NH Hoteles, a Responsible Company in the Tourism Industry

NH HOTELES

2007
Corporate
Responsibility Report

NH Mantegna
Padua - Italy

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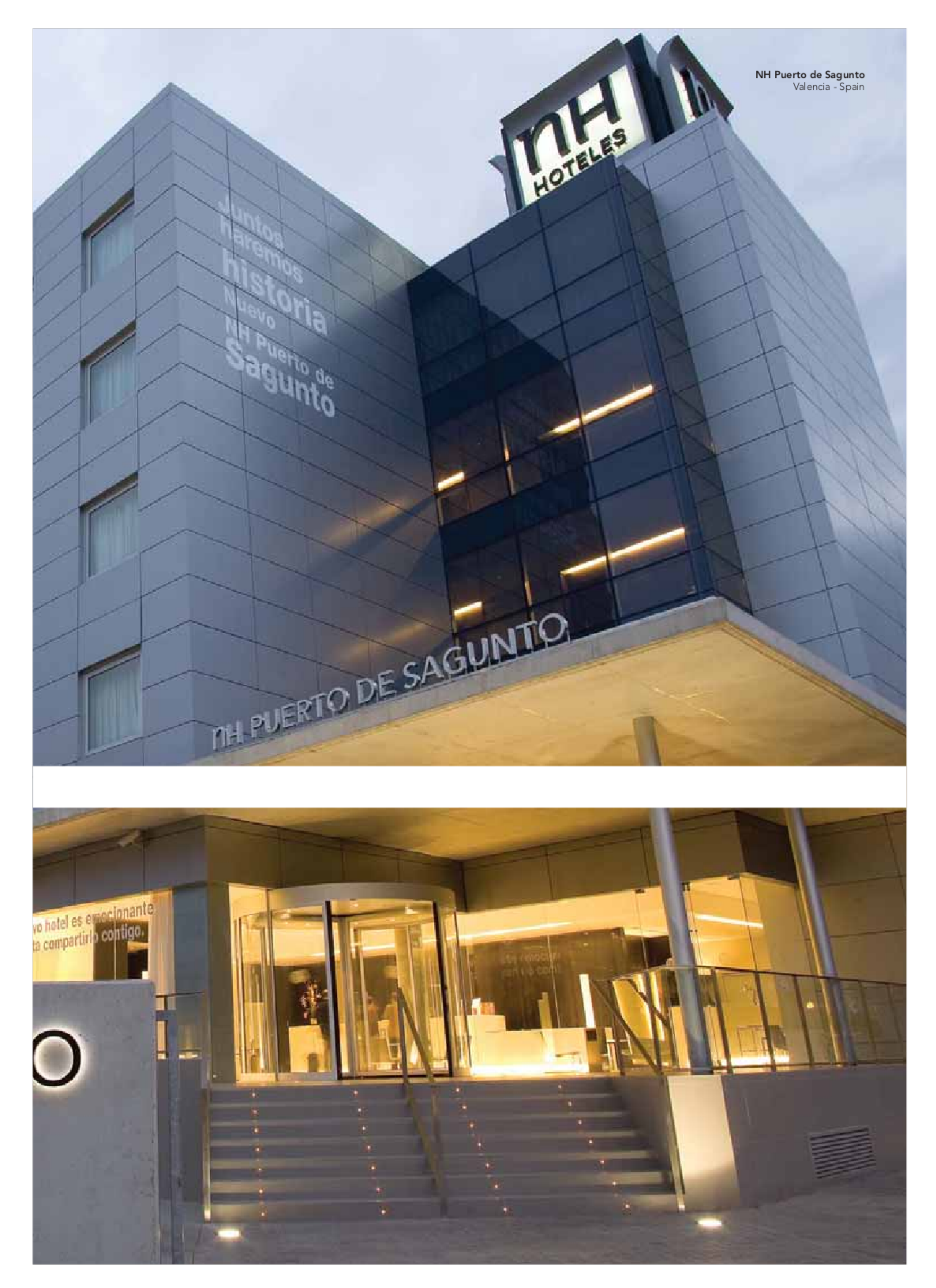
This report has been rated B+ by GRI and it has been reviewed by KPMG. Further information at www.nh-hotels.com

Letter from the President

NH Puerto de Sagunto
Valencia - Spain



LETTER FROM THE PRESIDENT

Gabriele Burgio
Chairman & CEO of NH Hoteles

As with every year, I am addressing you all to provide information on the key events and occurrences that have taken place over the last financial year.

Relevant information in 2007

Over the course of 2007, we managed to take a further leap forward on our path to multinational development and we currently operate 341 hotels and 49,677 rooms throughout **21 countries in Europe, America and Africa.**

Our results for the previous financial year represent a significant improvement over those for 2006. Group turnover and EBITDA witnessed year-on-year growth of 38% and 50% respectively, while net profit grew by 24% over figures for 2006. These results reflect the healthy standing of the Group and the impressive potential of a growth model based on geographic diversification and on the consistency of the excellent services our trade name has become known for. All NH Hoteles Units enjoyed clear levels of highly sustainable growth, in line with our expansion plan. Given the healthy evolution of the Company's results in 2007, the Board of Directors has forwarded a proposal to the Shareholders Meeting for a dividend of €0.26 per share to be paid.

At the outset of 2007, we unveiled a **three-year Strategic Plan** intended to double the Group's results by incorporating 18,000 new rooms to our hotel portfolio. During this first phase of the plan, we have exceeded our objective by closing deals for 6,065 rooms (38 hotels), 85% of which can be found within major European cities.

The incorporation of 75 hotels and 10,925 rooms over financial year 2007 certainly proved to be quite a challenge for the Company's human team. Worthy of particular note is the sheer speed and efficiency with which the Italian chains Jolly Hotels and Framon were integrated. Both managed to wrap up all processes in just six months, allowing them to become part of the Group at all levels, particularly in terms of bringing their systems in line with those of NH Hoteles. I would highlight the special attention we have paid integrating the employees of both chains. In addition to these new arrivals, we have also experienced organic growth following the opening of 13 hotels (1,926 rooms), mostly found in European.

Both shareholders and the market have lent their support this year to the strategy and management of NH Hoteles. On one side of the coin, shareholders took part en masse in the 250 million-euro capital increase that took place in March of 2007. On the other side, market confidence in the Company was clearly demonstrated by the 650 million-euro syndicated loan agreement that the Group signed in August. The oversubscription by banking institutions came as a pleasant surprise.

In this line of business, we strongly believe that **continuous innovation** is synonymous with success and we have therefore made sure that we have remained at the forefront again this year. With a view to arranging our portfolio of luxury resorts, we have created Edenh, which features the chain's premium holiday segment. We have also been pioneers in the creation of the first hotel trade low-cost reservations website, www.bonhocio.com. We also continue to develop our "nhube" and "nhow" concepts and have consolidated the Group's image changeover.

Four years down the line from its birth, our client programme has already attracted 700,000 members. 55% of programme members are active clients, thereby reflecting the strong reception by NH Hoteles' most loyal clients.

As far as **Sotogrande** is concerned, the consolidation of the residential project continues successfully, especially this year, in which as well as the excellent results, the residential complex in southern Europe has won several awards for its commitment towards sustainability and respect for the environment.

I must also praise the Group's hard work in offering efficient and sustainable solutions to all the processes and initiatives that NH Hoteles implemented over 2007. A year has passed since we announced our intention to incorporate a management system for our corporate responsibility by integrating it into our corporate strategy. It is with great satisfaction that I am able to inform you, via this Report, of the advances we have made in fostering a culture of Corporate Responsibility within the Company, and our commitment to strengthening channels for dialogue and consultation with public stakeholders.

News featured in the Report

Our **2007 Corporate Responsibility Report** offers evident proof of the Company's commitment to sustainability. We at NH Hoteles strive to further improve levels of responsibility in order to drive the Company forwards and to tackle the social and environmental challenges posed by the globalised world we live in, thereby allowing us to consolidate our standing as a benchmark Company for corporate responsibility within the tourism industry.

The main milestones of 2007 include the approval of an **Environmental Policy**, which stems from NH's desire to become a benchmark Company within the industry in terms of environmental excellence. Over 2007, the Company drew up and approved an Environmental Master Plan, intended to shape the way in which objectives are met over years to come.

Fully aware of the major role NH Hoteles has to play in spurring on responsibility throughout the entire value chain, 2007 witnessed the creation of a **Code of Ethics for Suppliers**, which will ensure that the latter respect Human Rights, good employment and environmental practices and measures to combat corruption on the international stage. 233 local and corporate suppliers lent their signatures to this Code of Ethics over 2007.

NH City & Tower
Buenos Aires - Argentina

Both internal and external communications of Corporate Responsibility have been another major milestone for 2007. Employees are one of the key players when it comes to responsibility. Employees represent one of the key figures of our responsibility, and to this end we have focused priorities on boosting their motivation and satisfaction, as this leads to improved quality of our services and better management of our relations with all remaining stakeholders.

In this regard, one of the most noteworthy milestones of the year was surely the decision of the international organisation CRF (Corporate Research Foundation) to include us as a **Top Employer 2007/2008** for the Spanish, German and Dutch Business Units, this following a study aimed at pinpointing those companies best able to attract and retain talent within their workforce. Moreover, our support to the human resources function has been recognised by the Expansión & Empleo Awards given out by the prestigious Spanish newspaper. I personally consider these awards to rank among the greatest success stories of NH Hoteles and they provide a clear incentive to continue working along the same lines, thereby allowing NH Hoteles to remain not only a "Company devoted to detail", but also a "Company devoted to people". According to the Spanish MERCO index, NH Hoteles is also considered to have the best corporate reputation within the tourism industry.

In keeping with our continuous improvement in responsibility and our public accountability in the field, this report has been prepared pursuant to the **G3** guidelines issued by the **Global Reporting Initiative (GRI)** following application level **B+**, having previously attained level C for 2006 and, for the first time, the Report has been subject to an external audit this year round. NH Hotels also continues to make progress in applying the principles defined by the UN Global Compact.

Over the course of 2007, we have made significant inroads in advancing the Group responsibly at all levels, all made possible thanks to the trust placed in us by partners, shareholders, clients, suppliers and the communities in which we operate and, above all, thanks to all our employees, to whom I would like to express my eternal gratitude for their dedication and support to the sustainable project we are undergoing at NH Hoteles.

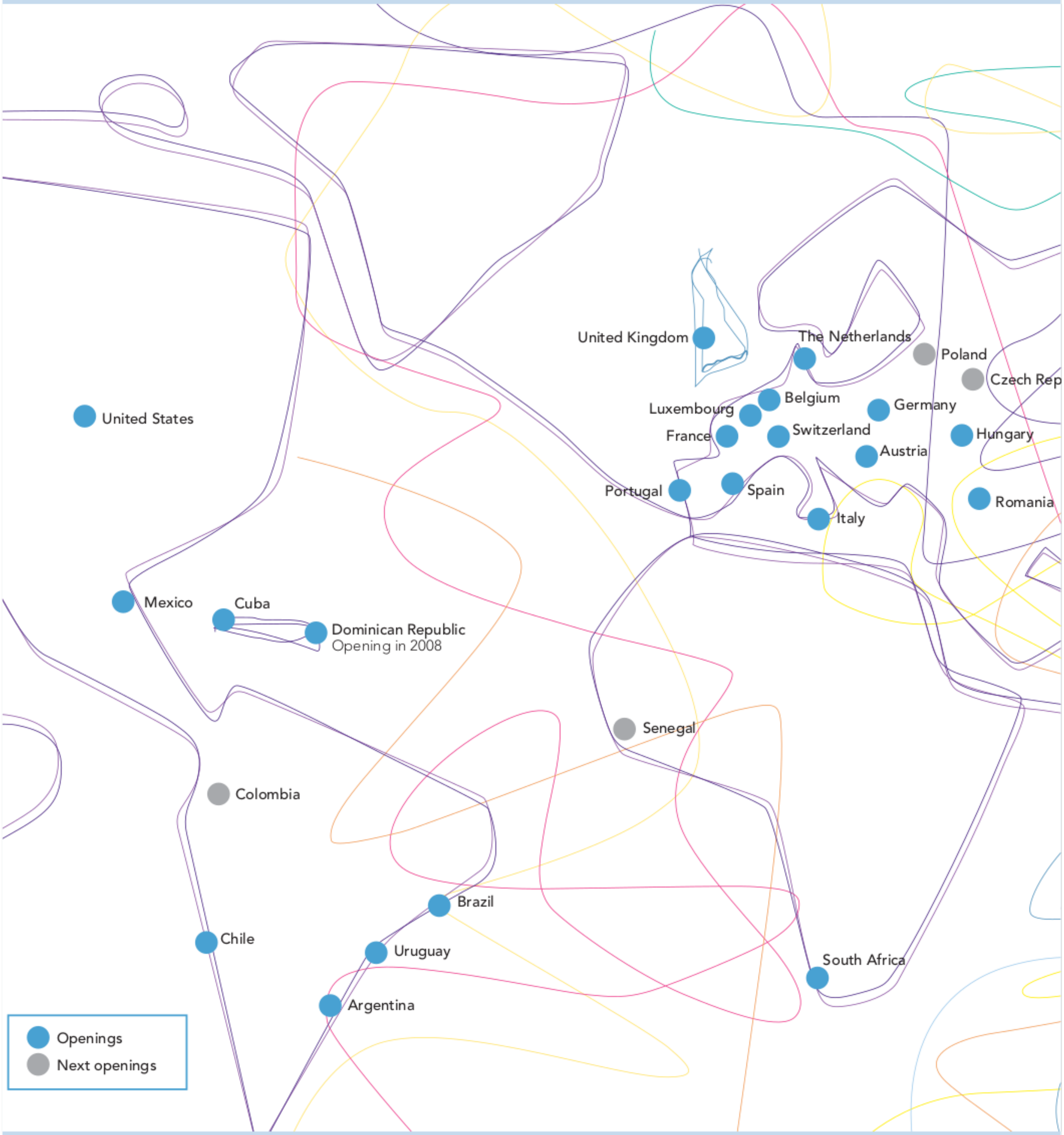
Many thanks.

Gabriele Burgio
Chairman & CEO of NH Hoteles

Nhow Milano
Milan - Italy

Introducing NH Hoteles

Suite of NH Fuenlabrada
Madrid - Spain


United Kingdom
The Netherlands
Poland
Czech Rep
Belgium
Luxembourg
Germany
United States
France
Switzerland
Hungary
Austria
Portugal
Spain
Romania
Italy
Mexico
Cuba
Dominican Republic
Opening in 2008
Senegal
Colombia
Brazil
Chile
Uruguay
South Africa
Argentina
Openings
Next openings

ublic

nH
HOTELES

2007 in large numbers

341 hotels
49,677 rooms
21 countries of Europe, America and Africa
17,707 employees
124 nacionalities
38% growth in sales
6,065 rooms signed
15 million of clients

HOTEL PORTFOLIO

NH Brussels Airport
Brussels - Belgium

NH HOTELES PORTFOLIO BREAKDOWN

December 31, 2007

	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL NH Hoteles	**341**	**49,677**	**208**	**29,668**	**85**	**14,173**	**40**	**5,062**	**8**	**774**

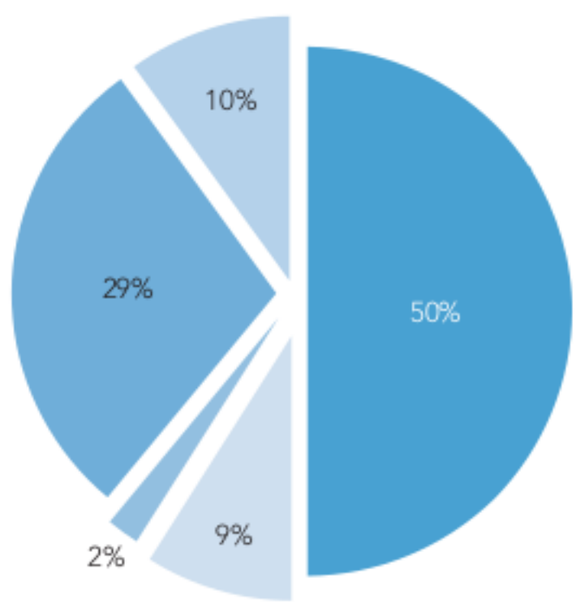
EUROPE	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Spain	126	14,112	84	9,614	18	2,568	24	1,930	0	0
Italy	59	8,342	29	4,595	16	2,448	6	525	8	774
Germany	58	10,092	58	10,092	0	0	0	0	0	0
The Netherlands	31	5,860	12	1,671	18	4,109	1	80	0	0
Belgium	11	1,632	2	434	9	1,198	0	0	0	0
Austria	7	1,225	7	1,225	0	0	0	0	0	0
Switzerland	5	632	3	400	2	232	0	0	0	0
United Kingdom	3	596	1	121	1	275	1	200	0	0
Portugal	3	313	3	313	0	0	0	0	0	0
France	2	314	1	152	1	162	0	0	0	0
Romania	2	161	1	83	0	0	1	78	0	0
Hungary	1	160	1	160	0	0	0	0	0	0
Luxembourg	1	148	1	148	0	0	0	0	0	0
TOTAL EUROPE	**309**	**43,587**	**203**	**29,008**	**65**	**10,992**	**33**	**2,813**	**8**	**774**

LATIN AMERICA	TOTAL		LEASED		OWNED		MANAGED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Mexico	15	3,004	4	462	6	1,261	5	1,281
Argentina	9	1,243	0	0	9	1,243	0	0
Cuba	2	968	0	0	0	0	2	968
Uruguay	1	136	0	0	1	136	0	0
Brazil	1	135	0	0	1	135	0	0
Chile	1	122	0	0	1	122	0	0
TOTAL LATIN AMERICA	29	5,608	4	462	18	2,897	7	2,249

AFRICA	TOTAL		LEASED		OWNED		MANAGED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
South Africa	2	240	1	198	1	42	0	0
TOTAL AFRICA	2	240	1	198	1	42	0	0

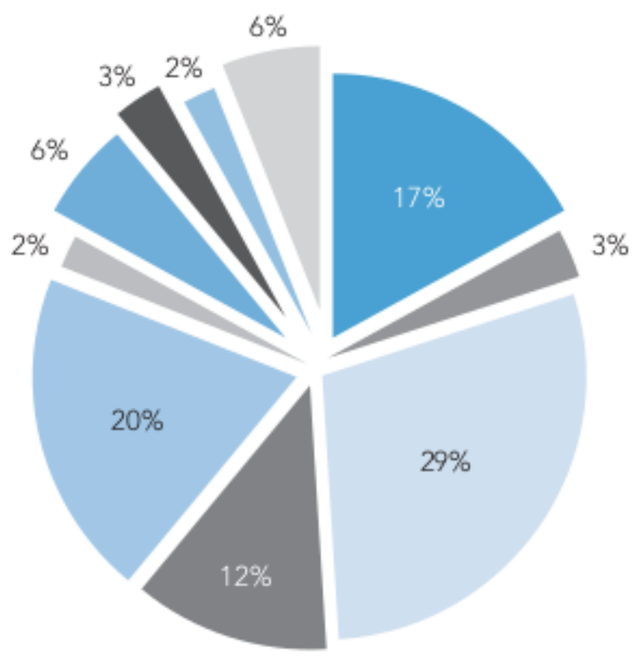
UNITED STATES	TOTAL		LEASED		OWNED		MANAGED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
United States	1	242	0	0	1	242	0	0
TOTAL UNITED STATES	1	242	0	0	1	242	0	0

Breakdown by rooms
(December 31, 2007)



50% Leased
29% Owned
10% Managed
9% Lease with call option
2% Franchise

Breakdown of rooms by country
(December 31, 2007)



29% Spain
20% Germany
17% Italy
12% The Netherlands
6% Mexico
3% Belgium
3% Argentina
2% Austria
2% Cuba
6% Others

OPENINGS

NH Danube City
Vienna - Austria

Over 2007, the company integrated 75 hotels and 10,925 rooms. Of these, 13 hotels (1,926 rooms) are the product of organic growth. In addition, the Italian Business Unit has grown in stature to rival Spain, Benelux and Germany, thanks to its acquisitions of Jolly and Framon.

Of the openings seen last year, we would highlight the arrival of the NH Constanza Hotel, marking Barcelona's return as our leading destination in the hotel trade. The hotel, which is nestled right in the heart of the city's financial hub, has become a benchmark for avant-garde architecture and design. Moreover, the new NH Lancaster and NH Santa Fe strengthen NH Hoteles' standing in the Buenos Aires and Mexican markets. In Belgium, we would single out the acquisition of two hotels in the cities of Bruges and Ghent. Lastly, the unveiling of a second hotel in France, another in Geneva and a further one in Vienna wrap up our clear commitment to the urban European market.

2007 saw the Company add two Italian chains to its ranks, thereby adding 67 hotels and 9,682 rooms to its portfolio, either open or signed for. On the one hand, we witnessed the integration of Jolly Hotels into the Italian subsidiary of NH Hoteles. The deal is worthy of particular note due to the complementarity that exists between both companies in terms of their typical client profile, services on offer, strategic urban settings and extensive geographic coverage. The agreement has allowed NH Hoteles to strengthen its grip on the European business sector and to become the reference point within the Italian market. The Italian chain has bolstered NH Hoteles' portfolio by adding 46 hotels and 7,555 rooms, of which 3,238 are Company-owned. In Italy it has 39 hotels with 5,993 rooms in the country's main cities (Rome, Milan, Turin, etc), which complement the business segment through their tourist attraction. Jolly Hotels has also made a name for itself in the most important European capitals, including: London (275 rooms), Berlin (255), Cologne (217), Amsterdam (218), Brussels (193) and Paris (162). Jolly Hotels also has a 242-room hotel right in the financial and tourism heart of New York.

2007 also saw the arrival of Framon, Italy's fifth largest hotel Company in terms of number of establishments. Framon, with 15 hotels and 1,254 rooms, has a major presence in Sicily, one of the most promising tourist destinations on the Mediterranean, as well as strategic positions in cities on the Italian peninsula, such as Milan, Rome, Florence and Venice, to name but a few.

HOTELS OPENED IN 2007

	Italy	Spain	Belgium	Germany	France	The Netherlands	United Kingdom	Austria	United States	Mexico	Argentina	Switzerland	TOTAL
Hotels	56	4	3	2	2	2	1	1	1	1	1	1	**75**
Rooms	7,592	604	516	472	314	338	275	252	242	135	115	70	**10,925**

HOTELS OPENED (JANUARY TO MARCH, 2008)

	The Netherlands	Spain	Dominican Republic	Italy	TOTAL
Hotels	3	2	1	1	**7**
Rooms	348	192	642	118	**1,300**

NH Hoteles irrumpe en el 'Top 20' mundial

La cadena presidida por Gabriele Burgio mejora cinco puestos y se sitúa, al cierre de 2006, en la vigésima posición del ránking hotelero internacional por número de habitaciones. Sol Meliá permanece en el decimosegundo puesto de la selecta lista.

JESÚS HEZ ARCE Madrid

La estrategia de crecimiento de NH Hoteles comienza a dar sus frutos, al menos estadísticos. La cadena presidida por Gabriele Burgio entró en 2006 por la puerta grande en el selecto club de los veinte mayores grupos hoteleros mundiales, después de mejorar en cinco puestos su posición respecto a 2005, según se desprende del último estudio anual elaborado por la revista internacional *Hotels*.

Tras adquirir las cadenas italianas Jolly y Framon, NH Hoteles contaba, al cierre de 2006, con una cartera de 47.800 habitaciones, 10.000 más que en 2005. De este modo, el grupo español protagoniza una de las mayores subidas en el ránking del Giant Report, el principal referente estadístico en la industria hotelera elaborado por *Hotels*, que lidera, un año más, el grupo británico InterContinental Hotels, con un total de 556.246 habitaciones.

Los grupos españoles salen bien parados. Sol Meliá, la cadena propiedad de la familia Escarrer, vuelve a erigirse como la primera cadena española en número de habitaciones, repitiendo la decimosegunda posición en el ránking internacional, con una cartera de 80.856 dormitorios hoteleros. No obstante, el perfil conservador que ha caracterizado en los últimos años la estrategia de crecimiento de Sol Meliá le convierte en la única firma española que reduce su portfolio. En 2006, Sol Meliá contaba con 80.856 habitaciones, frente a las 81.283 en 2005.

Entre las treinta cadenas hoteleras mundiales, figuran también las españolas Riu (puesto 27), Barceló (28) e Iberostar (30). Estos tres grupos de perfil vacacional mejoran sensiblemente su posición en la clasificación. Con 31.866 habitaciones, Barceló sube dos puestos con respecto a 2005, ejercicio que cerró con 30.095 dormitorios hoteleros. Riu, con 27.250 habitaciones, mejora una posición, mientras Iberostar protagoniza una subida de dos puestos (del 32 al 30), con una cartera de 32.000 habitaciones.

Otros grupos españoles que aparecen en la parte alta del selecto directorio de las mayores 325 cadenas del mundo son Occidental Hoteles (puesto 41), Husa (53), AC Hotels (87) e el grupo Lopesán (109).

El top ten del ránking sigue estando acaudillado por el poderoso sector hotelero norteamericano, que cuenta con ocho cadenas entre las diez mayores del mundo. Al margen del líder internacional, la británica InterContinental (con 556.246 plazas), la francesa Accor pasa del sexto al quinto puesto de la lista, con 486.512 habitaciones.

Los reyes internacionales del sector

Compañía	Origen	Nº de habitaciones	Nº de hoteles
1. Intercontinental	R.Unido	556.246	3.741
2. Wyndham	EE.UU	543.234	6.473
3. Marriot	EE.UU	513.882	2.832
4. Hilton	EE.UU	501.418	2.935
5. Accor	Francia	486.512	4.123
6. Choice Hotels	EE.UU	425.000	5.376
7. Best Western	EE.UU	315.491	4.194
8. Starwood	EE.UU	265.000	671
9. Carlson	EE.UU	145.331	940
10. Global Hyatt	EE.UU	140.416	749

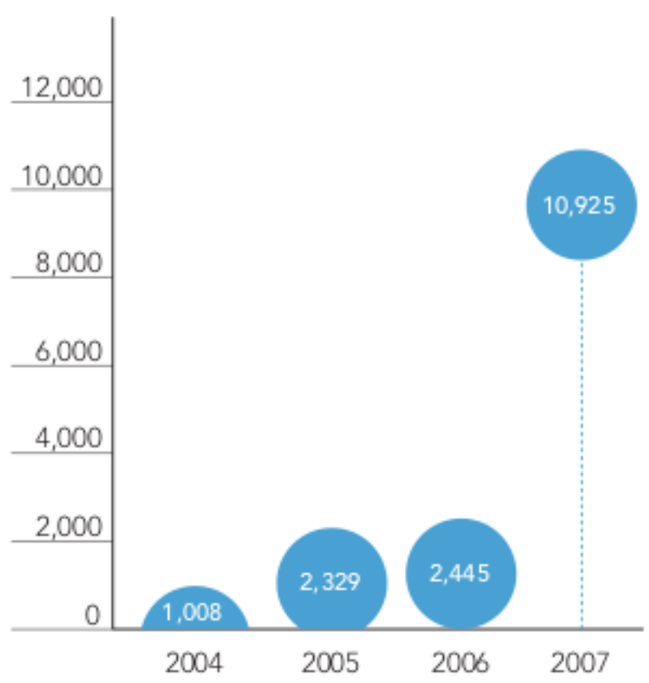
La posición española

12. Sol Meliá	P. de Mallorca	80.856	407
20. NH Hoteles	Madrid	47.799	330
27. Riu Hoteles	Playa de Palma	37.250	109
28. Barceló	P. de Mallorca	31.866	128
30. Iberostar	P. de Mallorca	32.000	100
41. Occidental	Madrid	16.916	71
53. Husa Hoteles	Barcelona	13.680	172
87. AC Hotels	Madrid	8.630	84
97. Lopesan	Gran Canaria	7.941	23
98. Hoteles Hispania	Barcelona	7.585	51

According to a study commissioned by the international publication Hotel Magazine, NH Hoteles became one of the twenty largest hotel chains for number of rooms in 2007.

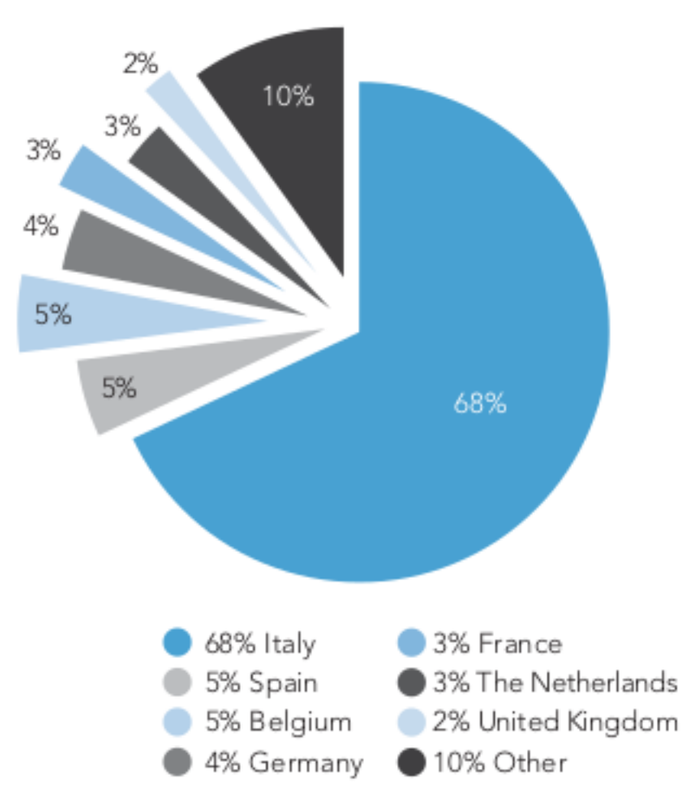
Expansion, 13-07-2008

Performance of openings & incorporations



By number of rooms

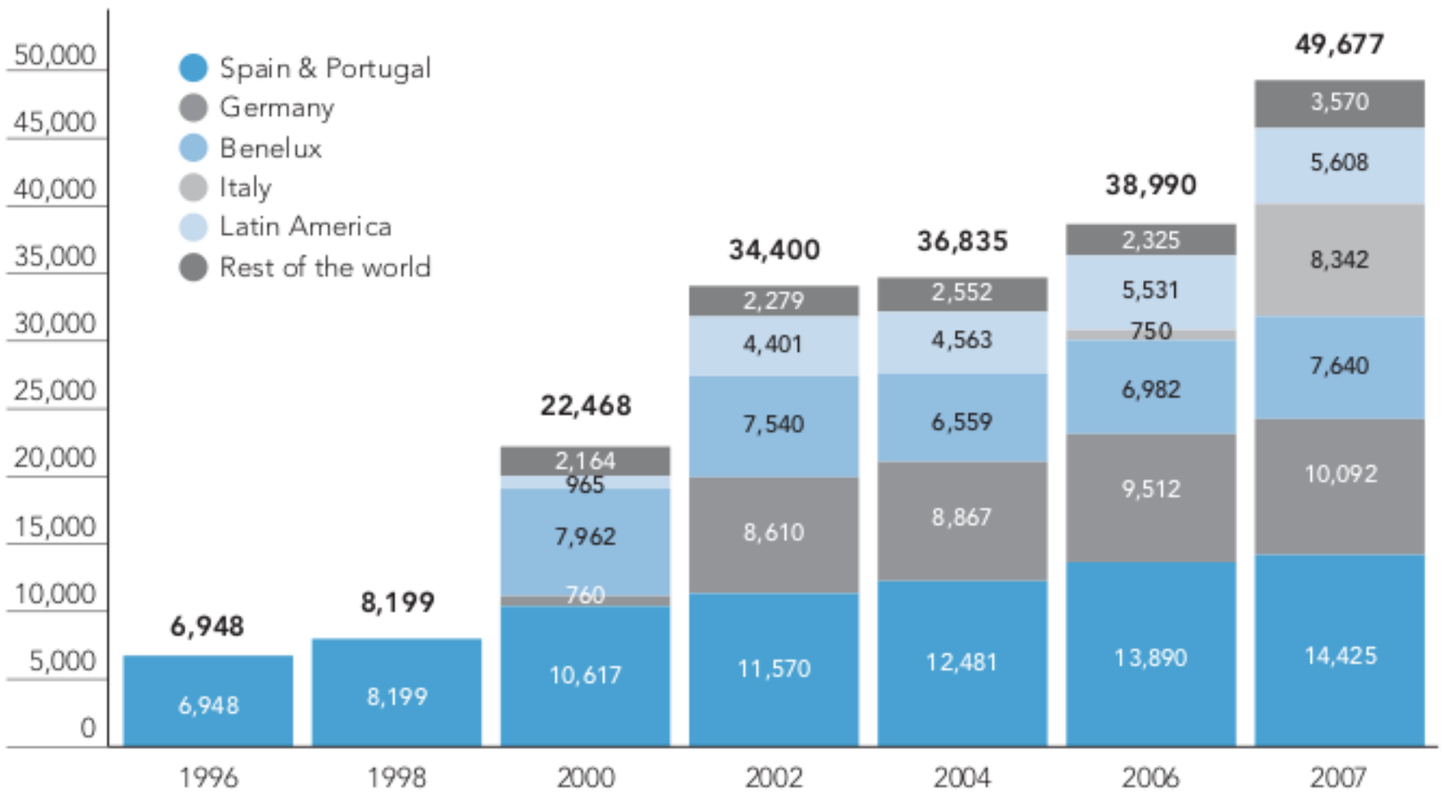
Breakdown of openings in 2007



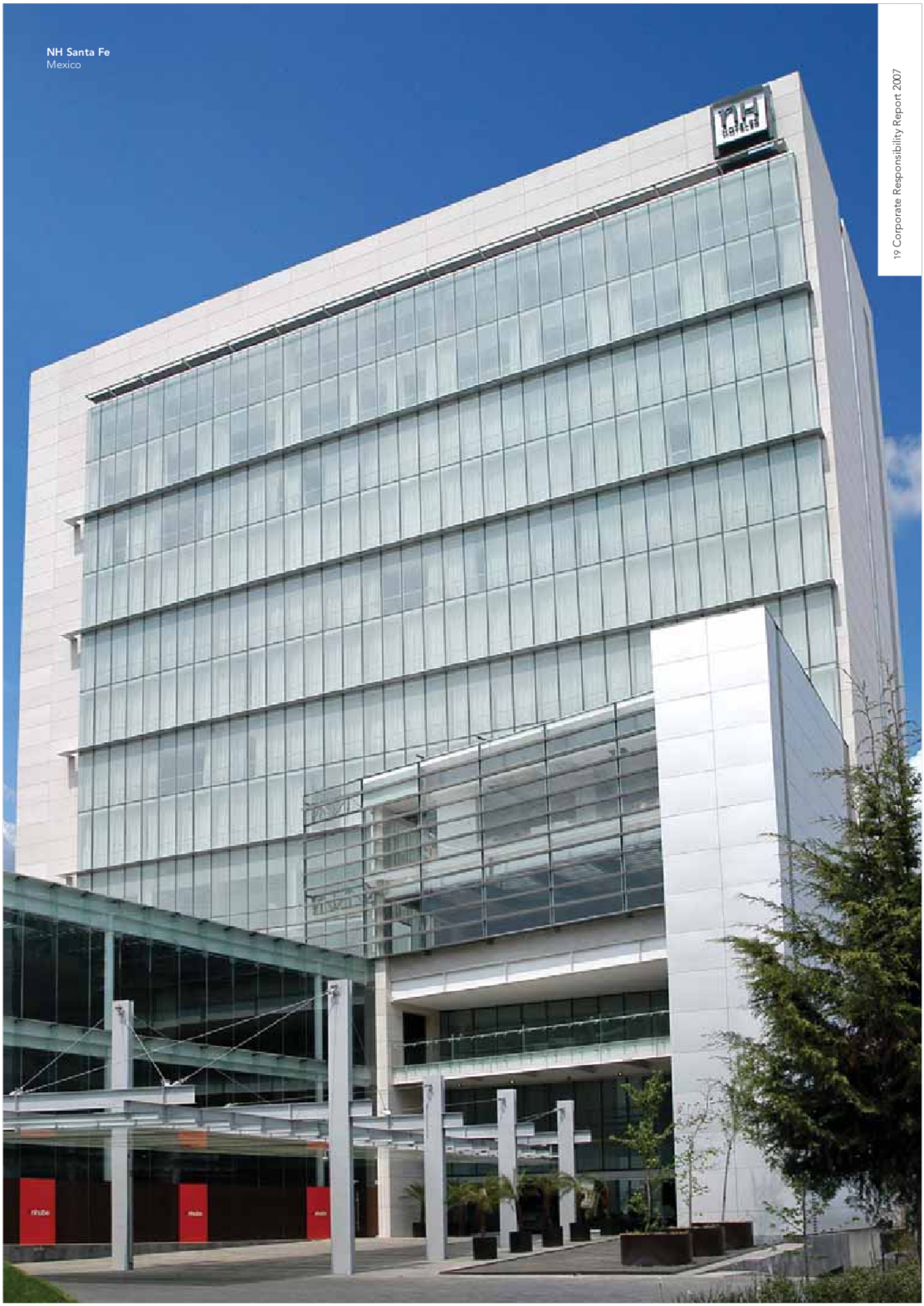
NH Constanza
Barcelona - Spain

Continuous growth

Number of rooms 1996-2007: +19% yearly

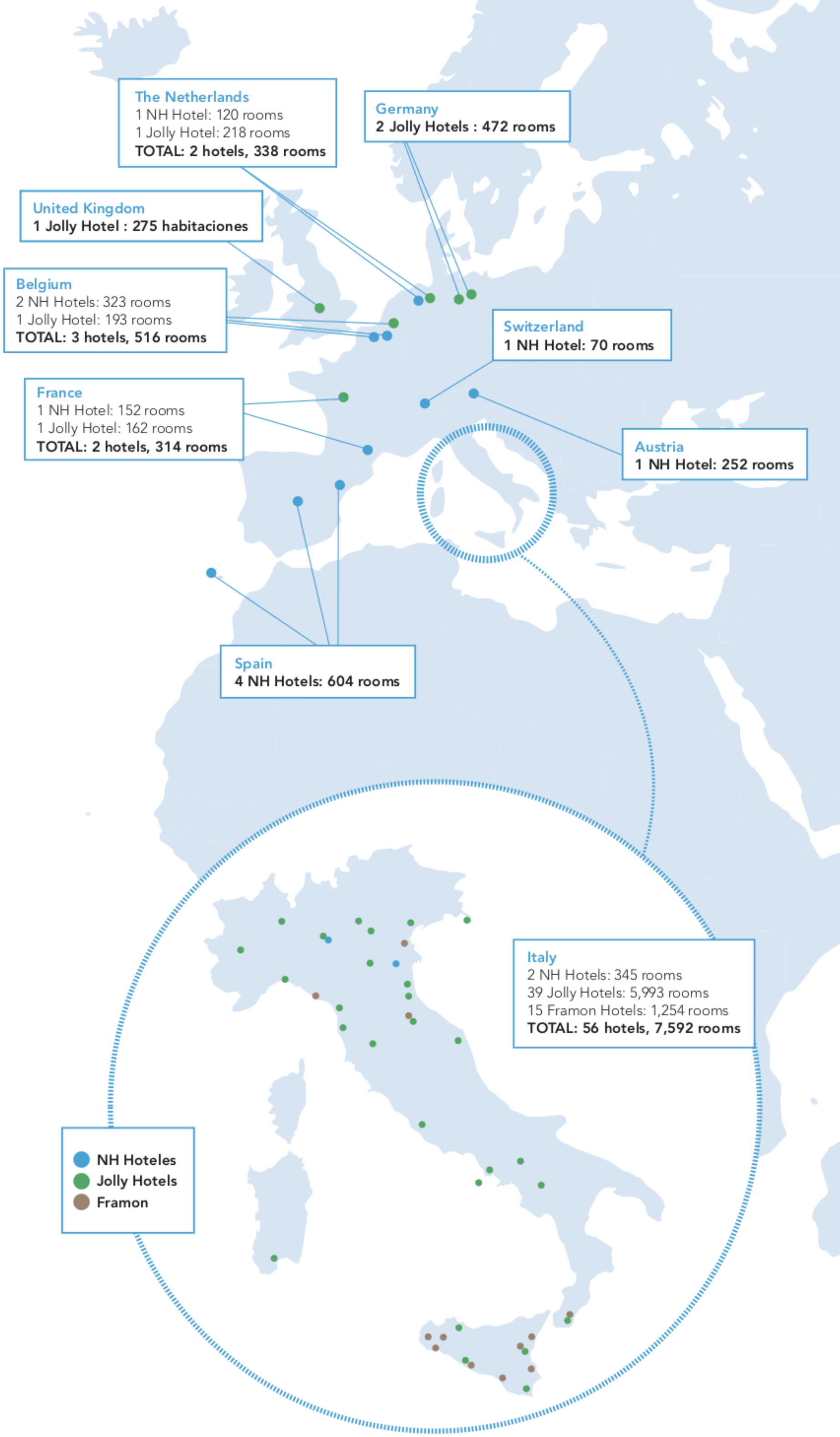


Since January 2007, NH Hoteles has integrated the Italian Jolly and Framon chains into its hotel portfolio.



NH Santa Fe
Mexico

75 Hotels opened in 2007
10,925 rooms
United States
1 Jolly Hotel: 242 rooms
Mexico
1 NH Hotel: 135 rooms
Argentina
1 NH Hotel: 115 rooms


The Netherlands
1 NH Hotel: 120 rooms
1 Jolly Hotel: 218 rooms
TOTAL: 2 hotels, 338 rooms
Germany
2 Jolly Hotels : 472 rooms
United Kingdom
1 Jolly Hotel : 275 habitaciones
Belgium
2 NH Hotels: 323 rooms
1 Jolly Hotel: 193 rooms
TOTAL: 3 hotels, 516 rooms
Switzerland
1 NH Hotel: 70 rooms
France
1 NH Hotel: 152 rooms
1 Jolly Hotel: 162 rooms
TOTAL: 2 hotels, 314 rooms
Austria
1 NH Hotel: 252 rooms
Spain
4 NH Hotels: 604 rooms
Italy
2 NH Hotels: 345 rooms
39 Jolly Hotels: 5,993 rooms
15 Framon Hotels: 1,254 rooms
TOTAL: 56 hotels, 7,592 rooms
NH Hoteles
Jolly Hotels
Framon

SIGNED PROJECTS

Hotel in planning stage in the airport of Lyon - France

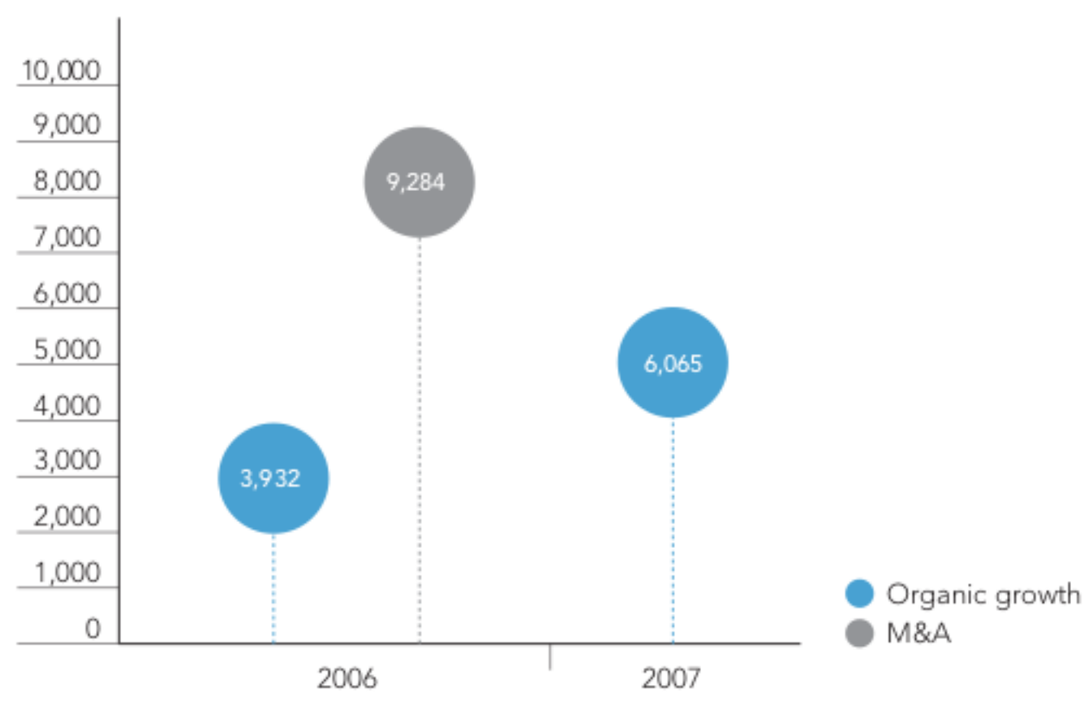
Advancements in the Strategic Plan (18,000 rooms for 2007-2009)

Over 2007, agreements were signed for 6,065 rooms (38 hotels), in line with plan objectives. The Plan also sets its sights on a further 6,000 for 2008 and 6,000 more in 2009, thereby allowing us to meet the objective of 18,000 rooms in the space of three years.

Over 85% of the new signings related to markets in which NH Hoteles is already operating. We would highlight the Czech Republic, Colombia and Senegal as notable new additions to the portfolio.

Signings formalised in 2007 and those which the Company had already built up but which still hadn't been opened prior to 2007 amount to 49 hotels, representing a total of 9,312 rooms signed for as of December 31.

Performance of signings 2007/2006



By number of rooms

The signed projects boast excellent locations, both in terms of their geographic setting in the centre of major cities and also their superb accessibility. They are also a product in harmony with the design and quality standards that the Company sets itself.

Let us provide you with a few examples of the projects that the chain added to its portfolio over 2007:

GERMANY

nhow Berlin Medienhafen. the hotel can be found on the banks of the river Spree, in the midst of some of the country's leading media companies. The hotel itself is operated under a lease agreement and will boast 385 rooms and 1,300 m^2 of meeting and event space, all set against an avant-garde architectural backdrop.

BELGIUM

Agreements have been signed for two fully operational Sofitel hotels, which have belonged to the NH Hoteles trade name since the beginning the October. These two projects are Company-owned and entailed a €42M investment from NH Hoteles.

NH Bruges. the hotel comes with 149 rooms and 5 conference rooms able to accommodate 250 people. It also has a swimming-pool and fitness centre.

NH Gent Belfort. nestled in the city's old quarter, in an ideal spot for combining tourism, leisure and business. The 5-star hotel, which is currently undergoing integral renovation work, boasts 174 rooms and 7 conference halls able to hold 400 people.

FRANCE

NH Strasbourg. the project forms an integral part of a new shopping and office area under development next to the river Rhine in one of Strasbourg's redeveloped areas. This future convention hotel will include 243 rooms and 1,500 m^2 of meeting halls. The hotel, which is scheduled to open at the end of 2009, will be managed on a lease basis. NH Hoteles also has a hotel in Lyon, another in Paris and yet another in Nice, already accounting for 800-plus rooms throughout France, either already open or under construction.

THE NETHERLANDS

NH Amersfoort. newly constructed hotel located a mere stone's throw away from the city's train station and just 20 minutes from Amsterdam by car. The 114-room establishment is due to open in October 2008.

NH Música. the hotel enjoys an excellent setting in southern Amsterdam, right next to the RAI, the city's main trade fair ground, very close to the train station and just 10 minutes from the airport. This former office building is currently being transformed into a 213-room hotel.

ITALY

NH Giustiniano. situated in the city of Rome and ideally placed right next to the Vatican, the hotel will include 161 rooms and is expected to open towards the middle of 2008.

NH Porta Rossa. located in the popular resort of Florence, in the heart of the city's social life, Piazza della Signoria, the 72-roomed project will open its doors in 2009, following refurbishment. Documentation from the year 1268 shows that this is the oldest hotel in Italy.

POLAND

NH Gdansk. this new construction project is located in Gdansk, the country's sixth largest city. To be more precise, it can be found in excellent surroundings right next to the historic city centre in a newly developed zone. The hotel, which will be operated under a lease agreement, will have 119 rooms and is set to open in 2009.

SPAIN

NH Palacio de Tepa. the building is one of the finest examples of Madrid and Spanish architecture of the eighteenth century. This future hotel will have 92 rooms and is being renovated whilst retaining its original structure and appearance.

NH Paseo del Prado. this hotel, located in the historic centre of Madrid, in the well-known Plaza de Neptuno and alongside the art triangle (Prado Museum, Reina Sofía Museum and the Thyssen Museum), was signed last year and has already opened in 2008. With 114 rooms, the establishment is ideally placed in the heart of Madrid, just minutes away from the high-speed AVE train station.

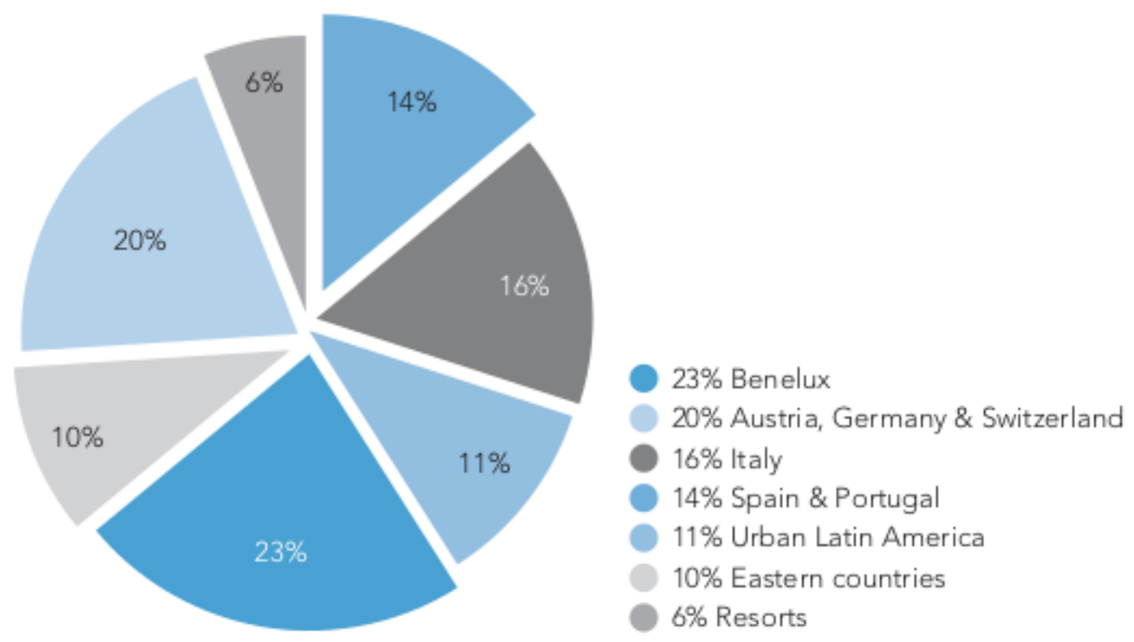
ARGENTINA

NH Metro. situated in the main street of Buenos Aires and occupying a former cinema building, we find one of the city's most attractive hotel projects catering to the tourist trade. The hotel will have 106 rooms and will be company-owned.

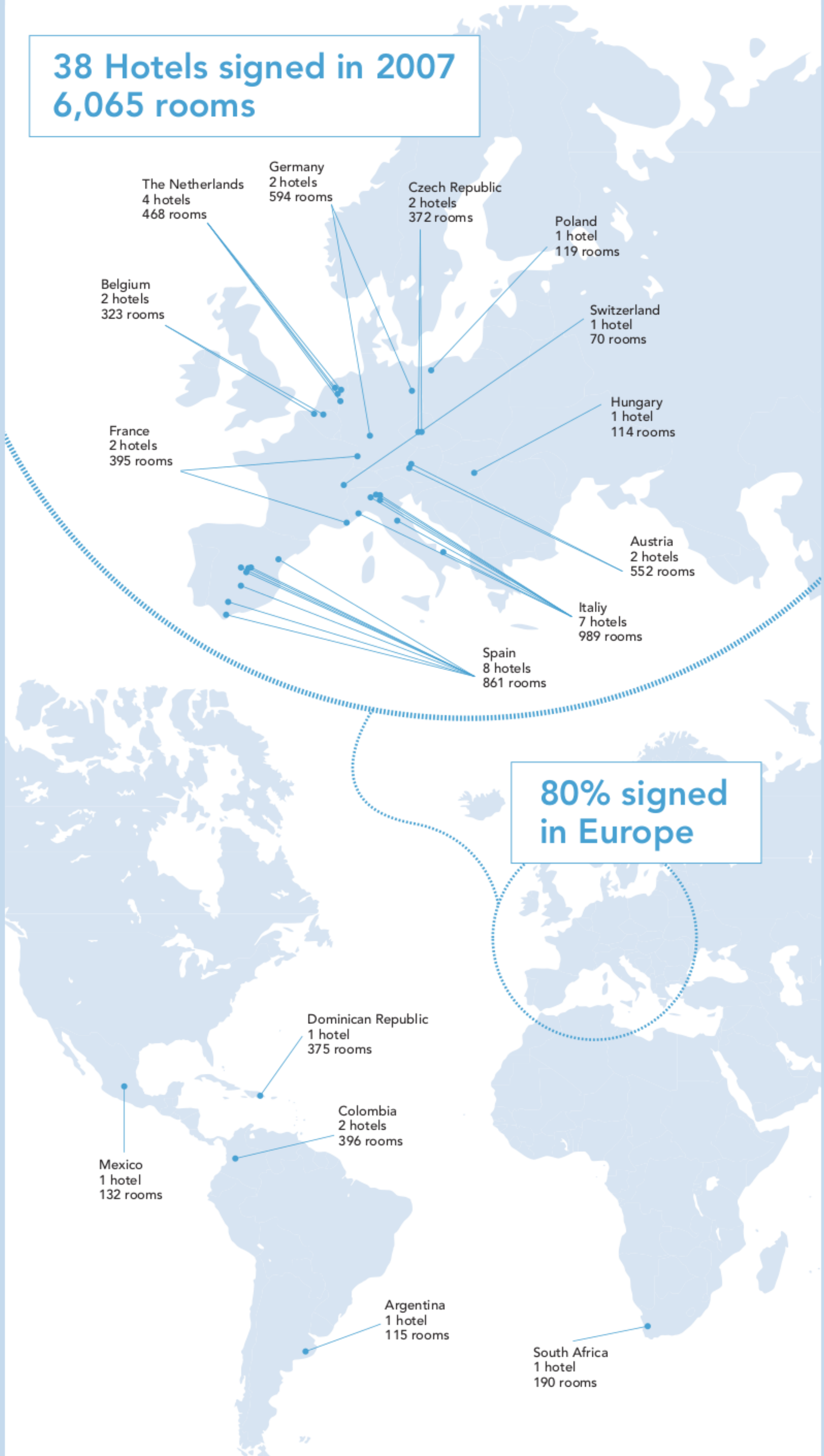
MEXICO

NH Aeropuerto de México. the hotel forms part of the new Terminal 2 development of Mexico City's International Airport and will boast 289 rooms.

Rooms signed in 2007 by Business Unit



Terrace of the Jolly Hotel Lotti
Paris - France


38 Hotels signed in 2007
6,065 rooms
The Netherlands
4 hotels
468 rooms
Germany
2 hotels
594 rooms
Czech Republic
2 hotels
372 rooms
Poland
1 hotel
119 rooms
Belgium
2 hotels
323 rooms
Switzerland
1 hotel
70 rooms
Hungary
1 hotel
114 rooms
France
2 hotels
395 rooms
Austria
2 hotels
552 rooms
Italiy
7 hotels
989 rooms
Spain
8 hotels
861 rooms
80% signed
in Europe
Dominican Republic
1 hotel
375 rooms
Colombia
2 hotels
396 rooms
Mexico
1 hotel
132 rooms
Argentina
1 hotel
115 rooms
South Africa
1 hotel
190 rooms

Nhow Berlin Medienhafen
Berlin - Germany

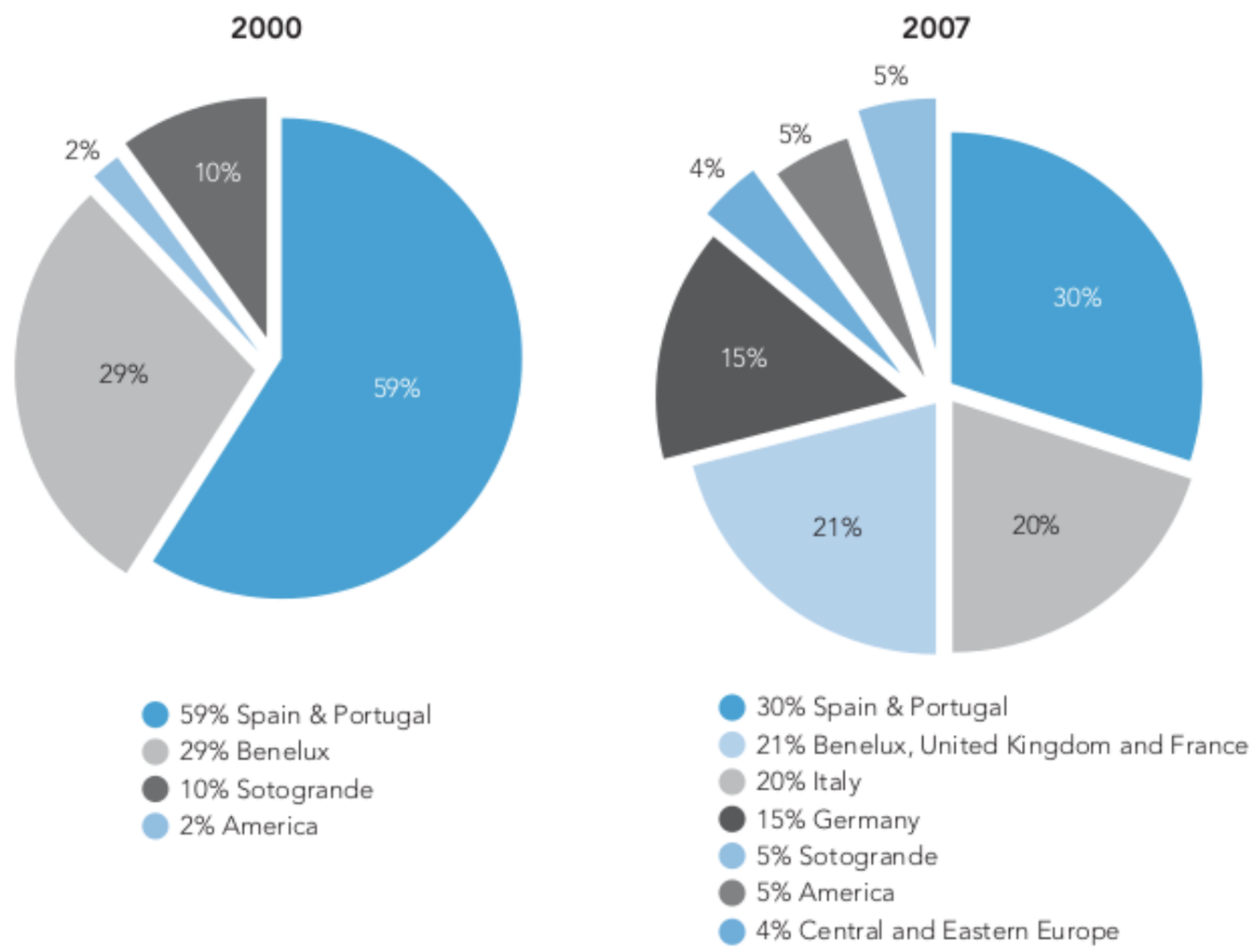
2007 RESULTS

NH Campo Grande
Lisbon - Portugal

Consolidated net profit for the NH Hoteles Group registered a significant improvement during 2007 to reach €77.4M, 24% up on figures for the previous year. These impressive figures were achieved thanks to a 38% increase in revenue, thereby bringing the total to €1,505M. Company EBITDA (operating earnings) staged a solid performance to reach €283M, marking a year-on-year increase of 50%.

In 2007, the relative stability of the European market helped to spur on sales stemming from hotel activity by 40% to bring it to €1,427M. We would highlight NH Hoteles' policy of diversifying revenue from the hotel business, which it has been implemented over the last few years. The following charts reflect how Company sales weightings have grown in the different European countries:

Diversification of NH Hoteles Revenue



Over 2007, EBITDA from hotel activities, for which the results of last year's new incorporations in Italy (Jolly Hotels and Framon) have been consolidated, climbed to €258M, representing year-on-year growth of 60%.

The increased sales can be put down to the new Group incorporations and a rise in RevPAR (revenue per available room), which witnessed 6% growth in Europe. In turn, this increase in RevPAR is largely due to a 7% expansion of ADR (average price) on the old continent, particularly for the Business Units operating out of Germany, Benelux and Switzerland, Austria and Hungary.

Growth throughout all Business Units

Business for 2007 should be congratulated, as all the Group's Business Units continued to make impressive progress in terms of both sales and EBITDA (operating earnings).

In Germany, RevPAR growth over the fourth quarter shot up by 11%, confirming the promise of this region. This also gets over the complicated comparison that this particular Business Unit was tied up in nine months ago due to the 2006 Football World Cup.

Benelux RevPAR witnessed 6% year-on-year growth. We would single out the acceleration of this particular Business Unit's RevPAR over the last quarter, which has increased due to more frenetic sales activity in cities such as Brussels and Amsterdam. Revenue for Benelux, without taking new incorporations into account, stood at €297M, 8% up on 2007.

Spain performed solidly with revenue gains of 6% (excluding expansion), thanks to the strong showing of the main Spanish cities, particularly Barcelona. The increase in RevPAR via price and improved efficiency has allowed Spain to register a 15% increase in EBITDA in comparison to figures for the previous year.

In 2007, the Central and Eastern Europe Business Unit posted an 8% increase in revenue and an EBITDA of €2.9M (without including new inaugurations), which demonstrates the stability contributed by the recent inclusions from Eastern European countries to the portfolio of NH Hoteles. In terms of RevPAR, the hotels experienced 8% growth thanks largely to an 8% increase in the average price. The city of Vienna performed particularly well over the last quarter of last year.

Revenue in Latin America climbed to €69.4M and EBITDA (without including the new openings) rose by 8%, this despite disappointing exchange rates. RevPAR increased 2.8%, thanks to higher ADR.

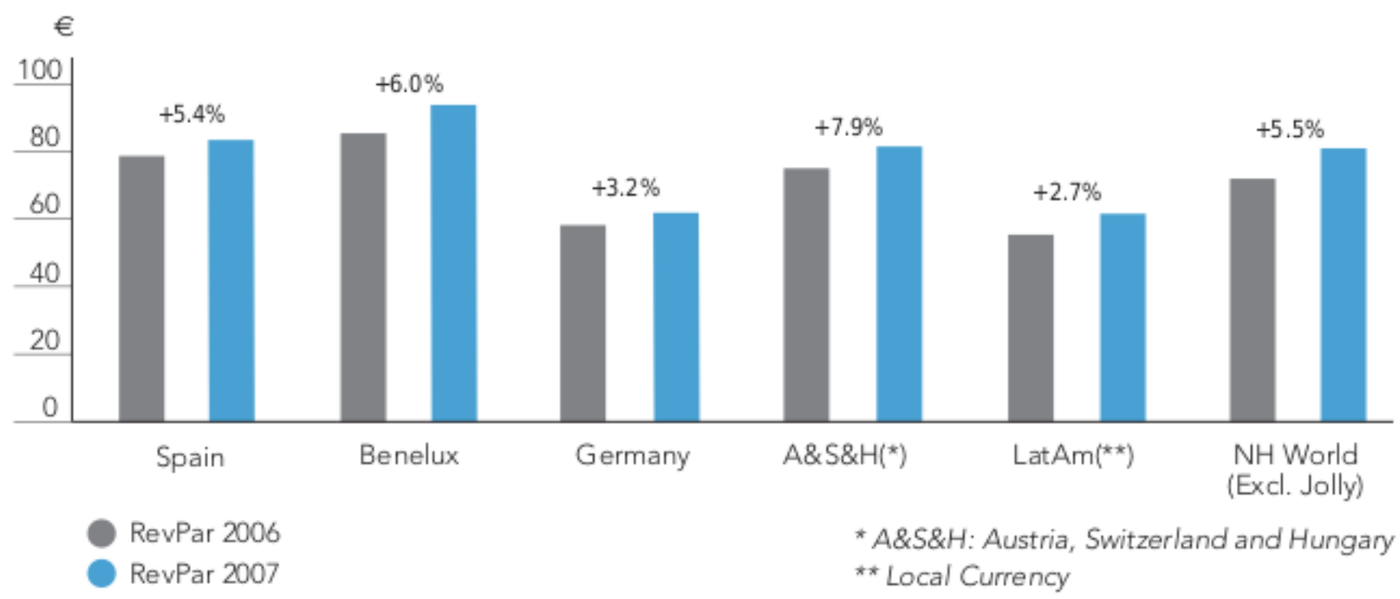
Sotogrande reported sales of €78.6M, 13% up on figures for 2006, and EBITDA of €24.2M. As of December 31, 2006, confirmed but unreported sales amounted to €77.6M, with a margin of €27.8M. Most of these sales will be reported at the end of 2008 and relate to the Ribera del Marlin residential development and Marina moorings.

The following chart displays the main figures for the NH Hoteles Group as of December 31, 2007, in comparison to those for 2006:

NH Hoteles, S.A. Accumulated Management Account to December 2007

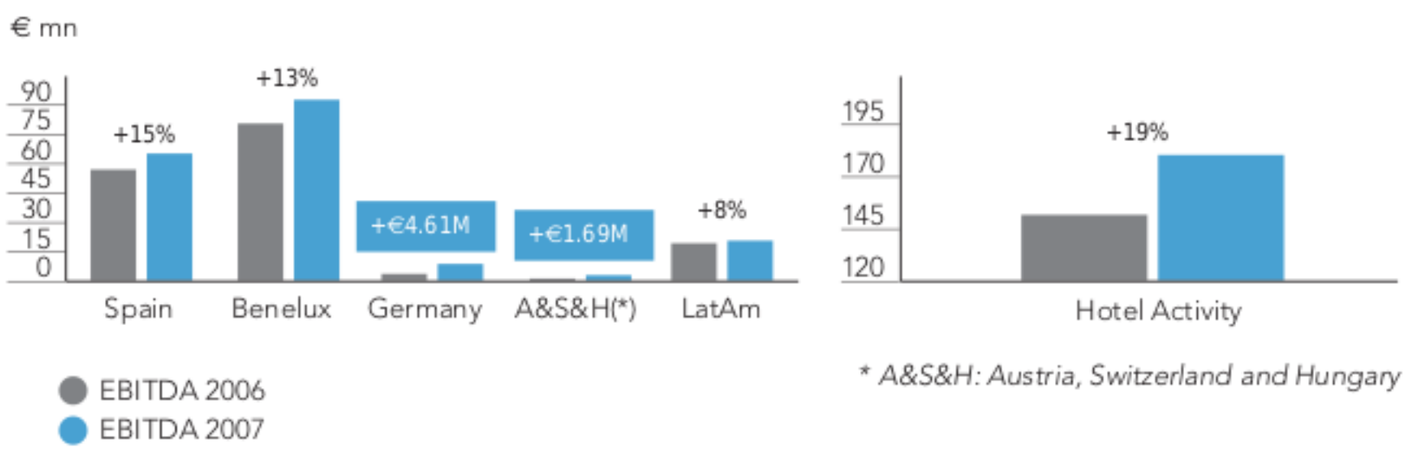
	Accumulated to december 31, 2007	Accumulated to december 31, 2006	2007/2006
	€M	€M	Var %
Revenue from Hotel Activity	1,395.83	1,005.58	38.8%
Revenue from Property Activity	77.50	69.37	11.7%
Other non recurring revenues	32.36	15.99	102.4%
TOTAL REVENUE	1,505.69	1,090.94	38.0%
Cost of Property Sales	(41.64)	(32.26)	29.1%
Personnel Costs	(478.83)	(344.09)	39.2%
Direct Management Expenses	(455.97)	(332.41)	37.2%
Other Non-Recurring Expenses	(4.59)	(9.10)	(49.6%)
EARNINGS FROM OPERATIONS	524.66	373.08	40.6%
Leases and Urban Property Tax	(241.66)	(184.19)	31.2%
EBITDA	283.00	188.89	49.8%
Amortisations	(109.73)	(75.00)	46.3%
EBIT	173.27	113.89	52.1%
Financial Expenses	(62.79)	(29.79)	110.8%
Equity-Accounted Results	(2.48)	1.28	-293.8%
EBT	108.00	85.38	26.5%
Company Tax	(8.50)	(24.09)	-64.7%
EARNINGS before Minority Interests	99.50	61.29	62.3%
Minority Interests	(22.06)	1.16	-2.001.7%
NET PROFIT	77.44	62.45	24.0%

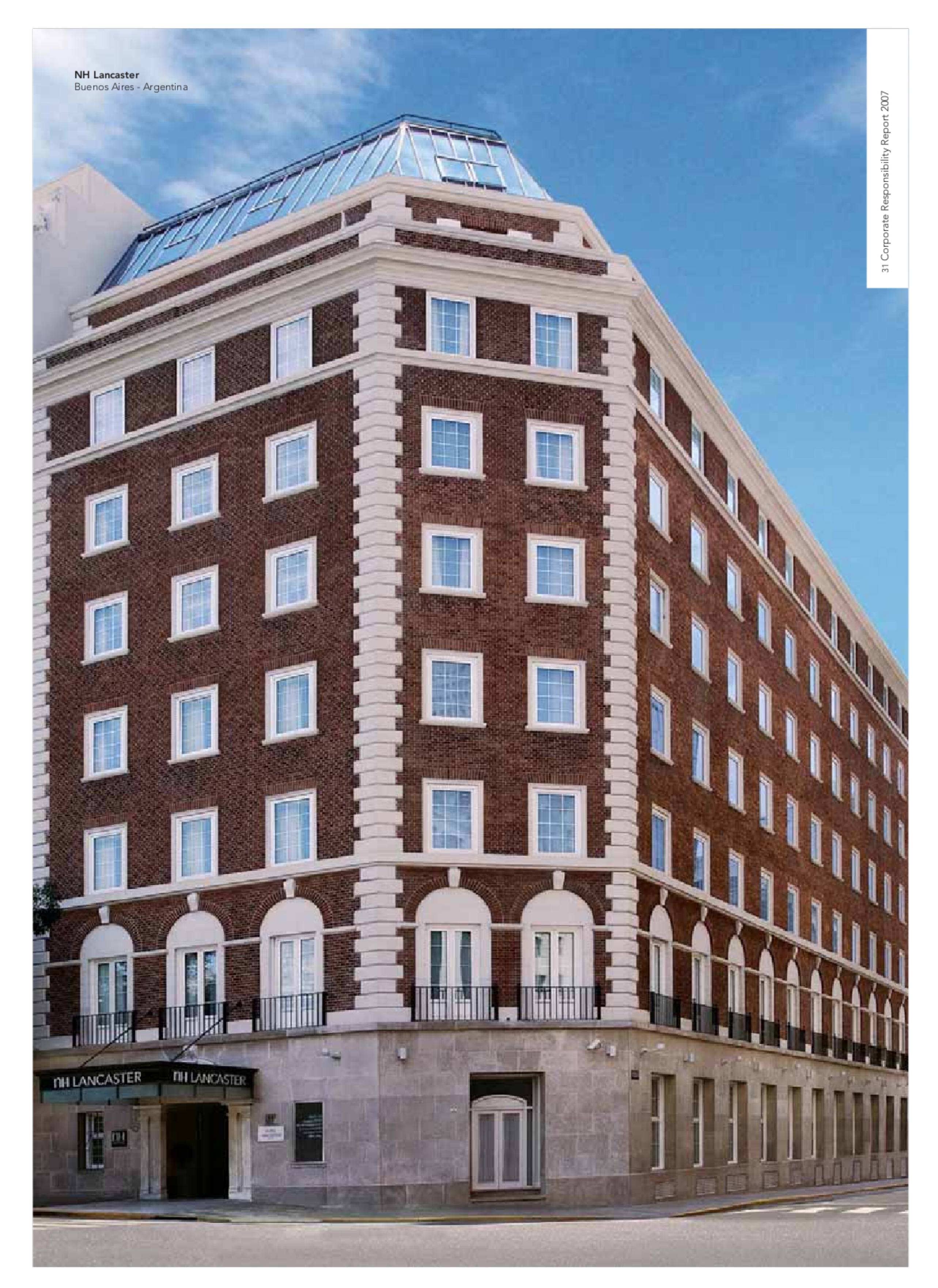
RevPAR Performance 2006/2007 by Business Unit



5.5% increase in RevPAR thanks to increased ADR throughout all Business Units.

EBITDA Performance 2006/2007 by Business Unit





NH Lancaster
Buenos Aires - Argentina

RELEVANT CORPORATE OPERATIONS

NH Paseo del Prado
Madrid - Spain

Three-Year Strategic Plan

In January 2007, NH Hoteles unveiled a three-year strategic plan to double Company profits via a total investment of €1,300M. Following the implementation of this development plan, NH Hoteles expects to double its operating earnings (EBITDA) from the hotel business, thereby allowing it to break the €300M mark in FT2009.

To bring this to fruition, NH Hoteles is strengthening its standing as a benchmark Company within the European medium market segment by channelling its investments into organic growth in the main European markets where it already has a strong presence.

Over the previous financial year, the pre-established development objectives were successfully met as the Company sailed past its target of 6000 signed rooms for this initial stage of the three-year plan.

Capital Increase

In November of 2006, the NH Hoteles Board of Directors announced its approval of a capital increase to be achieved by issuing a maximum of 16,371,971 new shares (€2 par value and an issue premium of €13.27) in order to strengthen the Company's strategic plan. Following the subscription period in March 2007, it became apparent that NH Hoteles' capital increase had received massive support from its shareholders and the 16,371,971 new shares were fully subscribed over the Preferential Subscription Period (1st round) and the Additional Allotment Period (2nd round).

The overwhelming success of the capital increase is clearly reflected in the oversubscription of the shares. The sheer numbers involved would have potentially allowed for a capital increase two times the size of the one NH Hoteles eventually opted for.

Taking into consideration that the Capital Increase was carried out with a preferential subscription right, we should highlight the huge support for the strategic development plan of NH Hotels from the body of shareholders, given that the entire Capital Increase was subscribed by Company shareholders.

Syndicated Loan

In August 2007, NH Hoteles announced that it had signed a syndicated loan agreement for the sum of 650 million euros subject to a term of 5 years, thereby allowing the company to refinance the syndicated loan agreement signed in June 2004 under improved economic terms and conditions. The credit reduces the cost of the debt in question by 40 basis points by extending the maturity date of the loan.

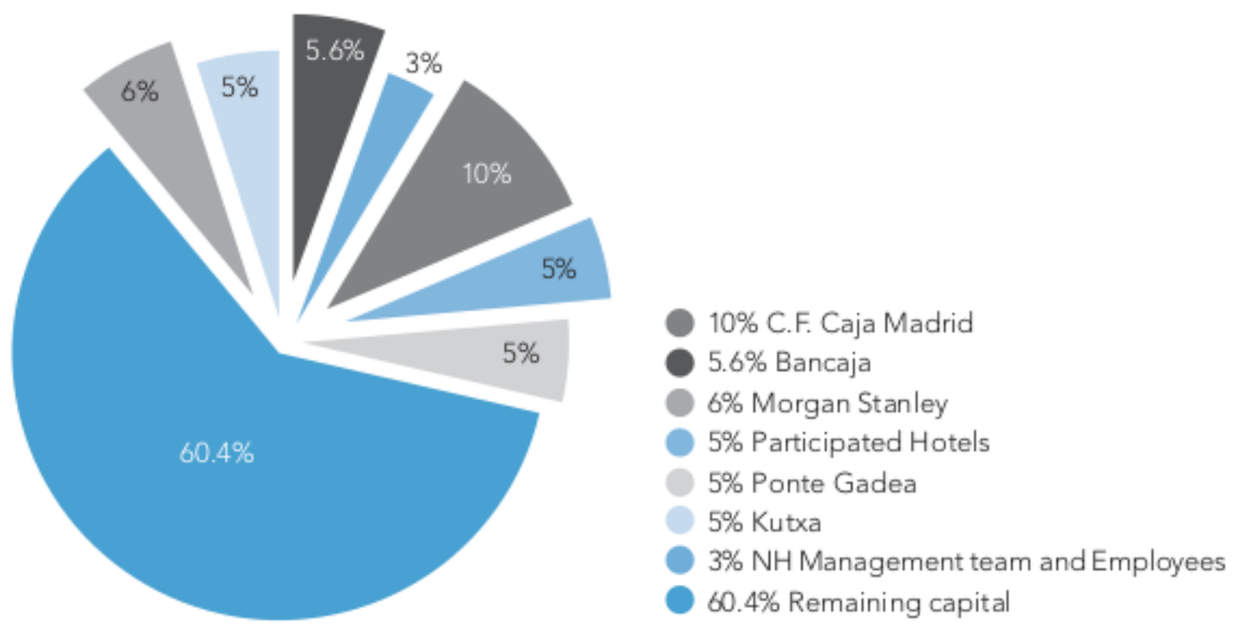
The loan's new term for repayment complements the Group's development plans in that the first repayment of the credit will be made within three years, by which time NH Hoteles will have completed its current expansion plan.

All in all, savings for NH Hoteles are substantial, because whereas the previous syndicated loan was subject to an interest rate of Euribor plus 1.1, the new syndicated agreement stands at Euribor plus 0.7.

A total of 34 financial institutions took part in the operation, with BBVA acting as agent bank. Due to market confidence in the Company, in the promising development of its business concerns and in the development plans underway, the participating banks in the loan agreement requested to subscribe a total amount of €1.363B.

NH Hoteles shareholding

Stable shareholdrs of NH Hoteles are considered those with seats on the Board of Directors.



NEW CONCEPTS, PRODUCTS AND SERVICES

Edenh Real Arena
Punta Cana - Dominican Republic

edenh

2007 saw NH Hoteles embark upon major developments in the holiday segment and in luxury resorts. The chain has therefore broadened its range of products and services by adding a new segment to its portfolio created for NH Hoteles clientele… clientele that also relax.

NH Hoteles has created a sub-brand that embodies the essence and vocation of a new, unique, exclusive and prestigious service. The new brand, Edenh, evocatively describes and identifies the various products of the Company's Premium holiday segment, reflecting the feeling of luxury and well-being that each of the properties in question offers guests. Each one, with its own unique style and context, or all, with their shared common denominator, creates an experience for guests that goes beyond mere accommodation and enjoyment of premium services but also evokes and stimulates an inner feeling of relaxation, enjoyment and added value.

Edenh creates a vision of our resorts as unique luxury settings where travellers can "feel", rather than simply observe. Nowadays, the concept of luxury is viewed more as a subjective feeling from within.

E for Exclusivity, D for diversity, E for escape, N for nature and H for high-class spell out Edenh and represent the true values of our new NH Hoteles resorts.

- Exclusivity: in the modern age, luxury can best be described as feeling special and different.
- D for Diversity: in our range of products and services, with different hotels for different times in life.
- E for Escape: unique experiences, far removed from the day-to-day routine.
- N for Nature: nature in its purest state, spaciousness, scenery, sheer scale and natural paradises.
- H for High Class: not all resorts can be Edenh and not every guest will be able to appreciate them.

Under the new Edenh brand, we currently have 11 properties and projects of the NH Hoteles Group throughout Europe and the Americas:

Edenh Hotels

Hotel Almenara (Sotogrande, Cádiz, Spain)

Located in Sotogrande, in southern Spain, where the mountains of Andalusia and the Guadiaro river join the Mediterranean, the hotel has been designed in style and is inspired by a unique way of looking upon life. Situated right in the heart of the Almenara Golf Course, the hotel has been sumptuously decorated with natural materials that preserve and reflect the true warmth and charm of its surroundings. The setting, along with its arrangement, allows all guests to enjoy exclusive views of the green, the gardens and the Mediterranean. The hotel also offers an Elysium Spa, the Sotogrande Spa, a highly-specialised health and wellness centre, where guests can enjoy the very latest treatments and therapies, and an extensive range of activities geared towards health and beauty.

In collaboration with some of Europe's leading leisure and health professionals, Hotel Almenara offers a ground-breaking concept in health treatments: the Sotogrande Health Experience (La Manzana). This new and exclusive product from Hotel Almenara combines a range of medical disciplines, sports training, healthy eating habits and stress and posture control techniques. Analysed and addressed together, the outcome is a new, healthy and personalised life style tailored to each client.

In 2003, Hotel Almenara was awarded the Condé Nast Johansens prize for "Best Hotel Spa in Europe" and, in 2005, went on to earn the distinction of being "Spain´s Leading Golf Resort" by the XII Annual World Travel Awards. In 2006 in 2007 it was awarded the "Five Star Diamond Award" from the AAA (The America Academy of Hospitality Sciences).

Bühlerhöhe Schlosshotel (Baden-Baden, Germany)

This spectacular hotel is located in the town of Baden-Baden (Germany). Nestled in the foothills of the Black Forest, the town enjoys international renown as a premium hydrothermal resort, holiday destination and venue for international festivals and congresses. Its fame actually dates back to the start of the nineteenth century, when it served as a meeting point for the European royal families and aristocracy. Baden-Baden is a paradise for those wishing to relax and recharge batteries.

The Bühlerhöhe Schlosshotel is located in the German state of Baden-Wurttemberg, in the north of the Black Forest, one of the most beautiful spots in Germany, in the centre of a 44-hectare park known as the "island of rest". The hotel boasts spacious rooms, a congress centre, sports area with Spa and a summer terrace with spectacular views over the Rhine Valley.

Grand Hotel Timeo (Taormina, Italy)

The Grand Hotel Timeo is considered one of the best resorts in Europe. Built in 1873 and located opposite the exceptional Greek theatre, it is the obligatory reference for those that appreciate how to integrate themselves into a region's history. Hemmed in by 25,000 m^2 of parkland with a superb swimming-pool, this historical hotel is widely renowned for its literary terrace, the preferred meeting point of its more illustrious guests with views over Etna Volcano and the Bay of Naxos.

Gran Hotel Timeo
Taormina - Italy

Villa Sant'Andrea (Sant' Andrea, Italy)

In 1830, a family of the British aristocracy found their dream setting among the beauty and charms of Taormina and decided to construct Villa Sant´Andrea. The hotel is certainly one of the city's most exclusive but still manages to retain the charm and feel of a private aristocratic residence. The hotel is immersed in a park brimming in subtropical vegetation and offers guests a private beach with commanding views over the Bay of Mazzaro. Hotel guests can also enjoy a highly specialised wellness centre with an impressive range of beauty treatments and massages.

Grand Hotel Bristol (Rapallo, Italy)

Situated to the east of the Liguria coast, on the charming Gulf of Tigullio, Rapallo is one of the area's leading tourist destinations. Surrounded by a mountain range that ensures a pleasant climate, the hotel boasts stunning scenery and unbeatable views of the city centre and out to sea.

Grand Hotel Bristol is one of the region's most prestigious establishments, thanks to its elegant décor and the state-of-the-art technology with which its rooms are equipped. The building was constructed in 1908 and is surrounded by majestic gardens featuring native vegetation. On the top floor of the building, a restaurant with fabulous views of the gulf offers an outstanding selection of local cuisine and a unique view of the lovely Parco del Monte di Portofino.

Edenh Real Arena (Dominican Republic)

Located in one of the most beautiful spots of Punta Cana, with crystal waters and fine sandy beaches that give their name to the new future resort of NH Hoteles.

This recently-unveiled hotel is just 20 minutes from the International Airport of Punta Cana and is located on a 17-hectare plot of land with 375 metres of virgin beach front. The hotel offers an all-inclusive five-star service with rooms targeted at clients opting for the VIP service. The services on offer include theme-based restaurants, shopping area, sports areas with Spa, swimming-pools overlooking the sea and landscaped areas that include native wetland.

Edenh Projects:

NH Hoteles currently has five new Edenh hotel projects that are expected to open this year. Two of these will be located in the Dominican Republic, one in Punta Cana and another in the exclusive Cap Cana development to be more precise. A further two Edenh developments will be found in Italy, more specifically in Sicily and the Amalfi Coast. The last project is to be situated in Puerto Morelos, Mexico, in an area that looks likely to become the Mayan Riviera's second largest tourist attraction behind Playa del Carmen.

Bühlerhohe Schlosshotel
Baden Baden - Germany

Villa Sant' Andrea
Sant' Andrea - Italy

Almenara Hotel
Sotogrande - San Roque - Cádiz - Spain

Internet access point
NH Erlangen - Germany

www.bonhocio.com

2007 witnessed the arrival of NH Hoteles' new low-cost leisure bookings website, the first to be launched by a hotel chain in Spain. The new Bonhocio site offers over 14,000 rooms in 120 hotels throughout Spain. It is a second generation low-cost website as it fully retains the features of standard NH Hoteles products and services whilst applying low-cost techniques for commercial purposes. The chain offers a series of hotels for specific periods and simply applies the low-cost concept to the distribution channel.

Of the many characteristics of this innovative concept, we would highlight immediate booking confirmation, discounts of up to 50% and real-time, fully transparent updates of the total number of available rooms.

At Bonhocio.com, clients can find any category of hotel they wish for within the chain, ranging from urban hotels to establishments from the Collection category located in unbeatable surroundings. The range of services on offer at Bonhocio.com extends to weekend bookings and holiday periods.

The new website provides easy access and browsability and offers a price map by destination, where users can take a quick glance at availability between hotels and the price ranges in effect at any given time.

NH Hoteles is the first Spanish hotel chain to launch an independent web platform for room bookings under the low-cost concept, thereby optimising sales during periods of low occupancy. Further down the line, the chain intends to gradually integrate hotels from the different markets in which it operates.

"Vive la Ciudad"

NH Hoteles has implemented a unique and groundbreaking project in the field of urban leisure and tourist information. The chain, which is firmly committed to Internet usage, is developing the most extensive red of urban blogs to be written in Spanish. Under the name "Vive la Ciudad", the Company is creating a genuine on-line community of sites dedicated to the cities in which the Company operates, both in Spain and abroad.

The blog, or digital diary, has become one of the information society's most popular means of communication and social participation. The main added value associated with these kinds of projects, in which comments are updated with great speed and frequency, lies in their proximity to visitors, who can weigh up the contents and draw their own opinions, thereby enriching the blog itself. The portal received 1,054,677 hits in 2007.

From the "Vive la Ciudad" portal (www.vivelaciudad.es), visitors can access a gradually increasing number of blogs that make up this virtual community. The first to see the light of day in Spain were Salamanca, Seville and Santiago de Compostela, with the Barcelona and Madrid blogs following shortly afterwards, amongst other cities. In all cases, the sites are administered by specialised authors who are entrusted with the task of managing and continuously updating the published information or posts.

The contents of the blogs centre on the kinds of leisure and tourism on offer in each of the cities, including brief descriptions of restaurants, museums, monuments and tourist trails. Visitors can even find information on social and cultural events. Following each post, users can find a large group of people who know, live and enjoy the city in question. Via the blog, these individuals can share their views and convey their passion of the city to the reader.

The usefulness of blogs as an ideal starting point from which to prepare an enjoyable getaway or holiday stems from their ability to generate maps from a simple search. The system therefore allows travellers to print a guide map for their walks. The reasoning behind NH Hoteles' decision to launch the "Vive la Ciudad" project is to transform the Company's relationship both with its clientele and travellers in general, and the initiative goes far beyond mere accommodation.

PART OF
THE NH WORLD

NH World

Now in its fourth year of life, our customer programme has already reached 700,000 members worldwide and the goal for 2008 is to smash through the one million barrier of loyal users. The programme's structure has changed little since the end of 2006, with specific content for the various different categories of customer, of which we would highlight NH Hoteles employees (over 12,000 members to date), shareholders, journalists and civil servants.

NH World has allowed NH Hoteles to enjoy fluid and uninterrupted communication with the chain's closest clients. The dual aim is to gain increased awareness of their requirements and expectations of NH Hoteles first-hand, and also to be able to dispatch the most important breaking news on the Company directly, whether related to expansion (openings of new hotels) or products (offers, promotions, exclusive benefits on Company and third-party products, amongst other things).

In this regard, communication with NH World members has been impressive, with a significant increase in visits to the NH World website and open rates and interest in NH Hoteles e-mailings up 7% on rates for e-mails sent to clients that have not signed up for the programme. As it currently stands, 12% of spending on holidays by NH World members is being contracted through NH Hoteles' on-line services.

Active client rates (over 55% of members with spending on NH Hoteles over the last 12 months), spending (twice as many stays and 5% more ADR per night) and use of NH World credit (redemption rates of over 23%) give some idea of the programme's promise and how well it has been received by NH Hoteles' most loyal clients.

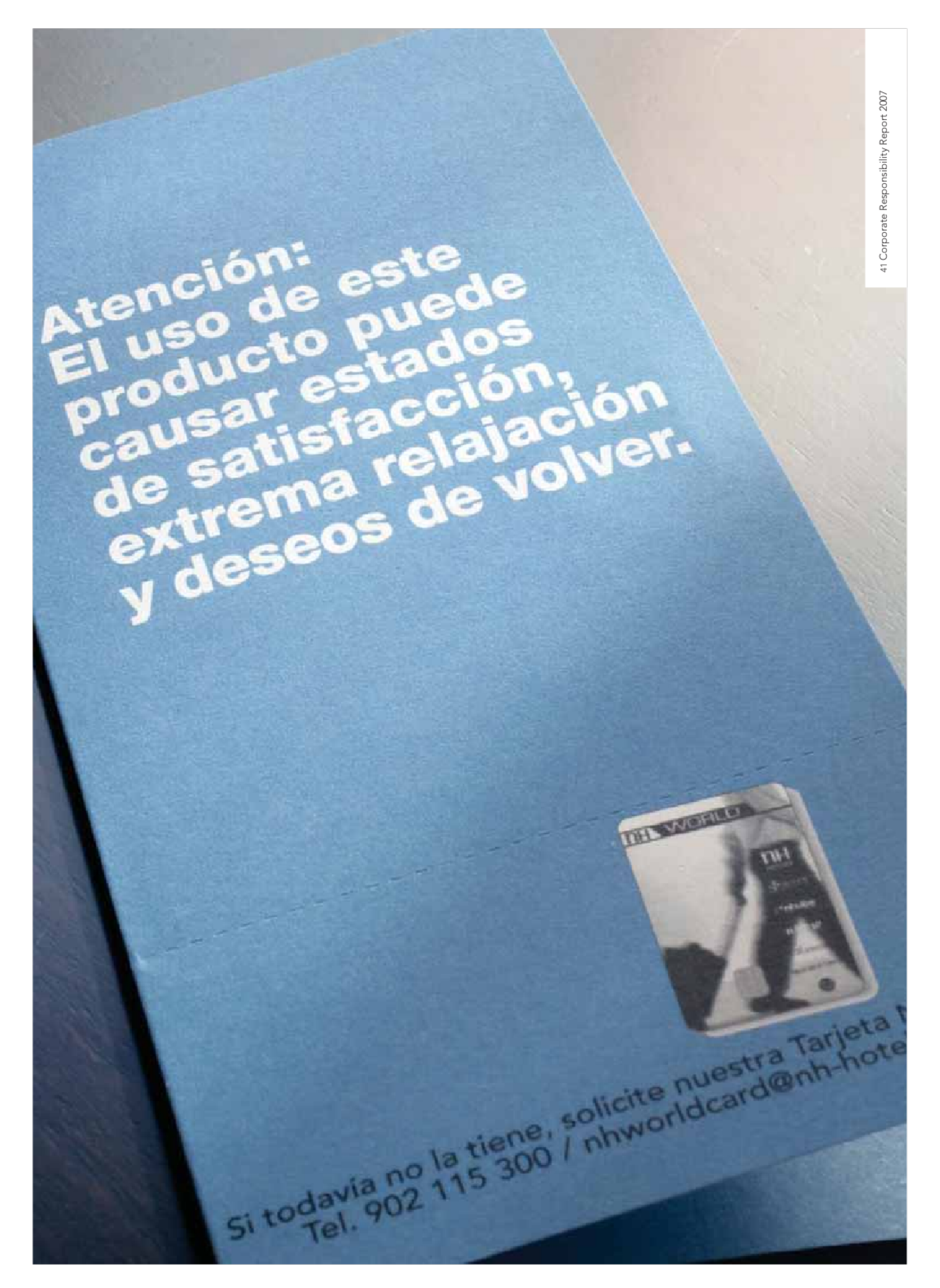
As an exciting new feature for 2008, NH is set to include all the properties of NH Hoteles in Italy, meaning that the programme will shortly cover over 300 hotels in 16 different countries.

Commercial Agreements

Over the course of 2007, NH Hoteles continued to sign commercial agreements enabling access to new communication channels, increasing market shares and reinforcing the standing of NH Hoteles as an international chain. These associations are set against the backdrop of NH Hoteles' strategic plans, as the company seeks out new alliances in its main target markets and also looks to strengthen ties with regular clients.

Worthy of particular note is the distribution agreement reached with Orbitz Worldwide, one of the US' leading on-line travel companies. The agreement in question will allow NH establishments to be available through the on-line trade names of Orbitz Worldwide, and will likewise enable NH Hoteles to reach an entirely new group of international clients, who will be afforded simple and easy access to our hotels.

Another major agreement is the one NH Hoteles signed in 2007 with Trust International, a supplier of technology and solutions for distribution in the hotel industry. The agreement will expand brand and booking visibility to a greater number of clients worldwide.


Atención:
El uso de este producto puede causar estados de satisfacción, extrema relajación y deseos de volver.
NH WORLD
Si todavía no la tiene, solicite nuestra Tarjeta
Tel. 902 115 300 / nhworldcard@nh-hote

CULINARY COMMITMENT

Casino de Madrid

The Casino de Madrid has been able to keep up-to-date with current trends and offer market-beating products and services without losing sight of its original style.

The restaurant La Terraza in the Casino of Madrid has undergone a major renovation that has restored to it all the splendour it once had. Following the renovation work, "La Terraza" has taken on a new and spectacular look brimming over with avant-garde style and modernism and into which Jaime Hayón, one of the world's most eminent designers and decorators, has channelled all his genius. The outcome is a project that blends past and future, creating a personal style, and perfectly complements the imaginative and innovative signature cuisine of Paco Roncero and the brand support and management of NH Hoteles.

The Madrid-born designer Jaime Hayón, who has received a range of major awards from the likes of Wallpaper, Icon Magazine, Elle Decor International etc., fell in love with the fresh and original project that NH Hoteles proposed to him and wasted no time in getting to work on what has been his first ever commission for a restaurant in Spain. The new concept for the La Terraza restaurant embodies a design created specifically to envelop diners in the same avant-garde and modernistic atmosphere as that used by Paco Roncero to create the textures, colours and flavours of his culinary creations. Paco and Jaime have worked jointly to design all the decorative and professional elements of the restaurant. From this joint work, Jaime Hayón has created a space that has completely changed the restaurant's look, endowing it with "modern sophistication" and lighting that uses the finest and cutting-edge materials.

All elements of the new restaurant take the form of geometric shapes, which are reminiscent of a variety of precious stones. The blue and yellow glass, light-reflecting rhomboid-shaped mirrors, chequered floor, geometric pillars and even the seats, all unique, elegant and comfortable, provide the restaurant with a fresh and original air.

Paco Roncero has also added new, even more modern and flavoursome recipes to the restaurant's menu to delight diners. Moreover, María José Huertas, the Casino de Madrid sommelier and 2005 winner of the Best Sommelier Award from the International Academy of Gastronomy, has revamped the wine cellar and the restaurant's enticing wine menu, adding the very latest in world wines to the 700-plus entries on the menu.

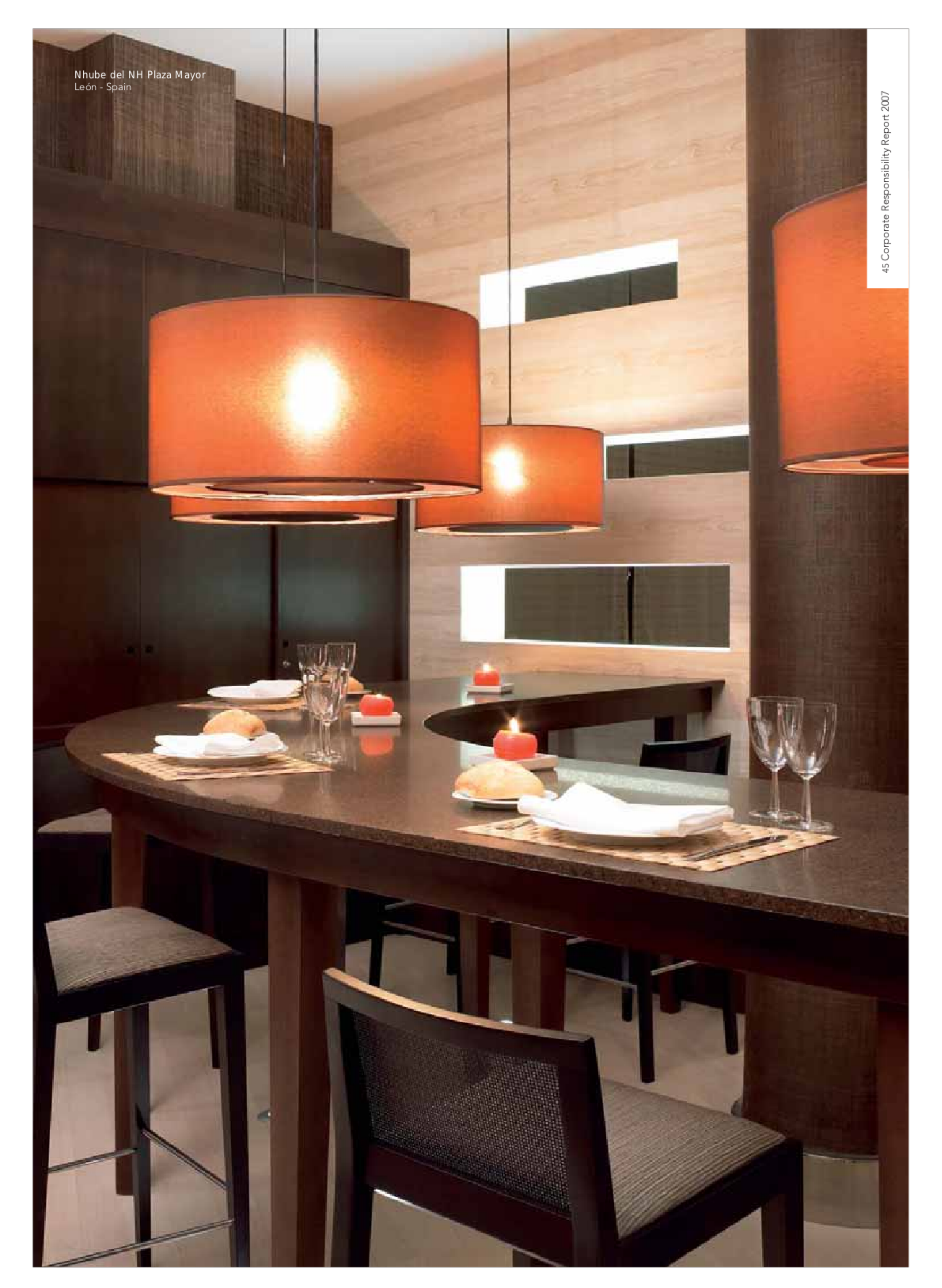
Likewise, the prestigious designer Miguel Palacio has been entrusted with the task of re-styling the uniforms of all Casino personnel, creating exclusive designs featuring a modern and original cut whilst remaining faithful to the tradition and style that the institution has forged and become famous for.

Nhube

One year further down the line, "Nhube" continues to serve up a perfect combination for clients of our hotel who wish to feel at home. "Nhube" effortlessly blends the living room, dining room, a café-bar and even a library. In short, it is a multi-functional space where guests can unwind, watch television, browse the Internet or listen to music while they eat, drink or relax.

Eating traditionally and healthily is what "Nhube" offers from a culinary standpoint. Designed by the internationally renowned chef Ferrán Adrià, the idea centres around simple food created with the finest quality raw ingredients.

"Nhube" currently has 20 fully operational establishments, 4 of which were opened in 2007 in Germany, Spain and Mexico. Given the healthy reception that "Nhube" has received over recent years, NH Hoteles is continuing to export the concept to the Group's new hotel developments. At present, the Company has signed 6 agreements to further incorporate the concept in Spain, The Netherlands, Italy and Mexico.



Nhube del NH Plaza Mayor
León - Spain

Fast Good

"Fast Good", the quality fast-food restaurant chain jointly developed with the genius haute-cuisine chef Ferrán Adrià, has strengthened its standing in a number of major Spanish cities and now has 8 restaurants open to the public.

We would highlight the newly opened restaurants in Las Palmas de Gran Canaria, Valencia and Barcelona. In the latter of these Fast Good establishments, NH Hoteles has implemented a pilot experience in managing restaurants with a view to helping young entrepreneurial chefs. Given the financial difficulties involved in setting up their own restaurant, Fast Good has adopted a management system whereby the chef is responsible for managing the premises under the supervision of the chain, whilst allowing the scheme to embrace management or cuisine-related proposals. In this way, aspiring chefs can effectively create their own Fast Good within the standards of the brand.

The value of the Fast Good brand is evidenced by the numerous agreements that have been reached, particularly with the passenger transport sector. In 2007 the Company signed an agreement to design the menu for Aerolínea Iberia and the AVE high-speed train.

First Fast Good restaurant in Barcelona

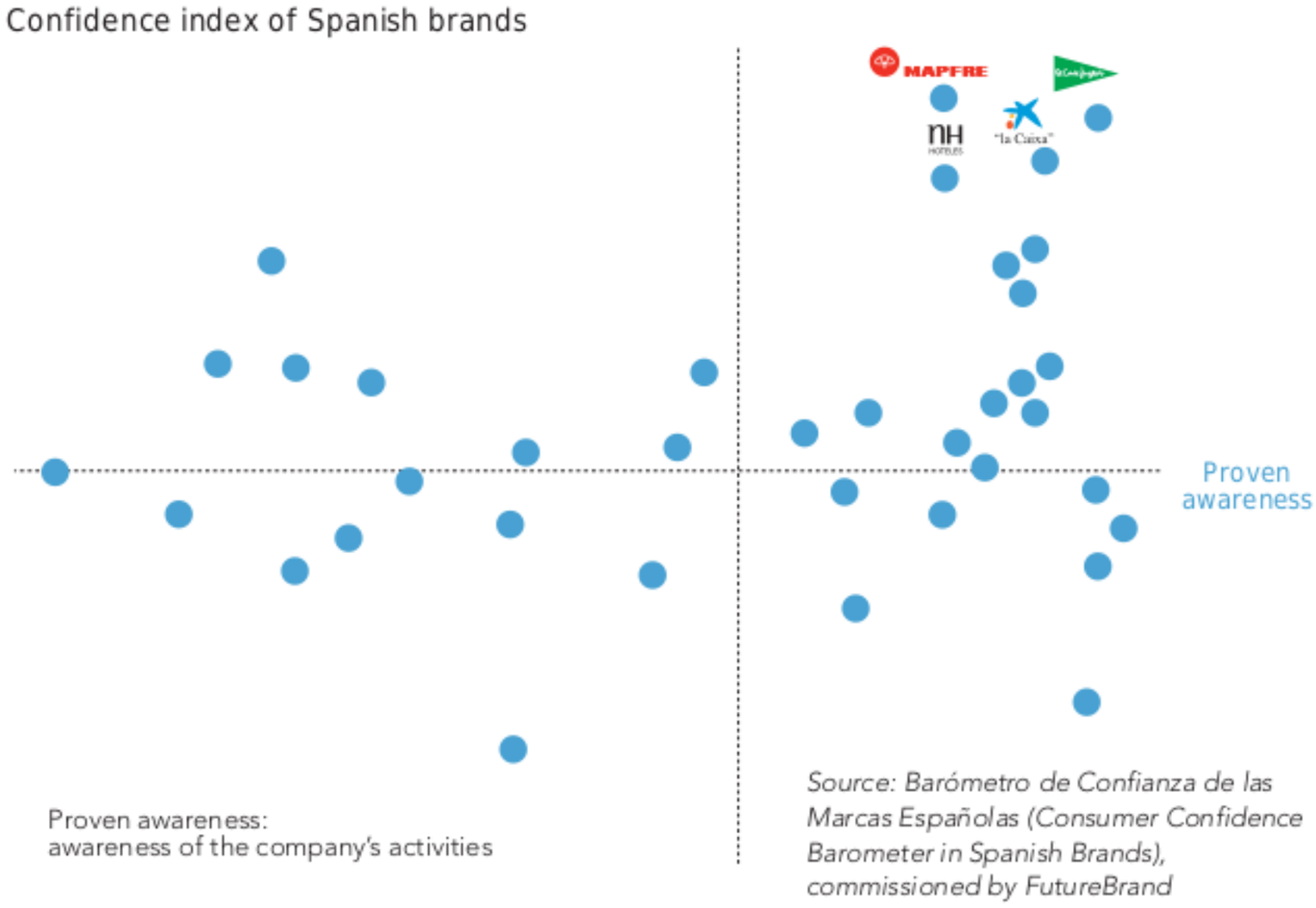
THE VALUE OF A TRULY GREAT NAME

NH La Maquinista
Barcelona - Spain

The NH Hoteles trade name has become an industry benchmark in Europe over recent years and is nowadays one of the most well-known Spanish symbols throughout the continent. The increased recognition of the NH Hotels trademark not only reflects the growing presence of the company in the European market, but also its renown, vivacity and dynamism, which ranks it leader in countries like Germany and The Netherlands.

According to the 2007 Consumer Confidence Barometer in Spanish Brands carried out by Ikerfel for FutureBrand, NH Hoteles came in fourth. In preparing these rankings, a number of functional and emotional variables were used. NH Hoteles was particularly impressive in the functional aspects: Quality and products, Fulfilment of promises, Good treatment of employees or Listening to clients and shareholders, to name but a few.

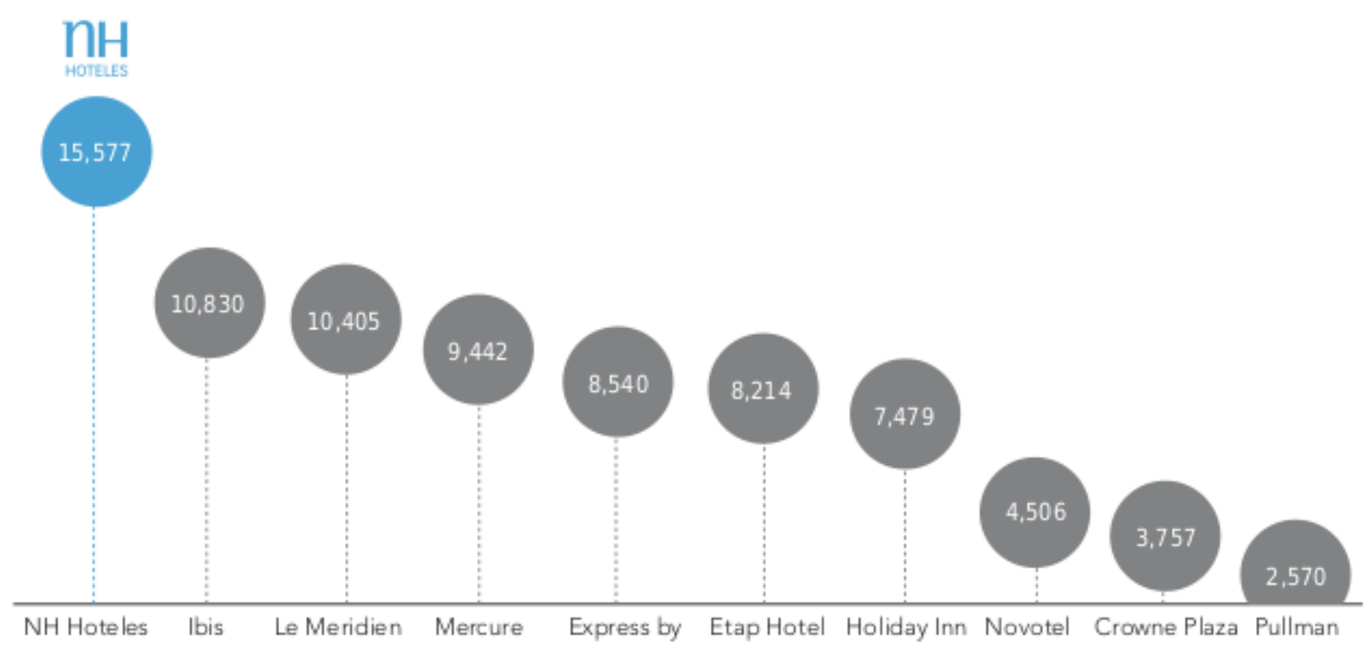
Confidence index of Spanish brands



Source: Barómetro de Confianza de las Marcas Españolas (Consumer Confidence Barometer in Spanish Brands), commissioned by FutureBrand

NH Hoteles is the trade name that has experienced the greatest increase in rooms in Europe over the period spanning 2003 to 2007, with total openings amounting to 15,557 rooms (+56%). The Company therefore managed to move from 5th place (2003) to 4th (2007) in terms of room numbers in the European best brand rankings, with only Ibis, Mercure and Holiday Inn in front.

TOP 10 European Brands
in terms of room gains 2003-2007



Source: Otus & CO

New image, new website and new way of raising brand awareness

NH Hoteles unveiled its new image at the beginning of 2007. The chain now has a new corporate colour, sky blue, which gives the brand a tone more in keeping with the Company's strategy of gradually closing in on holiday and leisure clients without sacrificing its corporate clientele. The new visible image has been set up in all hotels in just six months.

Over this period, all the graphic elements that make up the Group's corporate image have been revamped and new communication formats created within the hotels. This brand development involves far more than merely renovating the Company's graphical aspects but has also delved deep into "customer experience" management within hotels. To bring this to fruition, NH Hoteles has created the concept of "silent conversation" with the client, which is essentially a series of messages intended to enhance the client's stay. New subtle details, or "winks", which somehow create a genuine silent conversation between the hotel and the client and which help to create a new NH atmosphere within our hotels.

This financial year also witnessed the arrival of the new NH Hoteles website. The Company has carried out a significant overhaul of the www.nh-hotels.com website in order to incorporate its new corporate image and to provide further information and search tools for users.

Already one of the finest examples of Internet websites within the hotel industry, the NH Hoteles website now boasts an even more dynamic and practical look, from which users can rapidly and easily locate the accommodation offers best tailored to their individual needs.

These new features, both in relation to NH Hoteles' corporate image and website, help to enrich the trade name and imbue it with new meaning in the eyes of our clientele.

In keeping with the firm's unwavering search for new formulae in order to connect with clients, NH Hoteles has become involved in some quite unusual publicity initiatives, as it settles on new channels of communication to mark itself apart from the crowd and to reflect the creative and innovative spirit that characterises the Company. Of these, we would certainly single out the firm's decision to create the world's largest advertisement. NH Hoteles leased 24,000 square metres of land surrounding Amsterdam Airport Schiphol, one of Europe's busiest transit routes with 44 million travellers a year, to use it as an innovative and spectacular advertising medium for the Company's corporate image.

The advert in question involved a simple message and a logo cut from a corn field right next to the airport access motorway as you come from Kaagbaan. The message can be seen by all passengers as their planes make their final approach. The message "Next landing NH Hoteles" invites travellers to land in any of the 30 hotels that the chain has in The Netherlands, 11 of which are located in Amsterdam.

nH
HOTELES
nH
HOTELES
ANTONE 542C DIRECTO
hola
BRAND IDENTITY

SOTOGRANDE

Club ouse of La Reserva de Soto rande
San Roque - Cádiz - Spain

Having originally got underway in 2006, the Sotogrande residential tourism development has gone from strength to strength during 2007:

- On April 23, 2007, the Town Council of San Roque (Cádiz, Spain), which regulates the planning aspects of the Sotogrande development, definitively approved the Urban Zoning Agreement after making it available to the public. This final approval marked a major milestone for the Company and bears witness to the high quality of the residential development model employed to create Sotogrande.

URBAN ONING AGREEMENT

	Gross floor area m²	Buildin area m²	Ma imum number of dwellin s
La Reserva	1,440,662	504,873	2,083
Sotogrande Playa	84,480	39,465	160
Almenara	342,144	136,444	762
TOTAL	1,867,286	680,782	3,005

- Sotogrande was awarded the 2007 Sustainable Tourism Award at the IV Ejecutivos awards ceremonies. The accolade is in recognition of our firm's commitment to sustainability, respect for the environment and, more specifically, the quality and environmental friendliness of the hotel, sporting facilities and property developments of NH Hoteles and Sotogrande.

- La Reserva de Sotogrande was awarded the Premio Madera Verde de Responsabilidad Ambiental 2007 for environmental responsibility. This prize is sponsored by the Asociación para la Promoción de Actividades Socioculturales (Association for the Promotion of Sociocultural Activities), the Real Federación Española de Golf (Royal Spanish Golf Federation) and specialist environmental technicians. According to the panel, "La Reserva of Sotogrande provides a clear illustration of an institution with an enormous respect for the environment".

- Work continues on the Los Alcornoques development in collaboration with the company Ponte Gadea. This large-scale residential project encompassing close to 500 houses over 23 hectares

will include extensive sports facilities, health areas, green zones and golf. The project is currently being analysed by architects and each of the project phases is subject to a financial study.

- Despite tightening market conditions, the Spanish coast in general and the Costa del Sol in particular have been putting up a decent fight and Sotogrande remains the reference point for residential tourism in the area, ahead of Marbella.

  Sales of plots in La Reserva continued to perform well, as did moorings in the Marina and housing in Ribera del Marlin and Los Cortijos de La Reserva, with total sales accounting for 86 units and an average price increase of 4.2% for the year.

  Moreover, all 41 of the Ribera del Marlin development's large premises were successfully sold. The sales not only mark a milestone for the Sotogrande marina in terms of sales turnover, which tipped the scales at over 35 million euros, but will also benefit the area enormously by providing it with a wide range of restaurant services, exclusive boutiques, convenience stores and maritime services, thereby improving services on the marina and in Sotogrande in general.

- The organisation continues to evolve in order to better gear itself to its chosen vocation of providing specialised services involving residential tourism projects at various locations and in collaboration with partners. In addition to the 2005 launch of Sotogrande Golf Services (a unit specialising in the engineering, construction and maintenance of golf courses) and the 2006 launch of Sotogrande Marketing Services (specialised in the design and implementation of marketing services within the premium residential tourism sector), we are beginning to witness the arrival of real contracts over property, for which the Company has already started to invoice in 2007. These represent a new business division, with projects in store for 2008 and 2009.

  The foregoing divisions were born from the need to ensure that the knowledge and know-how of Sotogrande in its particular fields of expertise are able to be transferred to the new projects being developed with partners, and likewise to offer services to top-end projects being carried out by third parties who wish to improve their developments.

Projects

Sotogrande at Cap Cana (Dominican Republic)

Located in Punta Cana, Dominican Republic, and just 10 minutes from the International Airport, the Cap Cana complex is the most important property development currently underway in the Caribbean. It has an exclusive beach club and six 18-hole golf courses are planned, one of which is currently operational and a further one is under construction, with three of them designed by Jack Nicklaus. Cap Cana has already opened the first phase of the marina. Nestled among luxury boutiques and haute-cuisine restaurants, the marina will shortly be able to accommodate over 500 vessels.

The "Sotogrande at Cap Cana" project can be found in the central "almond" of the Cap Cana development, right on the beachfront. The project will include:

- A luxury "boutique" hotel with 88 rooms and premium restaurant.

- A total of 408 luxury properties right on the beach that will be on sale in 2007. Some of these dwellings will enjoy hotel services via a Rental Program (through which owners allow the hotel to manage their apartments when not in use).

Sotogrande at Cap Cana Master Plan
Dominican Republic

The commercial launch of "Sotogrande at Cap Cana" took place in December 2007, with one sole sales promotion carried out simultaneously in Madrid, London and Cap Cana proving enormously successful. To date, sales have exceeded 50 units for the first phase (the only stage currently for sale).

Isla Blanca (Mayan Riviera, Mexico)

The project is located to the north of Cancun, 20 minutes from the international airport. This is a peninsular of almost 220 hectares, featuring a large natural area. A high-quality town planning project will be developed, which will include residential and hotel use along with a golf course. The "island" boasts more than 10 km of coastline along the Caribbean Sea.

Sotogrande holds a 25% stake in the venture, along with local partners and Spanish investors.

NH Sotogrande
San Roque - Cádiz - Spain

BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

Nhow Milano
Milan - Italy

Board of Directors of NH Hoteles

Chairman & CEO: D. Gabriele Burgio
Non-executive Vice-Chairman: D. Manuel Herrando y Prat de la Riba
Members: D. Matías Amat Roca
D. Ramón Blanco Balín
D. José de Nadal Capará
D. Julio C. Díaz-Freijo Cerecedo
D. Carlos Etxepare Zugasti
(in representation of Caja de Ahorros Guipúzcoa y San Sebastián)
D. Ignacio Ezquiaga Domínguez
(in representation of Hoteles Participados, S.L.)
D. Aurelio Izquierdo Gómez
(in representation of Caja de Ahorros de Valencia, Castellón y Alicante - Bancaja)
D. André Martínez
(in representation of GSS III HURRICANE, BV)
D. Alfonso Merry del Val Gracie
D. Miguel Rodríguez Domínguez
Non-board member Secretary: D. José María Mas Millet
Non-board member Vice-Secretary: D. J. Ignacio Aranguren González-Tarrío

Executive Committee

Chairman: D. Gabriele Burgio
Members: D. Matías Amat Roca
D. Ramón Blanco Balín
D. Julio C. Diaz-Freijo Cerecedo
Aurelio Izquierdo Gómez
(in representation of Caja de Ahorros de Valencia, Castellón y Alicante - Bancaja)
D. Manuel Herrando y Prat de la Riba
Secretary: D. José María Mas Millet

Audit and Control Committee

Chairman: D. Ramón Blanco Balín
Members: D. Ignacio Ezquiaga Domínguez
(in representation of Hoteles Participados, S.L.)
D. Miguel Rodríguez Domínguez
Secretary: D. Roberto Chollet Ibarra

Compensation and Human Resources Committee

Chairman: D. José de Nadal Capará
Members: D. Matías Amat Roca
D. Manuel Herrando y Prat de la Riba
Secretary: D. José María Mas Millet

Management Committee

Fernanda Matoses Secretary of the Management Committee

Francisco Zinser Chief Operating Officer

Ignacio Aranguren Chief Strategy and Investments Officer

Gabriele Burgio Chairman and CEO

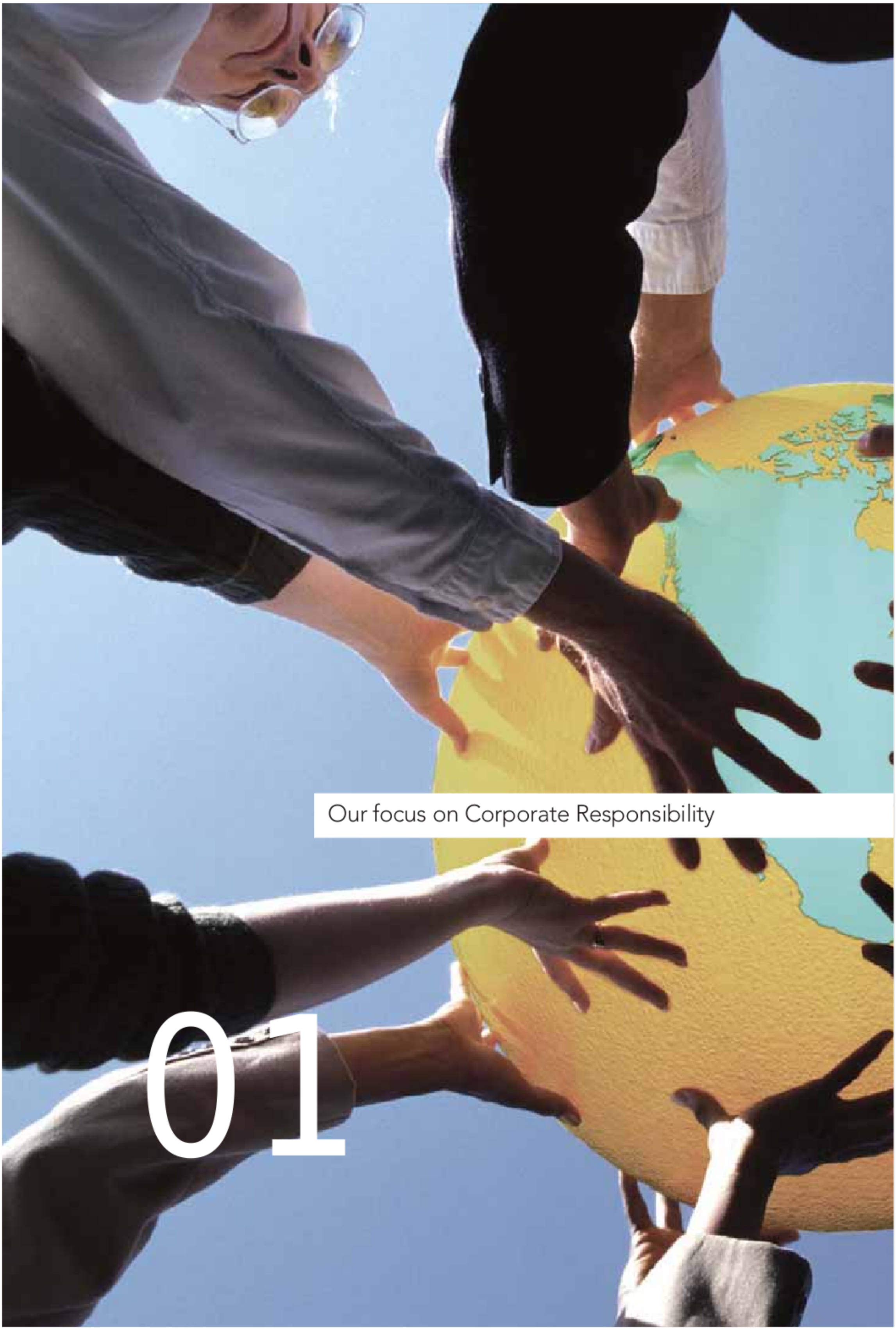
Roberto Chollet Chief Financial Officer

Juan Mª de Mora Corporate Officer Human Resources and Corporate Responsibility

Committee attached to the Corporate Responsibility Division

Chairman: Gabriele Burgio
Board of Directors: Alfonso Merry del Val
Corporate Officer Human Resources and Corporate Responsibility: Juan Mª de Mora

PART I: Vision of Corporate Responsability



Our focus on Corporate Responsibility

01

OUR FOCUS ON CORPORATE RESPONSIBILITY

Employees
of NH Hoteles

At NH Hoteles, we look upon Corporate Responsibility as a core element of the chain's business. Our vision can therefore be summarised as offering hotel services that cater to the current and future needs of our internal and external stakeholders (employees, clients, shareholders, suppliers, etc.), the communities in which we operate and future generations, whilst always paying the utmost attention to detail and providing efficient and sustainable solutions.

This vision is reflected in the values that characterise the culture of NH Hoteles and the firm's activities as a highly responsible Company:

- Reliability
- Business sense
- Enjoyment
- People focus
- Innovation

These values underpin the Company at all times and guide the development of our coherent strategic and operative business projects.

In short, our values can be summarised as follows:

- **Reliability:** at NH Hoteles, we are trustworthy, competent and always promote good ethics and transparency in our dealings with clients, employees, suppliers, partners and shareholders.

- **People focus:** our main assets are people, our clients, our employees, our shareholders and our suppliers.

  Thanks to the efforts of our employees, we are able to offer our clients a personalised service and a winning experience. Our challenge is to fulfil this commitment.

- **Business sense:** at NH Hoteles, we carry out any activities that may be required depending on our adopted strategy, so as to ensure that we successfully meet our business objectives and satisfy the economic interests of our shareholders.

- **Innovation:** we have set ourselves the challenge of improving the client experience and anticipating the current and future needs of our clientele. All of us at NH Hoteles have been entrusted with the task of listening to the "client's voice", analysing market trends, both within and outside the industry, elaborating innovative elements to improve the client experience and evaluating changes in their lifestyles and habits.

- **Enjoyment:** at NH Hoteles, we perform our work with enthusiasm. We enjoy drawing the best from ourselves and sharing our creativity, motivation and success with our clients. We are convinced that this positive energy is passed on to others.

This philosophy is the lynchpin of our corporate culture and the light that guides our management and the corporate responsibility now fully integrated into our Company.

Back in 2006, NH Hoteles implemented an internal consultation and involvement process in order to pinpoint focal points for managing the main areas of responsibility, as required by the GRI's G3 guidelines.

The aim was to respond to a wide array of new needs and other more established issues relating to the hotel trade, including: demographic and social changes that affect our current and potential clients and require attention; the increasing shortage of personnel for our hotels in certain countries or the absence of any social valuation for this industry.

Identified needs have been grouped by focus type:

1. Focus on our economic development

- We believe that efficiency in managing the Company's finances and transparency in accountability are key to reaching our business objectives, satisfying the economic interests of our shareholders and ensuring the creation of wealth, from which we can create shared value.

- Our business is therefore carried out in free market conditions and centres on ethical and transparent behaviour, whilst always respecting and complying with any applicable law.

- We maintain direct and transparent lines of communication with our shareholders and are particularly demanding when it comes to detailed information on Corporate Governance.

2. Focus on our environmental management

- For our chain, an ecological approach based on sustainability plays centre stage throughout the entire business cycle, ranging from hotel planning, design and construction to their daily running and the services we provide to clients.

- We strive to stay one step ahead of the game, study the opportunities offered by new technologies and analyse changes in lifestyles and habits. This allows us to innovate and offer services geared towards the social and environmental challenges in store.

- We are a predominantly urban hotel chain and are firmly committed to the sustainable development of the cities in which we operate.

- We promote the rational use of urban land by restoring buildings, which allows for multiple uses. This is achieved via an innovative space management model that optimises the surface area of a building, thereby enhancing environmental management from an energy standpoint.

- Approximately 50% of the energy consumed within Europe is used to keep buildings operational. NH Hoteles works tirelessly towards a rational use of energy by keeping its buildings in good working order, keeping utility consumption to acceptable levels and encouraging the use of renewable sources, whilst simultaneously ensuring the highest quality of service to create a satisfying experience for our clients.

3. Focus on employment practices and work ethics

- At NH Hoteles, we foster a working environment brimming over with creativity, innovation, motivation and enthusiasm shared with our clients.

- Our Code of Conduct sets forth the criteria for good practices and excellence when providing services, and likewise promotes a policy of diversity, diversity management and equal opportunities throughout all processes.

- From the very outset, NH Hoteles has displayed an unwavering commitment to the professional development and training of its employees as a means of attaining the philosophy of excellence and continuous improvement that inspires our service to clients and allows for our sustainability. As a result, talent management plays centre stage in a business undergoing continuous growth and expansion, such as ours.

- Our global presence promotes cultural and national diversity. Our policy of integration at NH Hoteles is an utmost priority and we encourage the international movement of employees. We strongly believe that a diverse and well-integrated workforce enables us to offer the best service to our clients with a high degree of diversity. Our main challenges centre on becoming more flexible to tackle this diversity and treating reconciliation as key to retaining internal talent and attracting talent from outside.

- To ensure the integration of different social groups, one of our priorities is to achieve total accessibility for our employees and clients alike by adapting our hotels and on-line communication tools.

"Menudos Corazones" Foundation

4. Focus on human rights

- The Company's main assets are people. We are, therefore, firmly committed to human rights and there promotion, as demonstrated by our adherence to the United Nations Global Compact in 2006.

- NH Hoteles has operations worldwide and is fully aware that development of its business on the international stage must balance the need to globalise tools and processes with respect for and development of local cultures and the promotion of human rights.

5. Focus on the impact on the communities where we operate and society

- The hotel trade and tourism industry provide a major boost to the economic and social development of the countries in question, and NH Hoteles is proud to form part of the wealth generation cycle in the places it operates, whilst respecting the cultures of native people.

- NH Hoteles is a global chain and provides services in numerous different territories, both in developed countries and developing regions. This allows us to help create local employment and stimulate the growth of the communities in which we operate.

- At NH Hoteles, we are actively committed to the most underprivileged groups in society and we work alongside NGOs, foundations and institutions in developing a wide range of social initiatives.

The consultation process with the Company's senior management team has also allowed us to draw up an initial map of relevant subjects that are to make up the main focus of the Company's approach to CSR. These can be broken down into three areas:

A) Responsible initiatives common to all businesses

These represent important concepts for which we must all report and act, as is also the case with other sectors. They can best be described as common challenges relating to sustainability, for which all companies must implement specific initiatives.

These concepts encompass Corporate Governance obligations, including transparency and the international participation of shareholders; reconciliation of employees' private life and work; quality of service or customer care; encouraging responsible actions in relation to the value chain or suppliers and the Company's environmental management.

We must act appropriately and remain accountable for all the foregoing, as required of the entire business world.

B) Responsible initiatives specific to the tourism industry and hotel trade

We now move on to initiatives that must be undertaken individually due to the special applicability and importance they have in the sector where we operate on a macro-economic scale, namely the tourism industry or, to be more precise, the hotel and restaurant trade.

Some cases in point would be the importance of attracting, retaining, training and developing personnel in a human resource-intensive industry such as the hotel trade; the impact our industry must have on the economic and social development of the local community; the special value that tourism and the hotel trade bring to the table for the purpose of understanding and managing cultural diversity; or the task of promoting the indirect employment that our sector generates, and so on.

In these fields, we must provide a specific response and act accordingly by developing policies in line with the responsibility and sustainability demanded of our sector.

C) Specific scope of NH's responsibility

Specific concepts relating to responsibility and sustainability for which NH can provide a better response due to its particular characteristics: its history, its values, experience, abilities, the markets where it operates and the services it offers.

These initiatives target social and environmental challenges, to which our activities as a hotel Company can help make a significant contribution. This is essentially our overriding responsibility; how we can best contribute to sustainable, local and global development via our own business activities.

- The Company's main assets are people. We are, therefore, firmly committed to human rights and the promotion thereof, as demonstrated by our adherence to the United Nations Global Compact in 2006.

- NH Hoteles has operations worldwide and is fully aware that development of its business on the international stage must balance the need to globalise tools and processes with respect and development of local cultures and the promotion of human rights.

6. Focus on services and products

Each and every one of the focal points mentioned above translates into premium quality service and sustainability for our clients. NH Hoteles is governed by culture of quality, leading us to design and roll out action and continuous improvement plans that enhance our clients' satisfaction. These initiatives not only entail improvements to our services and hotel facilities, but also encompass a raft of different solutions to the environmental and social challenges that our stakeholders demand of us.

Our management of Corporate Responsibility

02

Golf Almenara
Sotogrande - San Roque - Cádiz - Spain

OUR MANAGEMENT OF CORPORATE RESPONSIBILITY

La Reserva de Sotogrande
San Roque - Cádiz - Spain

Managing Corporate Responsibility is an integral part of the Company's strategy and is considered a priority. In this regard, the Corporate Responsibility Department reports directly to the Company's Chairman and to an independent Board member appointed in 2007, who monitors compliance with the action plans and the success of corporate improvements.

STRUCTURE OF THE CORPORATE RESPONSIBILITY DIVISION	
Chairman:	Gabriele Burgio
Board of Directors:	Alfonso Merry del Val
Corporate Responsibility Director:	Juan Mª de Mora
Head of Corporate Responsibility:	Marta Martín
Enrivonmental Committee:	Luis Ortega y Áreas implicadas
Committee of Corporate Responsibility: *(Comprising one head from each BU):*	Investor Relations Department Projects Engineering and the Environment Human Resources Procurement Marketing Innovation and Quality Sales

The Management Committee has been fully involved in promoting responsibility management and in following up on the various actions to be carried out as part of the Company's clear intention to stand at the forefront of the tourism industry in this particular field.
In 2007, the Company's Management Committee proposed developing a Corporate Responsibility Master Plan, the aim being to design the Company's strategy towards Sustainability for the next three years. To bring this to fruition, the Company worked jointly with an external organisation to evaluate its pre-existing Corporate Responsibility policies and initiatives. The work allowed us to carry out a diagnostic and prioritise actions among stakeholders.

After the Management Committee had approved the Corporate Responsibility Master Plan, a 2007 Action Plan was drawn up following the agreement of the Corporate Responsibility Committee, which comprises all the areas involved (Investor Relations, Projects, Engineering and the Environment, Human Resources, Procurement, Marketing, Innovation and Quality and Sales). The plan sets forth the objectives and actions to be met and implemented by the different corporate divisions, as well as a review process whereby the Chairman's office will monitor compliance with the plan every two months.

In 2007 we presented the first Corporate Responsibility Report which established the measuring and reporting system that enabled NH Hotels to give an account of itself in accordance with the G3 version of the GRI, obtaining a rating of C, which was duly verified by the Internal Audit Committee. The second Corporate Responsibility Report was externally audited and obtained a rating of B+ through the GRI.

In 2007, and as part of our Sustainability strategy, NH delved further into identifying the main impact and risk of our business on the destinations where we operate. Risk identification is not limited to the economic, financial and operational risks inherent in the financial markets, but also extends to environmental, social and ethical risks. The identification process will conclude in 2008 with an evaluation of our findings, as well as the creation of a risk control management system to include social and environmental risks.

Because we want to see our vision and strategy of sustainability spread throughout the sector, we are forthright about our beliefs in Exceltur, the industry association in which our President, Gabriele Burgio, is a member of the Governing Board. We thus seek to make implementation of corporate responsibility a reality not only in our own work, but also among our collaborators and competitors.

For enquiries or further information on the Report, interested parties can visit the Corporate Responsibility page at the NH Hoteles website (www.nh-hotels.com), or get in touch with us directly by writing to Marta Martín, Head of Corporate Responsibility (m.martinmartin@nh-hotels.com).

he lobal om act

As a result of the process initiated within the Company to foster and mainstream responsible actions, NH Hoteles embraced the United Nations Global Compact in 2006. The Compact is essentially an agreement encompassing 10 Principles that the Company has undertaken to integrate gradually into its corporate strategy and operations.

The Global Compact Principles underpin our Strategy of Corporate Responsibility and, to such end, a Progress Report was published in 2007, describing the relevant actions carried out over 2006 in relation to the promotion of Human Rights, as well as the challenges facing us for 2007 in the context of the Global Compact Principles. Of these, we would highlight the need to develop and sign a Code of Ethics for Suppliers that incorporates these principles, to define an Environmental Strategic Plan and to monitor compliance with the minimum working age in all countries where we operate. http://www.pactomundial.org

Global Compact Principles

Principle One
Businesses must support and respect the protection of internationally proclaimed fundamental human rights within their area of influence.

Principle Two
Businesses must ensure that they are not involved in any violations of human rights.

Principle Three
Businesses must uphold freedom of association and the effective recognition of the right to collective bargaining.

Principle Four
Businesses must help to eliminate all kinds of forced or compulsory labour.

Principle Five
Businesses must support the eradication of child labour.

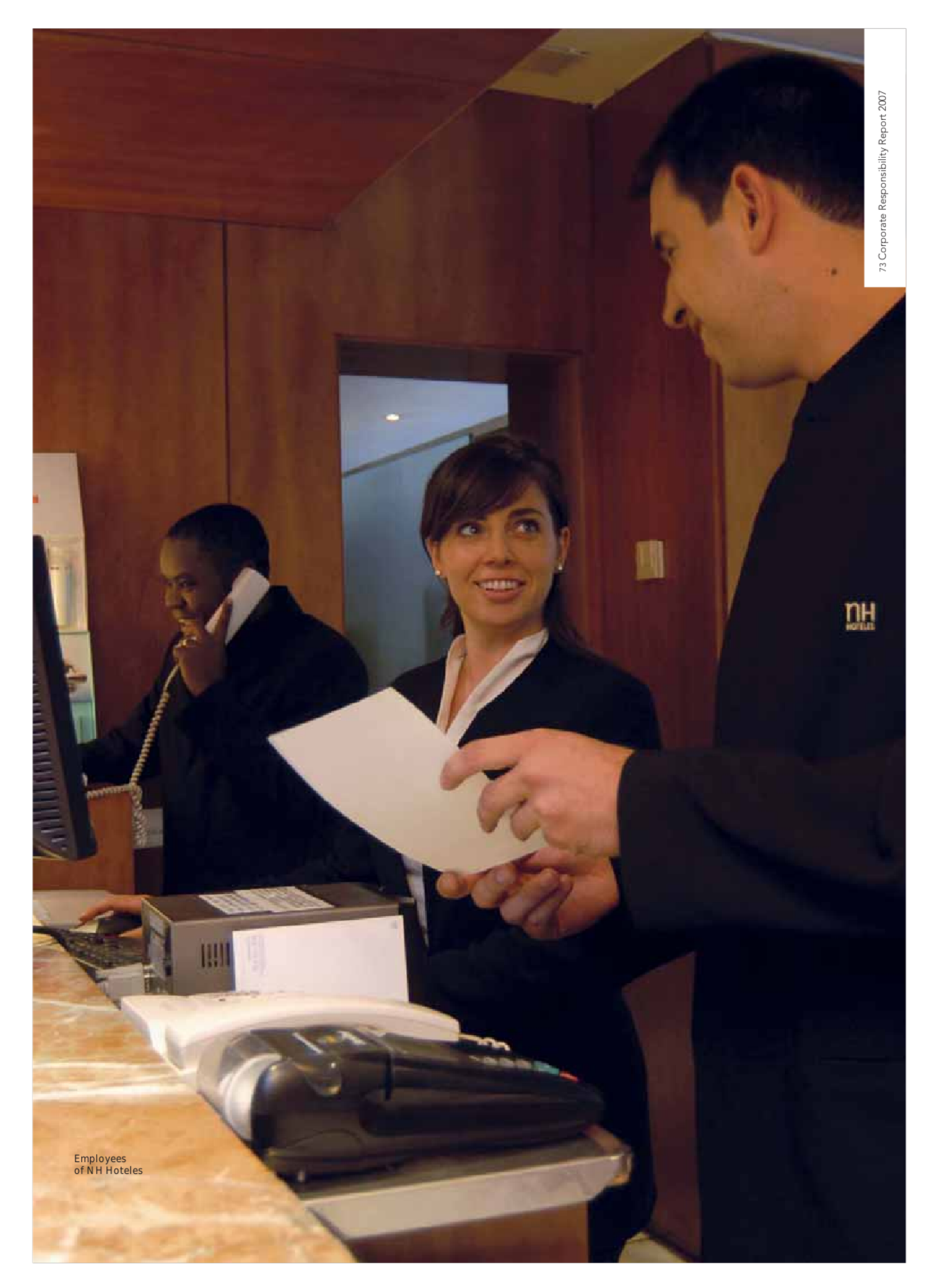
Principle Six
Businesses must support the abolition of discriminatory practices within employment and occupation.

Principle Seven
Businesses must adopt and maintain a precautionary approach to environmental challenges.

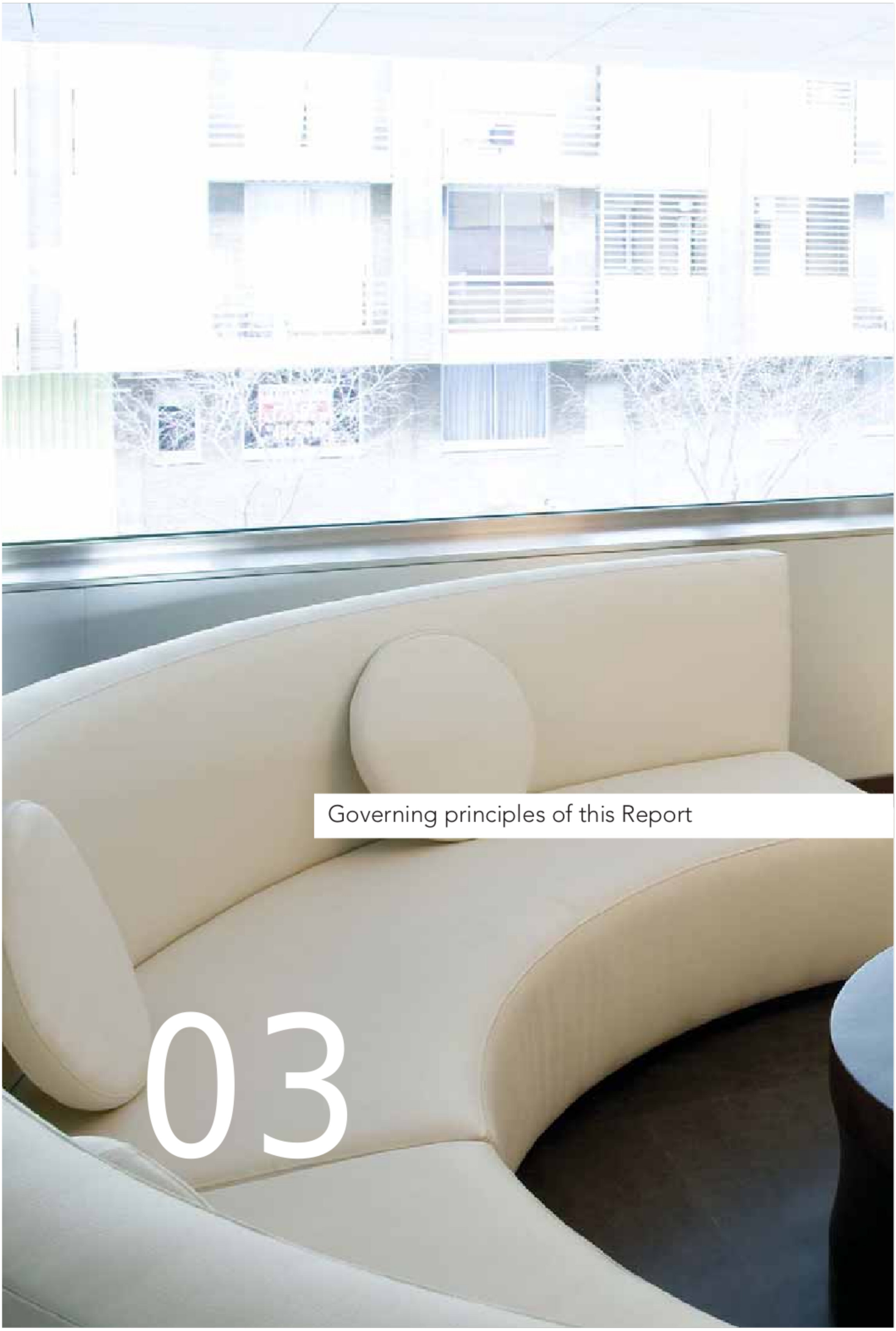
Principle Eight
Businesses must undertake initiatives to promote greater environmental responsibility.

Principle Nine
Businesses must encourage the development and diffusion of environmentally friendly technologies.

Principle Ten
Businesses must work to combat all forms of corruption, including extortion and bribery.



Employees
of NH Hoteles



Governing principles of this Report

03

NH Constanza
Barcelona - Spain

GOVERNING PRINCIPLES OF THIS REPORT

NH Timisoara
Timisoara - Romania

NH Hoteles has compiled this Report following the general guidelines with respect to definition of content and the quality of sustainability reports set forth in version G3 of the Global Reporting Initiative (GRI), with an applied rating of B+, a score that was confirmed by GRI.

The information set forth in this Report has been compiled from the numerous management and information systems integrated within the units that report to the Corporate Responsibility Corporate Division, the purpose of which is to coordinate accountability in the field of responsibility and to promote the Master Plan. A CSR manager has therefore been appointed to each Business Unit, along with a Company-level monitoring group, which links the different areas of the organisation.

NH Hoteles is firmly committed to improve its systems of generating, incorporating and compiling information, thereby allowing the Company to enhance the quality of the information contained within its Corporate Responsibility Report. The Report details the activities of NH Hoteles on a global scale over the course of 2007, although the Company does prepare partial reports for a number of specific areas. When this occurs, the report in question explains why it has been prepared partially and also the part of the Company affected by the information, policies or programmes on sustainability.

As regards the scope of the social information set forth in this report, the data provided on recruitment extends to all kinds thereof. In the case of environmental data, the scope of the information extends to hotels identified as comparable over FT2007. A comparable hotel is considered one for which energy consumption data is available for at least two complete financial years, without this period including any significant renovation work to the building in question, or any increase in the number of rooms and/or the sales area.

For the purpose of preparing this Report, the following steps have been taken from January to March 2008:

NH Pacífico
Madrid - Spain

1. Formal request for the relevant information on the version G3 GRI indicators from each head of relations for all the stakeholders and/or areas involved, as well as any policies, programmes, initiatives or actions relating to corporate responsibility that may have been implemented during the year, including those contained within the Company's Master Plan on Responsibility, as well as any others displaying synergies with sustainability and responsibility that may have been developed from other strategic lines.

2. Interviews held towards the start of 2008 with each of the heads of relations with strategic stakeholders in order to compile information on the degree of sustainability within the Company, the ultimate aim being to render accounts for the year in question.

   These interviews also help to update our Master Plan on Responsibility. Thanks to the talk and following the participation of stakeholders, we are able to identify new actions to perform or promote so as to enhance our approach to responsibility and improve our performance over the years to come.

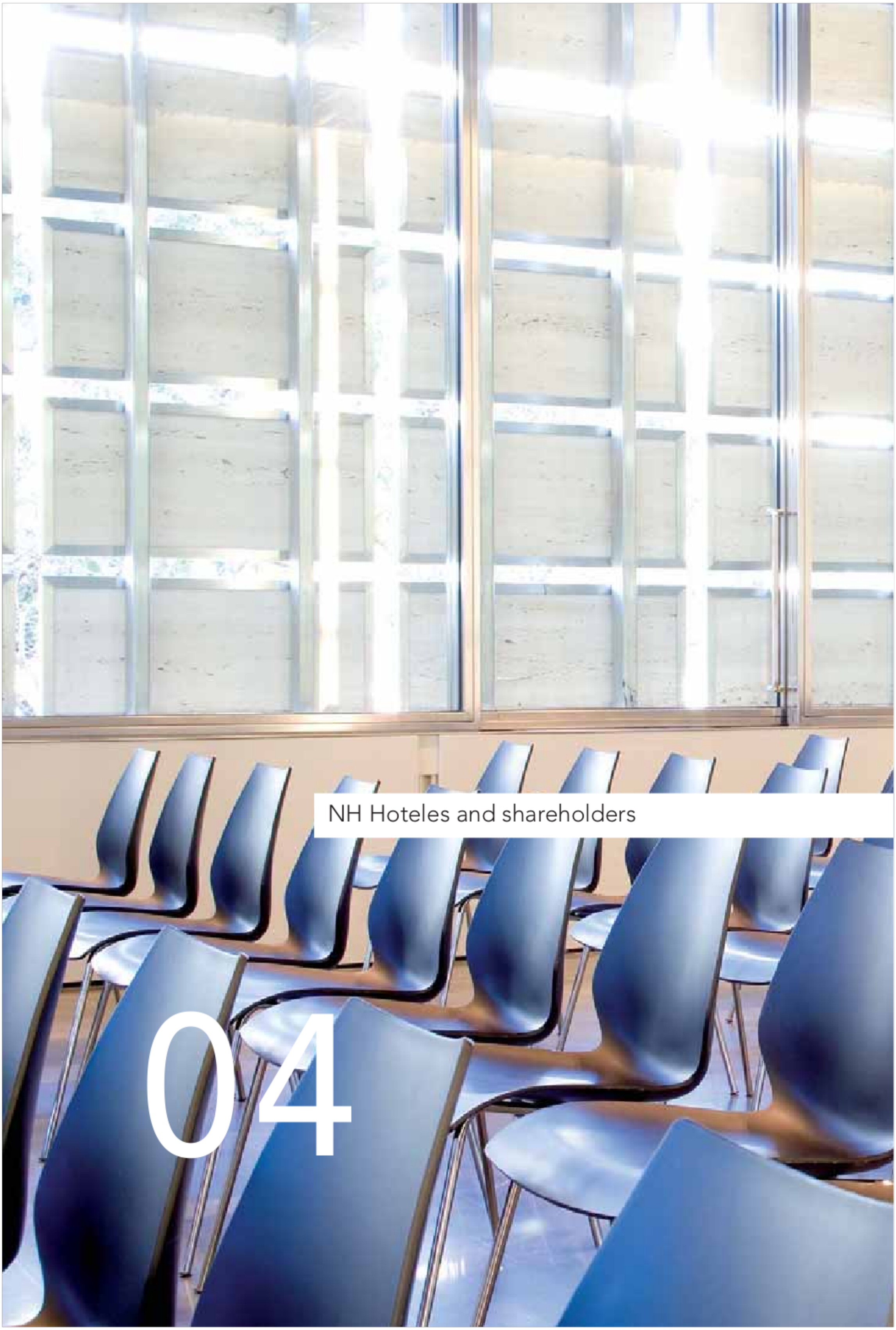
3. Once the report has been drawn up, but prior to publication, it is sent to each head of relations in order to obtain their final confirmation that their dealings with the target stakeholders and/or areas have been faithfully reflected in the report and to ensure that the quantitative and qualitative information is accurate.

	Explanation of the principle in accordance with GRI-G3	How we ensure this principle
Principles concerning the definition of content in this Report		
Materiality	Content considered significant, important, relevant and which has a bearing on the responsibility and sustainability of our business.	The 2007-2008 Master Plan on Corporate Responsibility reflects what is deemed material in terms of responsibility. The process of drawing up the report allows the organisation to reorientate material aspects. NH Hoteles attempted to pinpoint the materiality of its responsibility by classifying relevant issues, as set forth in this report (see section entitled "Our focus on sustainability").
Participation of stakeholders	Identification of the groups and a suitable response to their reasonable expectations and interests.	NH Hoteles has a range of periodic consultation systems in place with the following stakeholders: suppliers, clients, employees and unions. Actions geared towards developing and promoting Corporate Responsibility with public bodies have been initiated. NH is now part of the Committee of the Argentine Ministry for Social Development, where it helps evaluate and collaborates on social projects of paramount importance to the Government in the field of Economic and Social Development. The Company also collaborates with the CSR Committee of the RSE Spanish Chamber of Commerce.
Sustainability Context	Manner in which the organisation contributes to development on a local, regional and global scale.	Our Vision of Responsibility is linked to the social and environmental challenges of the future, it being clearly understood that the hotel trade is a driving force behind economic and social development. When managing our performance of economic or social issues, human rights, the environment and products, we also zoom in on observations regarding this sustainability context.
Completeness	Scope, boundary and time of the Report. Reasonable and appropriate presentation of information, relationship with quality.	The process of preparing the Report and external assurance allows for completeness.

	Explanation of the principle in accordance with GRI-G3	How we ensure this principle
Principles concerning the quality of the Report		
Balance	The report should reflect positive and negative aspects to enable a reasoned assessment of the Company's performance.	The 2007 Report provides information on both positive aspects and those in need of improvement, as well as on future objectives for each of the areas. The process of identifying material issues (see principle of Materiality) also helps ensure compliance with this principle.
Comparability	The report should allow corporate evolution and changes to be analysed.	This second Report enables us to analyse evolution via indicators already reported for the previous year. New indicators and processes have also been added to allow this comparison to continue in the future.
Accuracy	The report must be sufficiently accurate and detailed to allow interested parties to assess the organisation's performance.	As part of the process to enhance and promote Corporate Responsibility, the Company remains accountable at the B application level. When appropriate, it explains when the indicators are not applicable, unavailable or when they refer only to parts of the Company.
Periodicity	The Report must be presented on time and following a regular schedule.	The Responsibility Report has been presented on a yearly basis since 2006.
Clarity	The information contained in the Report should be readily understandable and accessible.	NH Hoteles' Corporate Responsibility Report is widely distributed among strategic stakeholders: Universities, Public Administrations, NGOs and Foundations, Corporations, CSR Forums and Socially Responsible Investing (SRI) entities. Employees are all given a copy of the Report, along with a Newsletter on Corporate Responsibility. There is likewise the "Your opinion counts" channel of communication and the name and address of the Company's head of Corporate Responsibility.
Reliability	The information set forth in the Report may be verified by a third party, with the compiled information duly supported by the relevant internal documentation and control procedures.	In line with NH's commitment to transparency, the Company has entrusted independent third parties with the task of verifying the social and environmental information contained within this Report. The scope, work description and conclusions of this assurance are included in the section entitled "Letter of Assurance".

PART II: Management of Corporate Responsibility

Beach



NH Hoteles and shareholders

04

NH HOTELES AND SHAREHOLDERS

NH Hoteles General Shareholders' Meeting
May 29, 2007 - Madrid

Creating sustainable value

Our responsibility and sustainability as a Company also embraces the need to create sustainable value for our shareholders. All contact with such parties rests with the Investor Relations Department, which is responsible for ensuring healthy dealings with investors and analysts alike, thereby providing accurate and complete information to enable them to reach the correct investment decisions regarding NH Hoteles.

Relations with both individual and institutional shareholders and with potential investors are guided by three principles of action:

- **CREDIBILITY.** trust, transparency and ethics in our dealings with NH Hoteles investors and analysts, whilst always displaying the utmost professionalism and motivation.

- **VALUE FOR INVESTORS.** credibility is shown to exist when the investor becomes a stable shareholder. For this reason, the Investor Relations team ensures that investors acquire value from their relationship with us.

- **MARKET-ORIENTED.** the NH Hoteles management team has a clear understanding of the workings of the stock markets, as well as aspects that determine whether shares trade at a premium or discount in comparison to other companies within the industry. Strategic decisions are taken after taking market valuation parameters into account. The Investor Relations Department is the main transmitter of this approach.

The Company website of NH Hoteles includes a section entitled **"Shareholder Portal"**, where all the information considered relevant for investors can be found. This section also includes the "Shareholders' Corner", where interested parties can contact the department directly by e-mail or telephone to resolve any doubts they may have or to request further information.

The **Investor Relations Department** adopts a constantly proactive policy when communicating with our investors, and provides them with the Company's quarterly results and any other relevant

information that may arise. It also organises road shows to visit current or potential investors at the main financial hubs, such as London, Frankfurt and New York. To complement the foregoing, the department also attends conferences staged by financial intermediaries, where appointments can be arranged with investors, allowing the latter to come into direct contact with the management and to acquire more in-depth information on the Company's strategic plans.

To illustrate our commitment to communicating transparently as part of our strategy of responsibility with shareholders and investors, we reached the key decision in 2007 to report information to Siri Company (Sustainable Investment Research International) and Eiris, both of which are responsible for managing socially responsible investments.

NH Hoteles elaborated a **Corporate Governance** Code in 2006, but in 2007 the firm decided to revise and update it with a view to increasing its rigor and raising its standards to meet the recommendations of the Unified Code of Good Governance.

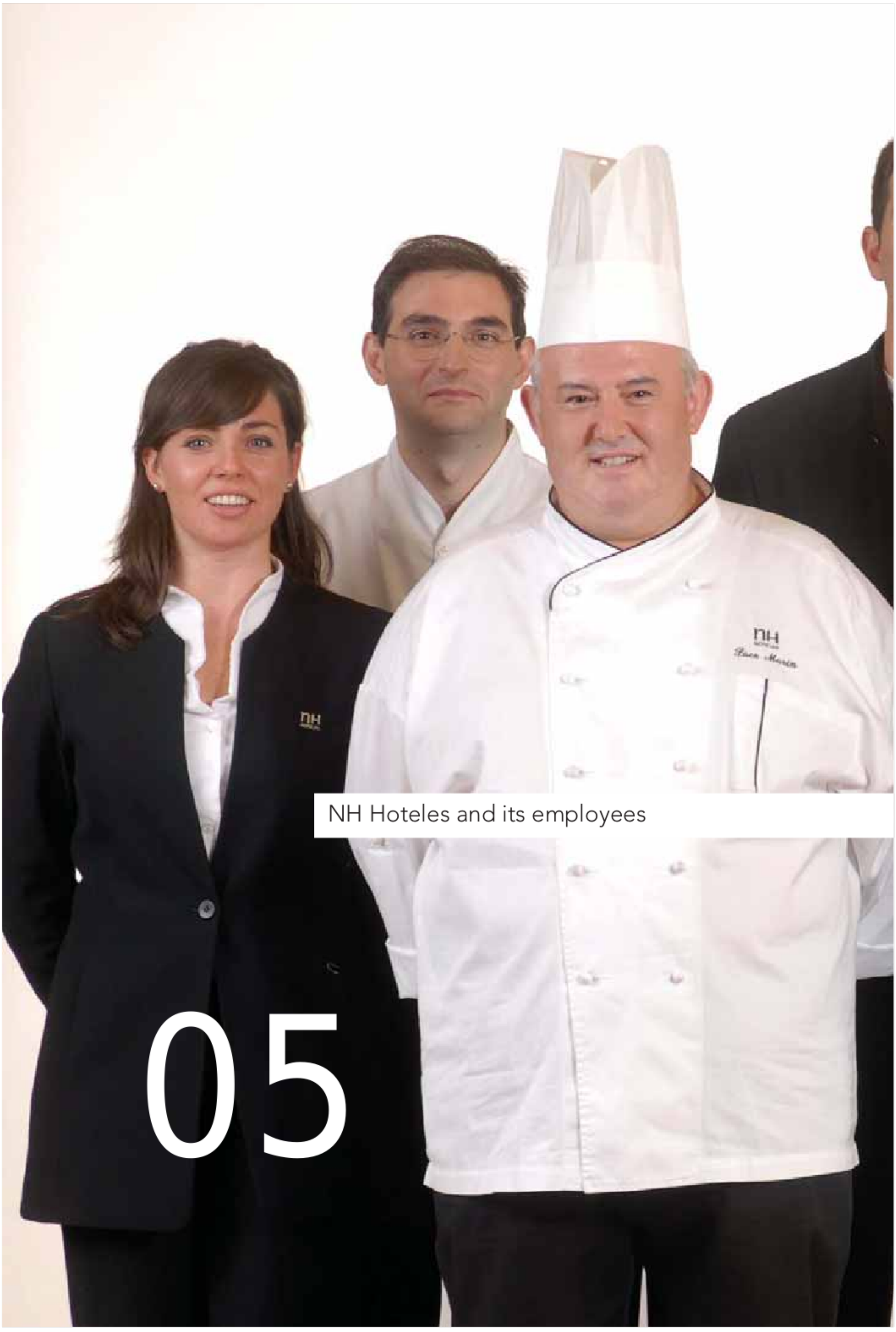
As a global operator, we at NH Hoteles carry out our affairs in strict accordance with applicable law in each and every country where we operate and pursuant to a series of standards of ethical excellence. For NH Hoteles, it is essential that we act independently of any political power or government and we ensure that our dealings with the numerous public institutions and governmental bodies remain fully transparent and ethical.

We are outwardly committed to tackling bribery and corruption, which pose major obstacles to free competition and global economic and social development. In this regard, NH Hoteles has undertaken to combat all kinds of corruption. It likewise states for the record that is has not made any contributions to political parties of any kind and always makes its accounts public in relation to all its finances, including contributions to non-profit entities and entries detailing representation expenses and gifts, both those the Company makes and those it receives. The Company has also had its own **Internal Code of Conduct for the securities markets** since June 2006. The Code applies to NH Hoteles and associated group companies, specifically to members of the Board, General Managers or those with similar posts and to members of the Group's most important companies, as well as external consultants and any other person that the Board, Chairman or Finance Director believe should be included. New arrivals to the management team are handed a copy of the Code at the time they sign the relevant contract.

The policy in its entirety will be implemented via a range of instruments governing the ethical management of the Company, including the Code of Corporate Governance and the Code of Conduct.

Main indicators for shareholders

	2007	Diff. 06/07	2006
N° of national entities that prepare analytical reports on the coverage of NH Hoteles over the year	8	-10	18
N° of international entities that prepare analytical reports on the coverage of NH Hoteles over the year	14	9	5
N° of answered telephone enquiries from shareholders and investors	950	-87	1,037
N° of one to one meetings with shareholders and investors	105	43	62
N° of follow-up reports of the analysts	150	132	18



NH Hoteles and its employees

05

NH HOTELES AND ITS EMPLOYEES

NH Hoteles employee

The value of people

Our employees are one of the key players when it comes to corporate responsibility. One of our priorities is, therefore, to increase their levels of motivation and satisfaction, as it is through them that we manage to improve the quality of our service and enhance the way we manage our relationships with all other public stakeholders. In the words of our President himself: "Listening (to people) is a must for all managers and directors because if, by doing so, we manage to improve aspects within the Company, this will have an immediate knock-on effect on the outside world". These were his exact words on collecting his award for Executive who has most supported and influenced people management, at the V Expansión & Empleo Awards for Innovation in Human Resources.

Between the end of 2006 and the begining of 2007, the Jolly and Framon chains became further integrated into the Group, leading to an increase in our workforce. Yet we have not only grown as a team due to these new acquisitions, but have also increased our employment by 26% in comparison to 2006. The following chart details new hires by Business Unit:

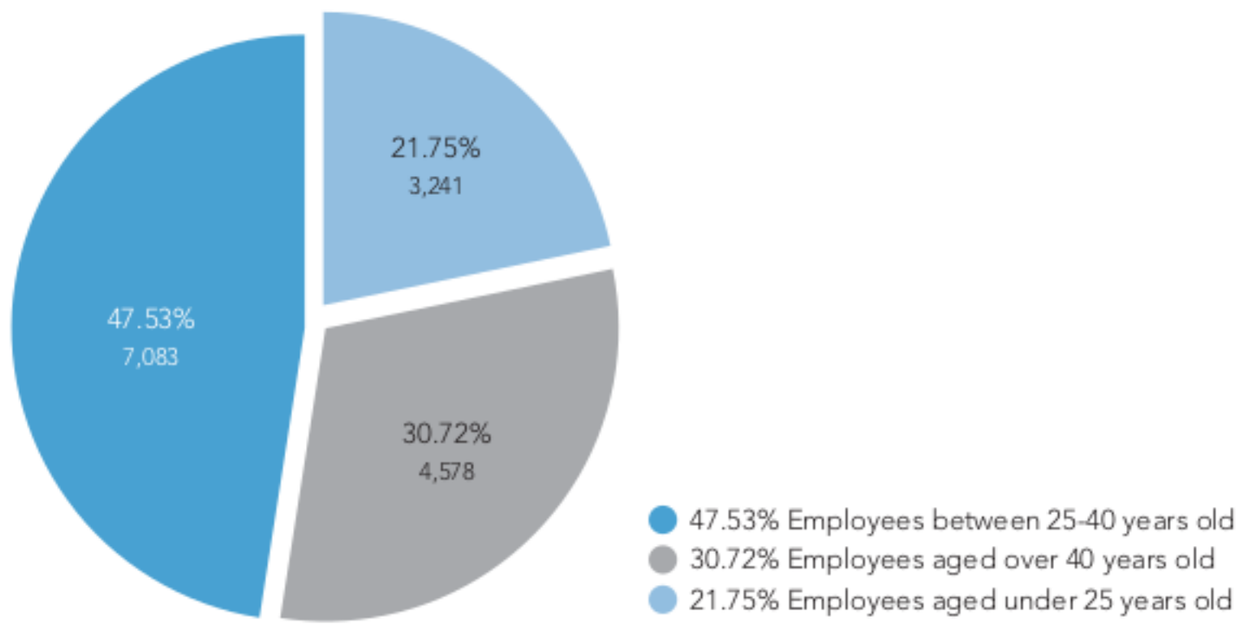
Creation of Jobs in 2007 by Business Unit*

Total Employees per Business Unit	2006	2007	Difference 06/07
Spain, Portugal, Corporate, Sotogrande	5,694	5,935	4%
Germany	2,676	2,969	11%
The Netherlands, Belgium, UK, Africa	2,679	2,815	5%
Mexico	1,761	1,804	2%
Austria, Switzerland, Hungary, Romania	589	651	11%
Mercosur	556	583	5%
Italy	121	2,950	2.338%
TOTAL	14,076	17,707	26%

*Data obtained from FTEs (Full Time Equivalents) for all kinds of contract (permanent, temporary, extras, temporary employment agencies...)

With a total of 17,707 employees, we have a young workforce, with the average employee age being between 25 and 40. Nevertheless, the growth we have experienced this year has led to the incorporation of groups that are typically less favoured, such as those aged over 40, women, or

those aged under 25. At NH, we are firmly committed to observing both international and national law in each of the countries where we operate. Without wishing to state the obvious, we do not employ child labour or practise forced employment.



* Data obtained from FTEs subject to permanent and temporary contracts of employment. Data from all Business Units, with the exception of country-specific data for: Portugal, South Africa, Luxembourg, France, Cuba, Romania and the USA.

When we create jobs at NH Hoteles, we make every attempt to do so via long-term contracts of employment, as our aim is to build lasting relationships with our employees. In Spain and Portugal, figures on permanent employment have been steadily climbing every year, particularly in relation to certain groups, such as those aged over 40.

Permanent	2005	2006	2007	Increase
TOTAL	3,352	3,662	3,712	1.37%
Young people (aged 25 or under)	285	335	323	-3.58%
Women	1,812	2,025	2,087	3.06%
Aged 40 or over	1,259	1,383	1,535	10.99%
Spanish	3,213	3,463	3,429	-0.98%
Immigrants	139	199	283	42.21%

Internal Communication

The relationship with our employees is one of ongoing dialogue, strengthening two-way communication, so that workers both receive and provide messages and there is an attitude of listening and information fluidity. Our Code of Conduct seeks to integrate, bringing our Company's inspiring principles to all employees in their daily tasks, promoting communication we believe essential in our conduct.

In light of this, internal communication is a priority in the relationship with our employees. During 2007, we targeted our endeavours at improving the IntranHet and other internal channels of communication. Five new sections have been added to the IntranHet, and the information has been structured in a uniform manner. We also bolstered the presence of corporate values and a special focus has been given to the Idea NH competition, in which employees take part by contributing their ideas.

Employee portal

One of the best performing internal communication features in 2007 was the **Employee's Mailbox**. Last year saw greater use of this ever-more efficient tool by employees. The mailbox enables employees to send their queries and suggestions and receive a response within 72 hours. Responses are given either by e-mail, fax or by telephone. Thanks to the improvement of this communication channel, not only has employee satisfaction increased, but also interdepartmental relationships have improved. 331 messages were received in 2007, comprising congratulations, questions, complaints and suggestions. These issues were processed by the Internal Communication department and forwarded to the departments involved.

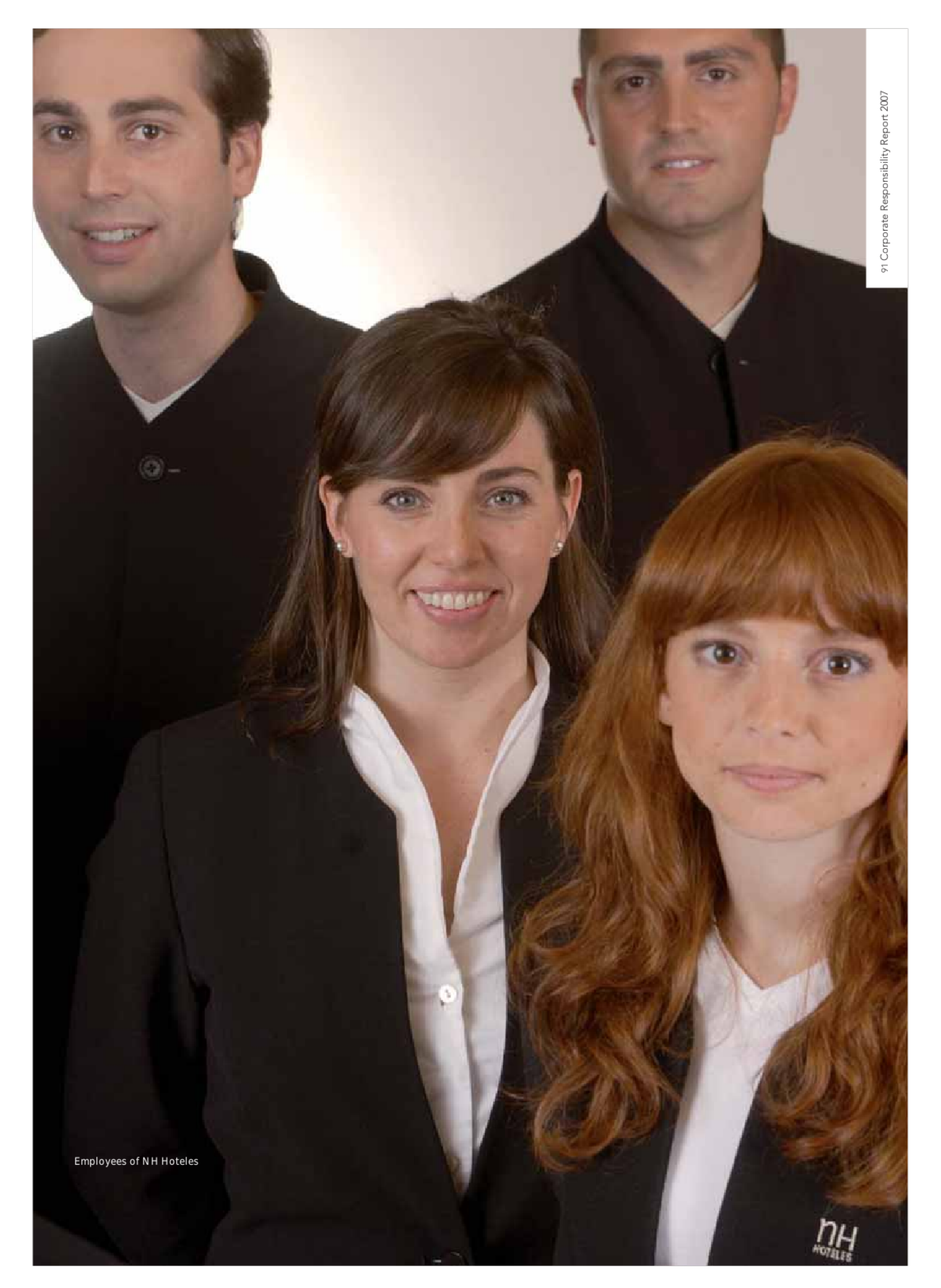
Another popular action is the Idea NH Program, which received 500 ideas from employees in 2007. It was employed as a complement to Quality Focus, for ongoing improvement of quality, integrating dialogue with employees as well as with customers. There were prizes for 8 ideas that will be put into practice in all hotels. These ideas were disseminated and promoted through the IntranHet. Part of the Idea NH Scheme involved the so-called Idea NH Responsible, which received 343 participations and proposals with a variety of solutions to save resources, recycling, waste management and collaboration with NGOs.

During 2006, the "Anecdote Competition" was put in place to record employees' experiences in the performance of their work. With the help of well-known writers and humorists, in 2007 we designed a book with all these anecdotes to share them with our customers. The book is available at different hotels in Spain through a voluntary donation that will be passed on to Intermón Oxfam to subsidise a food project in Burundi.

As well as the improvements mentioned, we also speeded up publication and dissemination of several internal, thematic and departmental newsletters, which have increased our employees' awareness of the Company. Some examples of these newsletters are as follows:

- **Working Abroad.** Targeted at sharing the experiences of workers that have been sent to other countries.

- **Corporate responsibility newsletter.** The first issue was published in December 2007 and the Chairman of the Company introduces all employees to the Company's commitment and to the key actions undertaken throughout the year in this particular field.



Employees of NH Hoteles

Employees of NH Hoteles

- **Project Department Newsletter.** This contains information on this department's activity.
- **Environmental and Engineering Department Newsletter.** Specific e-newsletter outlining the very latest in this department.
- **Purchasing Department Newsletter.** Fortnightly news on agreements with suppliers.
- **HappeNhings.** This quarterly publication is issued by the Human Resources department and features the most outstanding events over the period (news, projects, interviews with members of each Business Unit, etc.)

Each Company employee also received a copy of the Corporate Responsibility Report.

The person in charge of Internal Communication of each hotel has been a key figure in improving this aspect, as they continually look at employees' needs and the information flow. The number of managers increased in 2007, up to a total of 375 Internal Communication Managers that includes those at Hub Services (23) and Business Units (6).

At NH Hoteles we consider the **Satisfaction Surveys** of our employees as a key tool to enable them to communicate their level of involvement, motivation, as well as make suggestions for improvements. We are committed to carrying out these surveys every two years. To this end, the

2007 one updates the 2005 one. The results of this new edition make us proud of the advances achieved, given that both participation percentages as well as the level of satisfaction have increased with regard to the 2005 survey. 336 work centres from all Business Units took part, with a total of 13,088 surveys representing participation of 73.2% compared to participation of 71.1% of the 2005 survey. The satisfaction index in 2007 was 2.10, with 3 being the top score possible. Moreover, 3 of every 4 employees are satisfied and motivated and would recommend NH Hoteles as a place to work. The most valued areas are Service Quality, Job Satisfaction and Internal Communication.

However the satisfaction survey also allows us to detect areas for improvement where it is necessary to establish Action Plans to be implemented at each hotel, Business Unit or corporate level throughout 2008 with the supervision of the Human Resources department.

NH University

At NH Hoteles we remain convinced that the professional development of individuals will enable us to continue to offer the very best service to our customers. NH University was launched in 1996 in response to a need for ongoing improvement of the services and with the aim of developing the corporate culture of NH Hoteles as a fundamental part of brand integration.

NH University supports and collaborates in attaining corporate targets by transforming the mission and values of the hotel chain through specific actions; collaborating in the set-up and development of new systems, processes and work tools; speeding up and facilitating ongoing evolution of the Company and maintaining the "burning flame" of commitment and pride of those that make up the organisation.

Within its sphere of ongoing improvement, NH University has continued to foster training and development of all employees during 2007 through its Corporate Training Plan. To this end, total investment in training was €M3.07, 30% growth year-on-year.

NH University provided a total of 232,500 ongoing training hours on its 8 campuses in 2007, constantly tailor-made and in line with the Company's strategy. Thanks to the efforts of 173 internal instructors, in 2007 NH University was able to offer 117,764 100% NH Hoteles training hours, which enables us to standardise our corporate culture and move forward in the integration of our new Business Units and the employees that join us in this expansion integration process. This occurred throughout this year with the inclusion of Jolly and Framon, where training was a key component of the merger success.

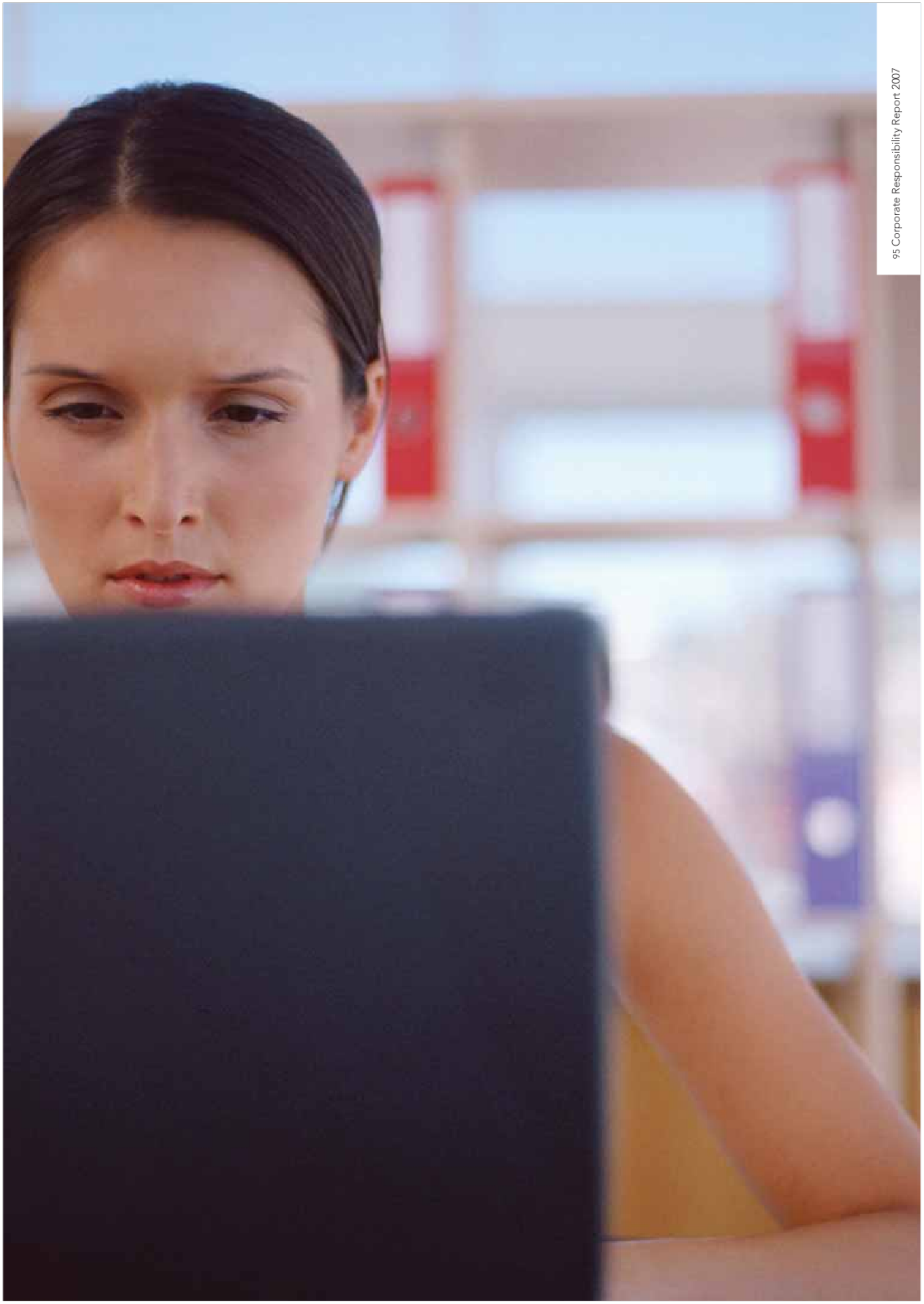
NH University Spain is supported by the European Social Fund through the Fundación Tripartita para la Formación en el Empleo (FTFE) funding part of the trainee activity of the chain in this country. The distribution of training hours by country was as follows:

Internal/External	Business Unit	Hours	Participants
External	BU Benelux / UK	13,459	1,404
	BU Germay	14,053	1,281
	BU Headquarters	4,841	205
	BU Italy	8,504	3,704
	BU MERCOSUR	22,337	1,676
	BU Mexico/Cuba	18,129	2,933
	BU Sotogrande	2,759	138
	BU Spain/Portugal	19,128	1,285
	BU Switzerland / Austria / Hungary / Romania	7,997	2,382
Total external		111,207	15,008
Internal	BU Benelux / UK	7,178	713
	BU Germany	8,052	863
	BU Headquarters	1,694	188
	BU Italy	44,596	3,146
	BU MERCOSUR	3,427	282
	BU Mexico/Cuba	16,365	2,191
	BU Sotogrande	679	133
	BU Spain/Portugal	32,795	1,533
	BU Switzerland / Austria / Hungary / Romania	2,978	369
Total Internal		117,764	9,418
E-learning	BU Benelux / UK	1,192	1,351
	BU Germany	22	61
	BU Headquarters	43	18
	BU Italy	1,675	242
	BU MERCOSUR	25	29
	BU Mexico/Cuba	115	58
	BU Sotogrande	7	5
	BU Spain/Portugal	414	305
	BU Switzerland / Austria / Hungary / Romania	36	45
Total E-learning		3,529	2,114
Total		232,500	26,540
Hours / trained employee			8.76

Efforts focused mainly on the following challenges:

Quality Focus: for some time now, what has set NH Hoteles apart from other hotel chains is our "Attention to Detail" and the Quality Focus project is fundamental in achieving improved quality of each detail of our services. Through the awareness management workshops, organised by NH University, we define standards and procedures of proven success and have provided the training necessary to implement these. In 2007 a total of 56,837 training hours in Quality Focus were given to 4,861 key employees.

The BeNeLux Business Unit has created an innovative tool to facilitate set-up of the Quality Focus project: the "Encantado" (Pleased to meet you) portal. This ongoing and constantly updated project includes information on internal operating procedures, specialised programmes to promote quality at our hotels, an e-learning training tool in 3 languages and fortnightly updating of the results obtained through internal audits and customer surveys concerning quality.



NH University Training

Merger of the Framon and Jolly Hotels chains: NH Hoteles became the leading hotel chain in Italy in 2007 through the acquisition of two local hotel chains. The support of NH University has been fundamental in this expansion and integration procedure, offering classroom and e-learning training in front and back office systems and providing the welcome programme (NH Spirit) to all employees. NH University has been working closely with the management team of NH Italy to launch the NH University campus in Italy, providing 54,775 training hours to 7,092 participants.

Internal development and talent management: internal promotion represents key motivation for employees. To this end, in 2007 we launched new editions of our Internal Development Programme (IDP) for future hotel managers at all Business Units, including the first IDP in Italy. From all Company staff members, a total of 75 employees identified as having great potential took part. We also continue to work with our sales potential through the second part of the Top Sales training programme which continued to provide training to 17 collaborators of sales teams from the different Business Units.

In Germany, the 11% fourth-quarter growth at Revpar confirms the upward trend of this region and goes some way to rectifying the complicated comparison that this Business Unit accumulated during the first three quarters due to the 2006 World Cup.

Other training initiatives took place in 2007:

- Specific training for hotel managers focusing on F&B management, with participation of 121 individuals and a total of 1,573 training hours.
- Specific training also for Kitchen Chefs, with participation by 95 individuals and a total of 1,413 hours.
- Training for teachers of the Escuela de Hostelería (Hostelry School) of Madrid for the second year running. This training programme focuses mainly on economic-financial management of hotels.
- Campaign on Service Principles with the launch of posters and compilation books at all hotels.
- "Looking after the Environment" with the dispatch of colour posters to all Company hotels to raise employees' awareness.

- Redesign of the NH Spirit Training Programme for New Members, adapting content and image to the new NH. Creation of two programme variants: operations and hub services
- Preparation of new e-learning programmes: English for hotels, Revenue Management basics, Spanish for hotels, Word, Excel, PowerPoint, Outlook and Windows.
- Operations immersion to enable hub services departments to get a real and close-up view of the day-to-day reality of NH Hoteles.
- Training through games such as Gewinnspiel and the Quiz show.
- Third edition of NH Talenht Scout at the German BU
- Strategic training of new openings.

NH Hoteles has an ambitious expansion plan. To ensure successful growth of the chain, NH University will set up several initiatives:

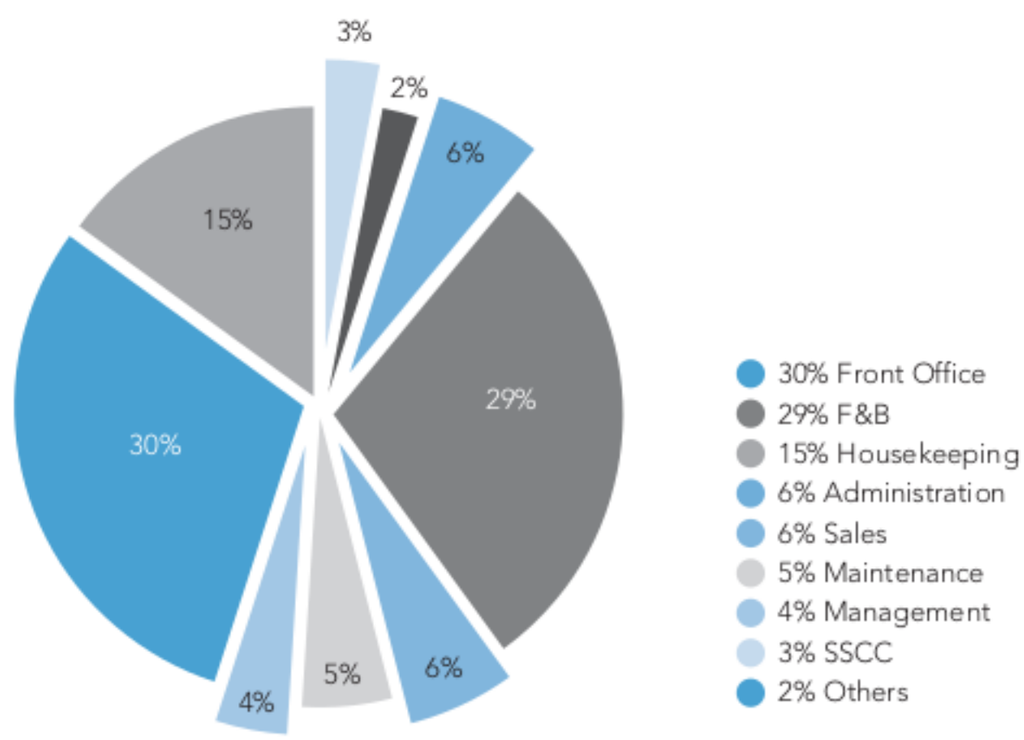
Certification Programme (Passport). NH University has designed training itineraries that identify the training required by employees at each stage of their professional career and which will be essential to promote them to other jobs within the Company. This training programme will therefore help each employee to choose their professional preferences.

IDP middle managers. Following the success of the middle managers programme in Germany (JUMP), all new department heads of NH Hoteles will be selected from among the persons that have passed this training programme, as an internal development programme.

Promoting e-learning. Approximately 15 new e-learning training programmes will be launched in 2008, tailor-made to ensure that all NH Hoteles employees have access to training and can be job certified. All Business Units will be involved in the implementation of the new training programmes.

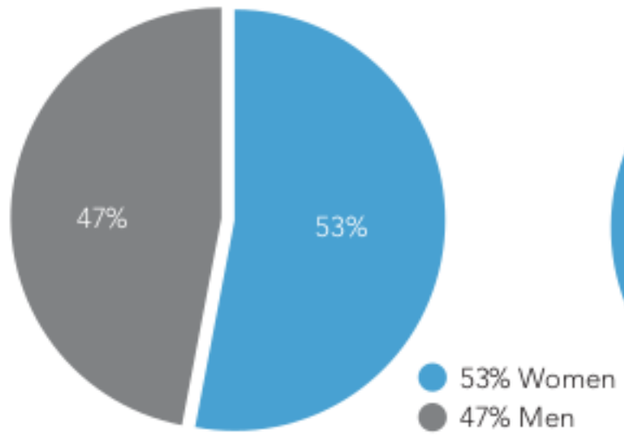
Project One. The target of the integral Programme of Project One is the hotel's personnel of NH Hoteles, to optimise efficiency through development of specific skills, the standardisation of procedures and establishment of a proper level of controls. NH University will carry out profile-based classroom training on the new processes through analysis of the current procedures, thus ensuring correct implementation of these.

List of training given to hotels and Hub Services pooled by functional areas:

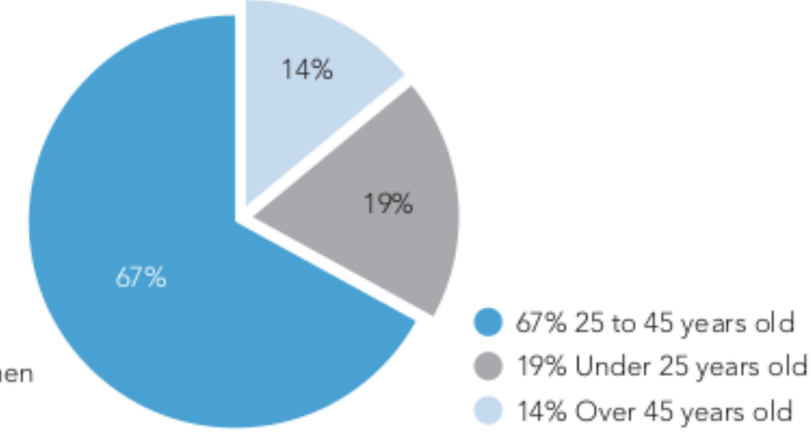


Moreover, at NH Hoteles we have broken down the training given by gender, and we have also identified the age ranges of employees who have received more training time:

Training Men/Women



Training by age ranges



Mid-way between external training and attracting talent are our Work Experience programmes which had become the main source of recruitment at NH Hoteles. Approximately 65% of the students that join a programme of these characteristics, end up joining the hotel chain.

The Work Experience Programmes are set up at NH Hoteles with the following aims:

- To collaborate with universities, schools or training centres in particular, and with society in general, by facilitating students' integration into the jobs world, enabling the student on work experience to acquire overall training that combines theory and practice within a corporate sphere.
- To develop a pool of future NH Hoteles employees, by introducing participants to the culture, organisation, procedures, etc. of the chain.
- To identify work experience students that satisfy the requirements to be future employees of NH Hoteles.

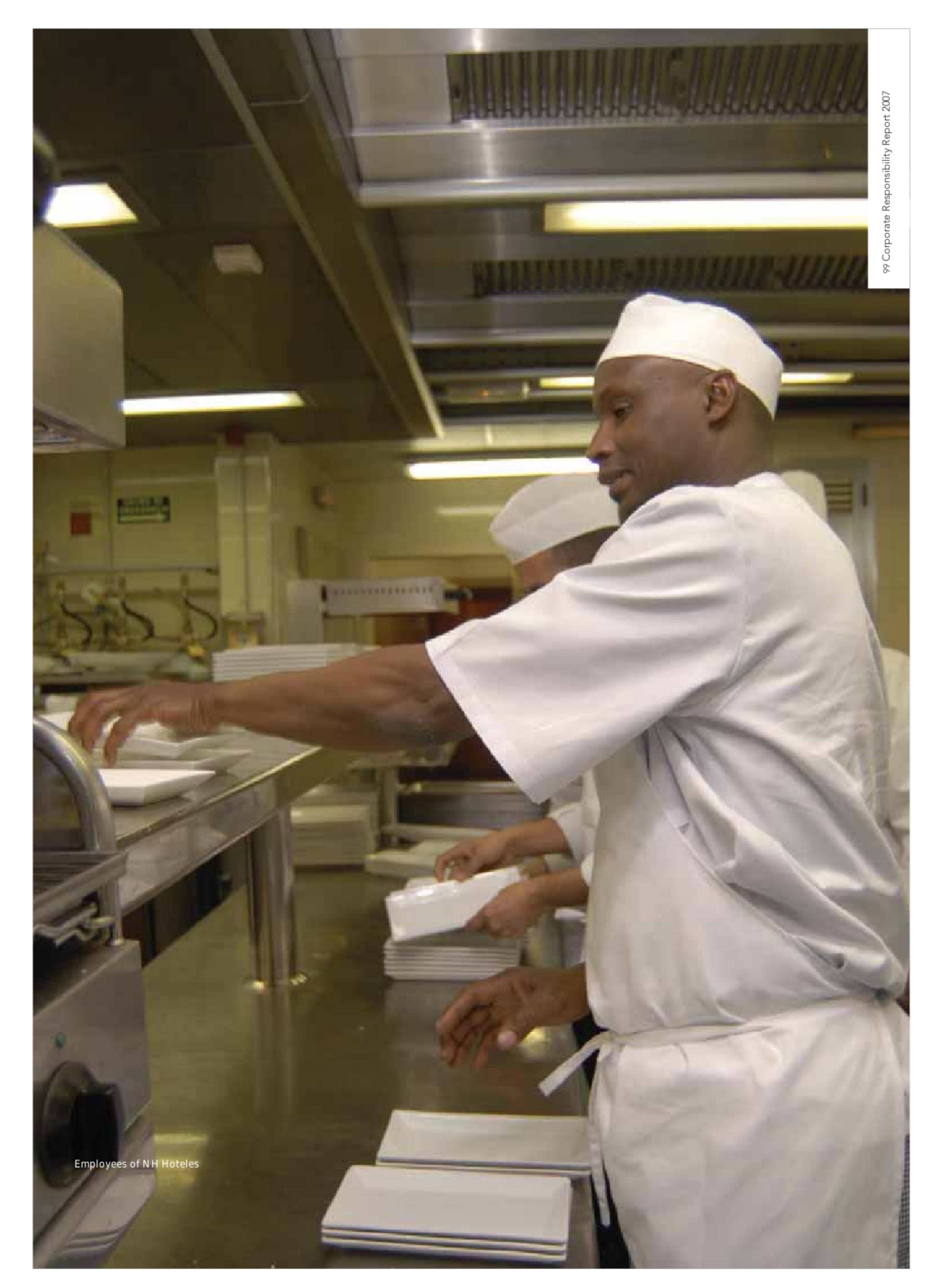
Special efforts took place in 2007 to standardise the scholarship policy at international level, through publication of a work experience manual with the required local adaptation to satisfy the different legal regulations of each country where we operate.

We also publish a Guide for work experience students, with useful information on corporate culture, rights and obligations, etc.

Performance Management

In dealings with our employees, we cannot forget an aspect as important as Performance Management, which we have been carrying out since 2003 and which pursues four basic objectives:

- **To identify talent:** it is one of the key tools to detect those with great potential.
- **To foster internal communication:** promoting a closer relationship between employees and their direct managers.
- **To improve performance:** through these evaluations, workers can find out what areas they can improve and also suggest improvements in the procedures in which they take part, by establishing action plans.
- **To drive a single culture:** strengthening and transmitting corporate values.



Employees of NH Hoteles

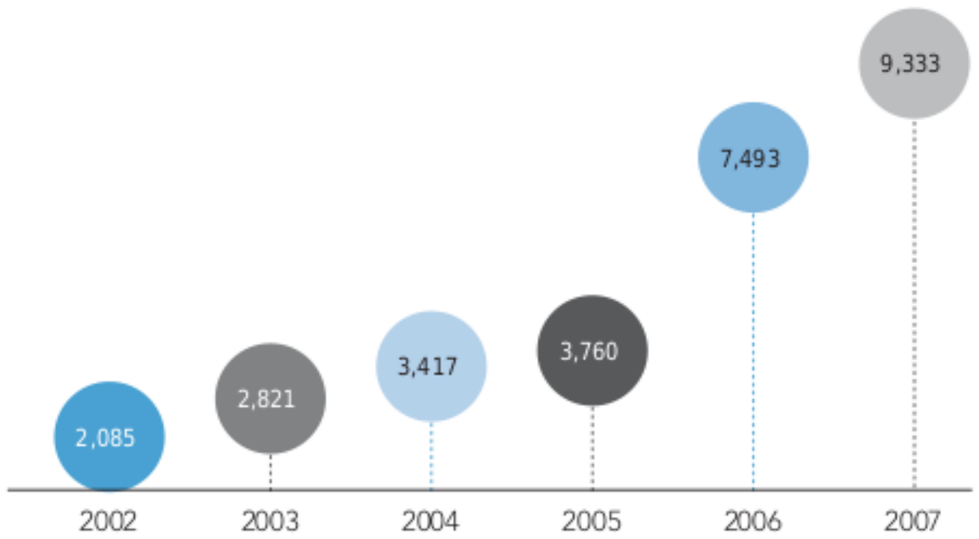
Employee of NH Hoteles

The Performance Management process took place between July and October 2007. This assessment and professional development tool has become a fundamental milestone in the relationship between managers and their collaborators, not only through the feedback provided at sessions but also fundamentally through the action plans jointly defined to successfully tackle professional challenges of each new year.

This process has become part of the Company's culture and participation grows every year. In 2007 there were 9,333 evaluations, 25% up year-on-year.

The Multisource Evaluation for executives was set up in 2007 to complement this performance evaluation. This tool provides a broad overview of the performance of the executive being assessed, as it includes different management measurements: performance, quality, business and teams, and the results can be compared with previous years and with other colleagues.

Total Appraisals - Evolution



Remuneration policy

Our remuneration policy pursues the following principles:

- Legality
- Non-discrimination
- Competitiveness
- Performance
- Fairness

We have set up a variable remuneration management system- Target Management (TM)- used for each manager to track the performance of their personnel. Using this system, the individual, departmental and Business Unit targets are aligned with the global and corporate targets. It also enables the contribution of each employee in achieving these objectives to be measured. The targets defined must satisfy the characteristics of being specific, measurable, achievable, realistic and timed.

Elsewhere, NH Hoteles offers a wide range of corporate perks such as:

- **Special offers for employees, Bono Amigo (Gift Voucher) and Tarifa de Empleado (Special Employee Rate).** Employees can now enjoy all the Company's hotels via a special bed and breakfast rate for any NH destination in the world, as well as a 30% discount on NH Hoteles products and services. Our employees can therefore swap shoes with our guests and appreciate the quality of NH Hoteles from their perspective. The company also distributes Bonos Amigo (Gift Vouchers) every year, which employees can hand out to their friends and family, enabling them to enjoy all the Company's hotels for a highly advantageous rate at any NH destination worldwide. Every time that employees and friends make use of these special rates, NH Hoteles donates €1 and €2 respectively to the Company's adopted charitable causes.

- **Recognition programmes.** To reward employees that have stood out through their extraordinary activities, their high performance or who have shown greater commitment to the Company. These are in the form of points that can be accumulated on the Employees' Cards. 1,671 employees benefited from this programme in 2007 with a total of 191,880 credits awarded, which can be exchanged for products and services.

- **Global Staffing Project.** In collaboration with the Spanish Expatriation Forum, this promotes transfer of non-community workers to hotels in Spain for a period of 1 or 2 years. This pilot project started in 2006 and in 2007 there were 15 workers from Mexico, Uruguay and Argentina that joined hotels in Spain, thus broadening their professional career.

- **International Transfers and Assignments Programme.** This facilitates geographical movement of all employees and fosters their professional development by providing them with the possibility of finding jobs at any of the NH Hoteles centres and enjoying new work experiences. In 2007, a total of 94 employees moved to different Business Units in different countries.

There are other exceptional corporate perks offered to our employees, either through the initiative of a Business Unit or through the job performed. For example in The Netherlands all employees have a Pension Scheme. A further example is the Corporate Directors that are entitled to a Life Assurance and Accident Policy.

Labour relations

At NH Hoteles we are aware of the importance of communication with employees' representatives. To this end, in 2007 we continued with the dynamics of social dialogue to foster participation, information and joint action, the fundaments of work on which stable and constructive relations can be built that improve job quality and satisfaction of all our workers.

The evolution of the chain, organisational changes, general policies that affect employees, etc. are standard issues that are dealt with at meetings with the union representatives. This enables all parties to use the same kind of information in order to adapt to changes and propose new ways of tackling these, through evolution towards ongoing improvement.

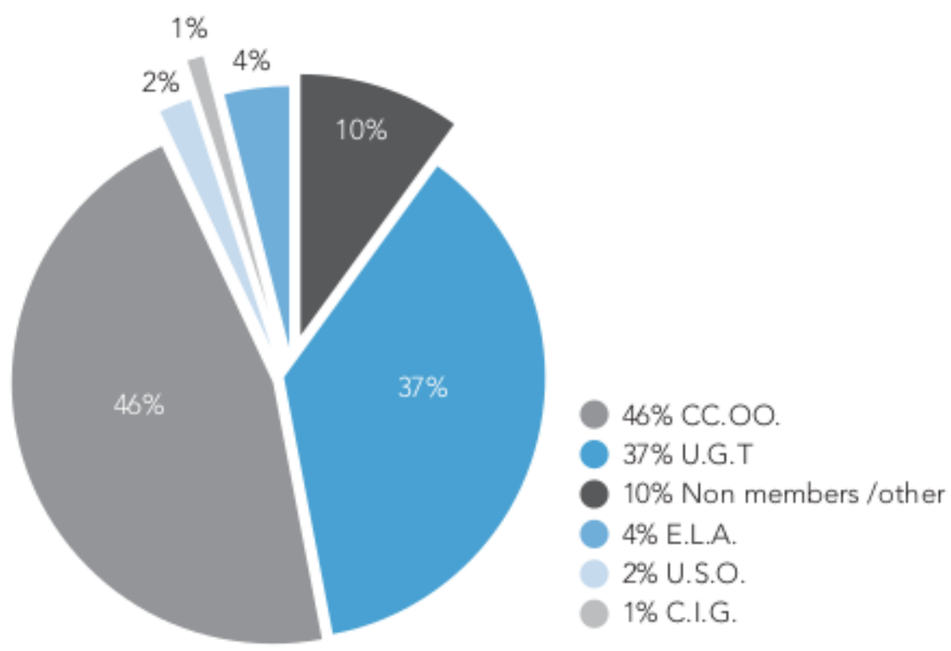
The number of unions and employees that belong to these varies from one Business Unit to another, mostly due to the different legislation and uses of each country.

Although it is difficult to offer a breakdown of unions representing the entire NH workforce, we do have the signed collective bargaining agreements and the number of employees covered by these placed on record:

Business Unit	Number of Collective Bargaining Agreements	% of Covered Employees
Spain	45	100%
Benelux / UK / Africa	2	100%
Italy	4	100%
Germany	19	100%
Switzerland / Austria / Hungary / Romania	5	83%
MERCOSUR	1	85%
Mexico	26	100%
TOTAL	102	97%

However, in the case of Spain we have defined a union map, with the unions that have representatives at the work centres and the percentage of these:

Union	Number of members	Percentage
UGT: Unión General de Trabajadores	71	36.98%
CCOO: Comisiones Obreras	89	46.35%
USO: Unión Sindical de Obreros	3	1.56%
CIG: Confederación Intersindical Gallega	2	1.04%
ELA: Sindicato Vasco	7	3.65%
Non members / other	20	10.42%
TOTAL	192	100.00%



Employee of NH Hoteles

Employees of NH Hoteles

Safety and Hygiene

This is a core issue at NH Hoteles, given the care of our employees in the performance of their duties is absolutely vital in our activity. A clear demonstration of the attention we pay to this aspect is point 1.9 of our Code of conduct:

1.9. Laboral Risk Prevention

NH Hoteles shall rigorously comply with applicable legislation governing occupational health and safety, and shall ensure this legislation is complied with, by implementing an active risk prevention policy. All employees of NH Hoteles will be responsible for keeping their workplace safe, following the health and safety rules and practices.

Each Business Unit has its own Workplace Health and Safety Area which answers to the Human Resources department and is in charge of developing its terms of reference: Safety, Hygiene, Health and Ergonomy. There is the so-called Workplace Health and Safety Committee, made up of the Hotel Manager and the department heads, who supervise all these issues at the management meetings and also, in most countries, together with the workers' representatives. Through our local workplace health and safety policies we try to ensure the wellbeing of all our employees, improve their conditions and standardise a work style.

In Spain, workers' representatives appoint the Prevention officer(s), the number of which depends on the number of workers at the hotel. If there is a Company Committee at the work centre, this party plus the prevention officers that have been appointed participate jointly on a Workplace Health and Safety Committee. This Committee shares responsibility for actions of importance in the hotel, any risks found and training and planning programmes in the field of prevention.

In the case of Italy, there are two persons in charge of Workplace Health and Safety: a legal representative appointed by the Company and another hotel representative, who analyse the Risk Assessment and Prevention Document at hotel level (fire, injuries, explosion factors). Following this analysis, action plans are designed in coordination with the conclusions. The Netherlands is an exception. Here, there is an outsourced Company in charge of developing all the action plans concerning Workplace Health and Safety.

From these areas, actions are designed and put in place such as the assessment of risks, training, information, etc., and actions to prevent and deal with improving workplace health and safety are promoted. The information available for workers has also improved. More specifically, in Spain the Workplace Health and Safety Area has been enlarged, with a greater number of risk assessments carried out. Training in areas of prevention of workplace risks has also intensified with a new course that will be given in 2008.

From their Workplace Health and Safety Department, each Business Unit sets up a yearly Workplace Health and Safety Action Plan. This plan must include the following areas, inter alia:

- Prevention plan
- Review and compilation of preventive procedures (internal regulations)
- Documentation
- Consultation and participation
- Prevention organisation and integration
- Risk assessment/prevention planning
- Technical safety audit
- Training for workers
- Information to workers
- Periodic controls of working conditions
- Health monitoring
- Especially sensitive workers
- Emergency measures
- Investigation into accidents and health injuries
- Specific workplace risk reports
- Assistance to regional and national inspections

In The Netherlands, these action plans are supervised by an outsourced Company and complemented with a Risks Inventory.

To continue improving our management of workplace health and safety, at the end of 2007 we designed a tool to detect absenteeism rates, in order to provide support to all directors and managers for management of the reasons for absenteeism at their hotels and departments. The resulting Action Plans from using this tool will be defined at the beginning of 2008.

Our absenteeism ratios were slightly down in 2007 and although the absenteeism rate through workplace accidents is minimal in all countries we continue working to reduce this even further.

Global Absenteeism ratios (%)*	2006	2007
% Global Absenteeism according to the reason*	4.27	4.26

% Overall absenteeism by cause *

	2006	2007
Accident	0.24	0.23
Maternity	1.04	1.11
Illness	2.99	2.92

* All Business Units except Italy and Portugal, South Africa, Luxembourg, France, Cuba, Romania and the USA.

** All kind of contract, excluding Extras+temporary employment agencies

Equal opportunities and diversification

Equal opportunities and management of diversity represents a natural work method for us and is included as a basic rule in Chapter 4 of our Code of Conduct.

4. Equal rights and opportunities

Equal rights and opportunities and the promotion of diversity are basic principles in the performance of our work, avoiding whatsoever discrimination through gender, colour, age, religion, political or religious affiliation, sexual orientation, race, culture, education, civil status or nationality.

NH Hoteles will respect and foster human rights. NH Hoteles recognises that human rights must be considered basic and universal, based on internationall accepted laws and practices such as the Universal Declaration of Human Rights of the United Nations and the International Labour Organisation.

4.1. Equal opportunities and promotion of diversity

NH Hoteles applies the principle of equal opportunities throughout its employment policy, favouring diversity and reflecting the society in which it operates.

NH Hoteles' express policy is to ensure equal treatment and opportunities for Company staff members, regardless of their gender, colour, age, religion, political or religious affiliation, sexual preferences, race, culture, education, civil status or nationality, both in contractual dealings, training, career opportunities, salary levels or any other aspect of the employment relationship. NH Hoteles favours internal promotion to cover vacant positions and ncorporation of the best candidate (internal or external) will always prevail.

At NH Hoteles we understand diversity as a distinctive feature of workforce management, as there are 124 different nationalities represented by our 17,707 employees. Moreover, 12.1% of them work in countries other than their country of origin. Results from the Satisfaction Survey reveal that all employees perceive diversity management. The question "Cultural, religious and sexual differences are respected at my office/hotel" received a score of 2.65/3.00, representing very high satisfaction We are also unaware of any claim or incident through discrimination with any employee. The distribution of nationalities by country is as follows.

Country	Immigrants (%)	Women (%)	Nationalities	Most frequent nationality among immigrants	Data source
ARGENTINA	4.60%	47.60%	9	Uruguayan	System
AUSTRIA	33.90%	56.10%	24	Slovakian/German	System
BELGIUM	46.80%	47.10%	40	Moroccan	System
BRASIL	6.90%	38.90%	3	Portuguese	System
CHILE	4%	46%	3	Spanish	System
GERMANY	11.40%	58.20%	55	Italian	System
HEADQUARTERS	14%	52.40%	10	Italian	System
HUNGARY	9.60%	54.80%	2	German	System
ITALY	7.30%	42%	51	Rumanian	System
MEXICO	0.50%	39.10%	9	Spanish	System
THE NETHERLANDS	18%	49%	77	Moroccan	System
PORTUGAL	17.70%	68.20%	5	Angolan	Manual
ROMANIA	0%	60.60%	1	-	System
SOTOGRANDE	4.90%	45.50%	18	Argentinean	System
SPAIN	11.80%	49.50%	66	Ecuatorian	System
SWITZERLAND	73.80%	56%	34	French	System
UNITED KINGDOM	80.50%	42.10%	36	Spanish	System
URUGUAY	0.00%	42.70%	1	-	System
	12.10%	51.50%	124		

Employee of NH Hoteles

As we state in our Code of Conduct, NH Hoteles's policy ensures equal opportunities in hiring, training and professional development of our employees. This is evidenced by the percentage of women on the workforce, which represents 51.5%. Moreover, 49.5% of executive positions are held by women. In Spain, the percentage of women that are Hotel Managers totals 51%.

We also create job opportunities for disabled workers. In 2006 we obtained the Certificado de Excepcionalidad (Certificate of Achievement) at NH Spain, achieving 5.27% of disabled persons both on our workforce as well as through suppliers of different services. The special employment centres have accounted for turnover of €5,966,938.14, with FLISA and ICARIA Iniciativa Social those best represented.

At NH Hoteles we pre-empted the coming-into-force of the Equality Act by participating in the Equal Project "Entre Cronos y Ceres: conciliar el tiempo y el espacio". (Between Cronos and Ceres – reconciliation of space and time) This project, funded by the European Social Fund, sought to study the situation of women at companies in Madrid. This pilot study took place at 21 companies in Madrid (small, medium and large). At the end of the study they were given recommendations in those areas or actions where there were deficiencies. The data provided by NH Hoteles led to improved actions for equality between men and women and promotion of reconciliation between private life and work, and our work was recognised in the final report.

In spite of this, with the approval in Spain of the Equality Act in March 2007, NH Hoteles has taken the appropriate measures to implement this at our Company. We are currently in the process of analysis and qualification of all the criteria defined by the Act in order to set up a suitable Action Plan. We are being supported and advised in this process by an outsourced enterprise to ensure independence and objectivity in the design of the Equality Plan.

Worklife Balance

In Chapter 4 of our Code of Conduct, we also recognise the importance of reconciling work and family life:

> ***4.2. Promoting the balance between private life and professional life***
> *The Company's management will consider measures that make professional activity compatible with private and family life of employees.*

The "Entre Cronos y Ceres" Project has helped us to spot areas where we can improve and actions to be set up to go further in this issue. The variables analysed in the study - in this case they only refer to Madrid - can be generalised and extended to all Business Units.

At NH Hoteles, the Department of Human Resources of each Business Unit is free to implement the reconciliation actions it deems most opportune in accordance with local legislation and its employees' needs. To this end, there is a disparity of practices at different Business Units, but strict compliance with legislation is always our priority. In Spain we can highlight the compilation of the Equality Plan to be set up or the restructuring of the working shift in line with the European working day.

The international organisation Corporate Research Foundation has appointed NH Hoteles "Top Company 2007/2008" in the Business Units of Germany, The Netherlands and Spain, following a comparative analysis of more than 200 companies, and with employment conditions one of the aspects analysed: contracts, salaries, job flexibility, reconciliation…

Brand Engagement /Employer Branding Project

Under the Brand Engagement name, NH Hoteles is developing an employer branding project both towards potential Company employees, teaching them the benefits we provide as an employer, as well as current employees, reinforcing brand pride. For the purpose of meeting these targets, we have developed different kinds of actions such as the following:

Employment Web

To improve the information available for potential candidates interested in working for us we have developed an international employment web to provide information on the Company and the professional development opportunities we offer, as well as vacancies available at any time.

This tool facilitates quicker and more direct contact with those individuals interested in joining NH Hoteles. NH Hoteles employees themselves have provided this toll with their own image.

Media Plan

As part of the Employer Branding project and for the aim of providing potential candidates with messages on the career and professional development opportunities that working for NH Hoteles could offer, in 2007 we defined and implemented a Media Plan comprising presentation of the chain at business schools, universities, hostelry and professional schools. These presentations were complemented through open-door events at our hotels, for the purpose of providing students with knowledge on the day-to-day reality of a hotel.

As part of this Media Plan, we designed a Corporate Employment Presentation targeted at Company hotel directors. The purpose of this initiative is to convert our hotel managers into the key ambassadors of the chain, promoting presentations at universities and hostelry schools close to their sphere of influence.

NH HOTELES 30 anniversary 1978-2008

30th Anniversary campaign

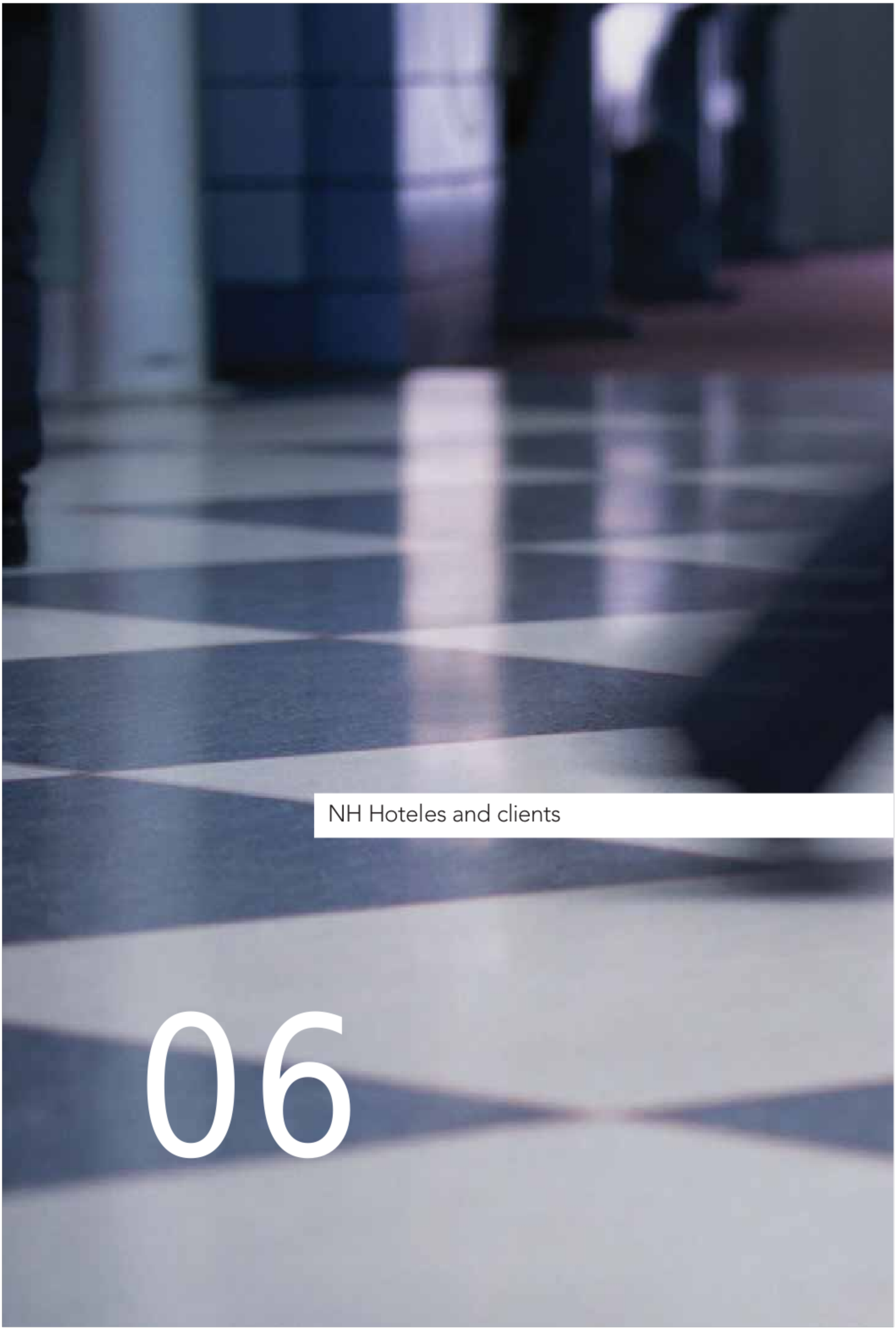
In the last quarter of 2007 we designed a campaign for the purpose of strengthening our employees' pride in belonging, thanking them for their contribution to the Company.

Under the motto of "NH Family – 30th Anniversary (1978-2008)" and with the slogan "together we made it possible", this campaign has been translated into the languages of all the countries where we currently operate and posters will be sent to all hotels during the first quarter 2008 together with a small gift for each of our employees.

Employees key indicators

Employees key indicators	2007
Number of employees per Business Unit	
Spain	5,935
Benelux / UK / Africa	2,815
Italy	2,950
Germany	2,969
Switzerland / Austria / Hungary / Romania	651
Mercosur	583
Mexico	1,804
TOTAL	17,707
Open-ended contracts	62.1%
Average turnover	10.9%
Immigrants	12.10%
Women on payroll	51.50%
Women executives	49.50%
Age pyramid	
Under 25	21.7%
25 to 45	47.6%
Over 45	30.7%
Hours of NHU training given	232,500
Hours of participation in NHU programmes	25,682
Hours of training / employee	8.76
Training investment	€ 3.07 million
Number of performance measurements made	9,333
Employee satisfaction (0 to 3 scale)	2.10
Climate survey participation	73.20%
Number of messages Employee's Mailbox	331
Number of ideas Idea NH Scheme	500

STOP
Go



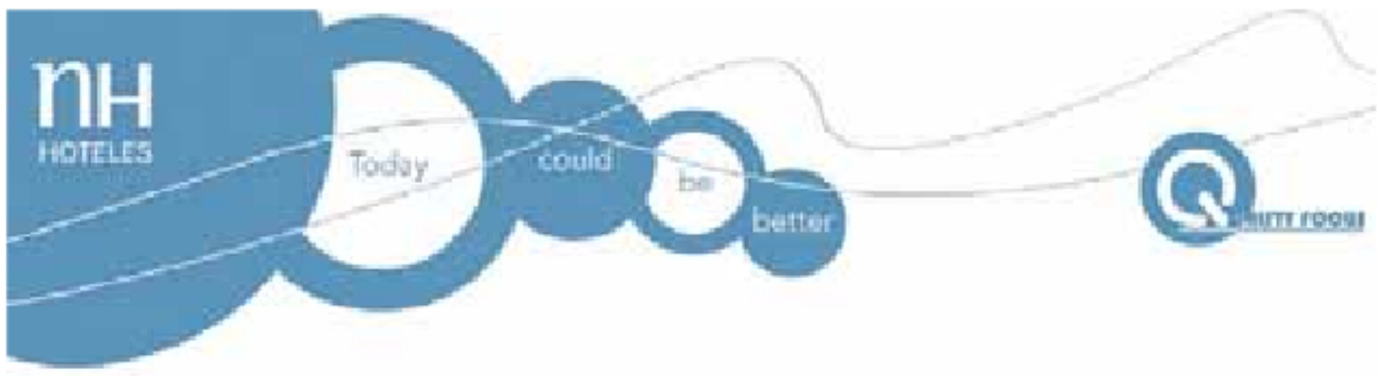
NH Hoteles and clients

06

NH HOTELES AND CLIENTS

Responsibility for quality

The service vocation and the quest to satisfy customers' needs characterises NH Hoteles. The quality of our offer represents the pillar of our activity and the key to be considered as a sustainable business at a social, economic and environmental level.



Quality Focus Project

NH Hoteles has created and implemented an internal quality culture through an Integral Management plan governing Service Quality, called Quality Focus. This project responds to the NH quality culture and its purpose is to improve the services provided to our customers, by involving and training all our employees in quality culture and compiling, disseminating and setting-up service procedures at NH Hoteles in order to design action plans and ongoing improved customer satisfaction.

Structure- The Quality Focus Project revolves around an international team that supervises the quality procedures throughout the chain. There is a quality coordinator for each Business Unit as well as a person in charge of Quality at each hotel with the purpose of setting up the quality standards defined, as well as participants on different workgroups. The aim of this team is to look

after all of the defined quality standards and to ensure they are duly satisfied at each hotel, as well as defining action plans taking into account the results obtained through the different sources of information implemented in the Quality Focus.

The results obtained led to development of an NH Quality Procedures manual in 2007. This manual details the procedures to be applied in all of the Company's hotels through 100 Quality Point (minimum service standards) which seek to cover the most minute detail of the service we offer.

To assess the quality standards and find areas for improvement, the Quality Focus has implemented different sources for gathering information:

- Client satisfaction surveys. Internal level surveys. In 2007 a total of 144,377 surveys at international level were sent out, and a total of 20,851 replies received, along with 6,200 suggestions and/or complaints. The highest score was obtained in customer care, where we were awarded 8.17.

- J.D. Power surveys. Outsourced surveys A specific European quality benchmark from among the key companies in the hostelry sector, based on common quality criteria and through customer satisfaction surveys.

- Mystery Guest. This assessment is carried out by an external expert in charge of measuring the service quality we provide our customers. 182 hotels were assessed in 2007 (162 of our own hotels and 20 belonging to the competition). The Service Quality average in 2007 was 7.2 (beating the score of 7 in 2006) and all of the Business Units experienced a higher rating.

- The Customer Service Department centralises all communications with the customer and collect all those opinions, suggestions and information on incidents from our customers, enabling direct and efficient communication. This data mining is carried out through a global procedure that offers different channels to customers: telephone, e-mail, postcards, fax or directly from the hotels when the complaint lodged cannot be solved.

A total of 1,500 worldwide complaints were collected in 2007 which, once classified and processed, enable us to identify areas for improvement and set up new procedures.

The results from the different sources mentioned were integrated in order to set up a common action plan for the entire Company, although the results are also broken down by a hotel incorporating the specific areas for improvement that are also associated to target assessment of our employees. In 2007 we also created a dynamic system for measuring quality: the Data Quality Base, at each of our hotels. NH Hoteles' alignment and commitment to its objectives of providing the customer with quality and service is all-encompassing and present at all levels of the Company.

Integrated quality

For NH Hoteles it is essential to offer uniform standards of quality and service. To this end our Department of Integration has a key focus on achieving the maximum degree of integration in the culture and business model of NH Hoteles with regard to all new hotels that join the group.

At the end of 2006, NH Hoteles acquired the Italian chains Jolly and Framon and in 2007 set up a strategy targeted at achieving that maximum degree of integration. Training of personnel has been fundamental in the foregoing strategy, along with the adaptation of computer systems, product consistency and brand visibility.

To integrate the 60 hotels that made up the two Italian chains, we used a support team of eight people. Over a period of seven months this team supervised all areas to ensure a proper transition and key users of the process at each of our hotels were appointed for monitoring purposes. Similarly, all employees have the online Help Desk to help solve any daily problems.

Obviously, training in the NH Hoteles procedures and standards has been one of the key issues, a total of 311 training days were given over the seven-month integration process. These training days were attended by 870 individuals.

The integration process concluded successfully thanks to the teamwork and the involvement of those in charge and the Management Committee. Customers of NH Hoteles can enjoy the new hotels under the same conditions of reliability of service, personnel qualification, commitment and personalised service and all of the facilities offered by our chain.

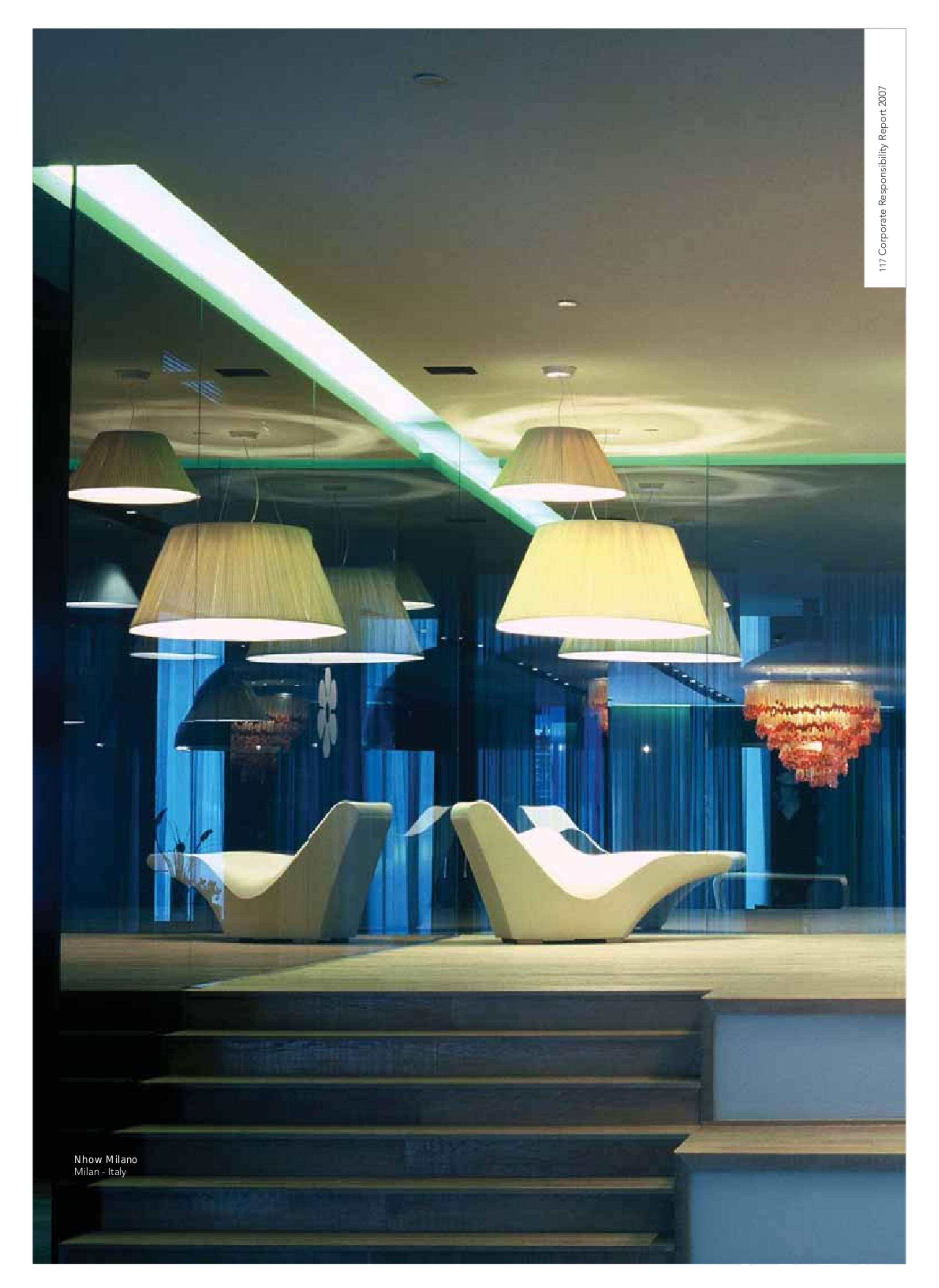
Product innovation

The R&D department of NH Hoteles focuses all its efforts on the creation of new products and services with high value-added. Our aim is to find out more about customer's expectations, in order to outstrip these and offer more personalised services in accordance with their demands, improving quality and boosting their satisfaction.

To this end, at NH we have a CRM system which enables us to be in constant communication with customers and allows us to adapt ourselves with a wide range of proposals, from the so-called Personal Events and exclusive offers for a specific customer in accordance with their tastes and interests through to promotions targeted at specific groups with exclusive advantages for members of our NH World Loyalty Programme.

As a result of that commitment to innovation and personalisation, we have developed products and services such as the following:

- **BONHOCIO:** this is the new low-cost leisure website of NH Hoteles that allows rooms to be booked at our hotels in Spain and Portugal with immediate confirmation and up to 50% discount with the same quality and service.



Nhow Milano
Milan - Italy

"Business centers"

- **NEW TECHNOLOGIES:** in the quest for customer satisfaction, NH is committed to new technologies that are adapted to their needs.

  - "BUSINESS CENTRES": in 2007 we set up a personalised business centre solution at 130 of our hotels. The centres have free Internet access, as well as the possibility of working with files and printing out documents with high levels of security and privacy.

  - PAYMENT GATEWAY: which will progressively replace the individual connections via data phones. This solution offers many advantages to the internal management as well as for the customer as it speeds up check-out at reception, offers the convenience of integrating any kind of payment at the hotel and enables payments with cards online.

  - E-BILLING: we have worked throughout 2007 to launch e-billing, given its clear advantages both from an environmental point of view as well as cost saving, removal of manual errors, etc.

- **PRIVILEGE CLUB**: A Privilege Club for Spanish holders of the NH World card that enables access to explicit promotions, prize draws for tickets to sporting events, tickets for fashion shows, discounts at fast food restaurants, discounts in Premium rooms and in Pack Collections gifts, purchase perks and a long list of benefits that are renewed every month and which are notified to the 700,000 cardholders through an exclusive newsletter. The "Less is more" promotion in 2007 was very popular. This promotion enabled NH World members to obtain higher discounts the longer they stayed at a hotel.

- **NH HOTELES BREAKFASTS:** specific training and ongoing consultation for the preparation and presentation of breakfasts has been designed because our main concern is to ensure the utmost quality taking into consideration a special focus on the detail, innovation, variety and presentation. The method of preparing and presenting the NH hoteles breakfast is therefore uniform in all hotels to ensure the style and quality is transmitted in each element of our offer.

NH Hoteles Breakfasts

NH DAY Eurobuilding
Madrid - Spain

We have also developed other products and services such as: The Casino Terrace, the new "edenh" concept, Premium rooms," "Live in the city" project, the Revenue Management Easy RMS and migration of the web platform.

- **Programmes and offers for different groups: thinking about everybody**
  Since 2005 we have been launching programmes targeted at different groups, basing ourselves on their needs, ages, circumstances, etc, Thanks to the +60 Club, many persons over the age of 60 are able to enjoy rooms at very low prices. Similarly, through the "Sleep and Go" programme, those under 30 have the opportunity to stay at our hotels for prices that are far below rack rates.

- **NH DAY**
  NH Hoteles wanted to involve its stakeholders in an extremely new initiative under the name of NH DAY. This initiative comprises an open-doors solidarity day held at one of our hotels. All members of the public, customers, suppliers and employees are invited to this party with a common aim: to enjoy a different kind of day involving them in a solidarity project. Everything collected at the hotel through the different activities - fair trade markets, games, concerts, show cooking, sale of rooms at the "whatever your heart says" price, auctions and many surprises - is donated fully to a solidarity project.

  The first NH DAY was held at the NH Eurobuilding hotel in Madrid and, following the huge success of the initiative, another NH DAY was held in Tenerife on the occasion of opening NH Tenerife.

NH DAY Eurobuilding
Madrid - Spain

Special sensitivity in our relationship with the customer

Our objective is to achieve intelligent communications that is ever closer and more direct with our customers and since 2006 we have taken on a progressive change of image that involves a new way of communicating ourselves to our customers and which finished in 2007. This change not only comprises a new corporate colour, but also seeks to bring us closer to our customers.

It is a new trademark image communicated through a soft blue colour, new messages and a global communication tone. An image that involves renewal of all corporate graphics of the group and the creation of new communication formats inside hotels in 2007.

New stationery replaces the old, with letter heading, envelopes and invoices that are smaller to save paper. We also incorporate messages inside the hotel and on the day to day products in an attempt to bring the customer closer through intelligent humour. These messages are on the hotel entrance doors, encouraging customers to come in, greeting them and welcoming them at our reception desks.

We have also set up communication initiatives away from the hotels, using non-standard formats that are very creative. These include a see-through van that carries an NH room inside, or messages and invitations to all our stakeholders, including our customers, to celebrate the aforementioned NH DAY as a great open-doors solidarity day.

Accessible hotels

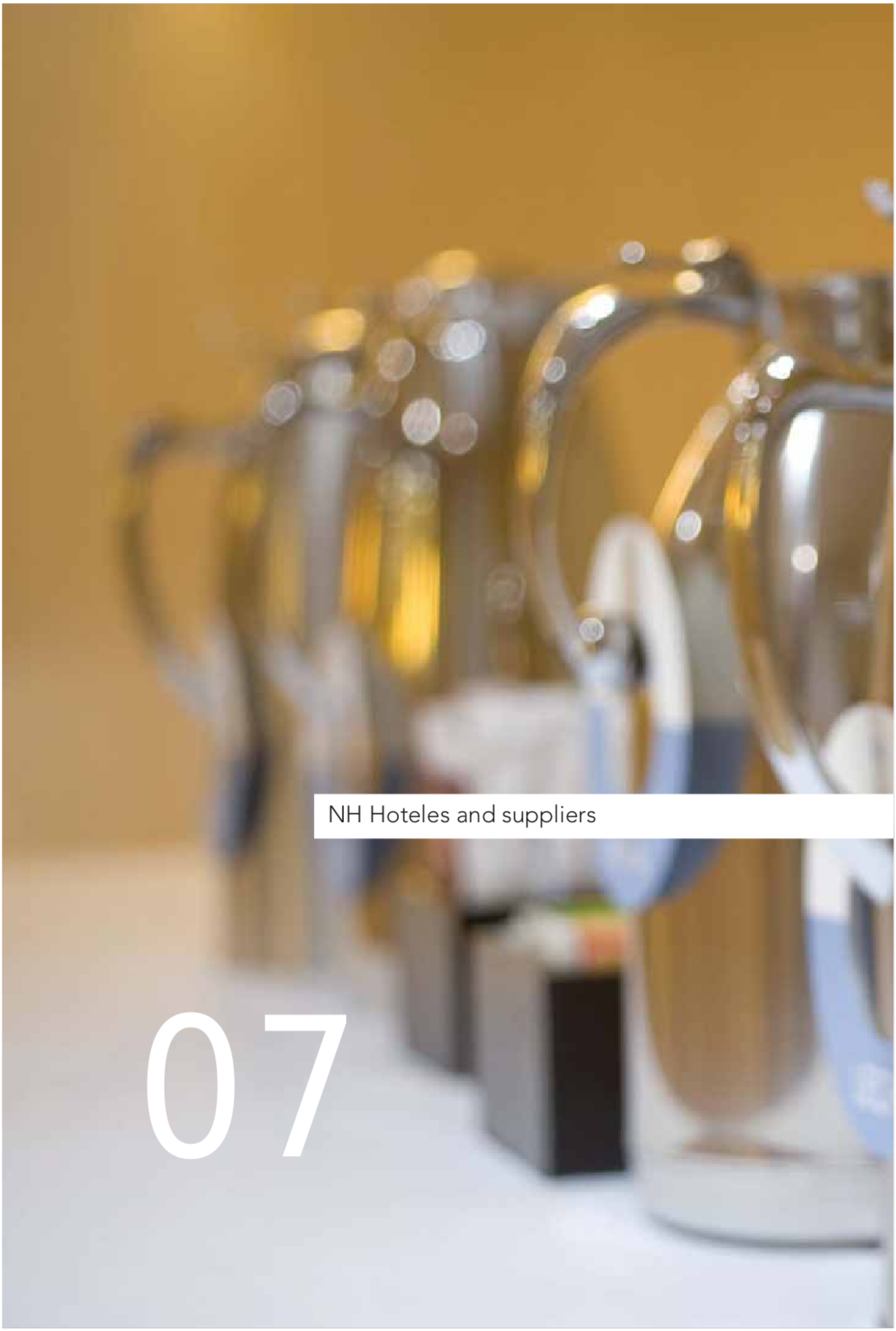
At NH Hoteles we want to include those with reduced mobility, especially employees and customers, through our social projects and also as users of our services and that is why we favour hotel accessibility to all those who wish to use them.

The inclusion of individuals with reduced mobility at our hotels forms part of the general hotel design guidelines and specifications, and all execution projects are supervised to ensure compliance with the regulations at each new hotel.

We know there is a long way to go but we feel proud that NH Hoteles has been included in the PREDIF (Spain) Guide "100 tourist accommodation places accessible to everyone", highlighting the NH Eurobuilding hotel in Madrid as one of the top tourist establishments in Spain that offers the best facilities and services to disabled persons.

Customers key indicators	
Quality assessment	
Mystery guest hotels evaluated	182
Benchmark position hostelry sector JD Power Europe 2007	Fifth position
Number of customer satisfaction surveys	144,377
Communications handled by the Customer Service department	1,500
Holders of the NH World card	700,000

Dime,
cuéntame,
háblame,
pregúntame,
indícame,
señálame,
mírame, llámame,
sígueme... Estoy
aquí para eso.



NH Hoteles and suppliers

07

CAFÉ

NH HOTELES AND SUPPLIERS

Fostering responsibility along the value chain

NH suppliers represents a fundamental part of the value chain, as an initial and basic step in guaranteeing the rendering of the best service and quality possible; but also as collaborators in building global responsibility and key participants in the ongoing improvement of our activity, combining endeavours in innovation and development of our business activities.

Our corporate purchasing policy therefore stems from the premise of ensuring that the highest standards of quality and service along with commercial ethics are put into practice. The Purchasing Department of NH Hoteles lays down and updates the standards and tries to ensure these are always above the rest of the market. The standards are subject to ongoing assessment to ensure compliance.

This **Purchasing Policy** is based on the following principles:

- Equal opportunities for all offers.
- Transparency and documentation of all contracts awarded.
- Stability in our commercial dealings.
- Cordial and polite treatment, avoiding unnecessary upsets, to improve the fluidity of our dealings.
- Promotion of responsible practices.

Aware of the important role of NH Hoteles in driving responsibility to the entire value chain, in 2007 we compiled a **Supplier Ethics Code** which ensures that our suppliers respect human rights, good labour practices, environmental practices and the international anticorruption fight.

Suppliers	Approved	Not approved	TOTAL
Received	169	64	233
Not received	64	66	130
TOTAL	233	130	363
Response %	73%	49%	64%

This Code of Ethics was signed by 233 suppliers (local and corporate) in 2007. Moreover, this contract has been included as an annex to the contract that suppliers sign with NH Hoteles of the start of their commercial relationship so that all suppliers from now on undertake working in line with the social responsibility policies that NH promotes. The target of 2006 is to extend this initiative to Germany, The Netherlands and Italy, which together with Spain account for more than 80% of yearly purchases.

Not only do we demand compliance with certain ethical standards but we also select those potential suppliers whose policies are in line with ours and in accordance with the strategy of the NH Hoteles group, fostering procurement of socially responsible suppliers.

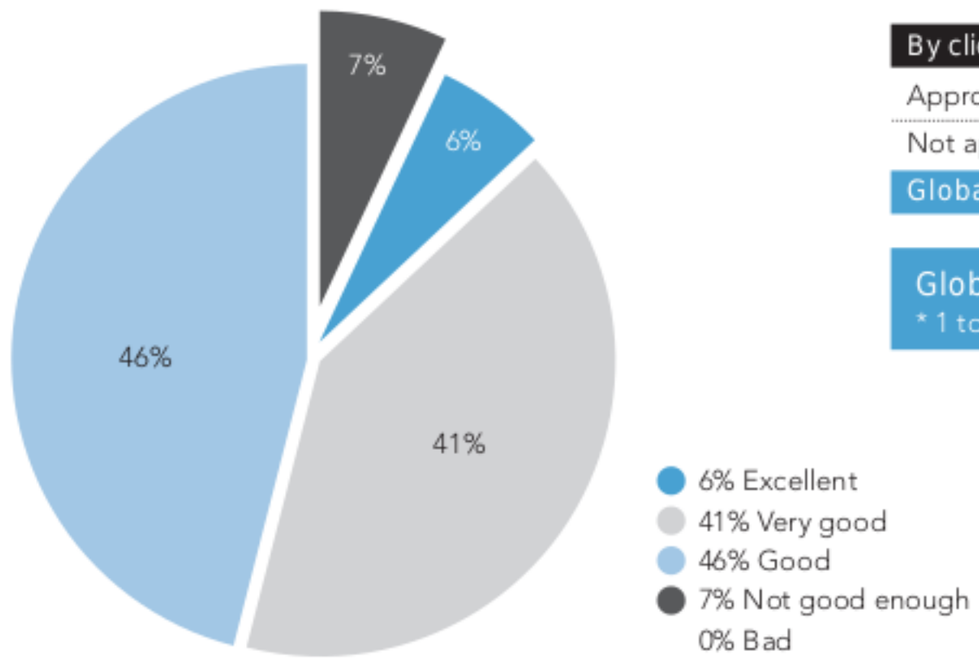
By way of an example, a worldwide deal was cemented in 2007 with JohnsonDiversey, making it the preferential provider of cleaning products for the NH group. This is the first Company to join the Sustainable Cleaning Agreement of the European Association of Detergent and Soap Manufacturers and every year invests 2.5% of sales in research and development to perfect manufacturing procedures with a view to merchandising environmentally friendly products and which are safe for daily use.

Similarly, we also foster procurement of suppliers that favour the inclusion of underprivileged groups and diversity and we can highlight our high turnover of business with Flisa - almost €M6/year - the industrial laundry group that belongs to Fundosa which seeks to generate stable and quality employment for disabled persons.

The opinion of our suppliers

The opinion of our suppliers and the joint effort is fundamental for NH Hoteles as we look to improve our processes and enhance the value chain. In 2007 we therefore carried out the first supplier satisfaction survey through which they were able to give their opinions and suggestions on NH Hoteles. This initiative was targeted at those suppliers that account for 79% of the purchasing volume in Spain but, as with the code of ethics, will be extended to the other countries in 2008.

Asses on general terms the NH Hoteles purchasing function performance:



By client type:	Value
Approved	3.6
Not approved	3.3
Global evaluation	3.6

Global evaluation = 3.6
* 1 to 5 scale

The purpose of the survey is to carry out yearly assessment of the performance of the purchasing department and its dealings with suppliers to detect areas where we can make improvements. There was a 37% response on the base of 363 suppliers. This exercise has enabled us to verify that 47% of our suppliers consider the performance of our purchasing department is excellent or very good. It has also enabled us to identify opportunities for improvement.

Likewise, on understanding corporate responsibility as a process of dialogue and integration of the public's expectations, we wanted to find out the opinion of suppliers with regard to new eco-efficient initiatives. Through this survey, we were able to verify the popularity of an e-billing module that will enable progressive removal of paper in supplier transactions.

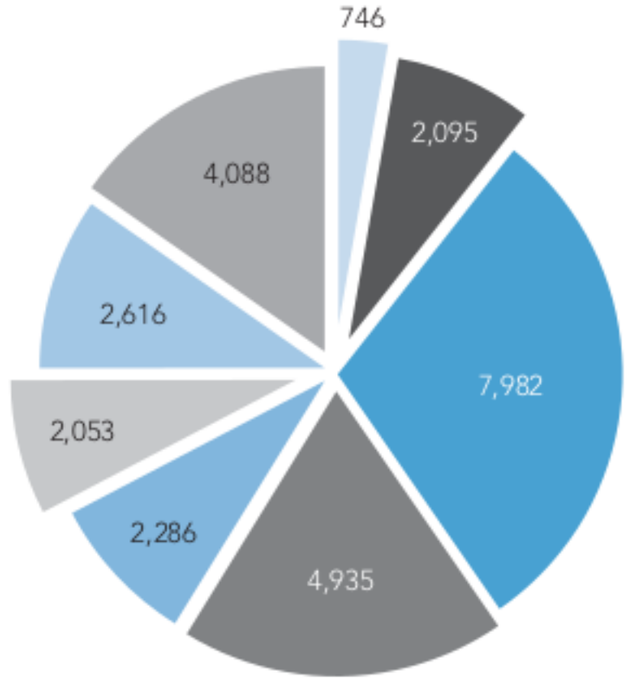
In 2007 we designed a project that involved a European-wide suppliers transaction portal. The pilot scheme is scheduled to be launched in the first quarter of 2008. This project represents a pioneering initiative in the HORECA sector and will enable even more transparency and efficiency of the supply chain by enabling the supply cycle to be automated from the request through to payment of the invoice. We will also introduce the issue of electronic invoices which will enable progressive reduction of the use of paper.

Origin and typology of NH Group suppliers

Last year the NH Group worked with 26,801 suppliers. The degree of internationalisation continued to progress given that Spanish suppliers account for almost 30% of the total compared to 34% of the previous year, although they represent a purchase volume of 39% of the total, as against 45% in 2006.

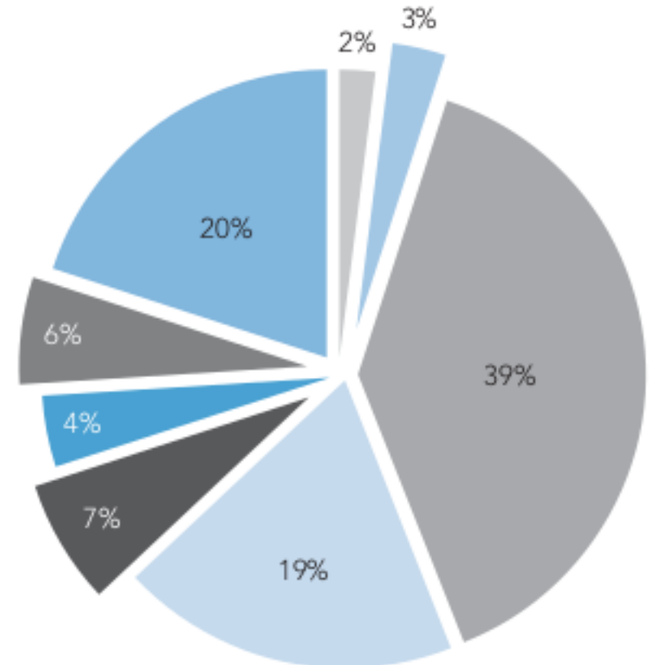
There is a high concentration, as 5% of suppliers account for over 80% of the purchase volume, and 75% of purchases are concentrated in three countries (Spain, Germany and The Netherlands) although this is down with regard to the previous year's figure of 80% and the trend is towards greater diversification.

Number of suppliers per country



- 7,982 Spain
- 4,935 Germany
- 4,088 Benelux
- 2,616 Mexico
- 2,286 Italy
- 2,095 Mercosur
- 2,053 Central Europe
- 746 Others

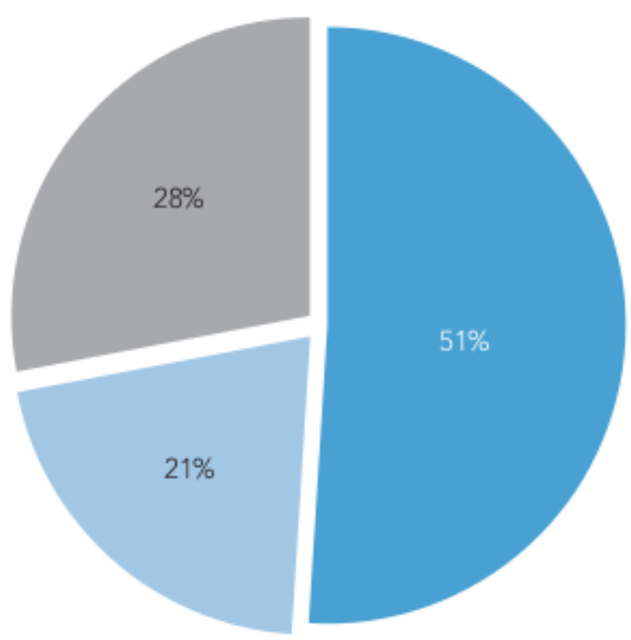
Turnover by country



- 39% Spain
- 20% Benelux
- 19% Germany
- 7% Italy
- 6% Mexico
- 4% Central Europe
- 3% Mercosur
- 2% Others

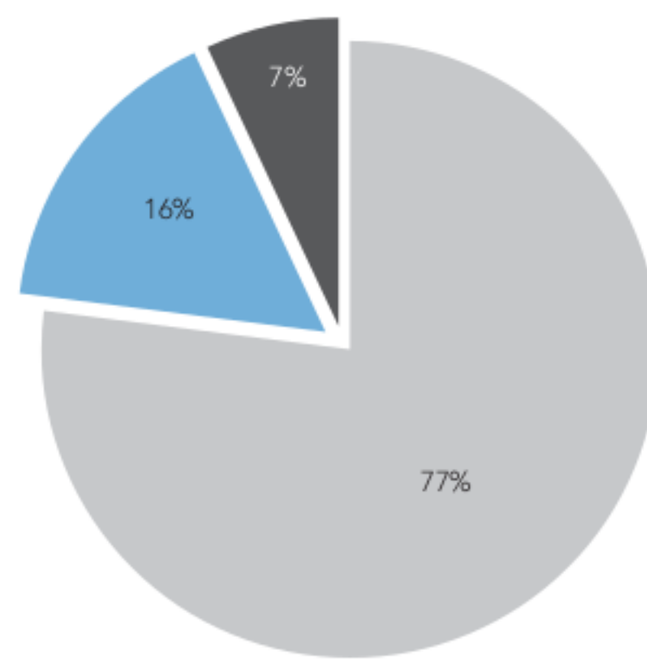
With regard to the type of group suppliers, 16% supply food and beverage products. The majority of our suppliers (77%) fall within the operational costs and services category that ranges from the purchase of cleaning products, amenities, crockery items through to the provision of services such as laundry.

Purchase volume by supplier type



- 51% Operating expenses and Services
- 28% Furniture, Furbishing and Equipment
- 21% Food and Beverage

Supplier volume by family



- 77% Operating expenses and Services
- 16% Food and Beverage
- 7% Furniture, Furbishing and Equipment

08

NH Hoteles and society

NH HOTELES AND SOCIETY

Social Action: Our relationships with the communities where we operate and not-for-profit enterprises

For NH Hoteles, Corporate Responsibility encompasses the undertaking that companies must acquire as an active agent in the fair development of society, creating wealth through their activity in the community in which they operate and sharing part of the profits obtained with society.

The specific Area of Corporate Responsibility also carries out coordination of our social action projects among his duties.

To this end, the Corporate Responsibility Department of NH has designed its own analysis, management, measurement and recording system for each and every one of the social actions and collaborations carried out internationally. This system, called the "Solidarity Index", enables us to evaluate all projects that are presented by NGOs, foundations and institutions, analysing them under the same criteria and selecting those that are most in line with the Company's strategy.

In its Corporate Responsibility Strategic Plan, the Corporate Responsibility Department of NH Hoteles lays down that the social projects in which the Company collaborates must be the most integral projects possible. Following these criteria, those initiatives that enable the full involvement of NH in their projects are selected and analysed, with a view to benefiting several stakeholders, and where the economic donation is not as important as involvement and participation.

In addition, NH Hoteles collaborates above all with the services that it provides (food and beverage, accommodation and the use of rooms) as well as job integration, the donation of furniture and computers, training in hostelry and F&B as well as corporate volunteering. These items led to large-scale collaborations and initiatives being undertaken in 2007.

The Department's procedure in order to collaborate with NGOs and foundations that request our support is as follows: First we make contact with the NGO or foundation so that they can present their institution, their mission and their commitment. Following this kick-off meeting, the NGO shows us and explains those projects it believes could form part of our Social Action. These projects are analysed, studied and we select those that are most in line with our strategy.

NH Hotels has signed an agreement with the Fundación Lealtad that reflects the efforts to collaborate with enterprises that demonstrate a commitment to transparency, by pursuing the recommendations of the Good Practices guide proposed by the **Fundación Lealtad.**

The process is facilitated through a Corporate Responsibility Manager at each Business Unit or country where the chain operates. Each manager selects those projects they believe opportune and sends an inventory of all actions carried out at their Business Unit for subsequent quantification. The hotel chain also participates and receives information on all the social initiatives at a corporate level.

A noteworthy example of the use of our project identification system in 2007 was the management of our first NH DAY, an open-doors solidarity day held on Sunday 10 June 2007 at the NH Eurobuilding hotel in Madrid. Having analysed the different projects from the various NGOs, the Corporate Responsibility Department decided everything donated at the hotel that day would go to the "Water and Drainage for Chad Refugees" project, managed by Intermón Oxfam. NH and Intermón worked together to ensure that the **NH DAY** was a very special day. The public at large, customers, suppliers and the hotel's employees were all in attendance. All kind of activities took place at the hotel: fair trade markets, a huge auction, games for the youngest, concerts, a gala dinner with Paco Roncero… and the sale of rooms to the public at a single "what your heart tells you" price. In addition, NH employees showed their solidarity by acting as activity volunteers throughout the day. With all of the foregoing, NH Hoteles managed to contribute more than €100,000 to the project.

Following the success of this first NH DAY, the hotel chain decided to hold another one in November, on the occasion of the opening of NH Tenerife. This time, NH Hoteles decided to donate everything collected to a local NGO and to an environmental project that would help prevent pollution on the island. In this way, NH Hoteles wanted to contribute in social and environmental development by becoming the **"neighbour of choice"** at a local level.

A further example of this will to form part of the communities where we operate is also shown through the actions set up to mark the opening of the NH Sagunto hotel. On this occasion, 2 specific groups were contacted: neighbourhood associations in Sagunto and travel agencies in the area, who were invited to the hotel. The neighbourhood associations were invited to hold their next meeting in one of the hotel meeting rooms, with Spanish wine made available. In the case of the travel agents, we let them join NH World with a balance of 35 credits to be used at any NH hotel.

NH Hoteles collaborated in a total of 224 actions in 2007, up 59 on the previous year. There was also a considerable increase of investment, which totalled €638,317 as against €537,048 in 2006, and with more voluntary work at all Business Units.

A total of 161 enterprises benefited from these actions. NH Hoteles has been collaborating with some of these for more than three years and, given its effectiveness and excellent results, the Company has extended its collaboration and become an important bastion for foundations such as Menudos Corazones (Spain) or the Fundación Obra Padre Mario (Argentina). On other occasions, NH Hoteles has collaborated and continues to do so on a more one-off basis by providing lounges, food and beverage or accommodation where its hotel services can be of great help to NGOs or foundations for certain acts or initiatives.

"Bono Amigo Solidario"

Bono Amigo Solidarios (Solidarity Friend Voucher) and Tarifas Empleado (Employees' Rates)

NH Hoteles involves its employees in the chain's social action projects, not only by inviting them to take part as volunteers in certain social initiatives, but also by offering special rates as Company employees. More specifically, NH Hoteles donates €1 and €2 to social actions stemming from the Bono Amigo Solidarios and Tarifa Empleado every time our employees make use of these. These amounts are added to the rest of the Corporate Responsibility budget for international actions of a social nature. Thanks to the support of our employees, the final amount in 2007 was far higher than the previous year: €187,513.

Yet our employees also actively participate in the development of projects. In Argentina, workers collaborate by training young persons of the Obra Padre Mario and employees of the Spanish hotels donated toys and food to social centres, NGOs and foundations during the Christmas campaign. More than 2,400 kg of foodstuff and 1,500 toys were collected.

These are some of the actions carried out in 2007:

- SPAIN BUSINESS UNIT. Menudos Corazones.
  NH Hoteles has been collaborating with the Fundación Menudos Corazones for the last 4 years, providing three daily rooms free of charge throughout the year at the NH Alcalá de Madrid hotel for families of children and young persons with cardiac diseases, whether congenital or acquired, who have to come to Madrid for surgery.

  With this initiative, the Company Provides these families - from all over Spain - with accommodation, thereby reducing their concerns and costs when they have to visit Madrid for an indefinite period of time. The average stay for these parents at the NH Alcalá was 15 days. In 2007, NH Hoteles donated a total of 1,095 nights' accommodation for Menudos Corazones.

  To enable the foundation and employees to get to know each other, halfway through 2007 the Corporate Responsibility Department organised a meeting at the hotel where one of the families that had spent four months at the hotel thanked employees for their support and affection while their child was in hospital.

Collection of the MANO SOLIDARIO (Hand of Solidarity) Award in recognition of NH Hoteles' collaboration with the Obra Padre Mario Foundation. September 2007.
Víctor Donmez,
Director of the Business Unit MERCOSUR.

Meeting of the Fundación Menudos Corazones with employees from the NH Alcalá Hotel.
Madrid - Spain

- MERCOSUR BUSINESS UNIT. Obra Padre Mario.
  NH Hoteles actively takes part in the "We are all part" project carried out in González Catán, one of the most poverty stricken provinces of Argentina (Buenos Aires). NH Hotels has committed itself to this area by collaborating in training programmes that enable the local public to acquire skills that enhance their job opportunities, as well as individual and collective initiatives, scholarships, donations of academic material and computers, corporate volunteering, skills seminars for those that live in the area, etc. Moreover, given the depth of responsibility that NH Hoteles has wished to assume in this project, it donated €50,000 in 2007, targeted at construction and fitting-out of two classrooms for university training in the restaurant industry and hostelry for young persons with scant resources, offering them training opportunity and future work.

  In 2007 we received the Mano Solidaria Award for our commitment in collaboration with the Fundación Obra Padre Mario. This initiative was also selected by Forética, together with the NH DAY, to be represented at the Corporate Responsibility MarketPlace held in Madrid, as it considered this initiative very relevant as part of the "Dialogue with Stakeholders" category.

- MEXICO BUSINESS UNIT. Casa Hogar Máximo Cornejo Quiróz.
  At the Mexico Business Unit, NH Hoteles has been collaborating for several years with the Casa Máximo Cornejo through the donation of foodstuffs for orphaned and abandoned children that live there. Our employees in Mexico have once again collaborated in the collection of sea turtle eggs (Turtle Nest Camps), preventing the nests from being pillaged or devoured by other animals. This year, 4.840 eggs were handed over to the Ecological Police and to the Turtle Nest Camp at the Vallarta Torre Hotel.

Presentation of the Book of Anecdotes at our hotels.

Fair Trade Market
NH Day - Eurobuilding
Madrid - Spain

Christmas Campaign of 2007

Meeting of the Fundación Menudos Corazones with employees from the NH Alcalá Hotel
Alicante - España

N H Stock Art

- **BENELUX AND GERMANY BUSINESS UNIT. Cliniclowns Foundation.**
  NH Hoteles collaborates with the Rotary Club in Germany through donation of services, rooms and food and beverage. At the end of Benelux Business Unit, it also collaborates with the Cliniclowns Foundation that works with hospitalised children and with the WarChild NGO for children that are affected by war.

- **ITALY BUSINESS UNIT. Affected by multiple sclerosis.**
  We have already started to collaborate in different social actions in Italy. We can highlight the grants offered to those affected by multiple sclerosis and who want to gain work experience at our hotels in Bologna and Genoa.

- **AUSTRIA BUSINESS UNIT. Vienna hospital.**
  In Austria we collaborate with in-kind donations for different households, as well as for the Vienna hospital by providing aid from different hotels to children with cancer. It also collaborated this year in the purchase of sports equipment for those taking part in the paralympic games.

Another of the social initiatives in which our employees have taken part was the creation of a solidarity book that included collaboration from well-known writers and humorist with the best anecdotes written and sent in by our employees.

The stories have been put together in a collection that can be found at different hotels in Spain. Employees and customers can make their donation by purchasing the book and everything collected will be sent to the Foodstuff project in Burundi, managed by Intermón Oxfam.

Other international Social Action collaborations

- Children's villages (Benelux)
- AMSEL, Multiple sclerosis (Germany)
- Victims of Terrorism Association (Spain)
- European Grants (Spain)
- Caritas (Austria)
- Doctor Smile (Italy)
- DKMS German Bone Marrow Donor Center (Germany)
- Fundación Integra (Spain)
- Fundación Nuevo Futuro (Spain)
- Fundación Pablo Sarasate (Spain)
- Fundación Pequeño Deseo (Spain)
- Fundación Síndrome de Down Madrid (Spain)
- Fundación Víctimas del Terrorismo (Spain)
- Grupo APAC Nacional (Mexico)
- Hepatitis Hilfe (Germany)
- Internado Cecachi de niños indígenas de Oaxaca (Mexico)
- Kiwanis International (Benelux)
- Krebskranke Kinder for children with cancer (Germany)
- MAENAC (Mercosur)
- Make a Wish (Mexico)
- Medicus Mundi (Spain)
- UNICEF (Benelux)

Dissemination of Culture

NH Hoteles promotes culture through different initiatives such as the Mario Vargas Llosa Tales Award, which celebrated its 12th year in 2007. This award has become one of the most renowned short story prizes and enables dissemination of the work and recognition of its author around the world. The winning stories are published by NH Hoteles in three languages: Spanish, English and German, and are available in all hotel rooms as a free service for our customers. Since 1996, NH Hoteles have published these books in Spain, Germany, The Netherlands, Austria, Switzerland, Belgium, Argentina, Portugal, Chile, Cuba, Uruguay and Mexico.

A new dimension was added in 2007: "Most voted story online" which allows writers and readers to find out the works proffered (not just the winning ones), as well as vote for them online and accessing one of the awards for the winning story sent online.

Given our full commitment to culture, we wanted to find a new way of combining art and architecture through hotel interior design based on winning stories and the works of different artists. Although paintings as well as sculpture are common in the architectural spaces that house them, this time we wanted to explore the possibilities that literature provides for these areas.

For this purpose, and at the initiative of our Works Department, we selected the lift hall as the space to provide information on the award and provide details on the winning author. In this way we help promote literature and present future artists and writers. However, in busier areas of the hotel we opted for large-scale printing of some pages of the stories, highlighting some words that could be recognised and read while guests are coming and going to and from their rooms.

A pilot scheme of this new concept took place in 2007 at the NH Calderón hotel in Barcelona and we have incorporated it into our general design and specification guidelines.

In addition, NH Hoteles is committed to cutting-edge design with innovative constructions and hotels from outstanding architects. An example of these can be seen in the NH Constanza hotel, designed by the famous architect Rafael Moneo, and the NH Milano Fiera hotel (under construction) by the well-known architect Dominque Perrault.

As with our support for the arts, we also back the career of young artists and recognition of their work through our NH Stock Art collection through which the works of new talent are on display at our hotels. New hotel openings in 2007 have added to the list of artists and works of the NH STOCK ART collection, which now represents some 200 artists and over 3,000 original works. Some outstanding examples include:

- The new NH Puerto Sagunto has its common area walls covered by new frames for large-scale signature photographs, and also reproductions on backlit metal plate in all the hotel rooms and suites.

- Large-scale photographic murals are on display at NH Fuenlabrada, along with original artwork. At the NH Tenerife, collages on wood decorate the hall and signature photographs in black-and-white adorn the convention rooms.

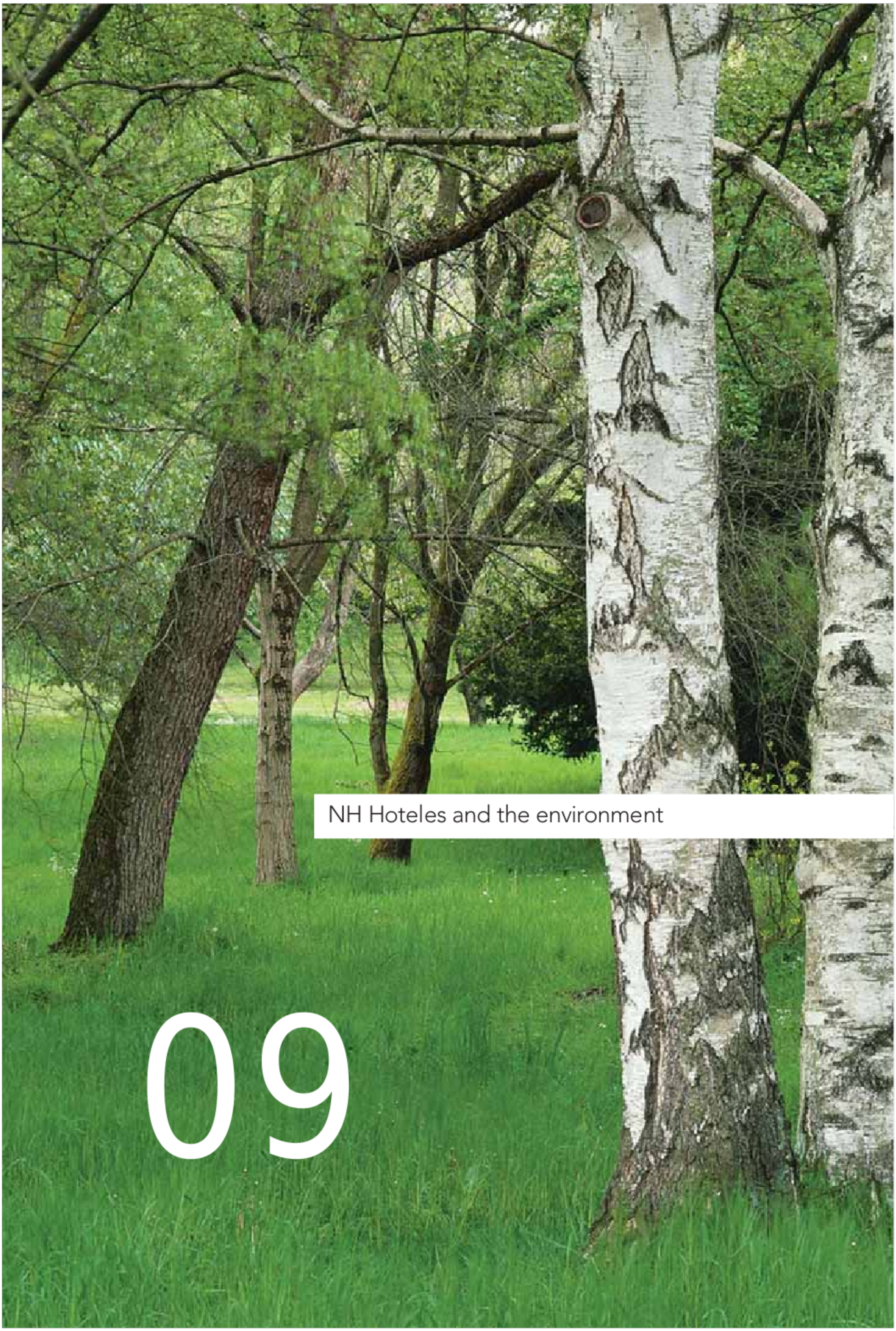
- There are two new hotels in Germany with original artwork from German and Spanish artists: NH Stuttgart Airport and NH Berlin Kurfürstendamm.

- A new hotel Collection in Barcelona, the NH Constanza, featuring signature architecture from the team of Rafael Moneo, where priority is given to the selection of international cutting-edge photography on new mediums, methacrylate, metal, etc.

- In Mexico, NH Santa Fe and NH Lancaster in Buenos Aires, new establishments that include art as part of the NH trademark.

Finally, members of the Projects department have announced a seminar on architecture and hotel design at the prestigious Bauhaus-Universitat Welmar faculty of architecture and design. The course content includes general criteria governing hotel design with special focus on efficiency and use of square metres as part of the integral perspective of sustainable construction.

NH Stock Art NH Pirineos
Lleida - España



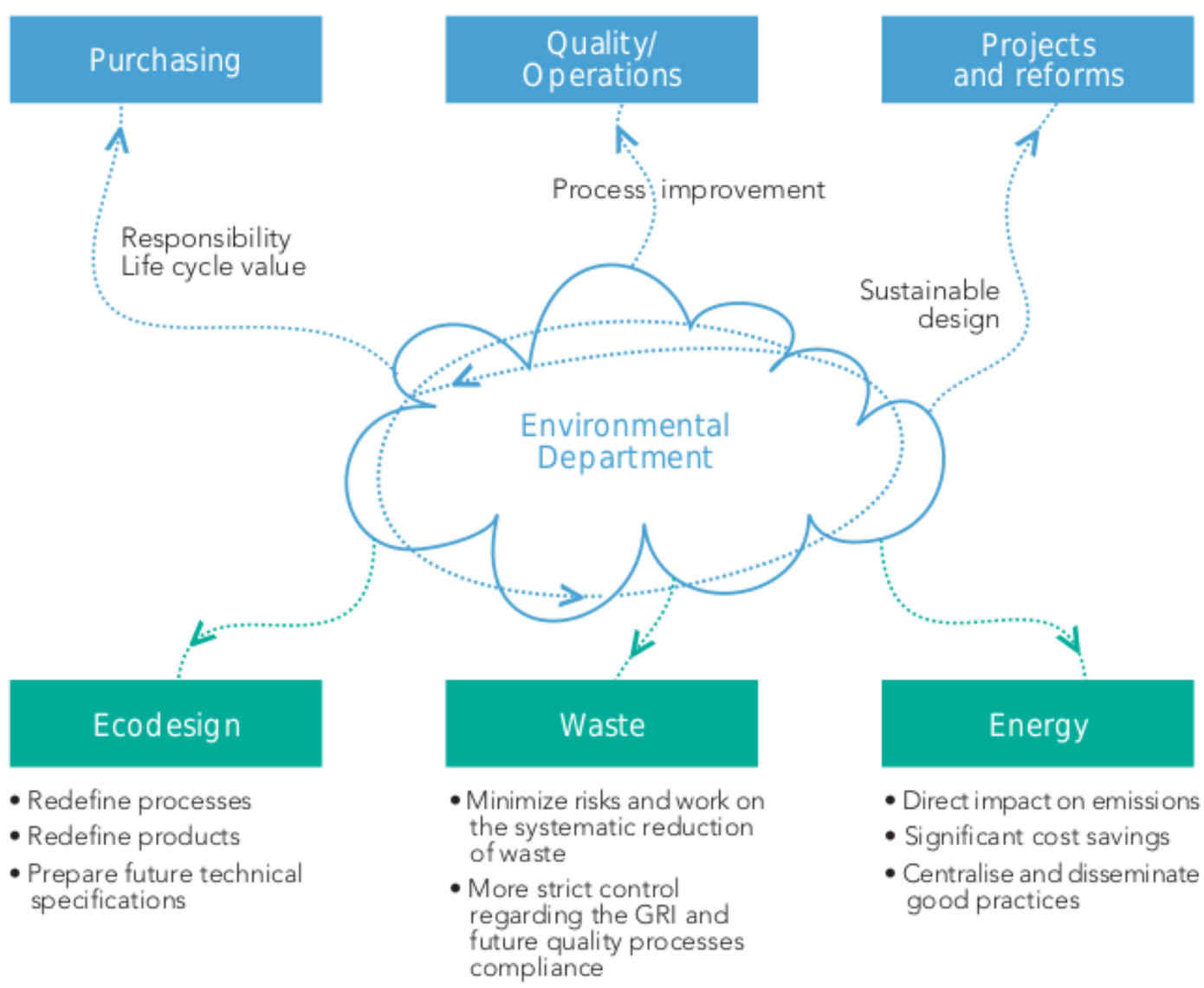
NH Hoteles and the environment

09

NH HOTELES AND THE ENVIRONMENT

Sharing the sustainability circle

We at NH Hoteles believe that the Environment is a public strategy given that we are in constant interchange with the setting in which we carry out activities and its upkeep and status depend on the way in which we perform our work. And also because, in a certain way, our relationship with the Environment represents our dialogue with future generations: we need to know their demands in order to provide these through the proper performance of our business, maintaining the environment.



Protecting the Environmental and the setting in which we operate is the only way to carry out long-lasting sustainable activity that is integrated into society and economically profitable. In an effort to prioritise management of this area, in 2007 we created a **Corporate Environmental Department** to drive the Environmental Policy of NH Hoteles, within the framework of the chain's Corporate Responsibility, as well as fostering ongoing improvement in this sphere. This department focuses on three areas: Ecodesign, Waste and Energy.

There is also an Environmental Committee, likewise created in 2007, that directly notifies the Chairman of NH Hoteles on the strategies adopted. This committee also generates the efforts required so that the changes the organisation has to adopt in this area reach the areas involved. The Committee is made up of the Directors from the Departments of Environment, Operations, Projects, Corporate Responsibility, Construction and Purchasing.

There are also workgroups in the environmental field for the development of specific improvement projects. In 2007 we created workgroups to assess the improvements in lighting efficiency for rooms; carrying out a study on minimising the impact on waste generated by the bathroom kit and for the e-payment project.

Environmental policy of NH Hoteles

In 2007 we set up an environmental policy for the Company, as a result of NH Hoteles's desire to be a benchmark in its sector in environmental treatment. The environmental policy has been endorsed by the Chairman and the board of the Company as a strategic line to define the working principles at NH Hoteles.

"NH Hoteles, a responsible Company in the tourism sector, undertakes to look after and respect the environment in the daily performance of its activities, products and services. Our aim is to be an example of an environmentally responsible Company committed to ongoing improvement, so that we can minimise the negative impacts caused to our environmental setting.

We have therefore adopted an Environmental Policy, with the following principles:

1. *To ensure that all activities satisfy current environmental legislation, as well as our policy and other environmentally friendly commitments acquired by NH Hoteles.*
2. *To set up a Waste Management Plan to minimise waste production. To foster selective refuge collection as well as the three R's rule (Reduce, Reuse and Recycle).*
3. *To promote the conservation of natural resources through reduction in consumption of water, energy and gas using the best clean technologies possible.*
4. *To promote training, raising of awareness and information with all NH Hoteles staff.*
5. *To inform our clients of our environmental undertakings and try to raise their awareness of what we do so that they can provide valuable collaboration.*
6. *To periodically review the environmental policy and its aims so that we can continually improve our environmental conduct."*

In collaboration with the Corporate Environmental Department and as a member of the Environmental Committee, the Corporate Projects Department has defined the Sustainable Construction Criteria on the basis of which we build and remodel our hotels.

Pilot room
NH Hoteles

Through optimisation and reorganisation of spaces (and of the functions implemented in these spaces) we are able to make better use of available square metres. The buildings that we plan and operate have spaces that are sized correctly and are interlinked so that the residual areas are reduced to the bare minimum. This optimisation of the square meterage is based on our areas benchmark and the final goal is client satisfaction.

We are convinced that in an efficient building, clients will have the service they deserve, our employees will have to travel less distance to reach service points and the energy required for the operation to be effective will be optimised in a similar fashion.

When we are carrying out refurbishments or adaptations we know that we will be dealing with hotels that have been planned and built in accordance with our benchmark, which will therefore lead to energy savings stemming from less materials and fixtures and fittings to be replaced.

We have also started to apply a new layout of room furniture at our hotels, which we have called the pilot room and which we have tested at two of our hotels under construction: NH Nica, NH Jolly Fidenze and NH Van Leijenverghlaan, as well as the refurbishment of the NH Zurbano. The design we have come up with is to provide the client with the same level of comfort and quality with the fewest pieces of furniture possible, creating spaces that are more open, accessible and comfortable, yet reducing furniture expenses. When we talk about "furniture expenses" we are not referring to economic expenses but rather environmental expenses, by reducing the consumption of raw materials, of energy costs in transportation and maintenance. This reduction of pieces of furniture also reduces possible workplace accidents.

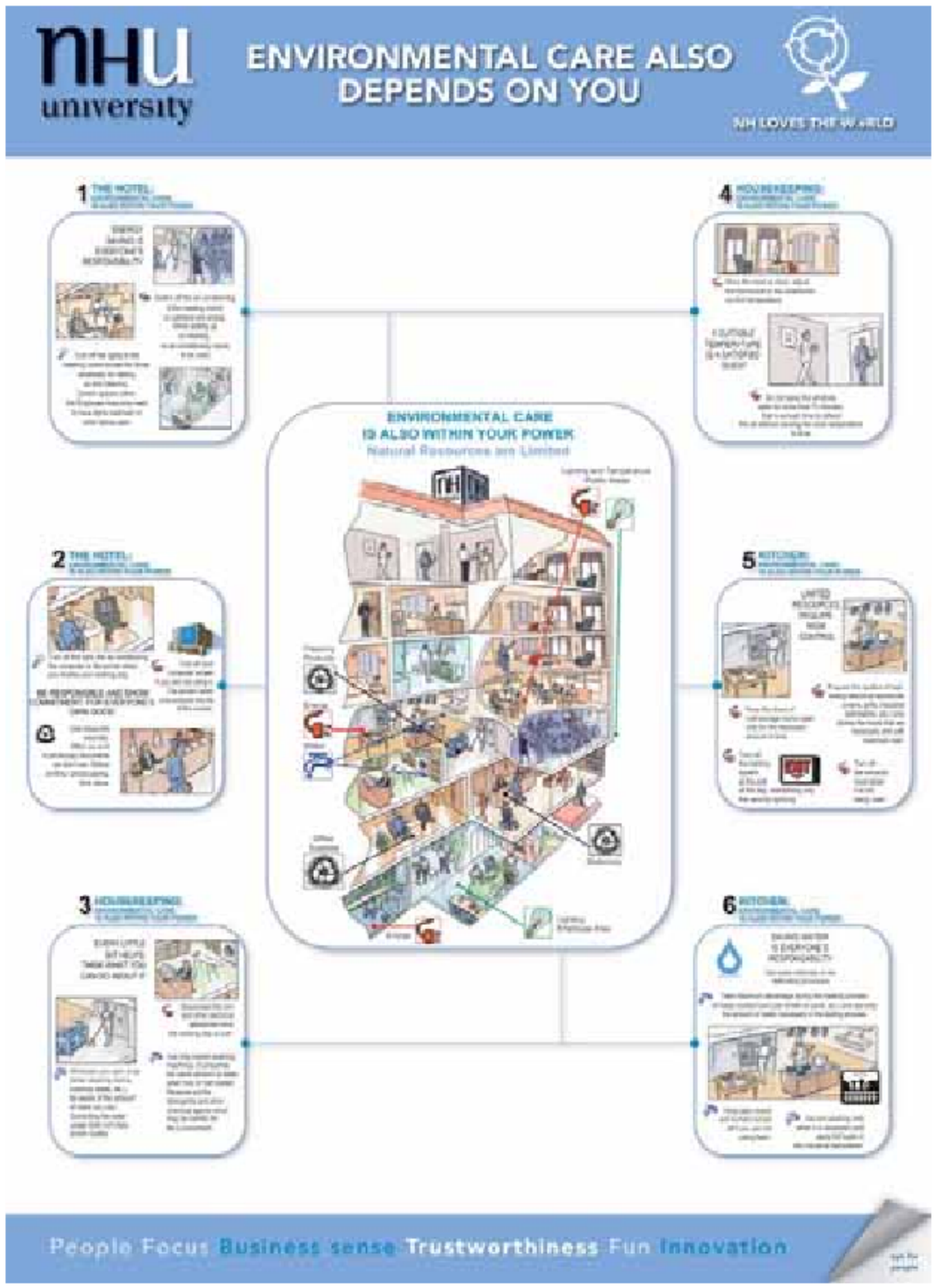
Pilot room
NH Hoteles

Pilot room

Room design instructions: to be able to use room space as far as possible and gain optimum distribution

Room finishes:

- For wooden floors we always seek suppliers that hold the FSC (Forest Stewardship Council) certificate.
- The size and layout of tiles and beams have been studied for the purpose of not wasting material and making sure these are used to the maximum.
- A single element can incorporate different functions, thereby saving a large percentage of energy in manufacture and use, for example using light mirrors in bathrooms, wardrobes with mirrored sliding doors and lamps built into the headboards.
- Twin flush WC to use less water and an aerator on the sinks.
- The lighting, heating and air-conditioning system will be switched on and turned off with a card system, saving energy in unoccupied rooms.
- Bright colours in the decor reinforce natural light, generating energy savings without overlooking client satisfaction and comfort.
- To be effective, the heating system is different in each country In northern Europe, a radiator system is used for heating while air-conditioning provides cool air.
- In southern Europe, with a warm or hot climate, the same ventilation system is used for heating as well as providing cool air.



"6 steps for the Rational Use of Natural Resources" programme.

All the positive effects of these sustainable criteria applied to one hotel can be multiplied when they are extended throughout the chain; for example, the entire hotel demand of a specific city can be dealt with using a smaller number of establishments.

As well as sustainability, the accessibility of our rooms is also very important to us. At NH Hoteles we have a standarized in the construction of rooms for disabled persons with the aim of taking these requirements into consideration in the design and construction of new hotels as well as the refurbishment of those that already exist in the design of architectural projects of new works and refurbishment of buildings.

This department is run by a person that specialises in Research and Development, responsible for improving and innovating our criteria of sustainability and accessibility.

In the Projects Department there is a person specialized in Research and Development, responsible for improving and innovating our criteria of sustainability and accessibility.

Environmental initiatives

We are aware that it is necessary to set up a global procedure at the Company to achieve significant objectives in minimising our impact and on the efficiency of our management. Our initial undertaking in 2007 was the drafting of the Environmental Policy from which we have set up many initiatives:

Waste management

All Business Units have implemented initiatives targeted at managing the waste we generate in our daily activity, and have laid down the guidelines of a Waste Management Plan:

- Signing a contract for the recycling of hazardous and inert waste generated at the NH Hoteles central offices in Madrid.
- Signing an agreement in Spain for selective collection of used hotel lamps.
- In Argentina the selective collection and removal of waste is supported by the public services for collection of inert waste. For recycling of paper, an agreement was signed between the NH Panorama Hotel and Corepa, with the money collected being sent to the Childrens Hospital.
- In Africa, the NH Lord Charles hotel works with the "Don't Waste Management Services" Company to recycle inert waste.
- On a global level, we reached agreements with officially approved companies for recycling of used printer toner, donating the money collected to different local projects in each location.

Reduction of paper, water, energy and gas consumption

Paper

Most paper consumed at NH Hoteles is associated to the invoices we issue and, to a lesser extent, the paper used in the offices.

In 2006 we came up with a project to minimise the impact of paper used in billing. The first stage of the project finished in 2007, replacing the invoices that were issued on A4 size paper with a smaller format such as A5, which has led to a reduction of 12,348 kg of paper consumed.

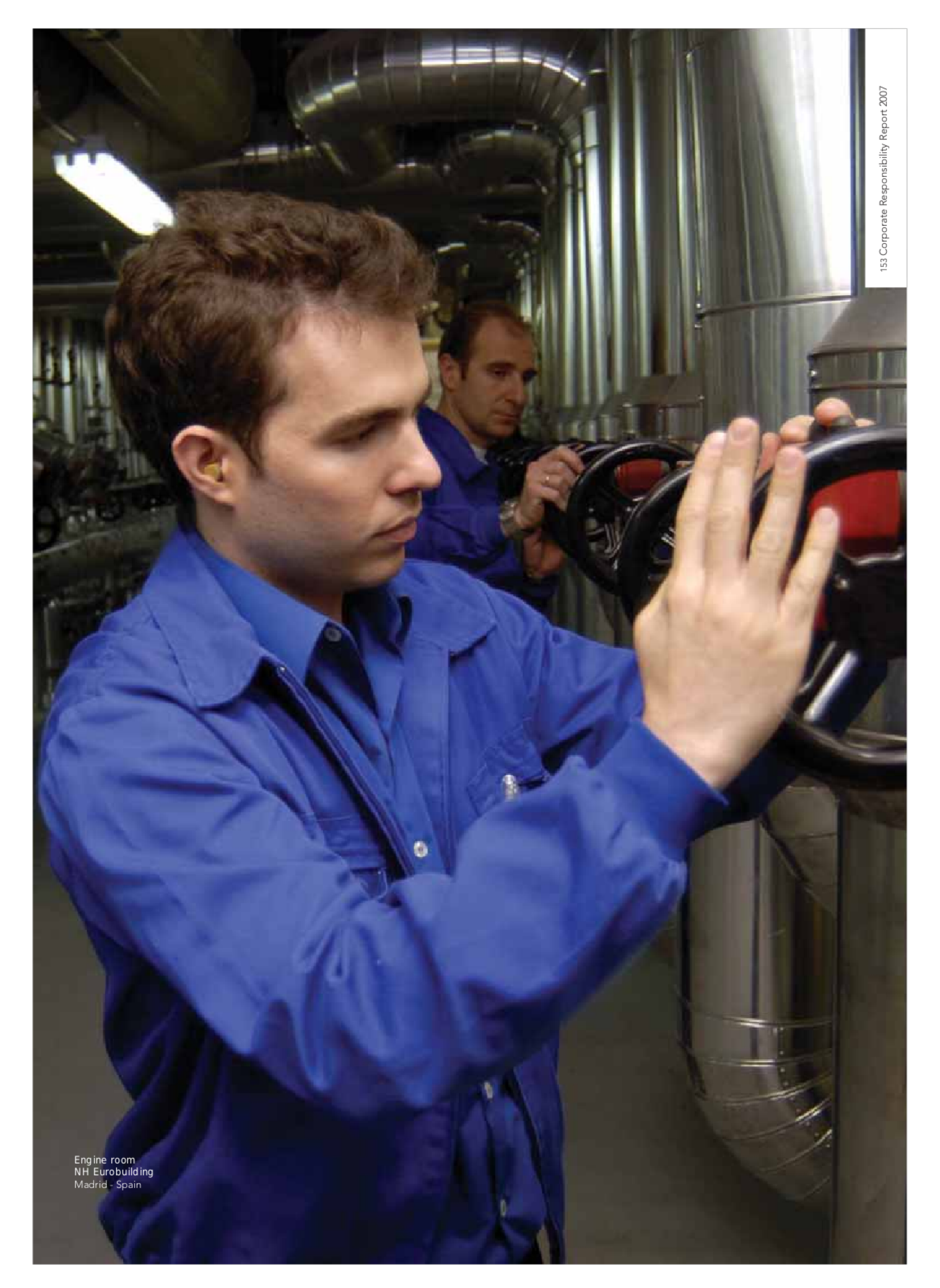
For the consumption of paper at the central offices, just taking into account the A4 and A5 sizes, we saved 5% in 2007. This accounts for a reduction of 681.22 kg in paper consumption.

In 2008 we shall continue to improve this process to keep reducing our paper consumption.

Water

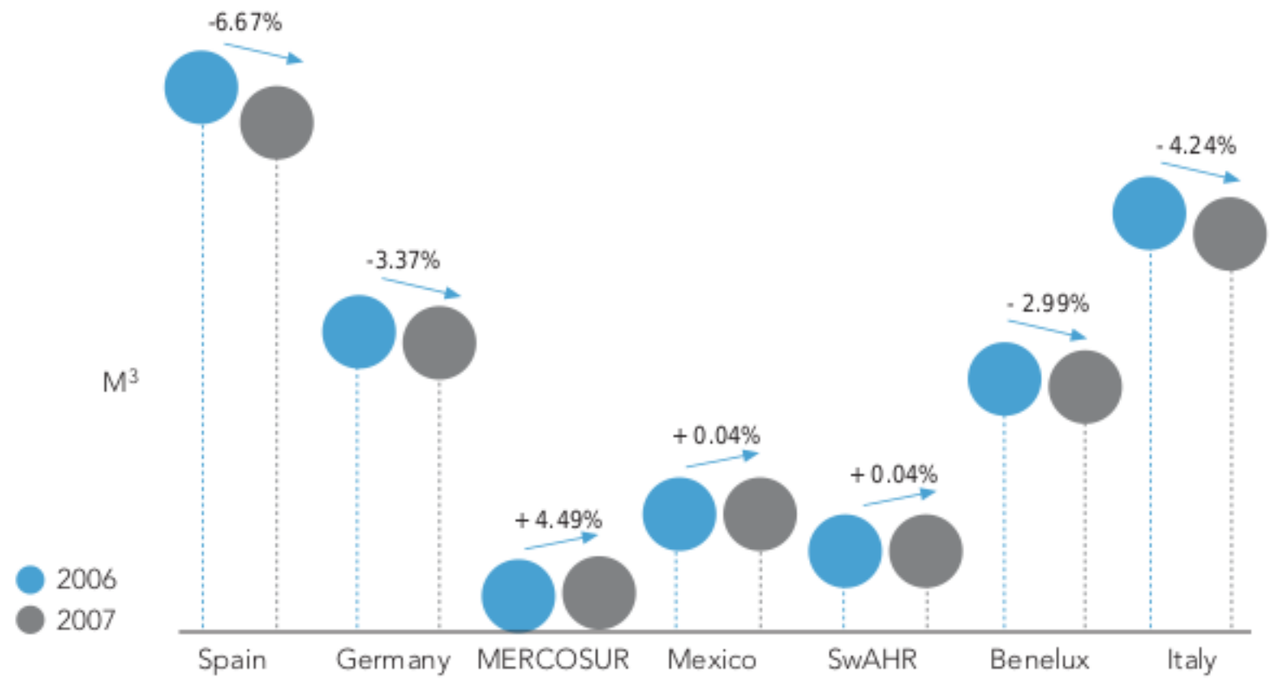
Water is essential. In the case of our business, water is vital for wellbeing and quality of our service. Yet it is also the focus of debate on future scarcity and the means of accessing water.

Our environmental commitment means that we drive effective savings policies, given that consumption at our hotels is very stable and solely depends on our volume of activity. The kitchens and rooms account for the largest consumption, and in 2007 we continued setting up efficient technologies that lead to a reduction in consumption and, indirectly, a reduction in our emissions of CO_2.



Engine room
NH Eurobuilding
Madrid - Spain

Water usage levels for each country:



Comparable Hotels	81	48	7	9	13	26	27

As far as the management and discharge of waste water, given that our hotels are of the urban type they all use the Local Sewage Network.

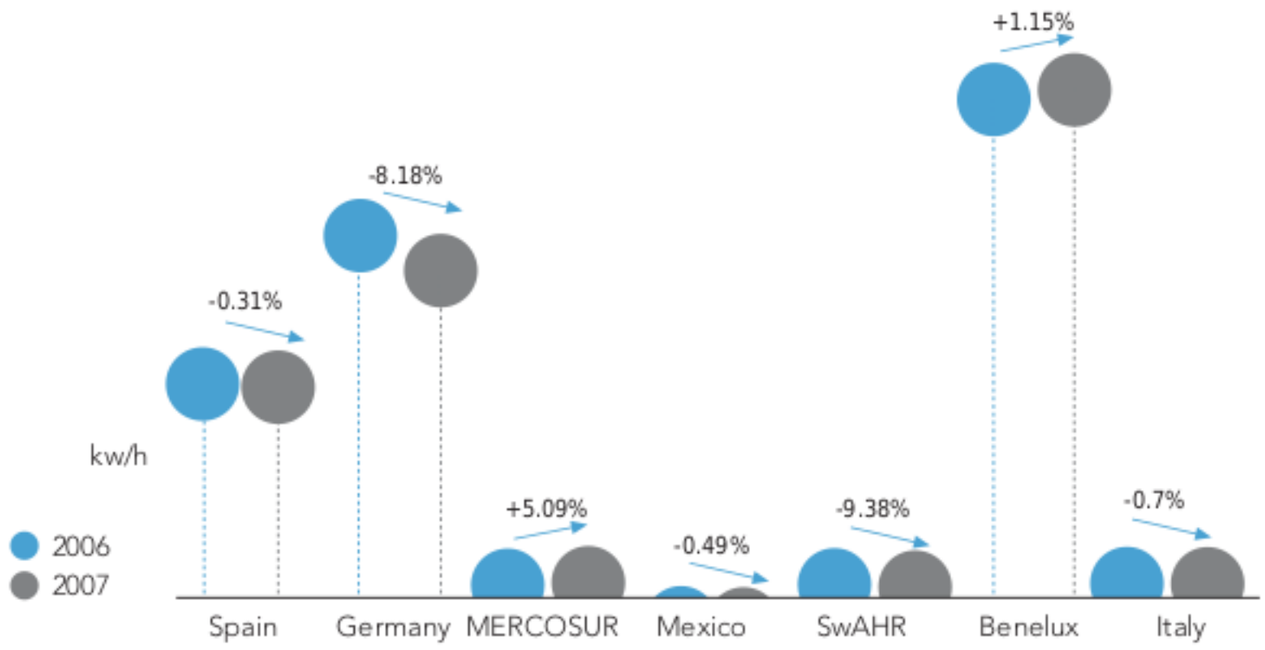
Gas and Fossil Fuels

These are mostly used in kitchens and above all in hot water and heating. Our efforts have therefore focused on boosting the energy efficiency of our hotel boilers. More specifically, in central Europe where the climate requires more heat to be made available, we have set up a boiler system that comprises programme control of the boiler burners (Esa-therm Programme). These are some of the data that show the efficiency of this system:

HOTEL	kWh	kWh	DIFF %	OCCUP.07	DIFF OCCUP%
NH Frankfurt Airport	1,120,995	923,476	-17.62	83.03	16.26
NH Frankfurt Mörfelden	2,219,179	1,855,137	-16.40	61.81	-4.16
NH München Unterhaching	906,008	787,060	-13.13	59.75	-0.80
NH München Airport	1,387,071	1,276,671	-7.96	63.88	6.46
NH Parkhotel Deggendorf	1,164,205	1,070,530	-8.05	61.53	13.63

This programme is producing average savings of 10% at each hotel where it has been set up. The system controls when the burners come on, as this is the procedure in which energy consumption and loss of heat is higher.

The results for comparable hotels with regard to fossil fuel consumption in 2007 were as follows:



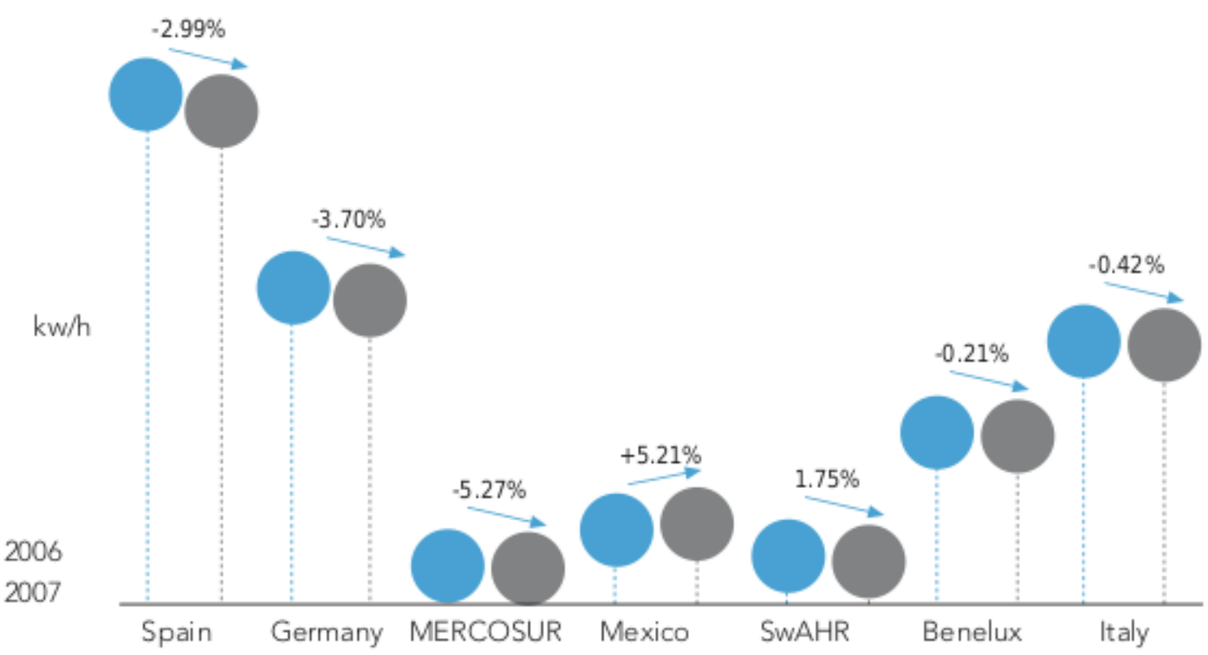
Comparable Hotels	70	48	10	9	14	24	27

NH Avenida Jerez
Jerez de la Frontera - Cádiz - Spain

Electricity

This is the most consumed resource at our buildings and we are aware that this consumption produces most of our CO_2 emissions. To tackle this, since 2003 we have set up an energy efficiency programme called Energy to continually reduce our consumption. Moreover, in Spain in 2007 we contracted 66 electricity supplies with a "Source Guarantee", which proves that the energy used comes from renewable sources and from high-performance cogeneration.

We are aware that this is one of the areas in which we have to improve, although our progress in efficiency can be seen year on year. Among comparable hotels, in 2007 our electricity consumption - at comparable hotels - was as follows:



Comparable Hotels	93	50	10	9	13	25	27

Training, sensitisation and raising awareness

The implementation of energy efficiency processes is not enough to raise ecological awareness, and we at NH Hoteles believe that training and sensitisation of the entire organisation is extremely important. One of the bastions of our ethical conduct with the environment is to keep all our employees informed and encourage everyone to come up with new ideas and actions that help minimise our impacts, constantly innovating and improving our processes.

We therefore continued with training days in 2007 for all managers in charge of hotel maintenance, as part of a specific training programme. We have also involved the entire workforce through the launch of posters in the languages of those countries where NH Hoteles has a presence, reminding everyone of the importance of using resources properly. We continue to provide the Training Programme to provide instructions on "Energy Savings Management". The purpose of this Manual and training course is to raise awareness of the rational use of resources and give practical applications based on practical experiences at the hotels for consumption saving, focusing on the key supplies: electricity, gas and water.

As a result of our efforts to involve all employees, we also have the NH Responsible Idea Programme which was carried out in the last quarter of 2007. We received 343 suggestions, mainly concerning reduction of consumption, energy efficiency and collaboration with not-for-profit enterprises with an environmental slant. The high participation in this programme reveals the involvement and awareness of the entire workforce.

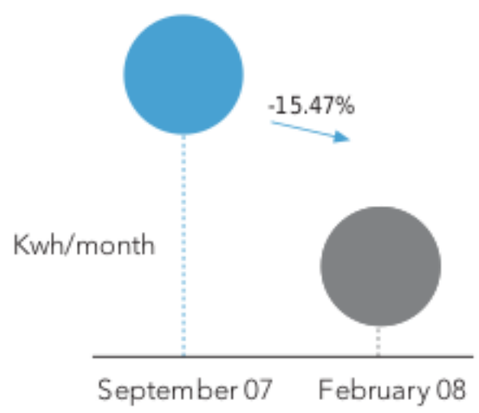
We also publish a Newsletter and distribute this internally to all the Business Units. This newsletter provides information to all employees and raises their awareness with regard to best practices that are being set up and put into operation at the Group's hotels.

This commitment to training and improving our environmental has led us to take part in the second Energy Trophy through our headquarters in Spain. This is a competition supported by the European Commission, as part of the IEE programme (Intelligent Energy Europe), which seeks to raise awareness of companies and public authorities with regard to saving energy at offices, using low-cost or no-cost measures.

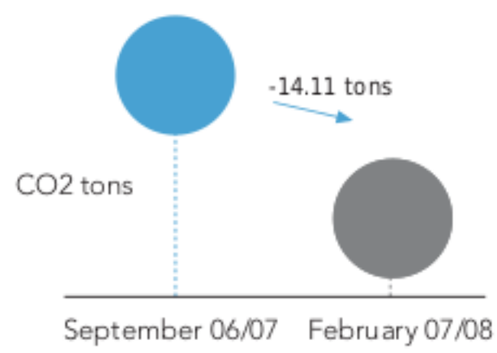
If we win the prize, we will donate it fully to the SEO/Birdlife NGO for the protection of birdlife and nature.

The programme, which commenced in September 2007, is showing very encouraging results, as the following charts show:

Consumption Kwh/month



CO2 emissions



This programme has also helped to set up a new measure of raising awareness, which we hope to extend to all hotels: It revolves around the use of screensavers to give training messages in environmental and energy saving issues, to encourage everyone to continue in our energy-saving tasks.

In 2007 we have set up a further initiative in relation with the initial projects in the eco-design area, to introduce the environmental variable into all of our operating spheres. The main projects of 2007 were:

- Selection of new computer servers.
- Selection of high-performance lamps for rooms.
- Selection of medium voltage transformers for loss analysis, which has enabled us to save 11.2 tonnes of CO_2 emitted. (NH Calderón).
- Use of the thermograph method for installation of walls and selection of carpentry in refurbishments. (NH Eurobuilding).
- Ecological urinal project with zero consumption of water. Currently installed in the NH Eurobuilding with consumption saving of 1,197,200 litres of water per year.

Certificates, audits and energy improvement

NH Hoteles's key activity is the urban hotel trade not subject to environmental studies. However some specific projects are carried out and have received the pertinent local authorisations and permits for the establishment of hotels.

We comply strictly with current legislation at a local level at each of our hotel sites, but we do not have a common guideline of obtaining a general certificate at corporate level because we want to set up our own excellent environmental management process, as we have already done with the quality process. Our first step was the approval of the Environmental Policy and the implementation of eco-efficient initiatives.

In any case there are Business Units where there are global or local certifications at a hotel or group of hotels level, either because this is required by legislation or because it was deemed beneficial for the specific establishment. The certifications we hold are:

- ISO 14001: this is an international standard for certification of Environmental Management Systems based on common criteria. Its objectives include, inter alia, ongoing improvement and minimisation of environmental impacts. We have 4 hotels of the Business Unit in Italy that hold this certification.

- Green Key: this is an eco-label for tourist facilities, the purpose of which is to contribute towards sustainable tourism development, rewarding and promoting good practices. It is based on common international criteria, obligatory in all countries, as well as more specific criteria at a national level, in accordance with national legislation, infrastructures and culture. 15 of our hotels of the Benelux Business Unit have this certification.

- Single Environmental License: hotels in Mexico F.D. have to pass an environmental audit for the purpose of checking whether the water, air, waste, noise and vibration regulations are duly satisfied. This document certifies that the hotel complies with environmental regulations. We have 3 hotels certified with this official stamp in Mexico.

- Environmental Certificate: this audit is not compulsory for the remaining hotels in Mexico. Even so, the Ecology Department of each location carries out controls for the same criteria and issues an Environmental Compliance Certificate in the event that the assessment is positive. Although it is not compulsory, a further 3 hotels in Mexico have received this certification.

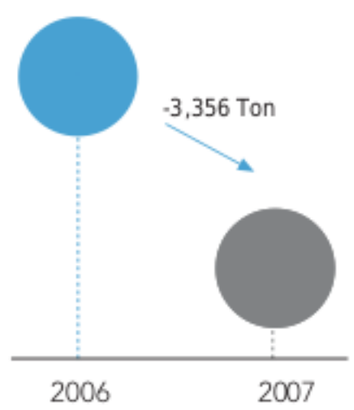
- Catalonia Environmental Licence: an initial environmental control takes place at hotels in Catalonia when they are put into operation. This is coupled with subsequent controls every five years, for the purpose of ensuring that the facilities and the activity remain in line with the applicable legal requirements. Our 17 hotels in the area have obtained this licence.

Fauna at the La Reserva Golf Club
Cádiz - Spain

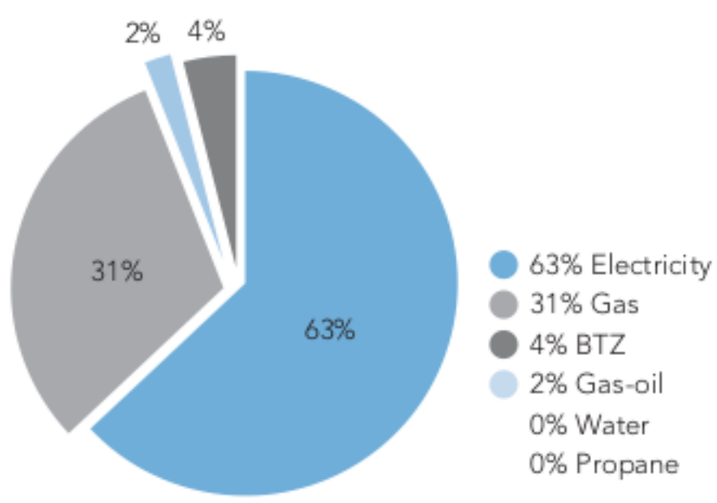
For the purpose of carrying out feasibility studies and energy efficiency audits of the mechanical and heating conditioning facilities at hotels in Spain, we have signed a collaboration agreement with Remica. During 2007, this leading Company in the energy management sector audited hotels in the central part of Spain (over 40), to establish an advanced programme of energy efficiency in the heating and cooling installations. The idea is to set up a global efficiency plan that enables a large reduction of CO_2 in the use of conditioning facilities at our hotels, by incorporating the latest technologies in this regard.

As part of improving our energy efficiency management, since 2006 we have been incorporating solar energy facilities at our new hotels that are built in Spain. There is currently a total amount of 613.30 m^2 of solar panels, generating 615,600 Kwh/year. We added an additional 137 m^2 in 2007 at the NH Constanza hotels in Barcelona, with estimated emission-free thermal energy generated of 113,065 kwh/year.

CO2 emissions (Ton)



CO2 emissions % in 2007



In 2007 we compared our CO_2 emissions by checking the overall reduction, broken down by energy sources, for comparable hotels:

With regard to chlorofluorocarbon emissions, we are aware that these are the most detrimental to the environment as they destroy the ozone layer. We have therefore introduced the technical specification since 2000 at all new hotels, as well as refurbishments and replacement of any equipment, whereby these do not use cooling gases that were classified as those that destroy the ozone layer. Based on these guidelines, only equipment with R-407c or R-134a are used, and the R-22, for example, is no longer used.

Sotogrande Golf Courses

Golf courses have a huge environmental impact on their surrounding environment. Because of this, since we started building the Sotogrande golf courses, we have carried out the actions required to minimise this impact and ecologically reinvigorate the impact area.

In 2007 we focused our environmental management along four basic lines:

- Water management
- Fauna control
- Preliminary studies for obtaining environmental quality certificates
- Landscaping and recovery of La Reserva Golf Club

Water Management

The irrigation system and distribution of sprinklers was reviewed and redesigned in 2006, in line with the areas that have been replanted since construction. The maintenance tasks were also reorganised. This entailed a huge economic and technical cost that was recompensed in 2007 with a 10% reduction in consumption, leading to a final consumption figure of 348,000m3 for the 55 hectares of the golf course.

In 2007 we also ensured that a large part of this consumption comes from the purified water of Terciario de la Depuradora de Sotogrande S.A. Also worthy of mention is the cleaning of the accumulated sand and cement at the bottom of the irrigation lake. This cleaning has enabled the water storage level at our facilities to increase and therefore refill it more efficiently during the winter rainfall.

Fauna Control

For several years now the Almenara and La Reserva courses have suffered damages caused by wild pigs (similar to boars). These animals have caused huge damages due to the amount of land affected and the frequency of these damages. At the end of 2006, together with the Legal Department of Sotogrande S.A., the procedures were put in place to obtain special licences to control these animals at our facilities. As a result of this, we now have agreements with the Ministry of the Environment of the Regional Government of Andalusia for collaboration in controlling the population levels of these animals More than 32 animals have since been captured and handed over to veterinarians of the Regional Government of Andalusia.

Landscaping and Revegetation

As well as creating numerous flowering areas, a great many trees have also been planted. These have come from the digging of foundation for housing, from Subsector 50 road building, from the Alcornoques de Sotogrande S.A. nursery as well as other nearby nurseries. A total of 792 carob trees, cork trees and wild olive trees have been planted with a survival rate of over 85%, a very successful figure when you consider that these are adult trees. All of these trees have been photographed, identified and classified in order to maintain a lifelong register.

Environmental Quality Certificates

At the beginning of 2007 and faced with the need to set up environmental measures for the Sotogrande Golf Courses, we hired an engineer from the Escuela de Ingenieros Agrónomos (Association of Agriculturists). In order to adapt the facilities to subsequent legal modifications, we carried out an audit of our facilities in 2007 at the same time as other actions were being carried out. Based on this audit, we hope to complete all the steps required to obtain the Environmental Quality Seals in 2009.

Sotogrande
Cádiz - Spain

Recognition and Awards

As evidence that we are progressing along the right environmental management path, and also as motivation to continue working wherever we can improve, throughout 2007 we were awarded recognition and awards such as the 2007 Sustainable Tourism Award given by the "Ejecutivos" magazine, for our Sotogrande facilities. This year we also won the Premio Madera Verde de Responsabilidad Ambiental (Environmental Responsibility Award), given by the Spanish Golf Federation and the Association for the Promotion of Sociocultural Activities, also for the Sotogrande golf course.

Key Environmental Indicators

Water consumption savings	
Spain	-6.67%
Germany	-3.37%
MERCOSUR	4.49%
Mexico	0.04%
Switzerland / Austria / Hungary / Romania	0.04%
Benelux	-2.99%
Italy	-4.24%

Fossil fuels comsumption savings	
Spain	-0.31%
Germany	-8.18%
MERCOSUR	5.09%
Mexico	-0.49%
Switzerland / Austria / Hungary / Romania	-9.38%
Benelux	1.15%
Italy	-0.7%

Electricity consumption savings	
Spain	-2.99%
Germany	-3.70%
MERCOSUR	-5.21%
Mexico	5.21%
Switzerland / Austria / Hungary / Romania	-1.75%
Benelux	-0.21%
Italy	-0.42%

Sun energy generation	615,600 Kwh/year
CO_2 emmissions reductions	-3,356 tons

Reforestation scheme
Sotogrande
Cadiz - Spain

NH Hoteles and its Corporate Responsibility Evolution

10

NH HOTELES AND ITS CORPORATE RESPONSIBILITY EVOLUTION

FITUR 2008
Madrid - Spain

What we achieved in 2007 and what we undertake to do in 2008

CORPORATE RESPONSIBILITY MANAGEMENT

2007 milestones	2008 commitments
We have delved further in our risk map, identifying the key economic, environmental and social impacts.	We will complete the risk map with an assessment of each of these and a management control system for each risk.
Appointment of an Independent Corporate Responsibility Director.	Review and comply with the Corporate Responsibility Director Plan.
Compilation of a 2007-2010 Corporate Responsibility Director Plan.	Design of a Corporate Responsibility Management Scheme and quarterly tracking of the Corporate Responsibility Performance Indicators on the Corporate Responsibility Committee with a report to the Chairman and Corporate Responsibility Director.
Preparation of an Action Plan, including a compliance review procedure for each chairmanship.	Publication of the 2007 report.
Publication of the 2006 Corporate Responsibility Report.	We obtained a B+ rating through GRI for our Report with external verification.
We obtained a C rating through GRI for our Report with internal verification.	Publication of the annual UN Global Compact Progress Report.
Publication of our first Progress Report on the Principles of the UN Global Compact.	To standardise these meetings for discussion on the Corporate Responsibility Director Plan and the Action Plan.
Annual meeting of managers from each Business Unit.	Distribution of the management scheme to those in charge of each area or business unit to get full and accurate information on our Corporate Responsibility performance indicators.
Creation of a Management Scheme to facilitate and specify the information and report on the Corporate Responsibility performance indicators.	To continue with the Communication Plan unconnected to our 2007 Report.
Communication Plan unconnected to our report: more than 400 sent to strategic public .	To foster dialogue with stakeholders and continue to increase the number of citizens in the presentation of our new corporate responsibility initiatives Four special project presentation events will be carried out in 2008, targeted at suppliers to consolidate relationships and improve feedback.

SHAREHOLDERS

2007 milestones	2008 commitments
Reporting information to SIRI, enterprises that engage in sociall responsible investment management.	To increase the number of reports to enterprises that engage in sociall responsible investment management.
Provide information on the 2006 Report compiled by EIRIS, an enterprise that manages participation on the FTSE Ibex, in light of a possible listing on this index.	Review of the level of complying with criteria for possible listing on the FTSE Ibex.
A review of the Code of Good Governance was put forward.	Elaboration of a new Code of Good Governance to meet the recommendations of the Unified Code of Good Governance.

EMPLOYEES

2007 milestones	2008 commitments
Improve the IntranHet and encourage use of the Employee's Inbox.	Continued to improve this communication tool with a more dynamic and interactive contents.
More employee participation: Idea NH Programme and launch of publications such as the Corporate Responsibility Newsletter.	All employees will be informed of the results and the company will deploy the Action Plans drawn up from the results of the employee satisfaction survey.
Satisfaction survey.	Launch of the NHU Certification Programme.
Increase investment in training and in training hours.	Launch of 15 new training projects for e-learning and the new Workplace Prevention of Risks course.
Performance Management Procedure with an increase of 25% in participation. Inclusion of the Multisource Assessment for directors.	Implementation of the Action Plans stemming from this tool at all Business Units.
Design of a tool to detect absenteeism rates.	Design of a Equality Planning to Spain.
Outsourced study and analysis of the Company in areas of Equality.	To define a Corporate Policy of Diversity, laying down markers to track its level of compliance at all Business Units.
	Putting into operation of the 2008 Absenteeism Plan at all Business Units.
	Internal Communication Plan for raising awareness and training in Corporate Responsibility for employees.

CLIENTS

2007 milestones	2008 commitments
Procedures" with our 100 quality points.	Continue with these assessments and extend the mystery Guest to 100% of hotels.
Quality assessment: Mystery Guest at 182 hotels; benchmark with the key sector companies; customer satisfaction survey.	Include sustainability questions in customer questionnaires.
Fundamental action from the Department of Integration for hotels that join the chain, in the case of Jolly and Framon.	Set up Action Plans based on the Quality Assessment.
Product innovation: BoNHocio, Upselling, payment gateway, e-billing.	Extending the Payment Gateway to 100% of hotels in The Netherlands and Spain and exceeding the target of one million e-invoices.
Change of the Company's corporate image.	Increase customer surveys to 3 per year.
Inclusion in the "100 tourist accommodation sites accessible to everybody" guide.	Double the number of internal audits.
Creation and set-up of the QF structure.	Preparation of 10 new procedures.
100 NH Quality Points.	Search for new sources of information.
Sources of collecting information: Mystery Guest, customer surveys, JD Power…	Continue with innovation of products and services adapted to social or environmental needs of customer groups.
Quality measurement level Data Quality Base.	Continue to develop accessibility solutions at hotels as well as on the corporate web site.

SUPPLIERS

2007 milestones	2008 commitments
Preparation of the Suppliers Code of Ethics, signed by 233 suppliers.	Extending this Suppliers Code of Ethics to the remaining Business Units.
Suppliers Satisfaction Survey at the Spanish Business Unit.	Establish annual frequency for this satisfaction survey and extend it to the remaining Business Units.
Design of a transactional web for suppliers, from request for supplies through to e-billing.	Set up this pilot project at a European level.
	Creation of a sourcing team focused on looking for suppliers that offer the best solutions in social and environmental terms.
	Anticipated signing of a framework research agreement with one of the largest suppliers of polymers for the joint development of biodegradable products.

SOCIAL ACTION

2007 milestones	2008 commitments
Set-up of the Corporate Responsibility-Social Action Director Plan established in 2006.	Review of the strategy for identifying social projects. Focus on collaboration in social products that rank us locally as " favourite neighbour".
Reinforcing the figure of Corporate Responsibility Manager at each business Unit or country.	Local Communities Relations Plan Impact on the image and local reputation of the chain.
Holding of two "NH DAYS", in Madrid and Tenerife.	Increase the amount of solidarity money collected through the BoNHo Ocio Programme.
Second Christmas Campaign with employees' collaboration.	Definition of the donation programme of points (employees, clients and shareholders) to social and environmental projects promoted by NH Hoteles.
Increase of investment contributions in employees' social action through "Employees' rate" and the "Friend's Voucher".	
Collaboration agreement with the Fundación Lealtad to identify the most transparent enterprises with which to work.	
Participation at the Forética MarketPlace with twin initiatives: NH DAY Tenerife and Fundación Padre Mario Project.	
New designs for hotels that combine art and architecture.	

ENVIRONMENT

2007 milestones	2008 commitments
Creation of the Corporate Environmental Department and the Environmental Committee, made up of different departments.	Creation of workgroups to improve electrical and lighting efficiency, etc.
Drafting and publication of our environmental policy and definition of sustainable construction criteria.	Continue implementing the paper reduction project and standardise the electronic invoice.
Design of the "pilot room" and implementation at two hotels.	Allocate a possible award in this competition to the SEO/Bird Life NGO.
Reduction of paper at the first stage of the project that we first came up with in 2006.	Strengthen this area and provide it with greater content.
Training programmes on saving energy and implementation of the results of the NH Responsible Idea Programme.	Continue with the audits and set up a Global Efficiency Plan.
Participation in the Energy Trophy competition.	Establish an emission reduction plan for the 2008-2010 period.
Initial projects from the Eco-design area.	Continue progressing in environmental management of Sotogrande to obtain the environmental Quality Seals in 2009.
Signing of a collaboration agreement with the Company Remica, the leading firm in energy management, auditing 40 hotels in Spain.	Assess the feasibility of increasing use of renewable energies at our hotels.
Measurement of our CO_2 emissions.	Plan for measurement and management of waste, both hazardous as well as waste that is generated as standard at works and hotels.
Audits and improvements in management of the Sotogrande Golf Courses.	Create a specific Environmental area on our corporate web site, providing information on our commitments and actions.
	Design for communication of a catalogue environmental measures to be included in the management by objectives of the Business Units and hotel management departments.

NH The Lord Charles
Ciudad del Cabo - South Africa

AUDIT REPORT

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Verification Report

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the readers of this Report

Introduction

We have been engaged by NH Hoteles, S.A. (NH Hoteles) to review the non-financial information corresponding to the year 2007, included in its Corporate Responsibility Report 2007 (hereinafter the Report). Preparation of the Report, including identification of material issues, is the responsibility of NH Hoteles Management. This information is circumscribed to the contents of the sections entitled Economic Dimension, Environmental Dimension and Social Dimension included in the part entitled "Global Reporting Initiative G3 Required Level B+ Indicators".

Scope

In the Report, NH Hoteles describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the information relative to the indicators used by NH Hoteles to comply with Global Reporting Initiative Version 3 (GRI G3) criteria included in the part entitled "Global Reporting Initiative G3 Required Level B+ Indicators" of the Report and mentioned in the above paragraph, and offer readers a limited level of assurance, according to the ISAE 3000 standard, that:

- The quantitative data regarding the GRI G3 indicators have been obtained reliably.
- The qualitative information regarding the GRI G3 indicators is adequately supported by internal or third party documents.
- The application of the GRI G3 Guidelines for B+ level of application whose self declaration has received the confirmation from Global Reporting Initiative.

Review criteria

Our work has been carried out in accordance with the International Standard for Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Among other requirements, this standard establishes the following:

- The engagement team should possess specific professional knowledge and skills necessary to understand and review the information included in the Report, and its members meet the requirements established in the IFAC Code of Ethics for Professional Accountants to ensure their independence.
- When providing limited assurance on the information, which is a lower level than reasonable assurance, a conclusion limited to the work undertaken is used.

In our revision the GRI G3 Guidelines principles and criteria have been followed, as it is these that NH Hoteles has applied in the preparation of its Report and whose understanding and application is described in the part entitled "Governing principles of this report".

Work performed

We have reviewed the reliability of the quantitative data and other qualitative information included in the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report
- Review of the systems used to generate, aggregate and facilitate the data
- Scope analysis and analysis of the presentation of information
- Review by sampling of the calculations carried out at corporate level and their consistency
- Revision that other information included in the Report are adequately supported by internal or third party documentation

Conclusions

Based on the work described above, we have not observed circumstances indicating that the data included has not been obtained by reliable means, that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG ASESORES, S.L.

(Signed)

Julián Martín Blasco

26 May 2008

GLOBAL REPORTING INITIATIVE G3 REQUIRED INDICATORS B+

The GRI (Global Reporting Initiative) has verified that the 2007 Corporate Responsibility Report of NH Hoteles meets the standards in its G3 guidelines, giving it an application level of B+.

GLOBAL REPORTING INITIATIVE G3 REQUIRED INDICATORS B+

CRR= Corporate Responsibility Report

Indicator no.	PROFILE	Report page
1.	**Strategy and analysis**	
1.1.	Statement by top manager on importance of sustainability to organization and its strategy.	6-8 CRR
1.2.	Description of main impacts, risks and opportunities.	63-67 CRR
2.	**Profile of organisation**	
2.1.	Name of organisation.	6, 28 CRR 76 GGR
2.2.	Principal brand trademarks, products and/or services.	6-8, 34-55 CRR
2.3.	Operational structure of organisation.	12-15, 42-47 CRR 92 GGR
2.4.	Location of central office of organisation.	76 GGR
2.5.	Number of countries in which organisation operates.	12-13 CRR
2.6.	Nature of ownership and legal form.	76 GGR
2.7.	Service markets.	12-21 CRR
2.8.	Dimensions of reporting organisation.	28-33, 88 (Table) CRR
2.9.	Significant changes during period covered by the report in size, structure or ownership of organisation.	76,77, 91-92 GGR 16-27, 32-33 CRR
2.10.	Awards and honours received during the reporting period.	8, 17, 48, 88, 109, 122, 138, 162 CRR
3.	**Parameters of report**	
	REPORT PROFILE	
3.1.	Period covered by information contained in report.	6-8, 76-77, 79 CRR
3.2.	Date of most recent prior report.	71 CRR
3.3	Presentation cycle of reports (annual, biannual, etc.).	79 CRR
3.4.	Contact point for matters related to the report or its content.	71 CRR
	SCOPE AND COVERAGE OF REPORT	
3.5.	Process of defining content of report.	62-79 CRR
3.6.	Scope of report.	76- 79 CRR
3.7.	Indicate the existence of limitations to the scope or coverage of report.	76 CRR
3.8.	Basis for including information in case of joint ventures, Subsidiaries, leased facilities, subcontracted activities and other entities that may substantially affect comparability between periods and/or organisations.	62-67 CRR
3.9.	Techniques for measuring data and basis for making calculations, including hypotheses and techniques underlying the estimates applied in the compiling of indicators and other information in the report.	8, 77 CRR
3.10.	Description of effect that re-stating information. None (restatement of information) belonging to previous reports, restatements along with reasons for restatement to previous report.	No restatements of previous report.
3.11.	Significant changes from previous periods in the scope, coverage and methods of valuation applied in report.	No restatements of previous report.
	INDEX OF CONTENT OF GRI	
3.12.	Table that indicates location of basic contents in report.	170-175 CRR
	VERIFICATION	
3.13	Present policy and practice related to external verification of report. If verification report not included in the sustainability report, the scope and basis of any other verification. Clarification must be provided of relationship between the reporting organisation and the supplier(s) of the verification.	78, 170-171 CRR
4.	**Governance, commitments and participation of stakeholders**	
	GOVERNANCE	
4.1.	Structure of organisation governance, including committees in highest governing body responsible for tasks such as defining strategy or supervision of organisation.	56-57 CRR 88-91 GGR
4.2.	Indication must be given as to whether the president of the highest governing body occupies an executive position (and, if so, the function in the management of the organisation and the reasons justifying it).	56-57 CRR 85 GGR
4.3.	In organisations that have a unitary management structure, indicate the number of members of the highest governing body that are independent or non-executive.	56-57 CRR 78-79 GGR
4.4.	Mechanisms of shareholders and employees to convey recommendations or suggestions to the highest governing body	70-71 CRR 95-97 GGR
4.5.	Link between remuneration of members of highest governing body, highest directors and executives (including agreements on leaving position) and performance of organisation (including their social and environmental performance).	80-81, 107 GGR
4.6.	Procedures implemented to prevent conflicts of interest in the highest governing body.	92,93 GGR
4.7.	Processes for determining the loyalty and experience required from members of the highest governing body in order to guide strategy of the organisation in social, environmental and economic affairs.	82-85 GGR
4.8.	Mission statements and values developed internally, codes of conduct and relevant principals for economic, environmental and social performance and the state of their implementation.	7, 62-67, 84-85, 89, 126-127 CRR
4.9.	Processes of highest governing body to supervise identification and management by the organisation of the economic, environmental and social performance, including related risks and opportunities, as well as the adherence or compliance with internationally agreed standards, codes of conduct and principals.	70-71 CRR
4.10.	Processes for evaluating performance of highest governing body, particularly with regard to economic, environmental and social performance.	70 CRR
	COMMITMENTS WITH EXTERNAL INITIATIVES	
4.11.	Description of how organisation has adopted an approach or precautionary principle.	71 CRR 93-94 GGR
4.12.	Principles or social, environmental or economic programs developed externally, as well as any other initiative the organisation signs or approves.	72 CRR
4.13.	Main associations to which it belongs (such as industry associations) and/or national and international the organisations supports.	72 CRR
	PARTICIPATION OF STAKEHOLDERS	
4.14.	Listing of stakeholders the organisation has included.	3 CRR
4.15.	Basis for identifying and selection of stakeholders to which the organisation has committed itself.	62-67, 76-79 CRR

GGR= Good Governance Report

Indicator no.	PROFILE	Report page
4.16.	Approaches adopted for inclusion of stakeholders, including frequency of participation by types and categories of stakeholders	62-67, 76-79 CRR
4.17.	Principal concerns and aspects of interest that have emerged through participation of stakeholders and the manner in which the organisation has responded to the same in the preparation of the report.	84-85, 90, 93, 114-116, 126 CRR

Indicator no.	MANAGEMENT AND DIRECTION APPROACHES / CENTRAL INDICATORS	Report page
	EMBED Package Economic dimension: management focus	**62 CRR**
	Economic performance	
EC1	Economic value generated and distributed.	27-32 CRR
EC2	Financial consequences and other risks and opportunities for activities of organisation owing to climate change.	71 (paragraph. 3) CRR
EC3	Coverage of obligations of organisation owing to social benefit programs.	101 (last paragraph) CRR
EC4	Significant financial assistance received from governments.	N.D.[1]
	Market presence	
EC5	Range of ratios for initial standard in comparison with local minimum wage in places where significant operations are undertaken.	N.D.[2]
EC6	Policy, practices and proportion of spending for local suppliers in places where significant operations are undertaken.	126-130 CRR
EC7	Processes for local contracting and proportion of top executives from local community in places where significant operations are undertaken.	126 (paragraphs 2, 3) CRR
	Indirect economic impact	
EC8	Implementation and impact of investments in infrastructures and services provided mainly for public benefit through business commitments, pro bono or in kind.	135 (paragraph 7); 136 (paragraph 2); 136-140 (shares) CRR
EC9	Understanding and description of significant indirect economic impacts, including the scope of said impacts.	63-67 (charts) CRR
	Environmental dimension: management focus	**63 CRR**
	Materials	
EN1	Materials used in weight or in volume.	N.D.[1]
EN2	Percentage of materials used which are valorised.	N.D.[1]
	Energy	
EN3	Direct energy usage broken down by primary sources.	154-156 (tables and chart.) MRC[3]
EN4	Indirect usage of energy broken down by primary sources.	N.D.[1]
EN5	Energy savings owing to conservation and enhancements in efficiencies.	154-156 MRC[3]
EN6	Initiatives to provide products and services that are efficient in the usage of energy or based on renewable energies and reductions of energy usage resulting from these initiatives.	160 (paragraphs 1, 2) CRR
EN7	Initiatives to reduce indirect energy usage and reductions achieved in said initiatives.	N.D.[1]
	Water	
EN8	Total catchment of water by sources.	153 (chart) CRR
EN9	Sources of water significantly affected by catchment of water.	N.D.[1]
EN10	Percentage of total volume of recycled and reused water.	N.D.[1]
	Biodiversity	
EN11	Description of adjacent lands or lands in protected natural spaces or unprotected areas of high biodiversity.	161-162 (paragraph 1) CRR
EN12	Description of most significant impacts in biodiversity in protected natural spaces related to the activities, products and services in protected areas and in areas of high value in biodiversity in areas outside the protected areas.	161-162 (paragraph 1) CRR
EN13	Protected or restored habitats.	161-162 (paragraph 1) CRR
EN14	Strategies and actions implemented and planned for the management of impacts on diversity.	161-162 (paragraph 1) CRR
EN15	Number of species, broken down according to their danger of extinction, including those on the red list of the UICN and on international lists and in whose habitats are in areas affected by operations, according to the degree of threats to the species.	N.D.[1]
	Emissions, discharges and residues	
EN16	Total emissions, direct and indirect, of greenhouse gases, in weight.	160 (chart) CRR
EN17	Other indirect emissions of greenhouse gases, in weight.	N.D.[4]
EN18	Initiatives to reduce emissions of greenhouse gases and reductions achieved.	154-160 MRC[3]
EN19	Emissions of substances harmful to ozone layer, in weight.	160 (last paragraph) MRC[5]
EN20	NOx, SOx and other emissions significant to the air by type and weight.	N.A.[6]
EN21	Total discharge of wastewaters, according to nature and destination.	154 (paragraph 1) CRR
EN22	Total weight of waste managed, according to type and method of treatment.	N.D.[1]
EN23	Total number and volume of most significant accidental discharges.	N.A.[7]
EN24	Weight of waste transported, imported, exported or treated considered hazardous according to classification of Basle Convention, annexes I, II, III, VIII and percentage of wastes transported internationally.	N.D.[1]
EN25	Identification, size, protective status and biodiversity value of water resources and related habitats significantly affected by water discharges.	161 (paragraph 3) CRR
	Products and services	
EN26	Initiatives to mitigate environmental impacts of products and services and degree of reduction of this impact.	146-162 CRR
EN27	Percentage of products sold and their packaging materials that, by activity, are recovered at the end of their useful life, by product categories	NH Hoteles, product sales not considered significant
	Regulatory compliance	
EN28	Cost of significant fines and number of non-monetary sanctions for non-compliance of environmental regulations.	N.A.[8]
	Transport	
EN29	Significant environmental impacts of transport of products and other goods and materials.	N.D.[1]

Indicator no.	MANAGEMENT AND DIRECTION APPROACHES / CENTRAL INDICATORS	Report page
	General	
EN30	Breakdown by type of total environmental expenses and investments.	N.D.[1]
	Social dimension: professional internships and work ethic. Management focus	63 CRR
	Employment	
LA1	Breakdown of workers by type of employment, contract and region.	88[9] (chart); 89 (chart); 106 (chart) CRR
LA2	Total number of employees and average employee turnover, broken down by age, sex and region.	89 (chart); 110 (chart) CRR
LA3	Social benefits for employees with fulltime employment.	N.D.[1]
	Company/worker relations	
LA4	Percentage of employees covered by a collective agreement.	102 (chart) CRR
LA5	Minimum period(s) of prior notice for organisational changes, including if these notifications are specified in collective agreements.	N.D.[1]
LA6	Percentage of workers represented in the joint management-employee health and safety committee.	104 (paragraphs 3, 4, 5) CRR
	Health and safety at work	
LA7	Rates of absenteeism, professional ailments, lost days and number of mortal work-related victims by region.	105 (chart) CRR
LA8	Programs of education, counselling, prevention and control of risks affecting workers, their families or members of the community with regard to severe illnesses.	105 (paragraph 1) CRR
LA9	Health and safety matters covered in formal agreements with trade unions.	N.D.[1]
	Training and Education	
LA10	Average number of training a year per employee, broken down by employee category.	94 (chart); 97 (chart); 98 (chart) CRR
LA11	Skill management and ongoing training program to promote worker employability.	96 (paragraph 4); 97 (paragraph 1) CRR
LA12	Percentage of employees receiving regular performance evaluations.	100 (chart) CRR
	Diversity and equal opportunities	
LA13	Composition of organs of corporate governance and workforce, broken down by sex, age, groups, membership in minority group and other diversity indicators.	89[9] (chart); 106 (chart) CRR
LA14	Relationship between the base salary of men compared to women, broken down by professional category.	N.D.[1]
	Social dimension: Human Rights. Management approach	65 CRR
	Investment practices and supplies	
HR1	Percentage and total number of significant investment agreements that include clauses on human rights or that have been subject to analysis on human rights.	N.D.[1]
HR2	Percentage of main distributors and contractors that have been subject to human rights analysis and measures adopted as a consequence..	126 (chart) MRC[9]
HR3	Total training hours of employees on policies and processes related to human rights.	N.D.[1]
	No discrimination	
HR4	Total number of incidents of discrimination and measures taken.	N.A.[10]
	Freedom of association and collective agreements	
HR5	Campaign activities in which the right to freedom of association and adherence to collective agreements might run significant risks and measures taken to support these rights.	102 (paragraph 2) CRR
	Abolition of child exploitation	
HR6	Identified activities that involve potential risk of incidents of child exploitation and measures taken to contribute to its elimination.	89 (paragraph 1) CRR
	Prevention of forced and obligated work	
HR7	Operations identified as a significant risk of giving rise to cases of forced or unconsented work and the measures taken to contribute to their elimination	89 (paragraph 1) CRR
HR8	Percentage of security personnel trained in the policies or processes of the organisation in human rights.	N.D.[1]
HR9	Total number of incidents related to valuations of indigenous rights and measures taken.	N.A.[11]

Indicator no.	MANAGEMENT AND DIRECTION APPROACHES / CENTRAL INDICATORS	Report page
	Social dimension: Society. Management approach	65 CRR
	Community	
SO1	Nature, scope and effectiveness of programs and practices to evaluate and manage impacts of operations in communities, including input, operation and output.	66 CRR
	Corruption	
SO2	Percentage and total number of business units analysed with regard to risks related to corruption.	N.D.[1]
SO3	Percentage of employees trained in anti-corruption policies and processes of organisation.	N.D.[1]
SO4	Measures taken in response to incidents of corruption.	N.A.[12]
	Public Policy	
SO5	Position in public policies and participation in development of same and lobbying activities.	85 (paragraph 4, 5) CRR
SO6	Total value of financial contributions to political parties.	85 (paragraph 4, 5) CRR
	Unfair competition	
SO7	Total number of actions for causes related to monopolistic causes.	As of the date of this report, no recorded incidents of this kind
	Regulatory compliance	
SO8	Monetary value of sanctions and significant non-monetary sanctions related to compliance with laws and regulations.	As of the date of this report, no recorded incidents of this kind.
	Social dimension: Product responsibility. Management approach	66 CRR
	Health and safety of customer	
PR1	Phases of lifecycle of products and services, with evaluation of impacts of same on health and safety of customers and percentage of categories of significant products and services subject.	114-115 CRR
PR2	Total number of incidents related to non-compliance of regulations or voluntary codes related to impact of products and services on health and safety during their lifecycle.	As of the date of this report, no recorded incidents of this kind.
	Labelling of Products and Services	
PR3	Types of information on products and services required by present processes and regulations and percentage of products and services subject to these reporting requirements.	N.A.[13]
PR4	Total number of non-compliance of regulation and voluntary codes related to information and labelling of products and services.	N.A.[14]
PR5	Practices related to customer satisfaction, including results of customer satisfaction studies.	114-115 CRR
	Marketing communication	
PR6	Programs of compliance with laws or adherence to voluntary standards or and codes mentioned in marketing communication, including advertising, other promotional activities and sponsorship.	N.D.[1]
PR7	Total number of incidents resulting from non-compliance of regulations on marketing communication.	As of the date of this report, no recorded incidents of this kind.
	Customer privacy	
PR8	Total number of claims based on respect for privacy and loss of personal customer data	As of the date of this report, no recorded incidents of this kind.
	Regulatory compliance	
PR9	Cost of significant fines resulting from non-compliance of regulations on supply and use of products and services of the organisation	As of the date of this report, no recorded fines of this kind.

1 This indicator is not available as of the date of this report owing to the absence of a formal procedure to enable reporting the required information. NH Hoteles expects to be able to report this information in coming editions.

2 Different labour categories and types of contracting, in addition to the multiple legislations, make measurement of this indicator difficult. However, NH Hoteles is working on standardising data to be able to report this information in upcoming editions.

3 Some savings have occurred only in Spain, and this is specified in the text.

4 The activity of NH Hoteles, a hotel firm involves minimal transport of personnel that does not give rise to significant environmental impacts.

5 NH Hoteles has not, to date, measured in weight its emissions of these substances.

6 The activity of NH Hoteles, a hotel firm, does not involve significant combustion for building usage.

7 As of the date of this report, no recorded discharges.

8 As of the date of this report, no fines or sanctions recorded.

9 Figures for Spain.

10 As of the date of this report, no incidents of discrimination recorded.

11 As of the date of this report, no recorded incidents related to indigenous rights.

12 As of the date of this report, no incidents of corruption recorded.

13 The labelling of services is not a significant issue for NH Hoteles or its sector.

14 At NH Hoteles, we do not label services. In any event, no legal or voluntary non-compliance recorded.

NH Hoteles
Santa Engracia, 120
28003 - Madrid
T: +34 91 451 97 18
F: +34 91 451 97 89
www.nh-hotels.com

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