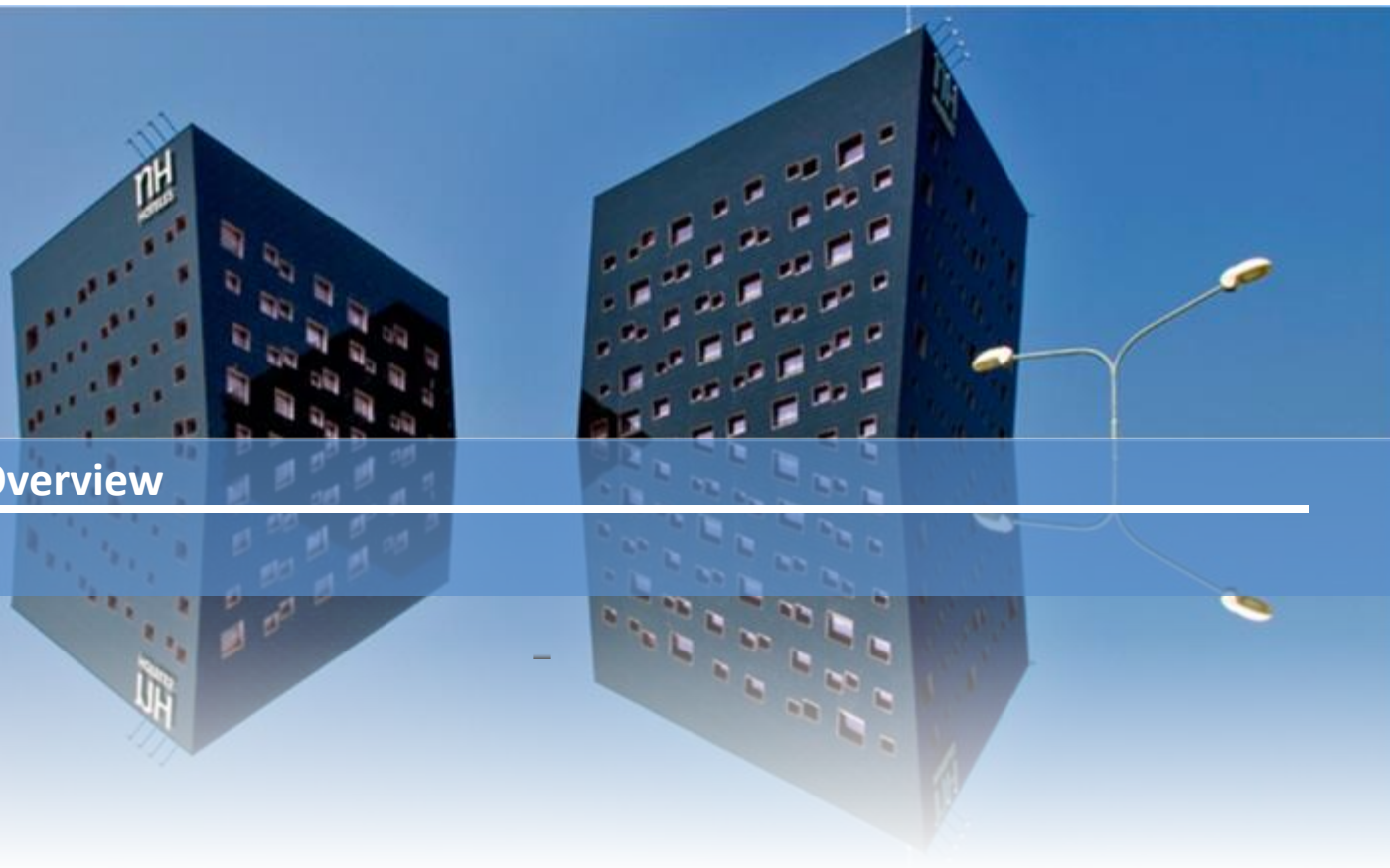


**Total Value of Existing Hotels: 1 + 2 + 3 + 4 = c. €1.5bn**

<sup>1</sup> As per American Appraisal report as of June 2013; <sup>2</sup> Internal Company estimates

**nH**  
HOTELES

## 2. Company Overview



## Business description and key brands

- NHH is the 5th largest hotel brand in Europe and one of the Top 25 chains worldwide operating 386 hotels (mix of leased, managed and owned) with 58,168 rooms in 26 countries
- NHH is listed on the Madrid Stock Exchange with a market cap of €1.3bn
- Jun-13 LTM Revenue and pro forma Adjusted EBITDA of €1,266 million and €94 million respectively
- NHH manages the following portfolio of brands:



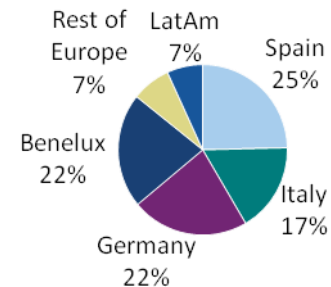
*Collection*



*NH Luxury resort*

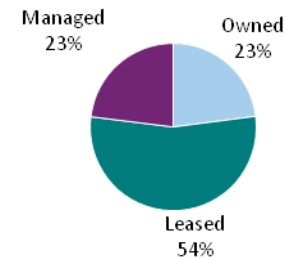
## Operating breakdown<sup>1</sup>

By geography...



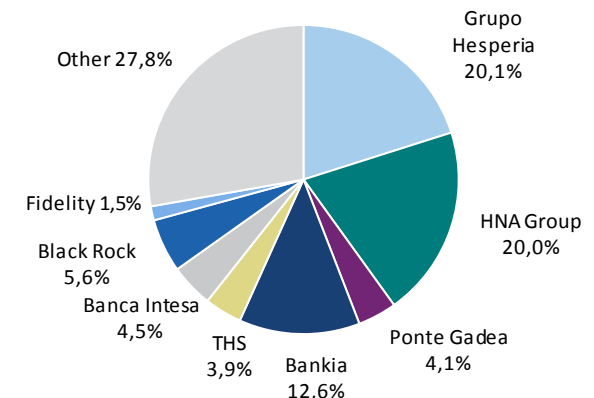
Net turnover: €1,266mm

By contracts...



No of rooms: 58,168

## Shareholder structure<sup>2</sup>

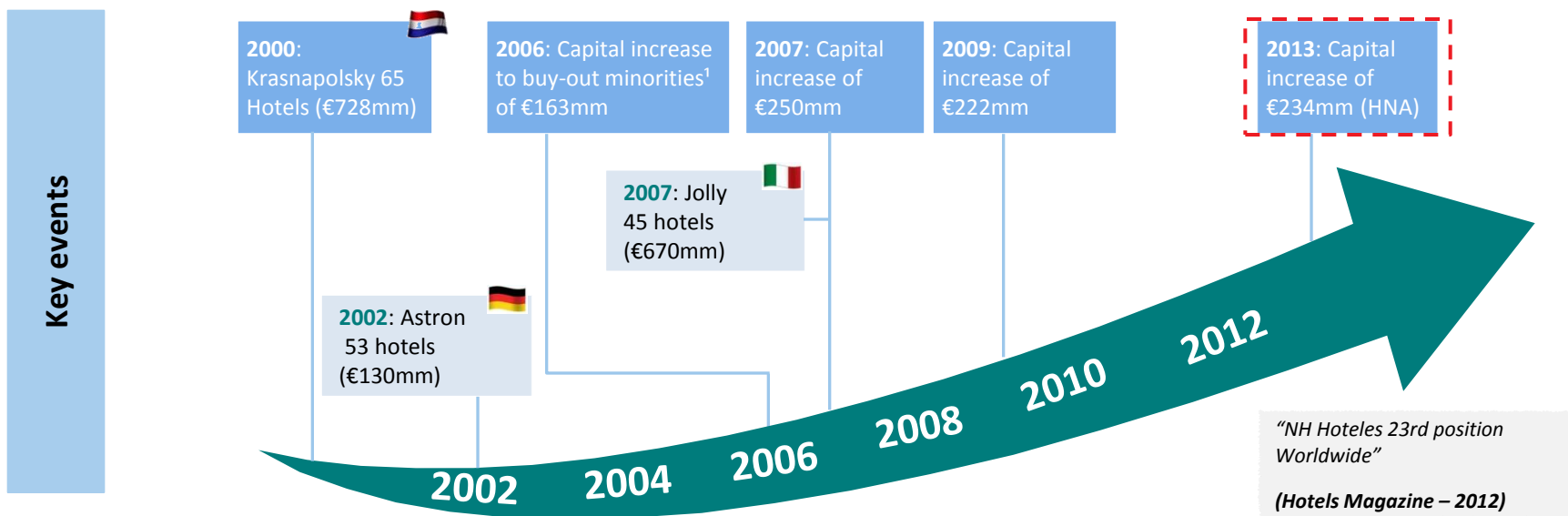


Source: Company information; Bloomberg as of October 2013;

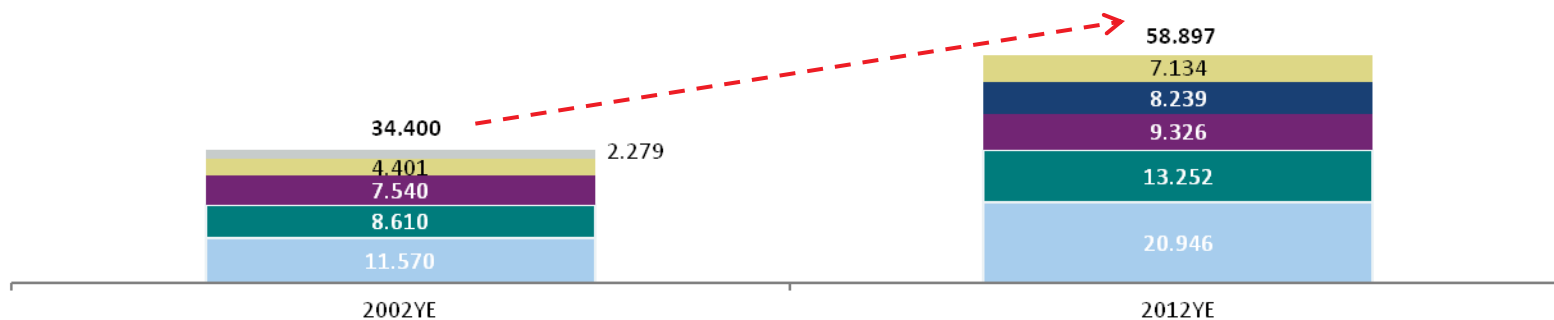
<sup>1</sup> Breakdown as of June 2013

<sup>2</sup> As of September 25, 2013

# NH Hoteles corporate history over the last decade



■ Spain   ■ Central Europe   ■ Benelux   ■ Italy   ■ LatAm   ■ Rest of the World



**Global player through organic growth and strategic acquisitions**

Source: Company information

<sup>1</sup> LatAm and Sotogrande minorities

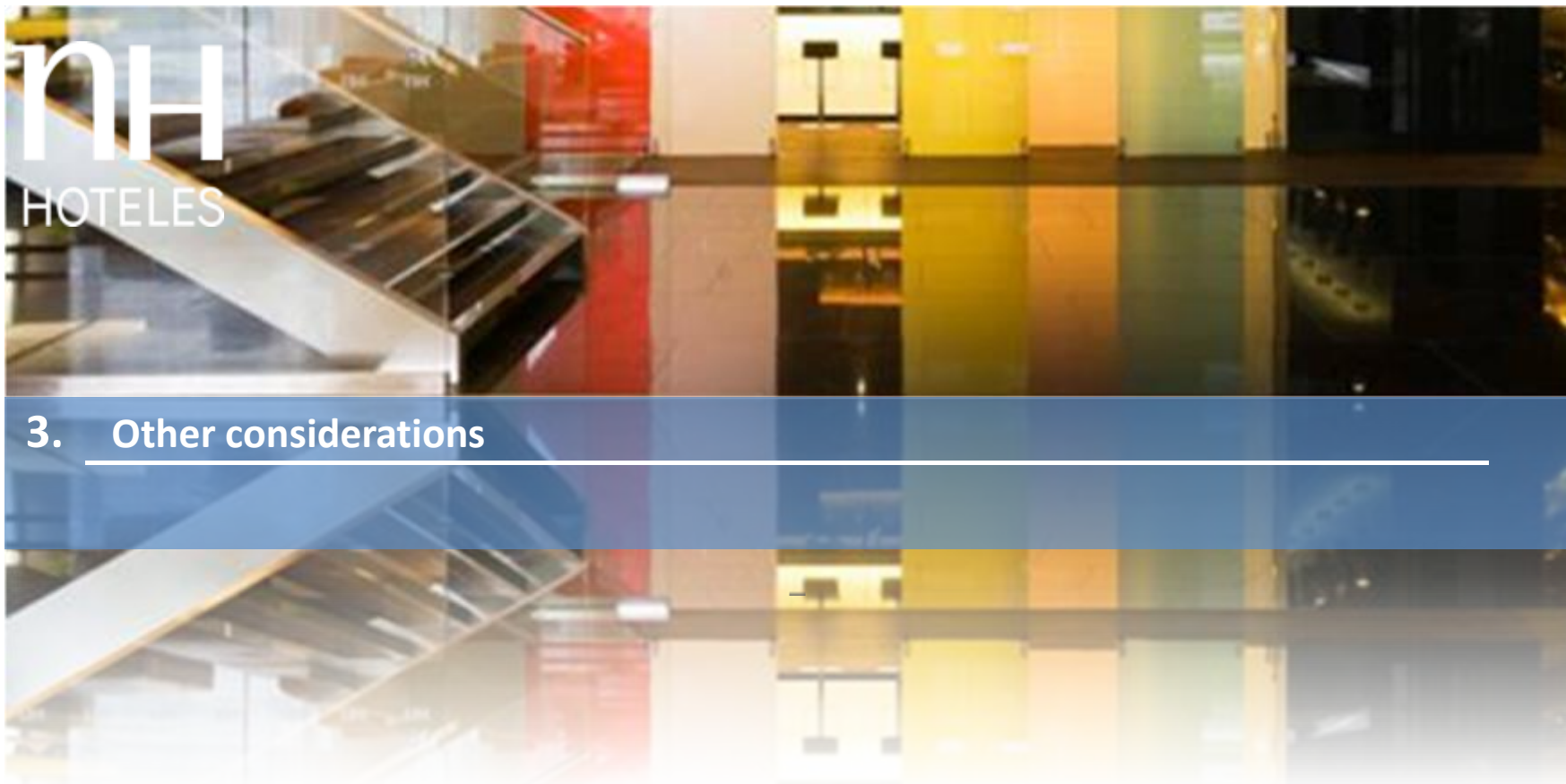
# Share Price Performance Analysis



**Positive LTM share price evolution outperforming Spanish Stock Index Ibx-35**

Source: Datastream as of 22/10/2013

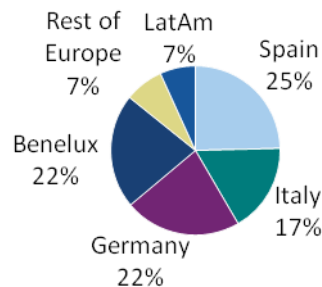




### 3. Other considerations

- 
- 
- 1** Leading European hotel operator with diversified portfolio base and well recognised brand
  - 2** Attractive market fundamentals
  - 3** Strong track record of portfolio management
  - 4** Significant asset value underpinning the business
  - 5** Highly skilled and experienced management team

# 1 Leading European hotel operator with diversified portfolio base and well recognised brand



Net turnover LTM Jun-13: €1,266mm

## NHH leading positions across business units

	Spain 	Italy 	Central Europe <sup>1</sup>  	Benelux <sup>2</sup>   
<b>No. of hotels</b>	174	52	76	53
<b>No. of rooms</b>	20,946	8,239	13,252	9,326
<b>Ranking<sup>3</sup></b>	 # 2 in Spain	 # 1 in Italy	 # 5 in Germany	 # 1 in Holland  # 3 in Belgium
<b>Brand awareness</b>	 # 1 in Spain	 # 5 in Italy	 # 6 in Germany	 # 5 in Benelux

**NHH is 5<sup>th</sup> largest hotel chain in Europe and Top-25 largest hotel chain worldwide**

Source: Company information as of December 2012;

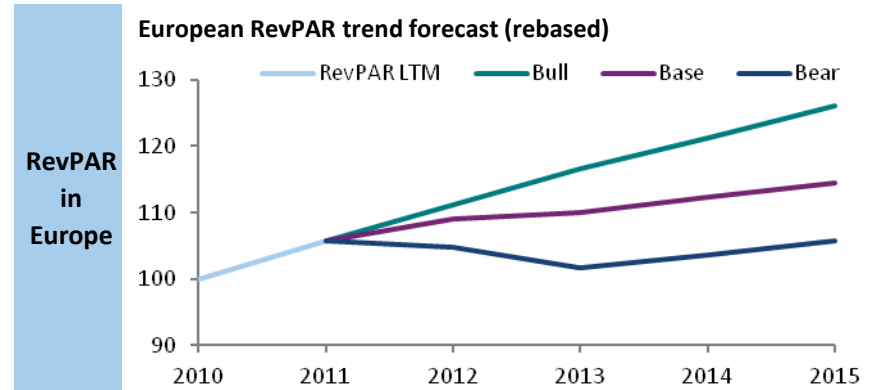
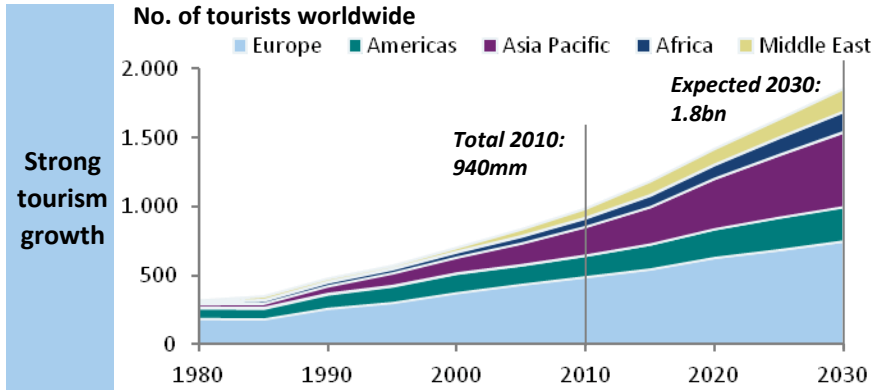
<sup>1</sup> Business Unit includes Germany, Austria, Switzerland, Czech Republic, Romania, Hungary, Slovakia, Poland

<sup>2</sup> Benelux division comprises the Netherlands, Belgium, France, United Kingdom, South Africa, Luxembourg

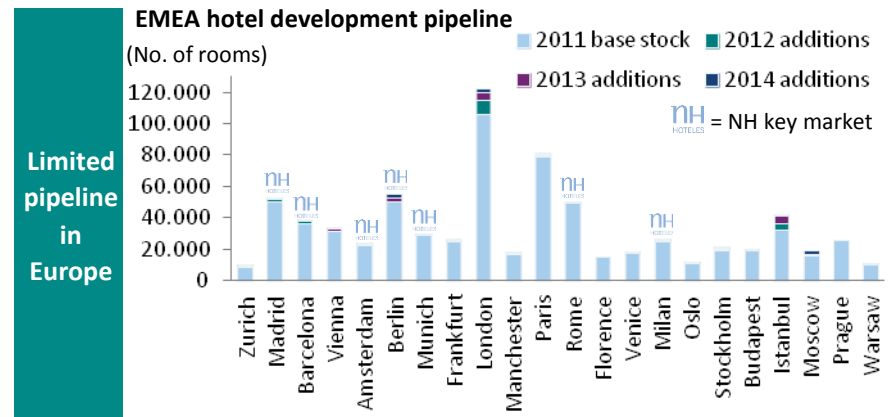
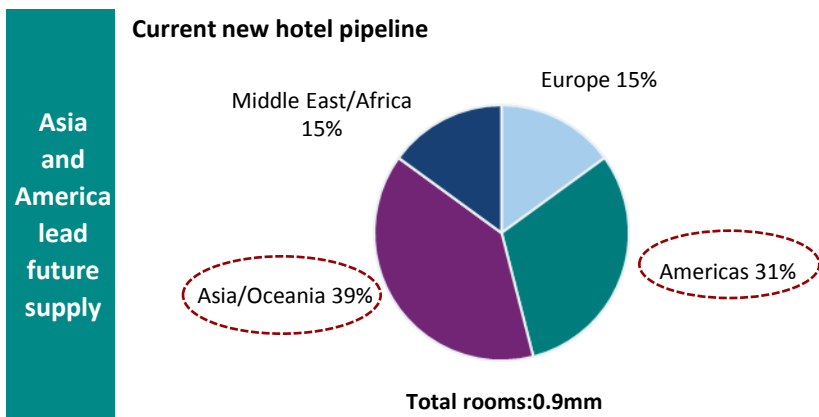
<sup>3</sup> Based on number of rooms

## 2 Attractive market fundamentals

### Global and European long-term demand drivers are strong...



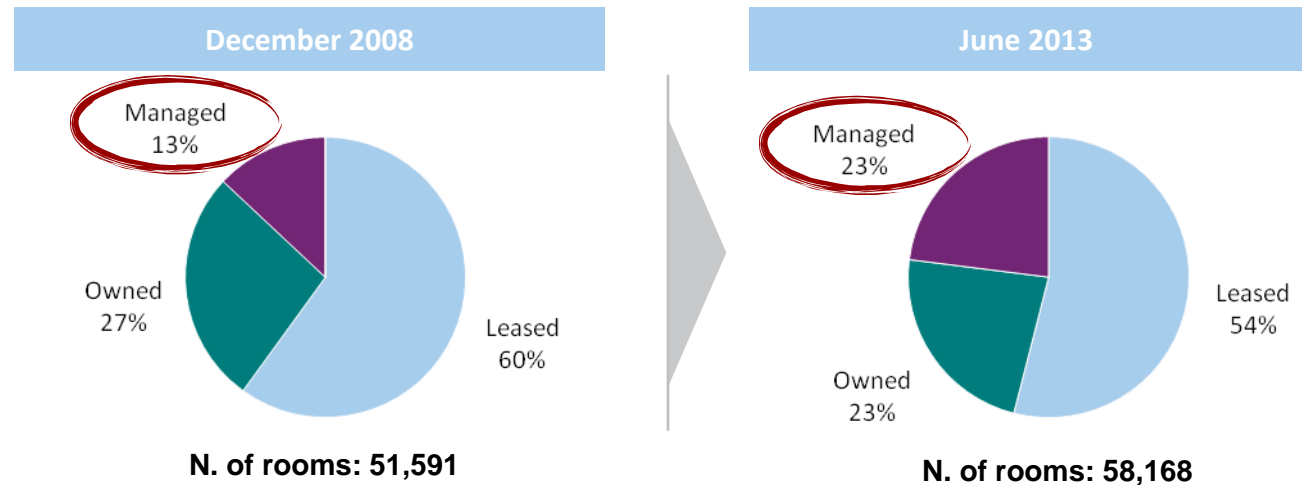
### ...and supply dynamics are to remain positive in the medium term



Source: Company information; PwC European cities hotel forecast; STR Global; MKG; UNWTO  
 Note: Numbers of NHH's open hotels and rooms in individual cities are as of June, 2013

### Operating asset model breakdown

Significant increase in hotel management agreements



Successful lease termination and renegotiation



During 2012, NHH **terminated 3 leases** and **renegotiated 44**, resulting in **rental expense reduction of approx. €9 million**, of which €5 million consisted of temporary discount




During H1 June 2013 NHH **terminated 5 leases** and **renegotiated 40 lease contracts**, resulting in **rental expense reduction of approx. €13 million**, of which €7 million consisted of temporary discount



Company historically managed to obtain these savings at modest costs: during H1 June 2013 NHH paid €3 million for termination of lease agreements

## Strong track record of portfolio management

### *Proven track record of monetising at attractive levels*

Date	Hotel	Country	Rooms	Price (mm)	 x EBITDA
Feb 2010	Hilton portfolio	Mexico	720	\$ 57	9.6x
Apr 2010	NH Jolly St Ermin's	UK	275	£ 65	17.1x
Nov 2010	NH Ischia	Italy	194	€ 36	23.7x
Nov 2010	NH Luzern	Switzerland	110	€ 15	13.7x
<b>Total 2010</b>				<b>€170</b>	<b>16.0x</b>
Jan 2011	NH Ligure	Italy	169	€ 22	18.1x
Mar 2011	Artos Transaction	Germany & Austria	1,149	€ 168	9.5x
Oct 2011	Jolly Lotti	France	159	€ 106	21.6x
Dec 2011	Molenvijver Genk Hotel	Belgium	82	€ 4	13.1x
<b>Total 2011</b>				<b>€ 300</b>	<b>15.6x</b>
Jun 2013	Krasnapolsky Hotel	Netherlands	468	€157	10.8x

Since 2010 NHH managed to sell owned hotels at approx. 16x average EBITDA multiple range

## 4 Significant asset value underpinning the business

### NH Eurobuilding (Madrid)



Valuation: €75mm  
Ownership: 100%  
Location: Spain  
N. of rooms: 440

### NH Amsterdam Centre (Amsterdam)



Valuation: €74mm  
Ownership: 100%  
Location: The Netherlands  
N. of rooms: 230

### NH Barbizon Palace (Amsterdam)



Valuation: €93mm  
Ownership: 100%  
Location: The Netherlands  
N. of rooms: 274

### NH Jolly Madison Towers (New York)











Valuation: €65mm  
Ownership: 56%  
Location: USA  
N. of rooms: 242

Source: Company information; valuation based on third-party appraisal reports (American Appraisal) and internal valuation for NH Jolly Madison Towers Hotel as of Jun-13

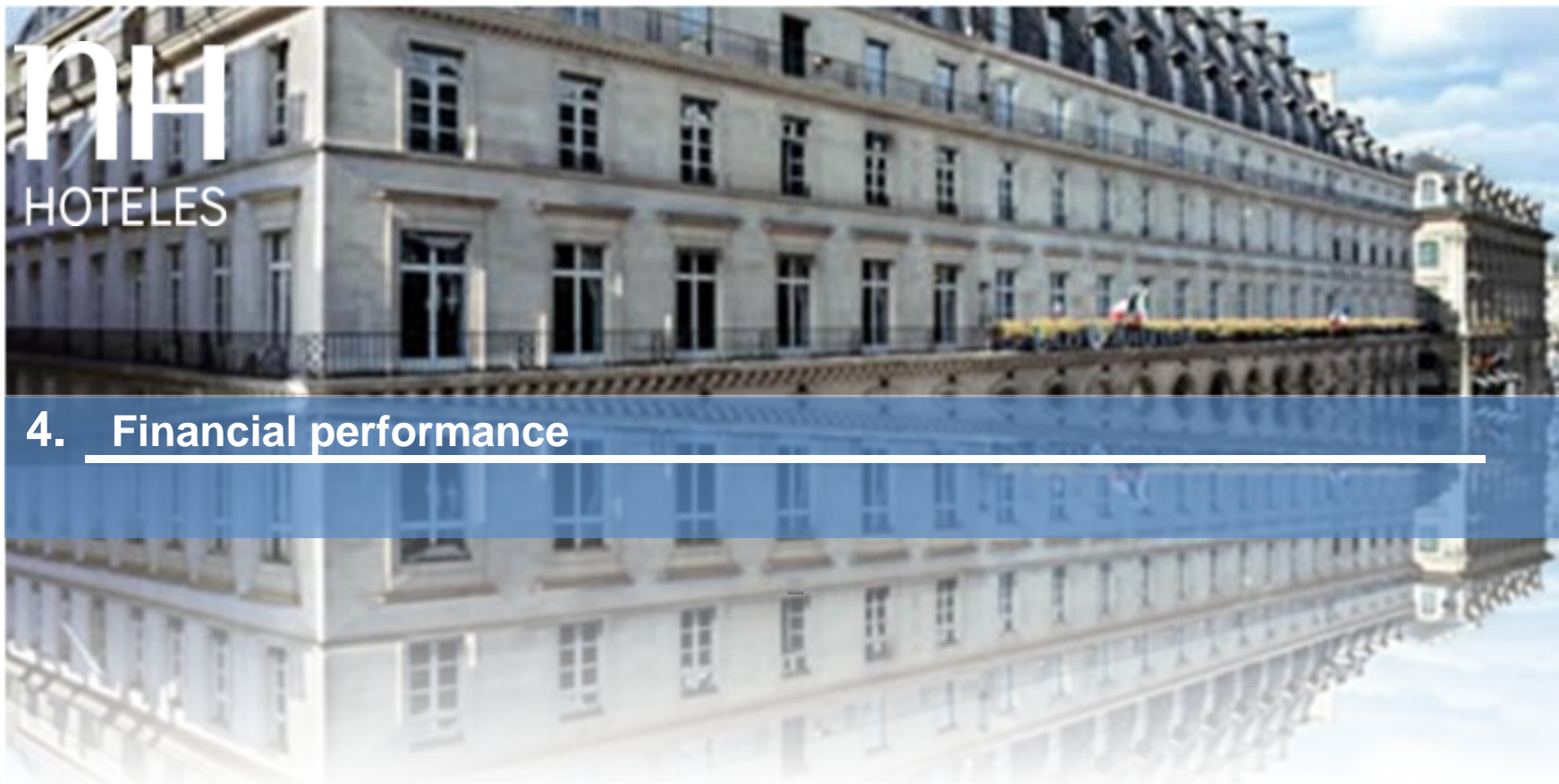
**Book Value of all hotel assets owned by NHH is approx. €1.4bn**

# 5 Highly skilled and experienced management team

## Executive Committee

	 <b>Rodrigo Echenique</b> <i>Chairman</i>	 <b>Federico González Tejera</b> <i>CEO</i>	 <b>Roberto Chollet-Ibarra</b> <i>CFO</i>	 <b>Ramón Aragonés</b> <i>COO</i>
<b>Years at NHH</b>	8 years	1 year	23 years	4 years
<b>Prior Experience</b>	<ul style="list-style-type: none"> <li>CEO of Banco Santander (1988-1994)</li> <li>Served on the Board of Directors of NHH for eight years (1997-2005)</li> <li>Mr Echenique has held several high-level government positions, sat on several company boards and chaired Vallehermoso</li> </ul>	<ul style="list-style-type: none"> <li>Before joining NHH in 2012 worked at Euro Disney and Disney Destinations EMEA</li> <li>Previously, spent his career at Procter and Gamble. Joined P&amp;G in Spain in the Marketing department and finally worked in Portugal as General Manager</li> </ul>	<ul style="list-style-type: none"> <li>Before joining NHH in 1990 worked at Coopers &amp; Lybrand (currently PricewaterhouseCoopers)</li> <li>He has held CFO and senior financial management positions within NHH over the last 23 years</li> </ul>	<ul style="list-style-type: none"> <li>Former General Manager of Hesperia hotels</li> <li>Previously served as Regional Director of Portugal and Spain Business Units</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>Law degree from Complutense University</li> <li>State Attorney</li> </ul>	<ul style="list-style-type: none"> <li>Degree in Economics from Madrid University and a Masters in International Finance and Trade by EAP</li> </ul>	<ul style="list-style-type: none"> <li>Law degree from Complutense University and MBA at Instituto de Empresa</li> <li>Chartered Accountant</li> </ul>	<ul style="list-style-type: none"> <li>Degree in Tourism and Hotel industry from Palma de Mallorca University and Balears Hospitality school</li> </ul>
	 <b>Ignacio Aranguren</b> <i>Head of Strategy</i>	 <b>Iñigo Capell</b> <i>Chief Resources Officer</i>	 <b>Carlos Ulecia Palacios</b> <i>General Secretary</i>	 <b>Rocio Escondrillas Labad</b> <i>Chief Marketing Officer</i>
<b>Years at NHH</b>	24 years	11 years	Recently appointed	Recently appointed
<b>Prior Experience</b>	<ul style="list-style-type: none"> <li>Joined Corporación Financiera Reunida, S.A. in 1989 as its Finance Director</li> <li>Worked in the audit department of the international firm, Coopers &amp; Lybrand</li> <li>Served as Chief Executive Officer of Sotogrande SA</li> </ul>	<ul style="list-style-type: none"> <li>Began his professional career in the Selection department at HP in 1995</li> <li>Worked in the international management department at BBVA</li> </ul>	<ul style="list-style-type: none"> <li>Previous positions include 6 years as Vice Secretary and Deputy General Secretary at Grupo Prisa</li> <li>Served as a Legal Counselor at Indra Systems</li> <li>Lawyer at Landwell (Law Firm of PwC) where he was appointed Senior Associate of the Firm</li> </ul>	<ul style="list-style-type: none"> <li>Has held strategic marketing positions for Procter &amp; Gamble, Andersen Consulting and Paradores de Turismo, among others</li> <li>Was previously Marketing Director for Southern Europe at Johnson &amp; Johnson</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>Economics and Business degree from Universidad Pontificia Comillas, Masters Degree in Finance Administration from IAE</li> </ul>	<ul style="list-style-type: none"> <li>Law degree from Fundación Universitaria San Pablo CEU, Masters degree from IESE</li> </ul>	<ul style="list-style-type: none"> <li>Law degree from the University of Zaragoza and Master's in Business and Fiscal Law from the Spanish Business School Instituto de Empresa</li> </ul>	<ul style="list-style-type: none"> <li>Industrial Engineering degree from the Escuela Técnica Superior de Ingenieros Industriales of Madrid</li> </ul>

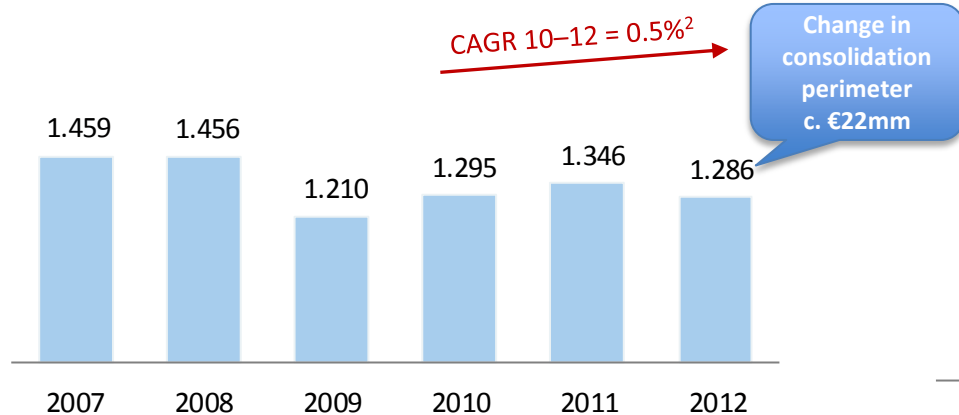




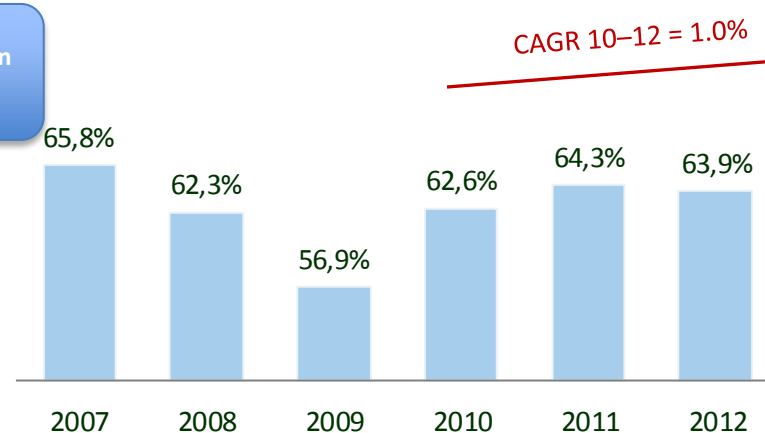
#### 4. Financial performance

# Key performance indicators of NHH

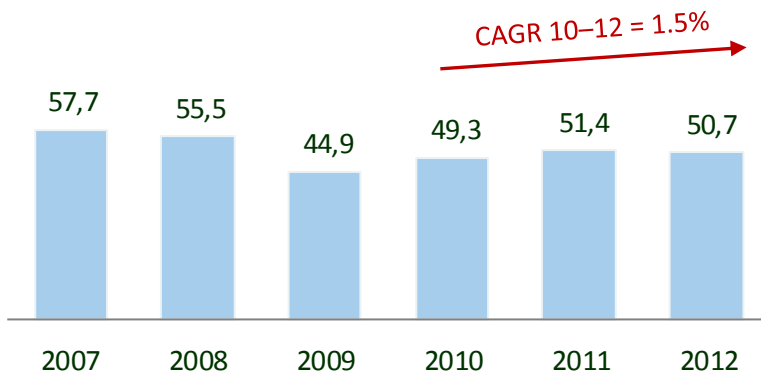
## Net turnover<sup>1</sup> (€mm)



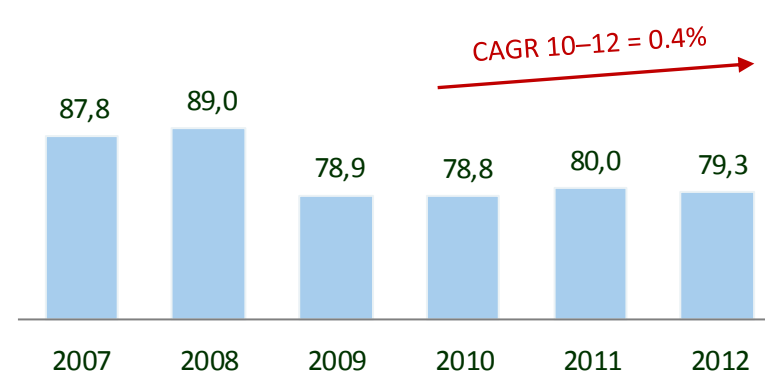
## Occupancy



## RevPAR (€/room)



## ADR (€/night)



Source: Company information

Note: Consolidated operating metrics as reported on every fiscal year

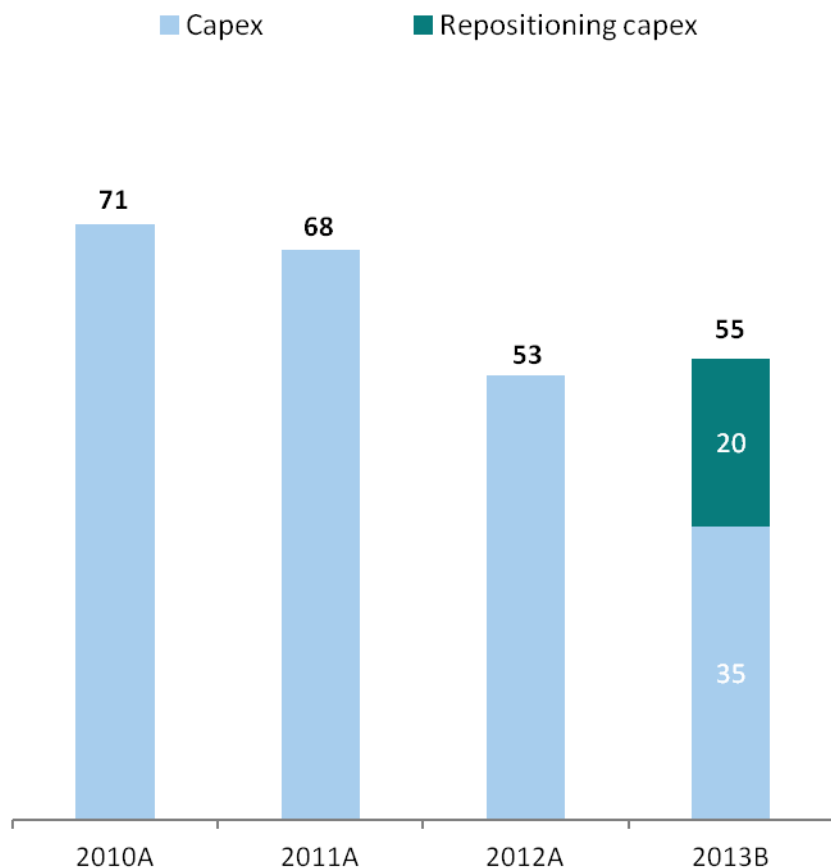
<sup>1</sup> Net turnover evolution is effected by asset sales during 2010-2011

<sup>2</sup> Based on 2012 net turnover adjusted for c.€22mm decrease associated with termination of lease agreements of 3 hotels in 2012 and disposal of NH Ligure and Jolly Lotti Hotel each in 2011

## Summary cash-flow statement 2010-2012

(€ mm)	2010A	2011A	2012A
Adjusted EBITDA	135	159	120
Change in NWC	(51)	5	3
Capex	(71)	(68)	(53)
<i>% net turnover</i>	5%	5%	4%
<b>Net Cash flow before disposals, interest and taxes</b>	<b>13</b>	<b>96</b>	<b>70</b>
Disposals	118	171	7
<b>Net Cash flow before interest and taxes</b>	<b>131</b>	<b>267</b>	<b>77</b>

## Capital expenditures (€mm)



## Commentary

- Investments over the period 2010-2011 included investments in new hotel openings, as well as investment in the maintenance and refurbishment of existing hotels
- The Company strategically decreased amount of capex over the crisis from 2010 to 2012 to meet operating needs
  - In 2012 Capex related only to maintenance and refurbishment
- €20 million of repositioning Capex is planned to be spent in H2 2013 while the remaining c. €35 million relates to maintenance
- For the period 2014-16 the Company expects to invest approx. €200 million as part of its repositioning plan of approximately 100 hotels

- In April 2013, **HNA Group**, a conglomerate based in China with hotel management, airline and tourism businesses, purchased **20% stake** in NHH for total consideration of **€234 million**
  - Long-term partnership with one of the strongest and most reputable hotel managers in China
  - Potential to develop a **mid/upscale market portfolio in China under an “asset-light” model**
  - Framework to create **cross-selling opportunities in the airline/tourism business**
- In June 2013 NHH **sold the NH Grand Hotel Krasnapolsky** in Amsterdam for **€157 million**. In connection with sale, NHH entered into **management service agreement** for the hotel for a period of **25 years** and the **purchaser has agreed to spend up to €38mm** over the next 3 years to refurbish the hotel
- During H2 2012 and H1 2013 NHH implemented cost savings initiatives in Spain and Italy associated with outsourcing of janitorial and other services

- **Like-for-like revenues for the Q3 2013 increased** compared to the same quarter in the previous year
  - Like-for-like **RevPAR increased by 2 - 2.5%** compared to the same quarter in the previous year, largely driven by:
    - **Increases in like-for-like RevPAR in Benelux and Latin America** mainly due to the successful implementation of operational initiatives and **effective management strategies**
    - **Positive contribution of like-for-like RevPAR in Spain for the first time in the last eight quarters**

Note: like-for-like revenues and RevPAR are adjusted adjusting for hotel openings, acquisitions and disposals (including for the sale of the NH Grand Hotel Krasnapolsky) on a constant exchange rate

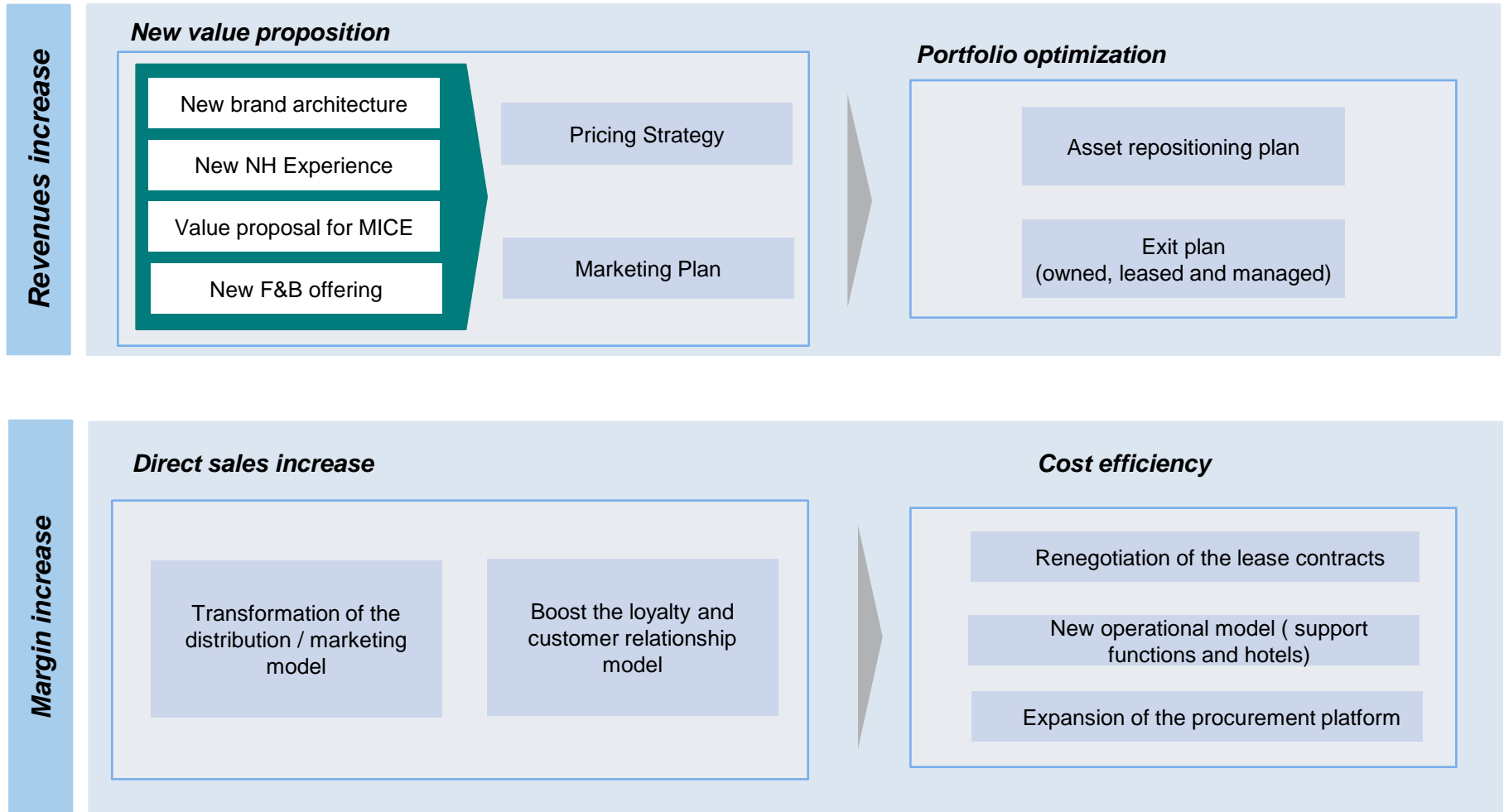
# Key financial policies & governance

<b>Leverage targets</b>	<ul style="list-style-type: none"><li>• Committed to deleverage to 3-4x in the medium term</li><li>• Close to €200mm gross debt reduction in the H1 2013 and approx. €150mm improvement in cash position</li></ul>
<b>Asset light</b>	<ul style="list-style-type: none"><li>• In the past few years NHH has increased the proportion of variable leases, as well as managed hotels vs. owned hotels. The Group's intention is to continue with this approach over the medium-long term</li></ul>
<b>Liquidity management</b>	<ul style="list-style-type: none"><li>• Maintain strong liquidity with a revolving credit facility of €76mm and back-ended maturity profile across the capital structure, as well as selectively sell owned hotels to improve liquidity and deleveraging profile (c.€125m of proceeds expected in 2014)</li></ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"><li>• There is currently no intention to pay dividends</li></ul>
<b>Asset light expansion plan</b>	<ul style="list-style-type: none"><li>• Opportunistically strengthen footprint in Europe and develop a greater platform in LatAm based on an asset light model (variable leases and management contracts)</li><li>• Leverage on HNA's tourism business and start hotel operations in China</li></ul>
<b>Others</b>	<ul style="list-style-type: none"><li>• Quarterly public bond reporting and investors conference calls</li></ul>



## 5. Strategy





# New value proposition: new brand architecture

- **Segment the brand portfolio/architecture** and clarify a value proposition aligned with the target and differentiated from competitors (independent chains and hotels)
- **Improve chain profitability** and maximise ADR of the core segments: upper upscale and upscale

Further improvement of **brand awareness** and image through increased marketing expenditure

- |  | Target<br>Nº Hotels |
|--|---------------------|
| • <b>Upward NH brand extension with the flagships of the Company</b>           | 52                  |
| • <b>Maintain NH Hotels core brand for Midscale and Upscale (3 &amp; 4*)</b>   | 268                 |
| • <b>Maintain current upscale design segment brand</b>                         | 3                   |
| • <b>Clear definition of the resorts segment under a single existing brand</b> | 10                  |

- **Focus on the urban business traveller**
- **Boost investment by country on the basis of revenue and potential**

## Refurbishment levels and priorities

	Scope	Priorities
<b>BASICS</b>	<b>Investments</b> to position all hotels in <b>minimum product standards</b>	<ul style="list-style-type: none"> <li>Investments to be held throughout 2013 as a <b>first step of repositioning plan</b></li> </ul>
<b>FULL</b>	<b>Refurbishments</b> involving <b>changes in facilities and bathrooms</b>	<ul style="list-style-type: none"> <li><b>Priority 1:</b> hotels in which the <b>refurbishment will take place in 2013 and 2014</b> considering an improvement of EBITDA, capacity to implement the project immediately and assuring the brand offering</li> <li><b>Priority 2 and 3:</b> hotels with a <b>less urgent capex necessity</b> and whose refurbishment will take place between 2015 and 2016</li> </ul>
<b>SOFT</b>	<b>Refurbishments</b> designed to <b>change elements of decoration and equipment</b>	



Estimated total refurbishment capex of approximately **€200 million between 2014 and 2016**



Approximately 50% of total repositioning capex targeted to **Spain and Benelux**. Majority of refurbishment plan will be spent on **upgrading hotels to the upper-upscale segment**



**NHH intends to refurbish 15 out of 22 hotels which are currently in the Collateral package**

# Proven track record of improving quality and ADR after refurbishment

## NH Villa de Bilbao



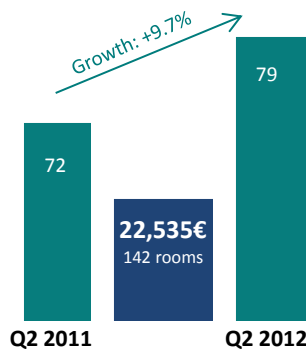
### Characteristics

- Hotel: 4 stars
- Rooms: 142; Rooms reformed: 142
- Location: Bilbao

### Reforms

- Paint/wallpaper, Fabrics
- Basic furniture, Full furniture, Room floor
- Bathroom tiling & accessories
- Plumbing, toilet & electrical installations
- AC change & installation of central control

### Impact



## NH Eurobuilding



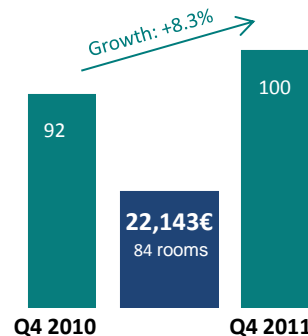
### Characteristics

- Hotel: 4 stars
- Rooms: 440; Rooms reformed: 84
- Location: Madrid Centre

### Reforms

- Paint/wallpaper, Fabrics
- Basic furniture, Full furniture, Room floor
- Bathroom tiling & accessories
- Plumbing, toilet & electrical installations
- AC change & installation of central control

### Impact



## NH President



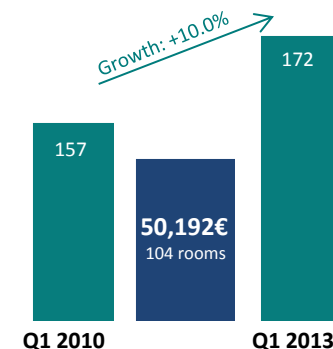
### Characteristics

- Hotel: 4 stars
- Rooms: 274; Rooms reformed: 104
- Location: Milan

### Reforms

- Paint/wallpaper, Fabrics
- Basic furniture, Full furniture, Room floor
- Bathroom tiling & accessories
- Plumbing, toilet & electrical installations
- AC change & installation of central control
- Demolition and full reconstruction
- Replacement of general installations

### Impact




■ ADR (reformed) (€/night) ■ CAPEX (€/room)



## 6. Conclusion

- 1 Leading European hotel operator with diversified portfolio base and well recognised brand
- 2 Attractive market fundamentals
- 3 Strong track record of portfolio management
- 4 Significant asset value underpinning the business
- 5 Highly skilled and experienced management team

- 
- 1 New brand architecture
  - 2 Asset repositioning
  - 3 Asset rotation
  - 4 Cost efficiencies