

In accordance with article 82 of Law 24/1988 of 28th July, on Securities Market, and its implementing secondary regulations, NH HOTELES, S.A. (hereinafter “**NH Hoteles**” or the “**Company**”) hereby notifies the Comisión Nacional del Mercado de Valores of the following:

### **RELEVANT FACT**

The Company provides presentation informing, among others, about the key aspects of its strategic plan.

Madrid, 15 November 2013

Carlos Ulecia Palacios  
Secretary General



**INVESTOR PRESENTATION  
AND 5 YEARS PLAN:**

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**BUILDING UP THE NEW NH**

## COMPANY OVERVIEW

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# 1. NH HOTELS BUSINESS PROFILE AT A GLANCE

## Business description

- 5th largest hotel brand in Europe and one of the Top 25 chains worldwide
- 383 hotels (owned, leased and managed) with 57,846 rooms in 26 countries
- NH Hotels is listed on the Madrid Stock Exchange with a market cap of €1.3bn

## Consolidated Recurrent Financials

|               | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  |
|---------------|-------|-------|-------|-------|-------|-------|
| Revenues      | 1,396 | 1,423 | 1,191 | 1,293 | 1,339 | 1,288 |
| GOP           | 474   | 484   | 348   | 410   | 450   | 412   |
| %             | 34%   | 34%   | 29%   | 32%   | 34%   | 32%   |
| Hotels EBITDA | 232   | 218   | 76    | 142   | 162   | 119   |
| Real Estate   | 24    | 12    | 3     | -3    | 2     | -1    |
| Total EBITDA  | 256   | 231   | 79    | 139   | 164   | 118   |

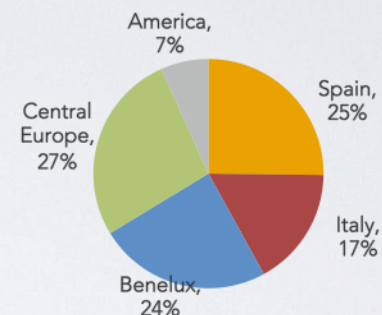
<sup>1</sup> As of December 2012

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

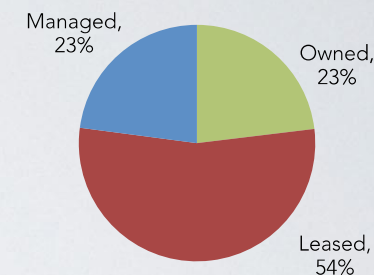
<sup>3</sup> As of October, 2013

## Operating breakdown

By geography...<sup>(1)</sup>



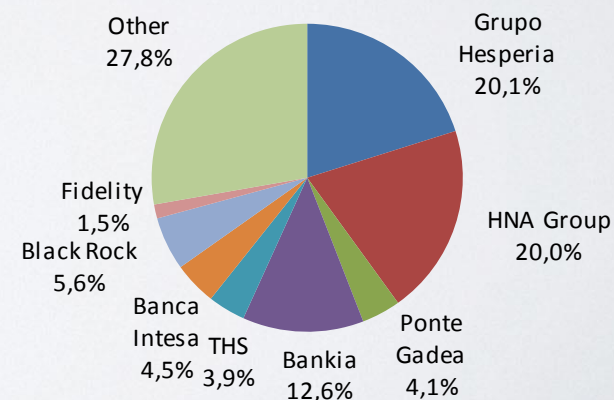
By contracts...<sup>(2)</sup>



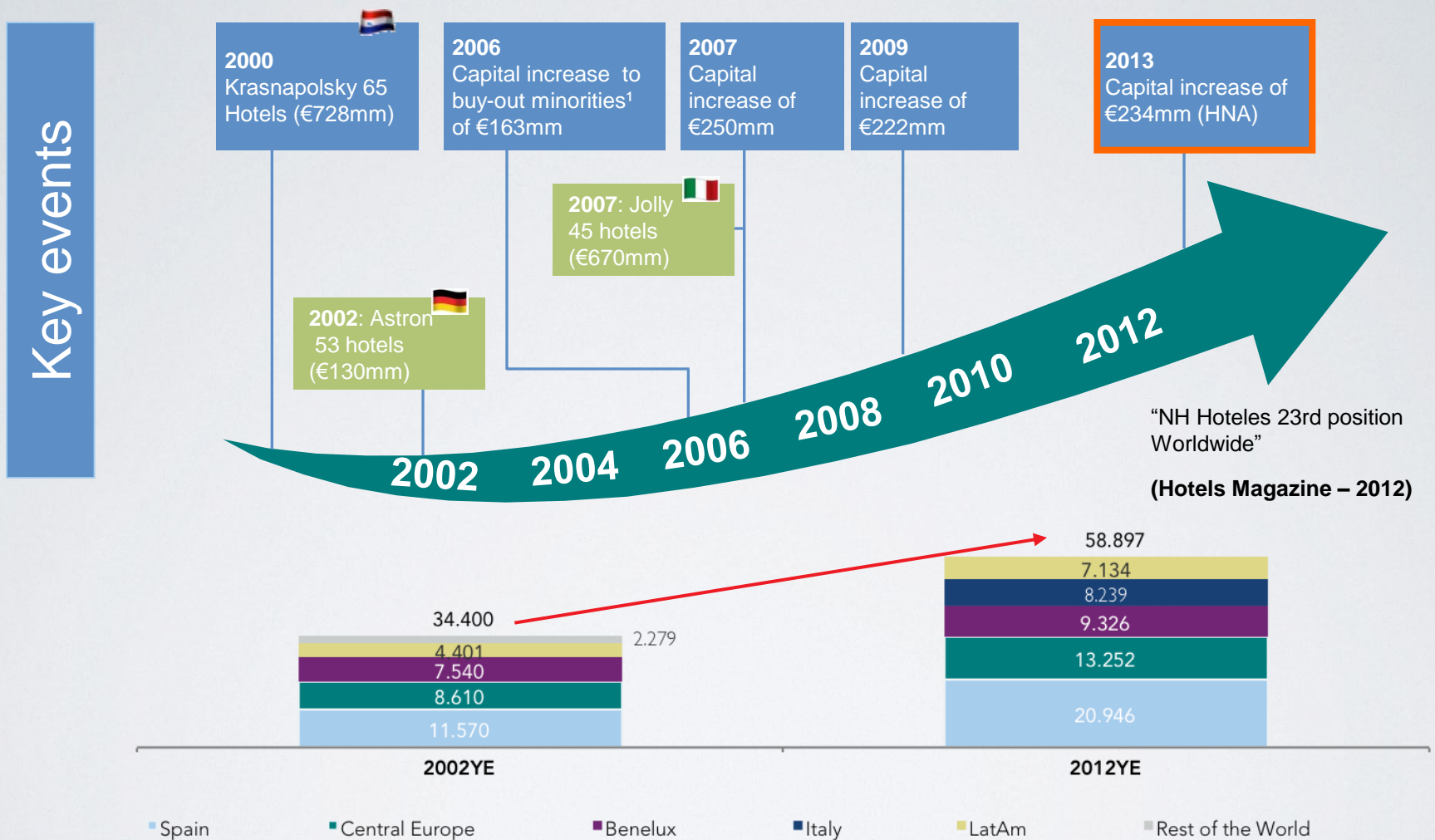
Net turnover: €1,288mm

Nº of rooms: 57,846

## Shareholder structure<sup>3</sup>



## 2. NH HOTELS CORPORATE HISTORY OVER LAST DECADE



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

Source: Company information  
<sup>1</sup> LatAm and Sotogrande minorities

### 3. FOCUS ON EUROPE AND URBAN CITIES

|                           | Spain         | Italy         | Central Europe <sup>1</sup>  | Benelux <sup>2</sup>    | America   |
|---------------------------|--|--|---|--|---|
| N° of hotels              | 168  | 50   | 77  | 53   | 35  |
| Total n° of rooms         | 19,979   | 8,085  | 13,494  | 9,326  | 6,962   |
| N° of rooms in key cities | <i>Madrid: 4,951<br/>Barcelona: 3,372</i>  | <i>Milan: 2,157<br/>Rome: 1,151</i>  | <i>Berlin: 1,844<br/>Frankfurt: 1,273<br/>Munich: 1,127</i>   | <i>Amsterdam: 2,807<br/>Brussels: 1,135</i>  | <i>Buenos Aires: 1,210<br/>Mexico City: 1,088</i>   |
| Ranking <sup>3</sup>      |  # 2 in Spain |  # 2 in Italy |  # 5 in Germany               |  # 1 in Holland<br> # 3 in Belgium   |  # 2 in Argentina  |
| Brand awareness           |  # 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

As of September 2012;

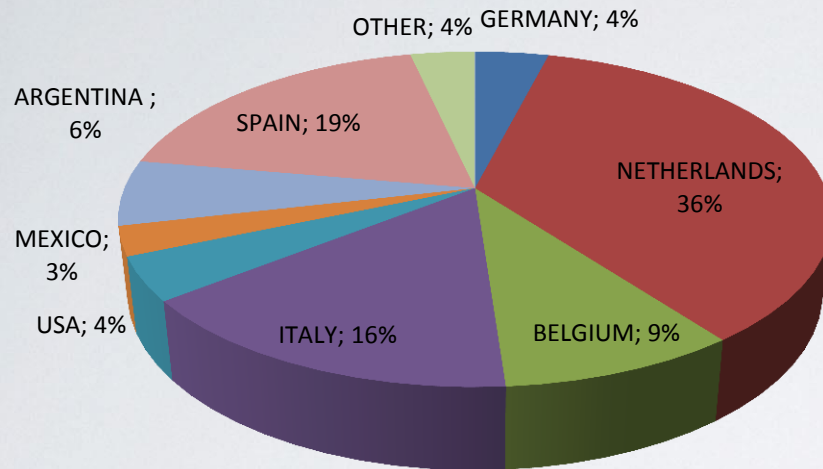
<sup>1</sup> Business Unit includes Germany, Austria, Switzerland, Czech Republic, Romania, Hungary, Slovakia, Poland

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

<sup>3</sup> Based on number of rooms (2012 data; Italy and Holland 2011 data)

## 4. SIGNIFICANT ASSET VALUE UNDERPINNING BUSINESS

### Owned hotels' value distribution (\*)



Value of **owned hotels assets**: €1,400 - 1,600 million. This amount does not include the additional value of leased and managed hotels nor Sotogrande Real Estate

Out of the 82 properties, total capital invested in Spain is limited to 16 hotels



NH Barbizon Palace (Amsterdam)  
Valuation: €93mm  
Nº of rooms: 274



NH Jolly Madison Towers (New York)  
Valuation: €65mm  
Nº of rooms: 242



NH Eurobuilding (Madrid)  
Valuation: €75mm  
Nº of rooms: 440

(\*) Valuation American Appraisal June 2013 & Internal Values

## 5. PLUS HIDDEN VALUE IN SOTOGRANDE



### NH HOTELES OWNS 98% OF SOTOGRANDE

- Spain: 420 hectares of land with more than 630,000 sqm of buildable area
- International: 676 hectares in Mexico (35.5% ownership) and 25 hectares in the Dominican Republic (25% ownership)
- Donnafugata Golf Resort & Spa opened in July 2010 (88.8%)

### IMPACT ON NH AS OF DEC. 2012

- Sotogrande's Book value for NH: €251M
- Debt (bank debt + NH loan): €99M

### PRE-TAX MARKET VALUE CONSIDERATIONS (American Appraisal June 2013 and adjusted by % ownership):

- Real estate inventories (Cadiz): €215,9m
- Other Tourist Assets (hotels and golf courses, Cadiz): €41,2m
- Development in Mexico (Sotolindo) €88,4m + Dominican Republic (Sotogrande at Cap Cana): €31,5m = €119,9m
- Donnafugata Golf Resort & Spa: €16.7m



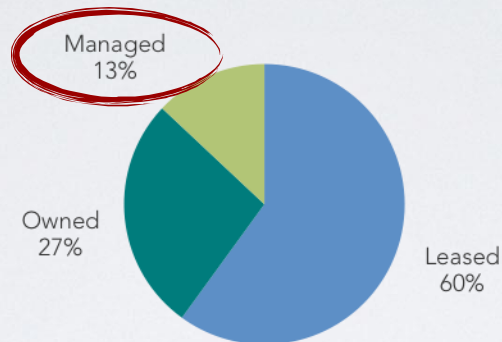


## 6. INCREASINGLY ASSET-LIGHT MODEL BY PORTFOLIO MANAGEMENT

### Operating asset model breakdown

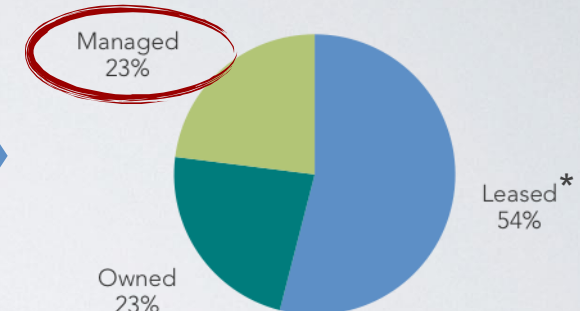
Significant increase in hotel management agreements

December 2008



N. of rooms: 51,591

September 2013



N. of rooms: 57,846

\* o/w c. 10% has a variable component

Successful lease termination and renegotiation

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

During the first nine months NH Hotels **terminated 8 leases** and **renegotiated 43 lease contracts**, resulting in **rental expense reduction of approx. €15 million**, of which €7 million consisted of temporary discount

Company historically managed to obtain these savings at modest costs: up to September, NH Hotels paid €5 million for termination of lease agreements

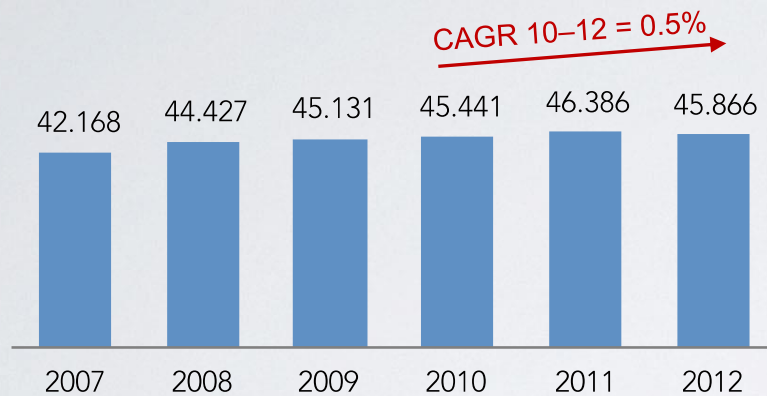
# FINANCIAL PERFORMANCE

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# 1. KEY PERFORMANCE INDICATORS OF NH HOTELS 2007-2012

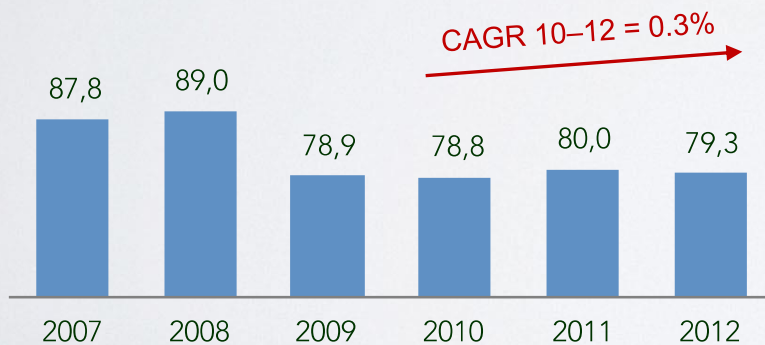
## Consolidated Average Rooms<sup>(1)</sup>



## Occupancy<sup>(1)</sup>



## ADR (€/night)<sup>(1)</sup>



## RevPaR (€/room)<sup>(1)</sup>



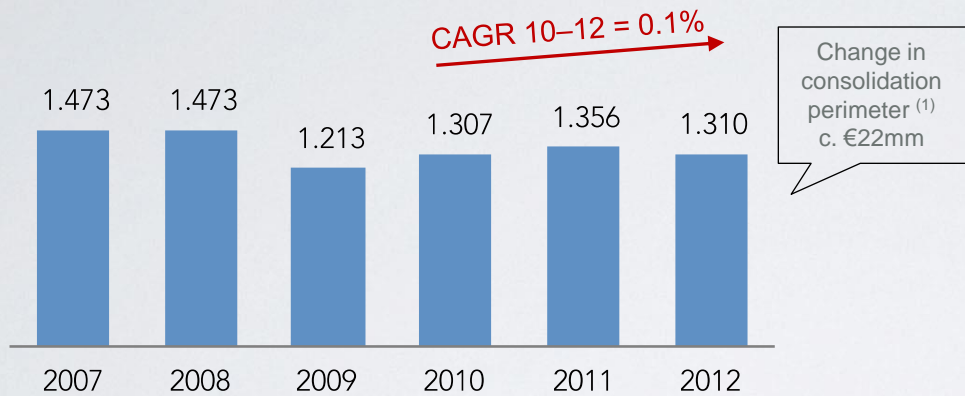
Source: Company information

Note: Consolidated operating metrics as reported on results publication

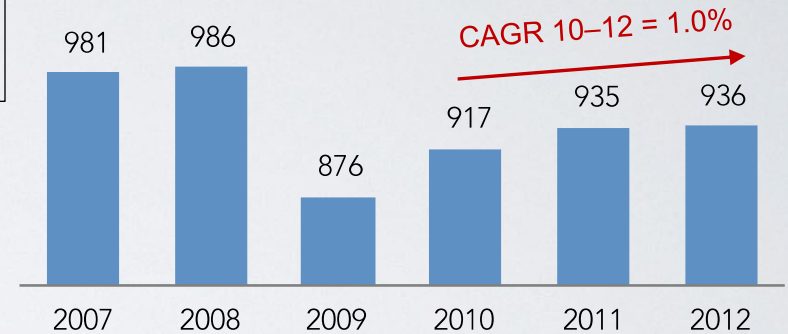
<sup>1</sup> Consolidated KPIs

## 2. CONSOLIDATED RECURRENT FIGURES OF NH HOTELS 2007-2012 (€mm)

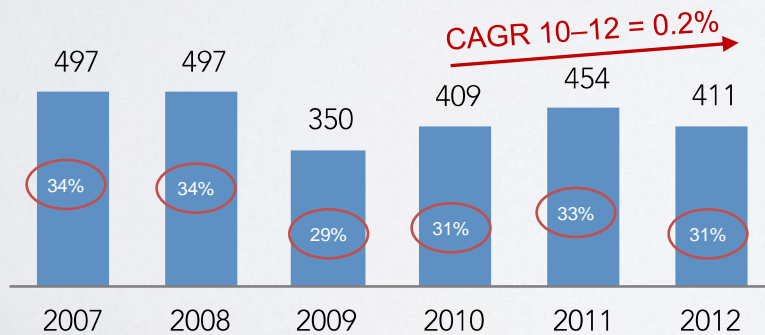
### Revenue



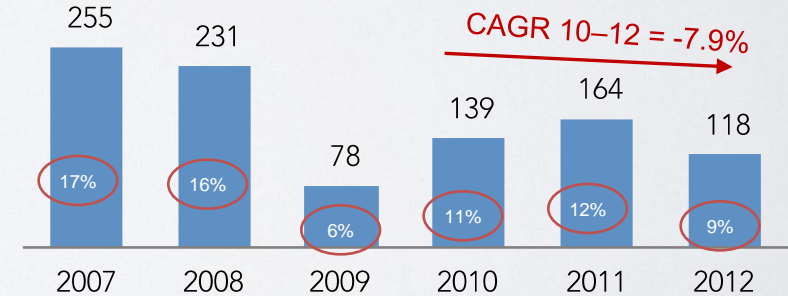
### Opex



### GOP



### EBITDA



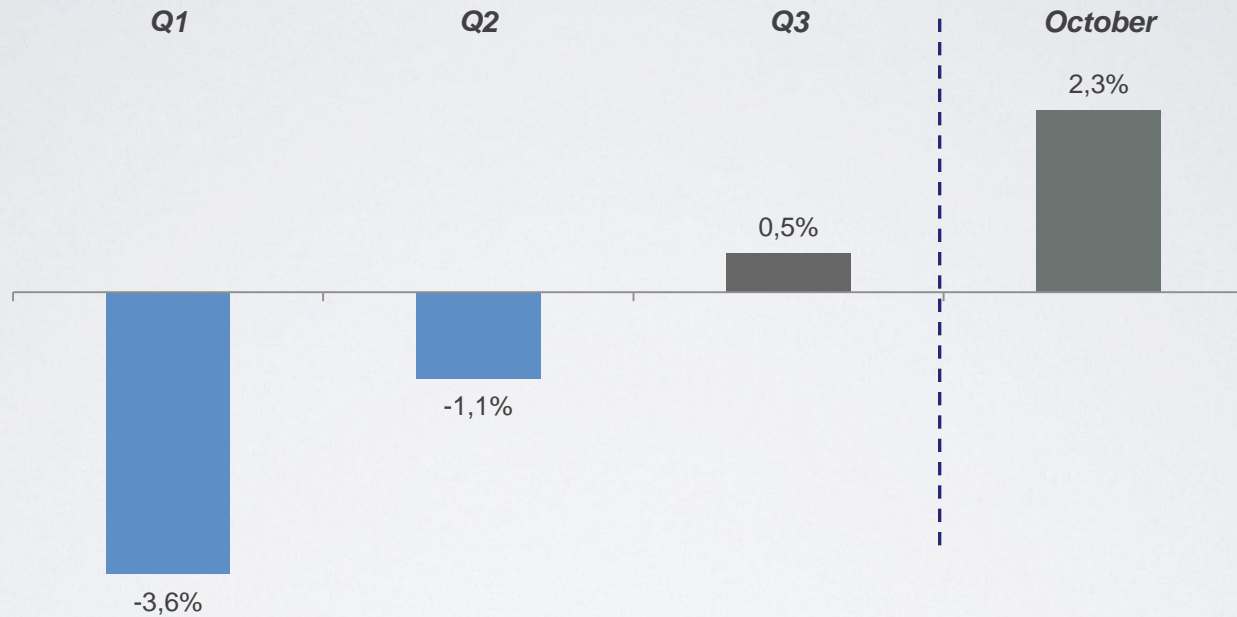
Source: Company information

Note: Consolidated recurrent operating metrics as reported on every fiscal year

1) Based on 2012 recurrent revenue 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

### 3. IMPROVING TRADING ENVIRONMENT

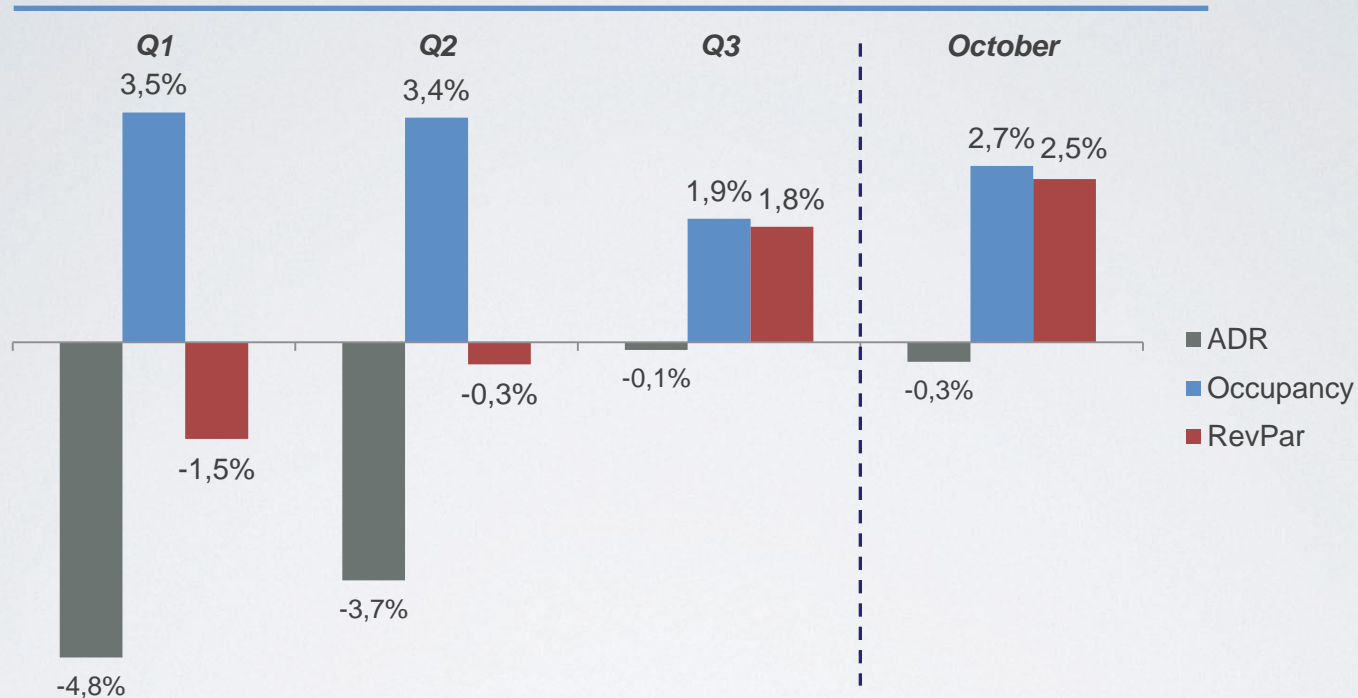
“Like for Like” Revenues 2013 evolution



|                                | 1Q         | 2Q                            | 3Q                                |
|--------------------------------|------------|-------------------------------|-----------------------------------|
| # B.Us with Revenue growth LFL | 1<br>(C.E) | 3<br>(C.E, Italy and America) | 3<br>(Benelux, Italy and America) |

## 4. IMPROVED TRADING ENVIRONMENT

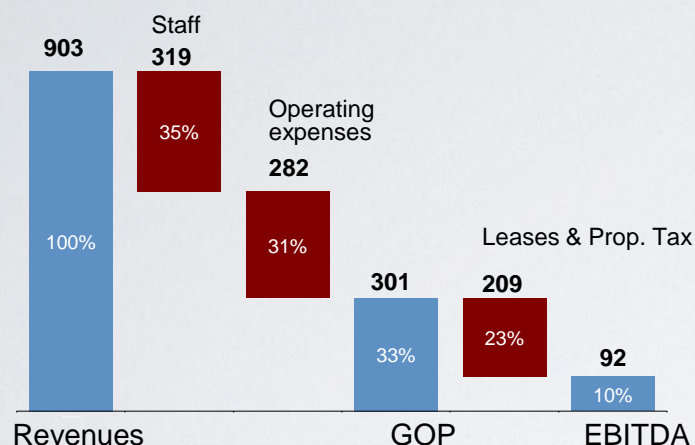
“Like for Like” RevPar 2013 evolution



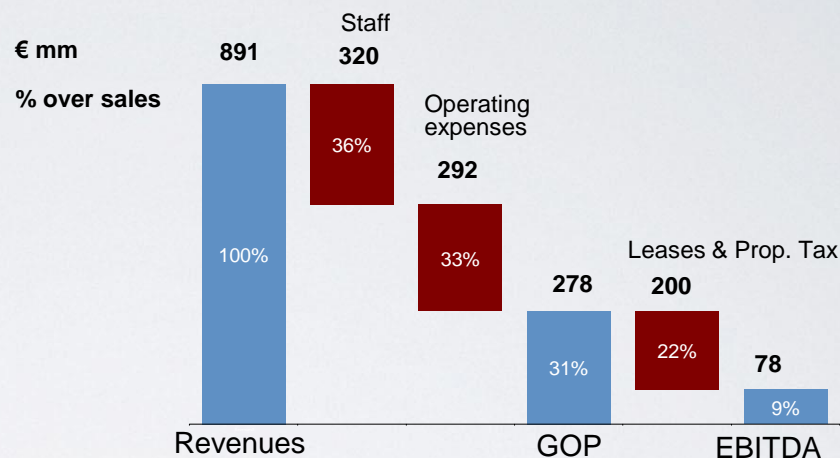
| "Like For Like"<br>% Var | Business Unit Evolution |       |       |       |       |       |        |       |      |
|--------------------------|-------------------------|-------|-------|-------|-------|-------|--------|-------|------|
|                          | Occupancy               |       |       | ADR   |       |       | RevPar |       |      |
|                          | Q1                      | Q2    | Q3    | Q1    | Q2    | Q3    | Q1     | Q2    | Q3   |
| SPAIN                    | 2,0%                    | 1,0%  | -1,2% | -6,6% | -4,5% | 1,7%  | -4,7%  | -3,5% | 0,4% |
| ITALY                    | 6,4%                    | 3,7%  | 1,4%  | -5,4% | -1,0% | -0,2% | 0,7%   | 2,7%  | 1,2% |
| BENELUX                  | 2,8%                    | -0,4% | 2,0%  | -7,4% | -3,6% | 2,7%  | -4,8%  | -3,9% | 4,8% |
| CENTRAL EUROPE           | 6,0%                    | 7,3%  | 2,4%  | -1,1% | -3,8% | -2,3% | 4,8%   | 3,3%  | 0,1% |
| LATINAMERICA             | -4,3%                   | 8,1%  | 13,5% | -8,4% | -6,8% | -6,0% | -12,3% | 0,7%  | 6,7% |

## 5. MAJOR COMPONENTS OF CURRENT COST STRUCTURE

### LFL hotel activity 9M 2012



### LFL hotel activity 9M 2013



#### Personnel

Thanks to the contingency plan launched in 2012, LFL personnel expenses increased by +0.3% despite having higher levels of activity (+2,87%), having strengthened sales teams (Revenue Management & CRO & Berlin Booking Office) and the effects of inflation

Staff adjustments implemented since the middle of Q2 will have more visibility in the second part of the year. Isolating the month of September there is a reduction of - 2.3% in total payroll

#### Other Expenses

Negative evolution in other operating expenses that increased +3,6% in LFL terms due to higher Systems & IT, commercial costs (mainly commissions from the increase of intermediated sales vs. direct channels) and an increase in energy prices. Isolating the month of September there is a reduction of - 0.3% in total operating expenses

#### Leases

Leases reduction in line with the target, offsetting the increase of openings, “step-ups”, and CPIs growth

## 6. 9 MONTHS 2013 RESULTS

| (€ million)  | 9 M 2013      | 9M 2012       | 2013/2012                   |
|--|---------------|---------------|-----------------------------|
| Hotel Revenues                                     | 943,1         | 964,5         | (2,2%)                      |
| Real estate sales and other                        | 8,7           | 15,0          | (42,0%)                     |
| <b>TOTAL REVENUES</b>                              | <b>951,8</b>  | <b>979,6</b>  | <b>(2,8%)</b> <sup>1</sup>  |
| Real estate cost of sales                          | (0,2)         | (6,0)         | (97,5%)                     |
| Staff Cost   | (348,4)       | (350,4)       | (0,6%)                      |
| Operating expenses                                 | (313,9)       | (307,7)       | 2,0%                        |
| <b>GROSS OPERATING PROFIT</b>                      | <b>289,4</b>  | <b>315,5</b>  | <b>(8,3%)</b> <sup>2</sup>  |
| Onerous contract reversal provision                | 9,4           | 0,9           | (943,3%)                    |
| Lease payments and property taxes                  | (218,3)       | (219,8)       | (0,7%)                      |
| <b>EBITDA</b>                                      | <b>80,5</b>   | <b>96,5</b>   | <b>(16,6%)</b> <sup>3</sup> |
| Depreciation                                       | (71,3)        | (84,5)        | (15,6%)                     |
| <b>EBIT</b>  | <b>9,2</b>    | <b>12,1</b>   | <b>(23,7%)</b> <sup>4</sup> |
| Interest expense                                   | (44,0)        | (39,3)        | 11,7%                       |
| Income from minority equity interests              | (5,4)         | (1,1)         | (391,7%)                    |
| <b>EBT</b>   | <b>(40,1)</b> | <b>(28,4)</b> | <b>(41,3%)</b> <sup>5</sup> |
| Corporate income tax                               | (5,3)         | (7,1)         | 24,7%                       |
| <b>NET RESULT before minorities</b>                | <b>(45,4)</b> | <b>(35,5)</b> | <b>(28,1%)</b>              |
| Minority interests                                 | 2,0           | 6,2           | (67,2%)                     |
| <b>NET RECURRING RESULT</b>                        | <b>(43,4)</b> | <b>(29,2)</b> | <b>(48,5%)</b>              |
| Non Recurring EBITDA                               | 32,4          | (10,1)        | 419,4%                      |
| Other Non Recurring items                          | 0,7           | (10,6)        | 106,6%                      |
| <b>NET RESULT including Non-Recurring activity</b> | <b>(10,3)</b> | <b>(50,0)</b> | <b>79,3%</b> <sup>6</sup>   |

### 1. Revenues

Compared to 2012, the development is -0,9% LFL, as a result of a decrease in Q1 and Q2, partially offset by an increase of 0,5% en Q3. According to LFL criteria, ADR falls 2,8% and occupancy grows 2,9%. Should be remarked the disposal of NH Grand Hotel Krasnapolsky, which causes a decrease in revenues of €9 million.

### 2. Operating expenses

- Staff expenses: decrease due to the contingency plan despite having higher levels of activity, strengthened sales teams and the effects of inflation. Isolating Q3 the decrease is -3,3%
- Other operating expenses: higher than previous year because of:
  - Commission expenses
  - Data processing
  - Energy

### 3. Leases and property taxes

-0.7% decrease, offsetting increases in negotiations from previous years and CPI adjustments.

### 4. Depreciation

Depreciation expenses decrease explained by impairment provision registered in 2012

### 5. Interest expense

Interest expenses increase compared to 2012 as a consequence of financing with higher spreads

### 6. Non Recurring EBITDA

Incorporates capital gains from asset disposals



# 7. SUCCESSFUL REFINANCING ACHIEVING A MORE FLEXIBLE STRUCTURE

**“Term Loan”:** €200 million (2/3 term loan and 1/3 revolving credit facility), 4 year maturity (Nov. 2017 ), floating interest rate 3-month Euribor plus a 4%

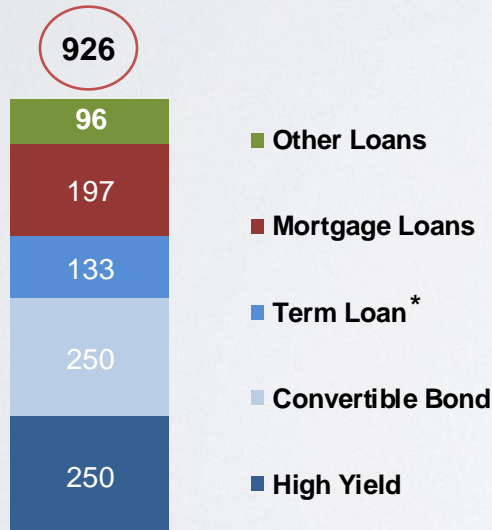
**Unsecured Convertible Bond:** €250 million, 5 year maturity (Nov. 2018), fixed interest rate 4%, conversion €4,919 / share

**High Yield Bond:** €250 million, 6 year maturity (Nov. 2019), fixed interest rate 6,875%

| Rating | NHH | HY |
|--------|-----|----|
| S&P    | B-  | B  |
| Fitch  | B-  | B+ |

Committed to **deleverage to 3-4x** in the medium term

PF Gross Debt as of Sept 2013 (€mm)

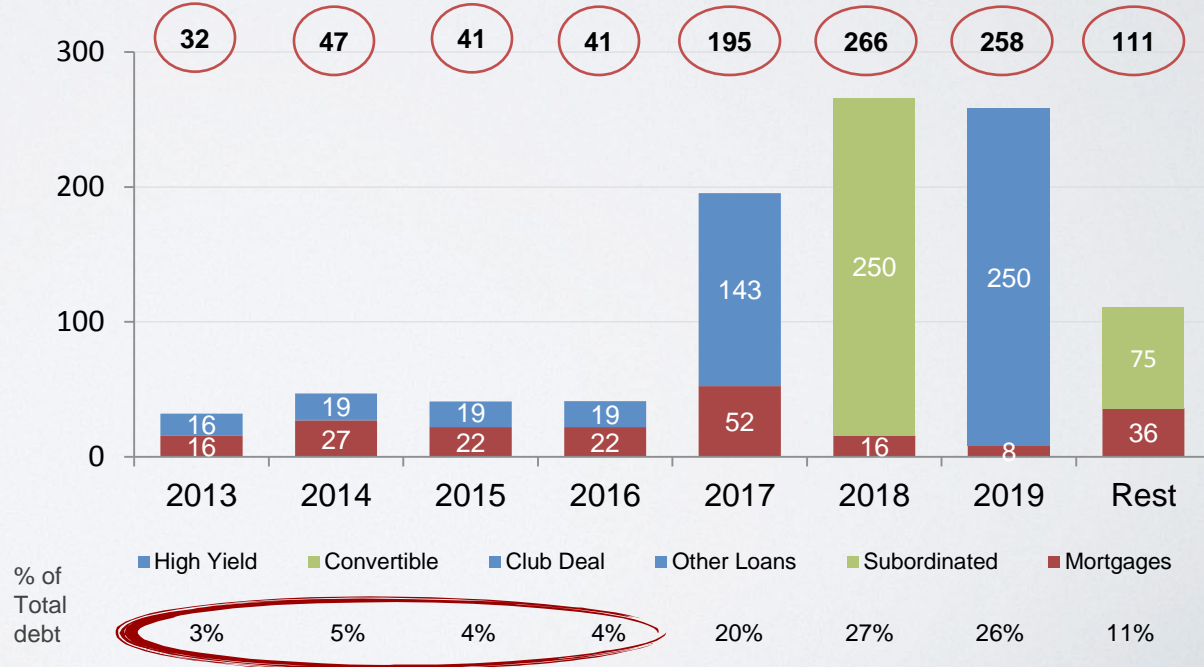


Cash & equivalents: €188mm

PF Net Debt: €738mm

\* €67m RCF Term Loan Undrawn

Amortization schedule (€mm)



## 8. RECENT DEVELOPMENTS



Equity Investor

€234m capital increase ( € 3.8 per share; 20% stake)

JV to expand hotel operations in China and commercial agreement with HNA worldwide

Framework for a broader commercial agreement with HNA's tourism businesses

- HNA is the 7th largest Chinese privately-owned multi-industry enterprise group and a top 3 hotel manager
- Long-term partnership with one of the leading hotel managers in China providing stability to the shareholder base
- Potential to develop a mid/upscale market portfolio in China with a strong and reputable local partner under an “asset-light” model
- Cross-selling opportunities between a flagship Chinese company in the airline/tourism business and NH Hotels



- In June 2013 NHH sold the NH Grand Hotel Krasnapolsky in Amsterdam for €157 million. In connection with sale, NHH entered into management agreement 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 the last weeks some relevant institutional investors have joined the company as shareholders

# STRATEGY

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# 1. DIAGNOSIS

## NH TODAY

- 1) Profitability below competitors
- 2) Rapid growth without a uniform brand/product identity
- 3) Potential improvement in the customer experience
- 4) Company earnings have been adversely affected by:

### Income

- Exposure to countries in recession
- Reduction in owned hotels due to sale of assets aimed at de-leveraging the company (9 assets in the last 3 years, losing €25M EBITDA ~20% of what is generated now)
- Loss of capacity to raise the ADR due to a **tired product** (vs. increase in new supply) and a **lack of strong brand/segmentation** and marketing initiatives vs. competitors
- Total loss of contribution from the real estate division from €24M in 2007 to zero

### Expenses

- Rents remain high in comparison with the fall in sales
- High financial expenses (€55M) due to high leveraging levels

**Potential to improve identity, product and recognition of the brand value**

## 2. INTRODUCTION

### NH VISION

Whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they first ask themselves: “Is there an NH Hotel?”

NH aspires to be the “top 2 choice” for city/business travellers, offering a different product and service experience

#### Target customers

City / business traveller

#### Categories



#### Attributes

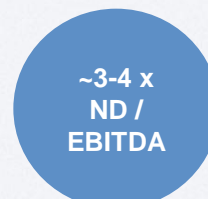
|                  | Differentiation / Parity |                           |
|------------------|--------------------------|---------------------------|
|                  | NH vs. Chains            | NH vs. independent hotels |
| Feel at Ease     | +                        | =                         |
| Feel the Place   | +                        | =                         |
| Feel Special     | ++                       | ++                        |
| Brilliant Basics | =                        | ++                        |

NH aspires to be the best option for investors looking to sign a management/franchise contract with a top rate operator in the city/business segment

#### NH vs. other operators

|             |   |
|-------------|---|
| Flexibility | + |
| Service     | = |

NH seeks to maximise their return on the resources available to it, in order to make it a profitable investment for shareholders by pursuing three aspirations

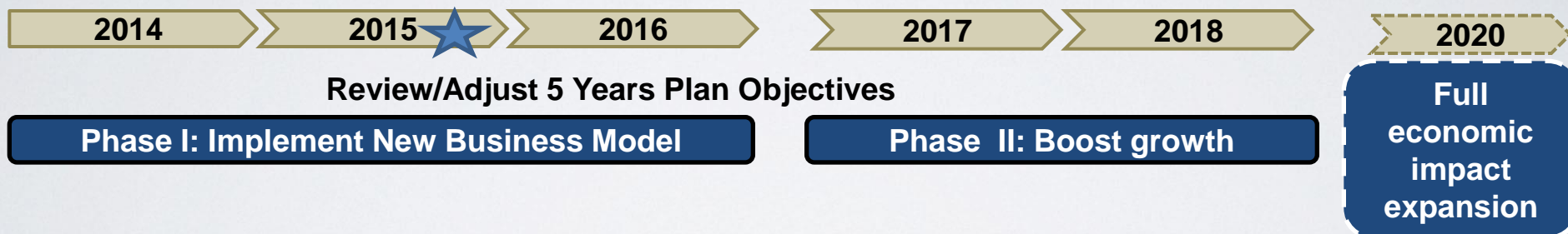


### 3. INTRODUCTION

## FRAMEWORK FOR THE DEVELOPMENT OF THE 5 YEARS PLAN

The Plan has been structured in **two phases**:

- The first 3 years are focused on managing and implementing the new value proposition and the new business model. Strong investment in asset refurbishment and limited impact of the Expansion Plan
- During 2017 and 2018, the Company will boost organic growth (full economic impact in 2020)



- **Detailed plan for each of the 24 initiatives identified in the Strategic Diagnostic**
  - A specific plan for each of the initiatives has been developed, including main “Strategic Choices”, “Key Plan Elements”, and KPIs to monitor mid and long-term objectives
  - Additionally, each initiative has its own calendar for implementation, individualized budget and a responsible for its implementation and compliance
  - The 24 initiatives have been grouped into four value drivers (Revenues, Margin, Growth and Enablers)

## 4. INTRODUCTION

### DIAGNOSIS SUMMARY OF KEY BUSINESS AREAS

|                                    |  |
|------------------------------------|--|
| <b>HOTEL &amp; ASSET PORTFOLIO</b> | <ul style="list-style-type: none"><li>• <b>Increase profitability of our assets by:</b><ul style="list-style-type: none"><li>• repositioning plan to put in value our properties</li><li>• continue with the leases adjustment plan and leases renegotiation</li></ul></li></ul>   |
| <b>BRAND AND PRODUCT</b>           | <ul style="list-style-type: none"><li>• <b>Portfolio segmentation/ brand strategy</b> to increase the value proposal and to extract the full ADR potential of our hotels</li><li>• To guarantee a <b>different and consistent product and service experience</b></li><li>• <b>Refresh the product.</b> We estimate certain loss of revenues due to the deteriorated state of the assets (~200-220M CAPEX needs for the current portfolio (ROCE c. 20%)</li></ul> |
| <b>MKTG, SALES AND PRICING</b>     | <ul style="list-style-type: none"><li>• <b>Increase investment in marketing</b></li><li>• <b>Digital strategy</b> to increase direct on-line sales (Web site and mobile applications)</li><li>• <b>Sales strategy</b> (channels) and <b>strategic pricing</b> (prices-value) and <b>yield management</b> by market</li></ul>   |
| <b>ORGANISATION AND OPERATIONS</b> | <ul style="list-style-type: none"><li>• <b>Transform the organizational model, define the roles and functions</b> (Corporate, BU, hotel) and the cost allocation</li><li>• <b>Redefine the management model</b> to clarify the services to be provided</li><li>• Roll out a change in business culture to <b>make NH a global company</b></li></ul>  |
| <b>EXPANSION</b>                   | <ul style="list-style-type: none"><li>• <b>Realistic plan</b> with different products to <b>compete within each segment</b> (upper-up-scale, up-scale, mid-scale) and with the <b>contracts and conditions of each country</b></li></ul>   |

## 5. INTRODUCTION

### INITIATIVES OF THE 5 YEARS PLAN

| INITIATIVES       |                        | DESCRIPTION   | PERIOD OF EXECUTION   |
|-------------------|------------------------|---|---|
| Revenues increase | New value proposition  | <ul style="list-style-type: none"> <li>New <b>Brand Architecture and Experience</b>, new pricing strategy and increased <b>investment in marketing</b></li> </ul>   | 2013-2018   |
|                   | Portfolio optimization | <ul style="list-style-type: none"> <li><b>Repositioning Plan:</b> €200-220 investment that will allow the <b>portfolio segmentation</b> and to refresh the product in order to increase the value proposal and to extract the full ADR potential of our hotels</li> <li>Sale of own assets that do not fit either with the new product or NH strategy</li> <li>Sale of additional assets to finance the repositioning plan</li> </ul> | 2013-2016<br><br>2014-2018: non-strategic assets<br>2014: additional assets |
| Margin Increase   | Direct sales increase  | <ul style="list-style-type: none"> <li>Reduction of intermediation costs by <b>increasing direct online sales</b> (web site and mobile applications) and lowering the costs of indirect channel</li> <li><b>Sales strategy</b> (channels) and <b>strategic pricing</b> (prices-value) and <b>yield management</b> by market</li> </ul>  | 2013-2018   |
|                   | Cost efficiency        | <ul style="list-style-type: none"> <li>Optimization of support functions (i.e. administration, commercial), and purchases</li> <li>Continue with the <b>leases adjustment plan</b> and leases renegotiation</li> </ul>  |   |
| Growth            |                        | <ul style="list-style-type: none"> <li>Organic expansion <b>strengthening presence in Europe and Latam</b> with different products to compete within each segment (upper-up-scale, up-scale, mid-scale) and with the contracts and conditions of each country</li> </ul>  | 2013-2018   |
| ENABLERS          |                        | <ul style="list-style-type: none"> <li>IT, Human Resources and Sustainability initiatives</li> <li>Roll out a change in <b>business culture to make NH a global company</b></li> </ul>  |   |
| TOTAL             |                        | <ul style="list-style-type: none"> <li><b>Key initiatives to position NH as the “top 2 choice” for city/business travelers, achieving a higher profitability</b></li> </ul>   | 2013-2018   |



## 6. PORTFOLIO OPTIMIZATION ASSET REPOSITIONING PLAN

### Refurbishment levels and priorities

|        | Scope  | Priorities   |
|--------|--|--|
| BASICS | <b>Investments</b> to position all hotels in <b>minimum product standards</b>        | Investments to be held throughout 2013 as a <b>first step of repositioning plan</b>  |
| FULL   | <b>Refurbishments</b> involving <b>changes in facilities and bathrooms</b>           | <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 |
| SOFT   | <b>Refurbishments</b> designed to <b>change elements of decoration and equipment</b> | <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  |

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

NH Hotels intends to refurbish 15 out of 22 hotels which are currently in the Collateral package

# 7. PROVEN TRACK RECORD OF IMPROVING QUALITY ADR AFTER REFURBISHMENT

## NH Villa de Bilbao

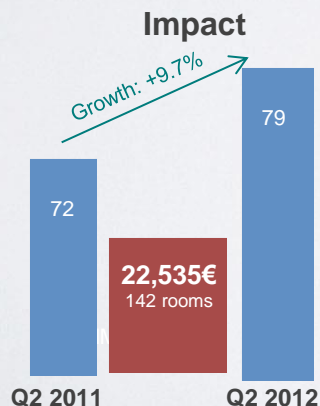


### Characteristics

- 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



## NH Eurobuilding

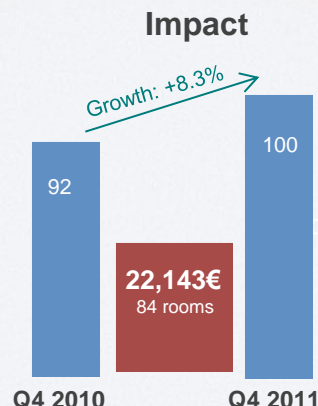


### Characteristics

- 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



## NH President

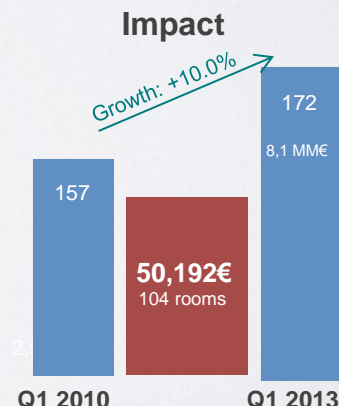


### Characteristics

- 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



■ ADR (reformed) ■ CAPEX (€/room)

Source: Company information






## 8. BRAND ARCHITECTURE

### 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

|            | Segment                | Logo   | Target N° Hotels |
|------------|------------------------|--|------------------|
| Urban      | Upper upscale          | <br>NH COLLECTION | 52               |
|            | Upscale                |  4*               | 237              |
|            | Midscale               |  3*               | 31               |
|            | Upper upscale (design) |                   | 3                |
| Vacational | Upper upscale          |                   | 10               |
|            | Upscale                |  |                  |

- **Focus on the urban business traveller**
- **Boost investment by country on the basis of revenue and potential:**
  - Priority 1: GER, SP
  - Priority 2: IT, NL
  - Priority 3: UK, FR, BEL and MEX

## CONCLUSION

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# NH HOTELS: A SOLID EQUITY STORY

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
5. Transformation of systems/culture towards a more global and efficient company

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