

nH
HOTELES

ANNUAL REPORT 2012

CORPORATE
RESPONSIBILITY





www.nh-hotels.com

OUR PRESENCE IN THE WORLD 2012

391
hotels
in **26** countries

58,853
rooms

18,817
employees

16 million
customers

*NH Monterrey
(Monterrey)*

*NH Paseo del Prado
(Madrid)*

*NH Grand Hotel
Krasnapolsky
(Amsterdam)*

*Jolly Madison
Towers
(New York)*

*NH Guadalajara
(Guadalajara, Mexico)*

*nhow Berlin
(Berlin)*





Argentina

Germany

Andorra

Austria

Belgium

Chile

Colombia

Slovakia

Spain

United States

France

The Netherlands

Hungary

Italy

Luxembourg

Mexico

Poland

Portugal

United Kingdom

Czech Republic

Dominican Republic

Romania

South Africa

Switzerland

Uruguay

Venezuela

NH Harrington Hall
(London)

NH München
Deutscher Kaiser
(Munich)

NH Eurobuilding
(Madrid)

Hesperia Tower
(Barcelona)

NH City &
Tower
(Buenos Aires)

NH Fiera
(Milan)

This is NH Hoteles' seventh Corporate Social Responsibility Report detailing the company's approach and economic, environmental and social performance for the 2012 financial year. This report has been produced in accordance with the guidelines set out by the G3.1 Guide to the Global Reporting Initiative, being graded as **A+**.

The Report has also been subject to an independent review by KPMG in relation to the reliability of the information reported and the monitoring of reporting rules. This report and the previous ones are published in digital format and are available at <http://corporate.nh-hotels.com>

KPMG statement concerning the NH Hoteles, S.A. Corporate Responsibility Report. The information contained in this executive summary is consistent with that included in the NH Hoteles, S.A. (hereafter NH Hoteles) Corporate Responsibility Report, available throughout the month of June 2013 at <http://corporate.nh-hotels.com>

With the objective of forming a broader and deeper opinion of the actions carried out and the results obtained by NH Hoteles in its commitments to contribute towards sustainable development, this publication must be read together with the NH Hoteles Corporate Responsibility Report.

Likewise, we inform you that we have reviewed the content of the NH Hoteles Corporate Responsibility Report, using the scope and results described in our associated report that you will find attached to the aforementioned report, the reading of which we recommend in order to acquire a better understanding of our work.

Madrid, June 2013
KPMG Asesores, S.L.

WE WANT TO HEAR YOUR OPINION

Please, send us your comments and suggestions on this report by e-mail to corporateresponsibility@nh-hotels.com or through the form included in our Corporate Website http://www.suopinioncuenta.es/index_en.html



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Dear shareholders

CHAIRMAN



I am pleased to introduce the Company's 2012 Annual Report, which outlines NH Hoteles' performance along the economic, environmental and social dimensions last year and introduces the events taking place in the early part of 2013.

Last year was marked by an especially adverse economic environment that was particularly unfavourable in the main markets where the Company operates. For this reason, NH Hoteles went to significant lengths to adapt its organisational structure to this reality and to secure the refinancing of its debt.

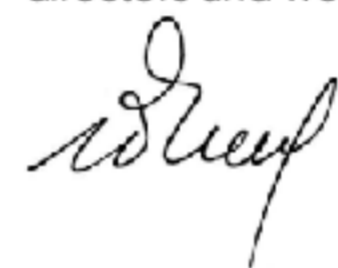
Towards the end of the year, the Group articulated a new corporate governance model, designed to enable more efficient oversight of the Company's highest-level management and governance duties, while facilitating the focus on a more productive business management.

In relation to 2013, we are working intensely to make the Group more solvent so that it can service all its commitments, finance its business plan and reinforce a growth strategy designed to place NH Hoteles in a global leadership position. Along these lines, I am pleased to inform you of the effective investment by the HNA Group, a benchmark

international shareholder and business partner. Our strategic alliance with HNA will translate into business opportunities for NH in the years to come.

I would like to thank all of our shareholders, partners and customers for their support and the confidence they have placed in the Company's new direction. Also my thanks to all of the Company's employees in a complex year, whose constant commitment and hard work is crucial for NH's future.

Lastly, in light of the changes in the composition of the Board of Directors in the early months of 2013, on behalf of the Company I would like to specially thank our outgoing directors and welcome the newcomers.



Rodrigo Echenique Gordillo
Chairman of NH Hoteles

CEO



Since joining the Company at the end of 2012, I have had the chance to see the Group's performance first hand and come to understand its strengths and enormous potential.

Despite the adverse economic climate prevailing last year, the Company continued to show its ability to innovate and respond to new guest demands, rolling out free Wi-Fi access worldwide in the rooms and communal areas of all the Group's hotels.

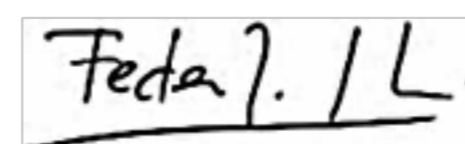
Against this backdrop, due to current uncertainty and out of a sense of responsibility, NH Hoteles decided to recognise a series of impairment charges that resulted in a particularly bad earnings performance. These charges however will allow us to rise to the challenges to come from a more realistic position.

Keenly aware of the effects of the prevailing recession, all of the Company's teams are working with intensity, rigour and enthusiasm to add value to our strengths. A broad and diversified portfolio of hotels with prime locations in top destination markets, a varied service offering and a committed and motivated team. These are the bases on which we are building the new NH.

Our vision is that whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they first ask themselves: "Is there an NH Hotel?" NH aspires to be the "top 2 choice" for city/business travelers, offering a different product and service experience.

The roadmap for achieving our goals entails the re-launch of the NH brand and its hotel portfolio by building well-defined product segmentation; revising the portfolio to adapting it into the current and future needs; reinventing the consumers' experiences and solutions; reinforcing the online sales channels; improving our management tools to make us more competitive; and, lastly, specifying where the Company wants to be and in what form.

I would like to thank everyone who is in any way related with our Group. Thanks to your commitment, especially of the employees who have displayed exemplary dedication and constant effort, we are working hard to add value to the Company in 2013 by transforming NH Hoteles into a unique experience of which we can all feel proud.



Federico González Tejera
CEO of NH Hoteles

CORPORATE GOVERNANCE

At the end of 2012, the Board of Directors of NH Hoteles appointed Rodrigo Echenique Gordillo as non-executive Chairman of the Company's highest governing body and Federico González Tejera as Chief Executive Officer.

Rodrigo Echenique Gordillo is deeply familiar with NH Hoteles, having served on its Board of Directors for eight years (1997-2005). He boasts a long and rich professional trajectory, with his experience in banking, in the State Administration and presence on several boards, including the chairmanship of Vallehermoso, standing out. He is currently an independent director at Banco Santander and a non-executive director at Vocento and Agrolimen, S.A.

Federico González Tejera has spent much of his professional career at several leading multinationals in the consumer goods, leisure and tourism industries, including Disneyland Paris and Procter & Gamble. He has spent the last 18 years of his career abroad, working in Belgium, Sweden, Portugal and France, among other countries.

With these two hires, NH Hoteles has articulated a new corporate governance model, splitting the roles of chairman, whose non-executive duties will centre on the Company's management and governance at the highest level, and chief executive, with the newly appointed CEO focusing the Company's business operations.



Management Committee

MANAGEMENT COMMITTEE (AS OF MAY 2013)

- **Mr. Federico González Tejera**, Chief Executive Officer
- **Mr. Ramón Aragonés Marín**, Chief Operations Officer
- **Mr. Ignacio Aranguren González-Tarrío**, Chief Assets & Development Officer
- **Mr. Íñigo Capell Arrieta**, Chief Resources Officer
- **Mr. Roberto Chollet Ibarra**, Chief Financial Officer
- **Ms. Rocío Escondrillas Labad**, Chief Marketing Officer
- **Mr. Carlos Ulecia Palacios**, General Counsel

BOARD OF DIRECTORS (*)

Chairman: Mr. Rodrigo Echenique Gordillo

Vice-Chairman: Mr. José Antonio Castro Sousa

CEO: Mr. Federico González Tejera

Members:

- Mr. Iñaki Arratibel Olaziregi
- Ms. Rosalba Casiraghi
- Mr. Roberto Cibeira Moreiras
- Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados S.L.)
- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Carlos González Fernández
- Mr. Francisco Javier Illa Ruiz
- Mr. Ramón Lanau Viñals
- Mr. José María López-Elola González
- Mr. Gilles Péllisson
- Mr. Fernando Sobrini (representing Corporación Financiera Caja Madrid S.A.)
- Mr. Carlos Stilianopoulos Ridruejo (representing Sociedad de Promoción y Participación Empresarial Caja Madrid SA)

Secretary, non-member: Mr. Pedro Ferreras Díez

AUDIT AND CONTROL COMMITTEE (*)

Chairman: Mr. Carlos González Fernández

Members:

- Mr. Iñaki Arratibel Olaziregi
- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados S.L.)

Secretary, non-member: Mr. Pedro Ferreras Díez

EXECUTIVE COMMITTEE (*)

Chairman: Mr. Rodrigo Echenique Gordillo

Vice-Chairman: Mr. José Antonio Castro Sousa

Members:

- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Roberto Cibeira Moreiras
- Mr. Federico González Tejera

Secretary, non-member: Mr. Pedro Ferreras Díez

APPOINTMENTS AND COMPENSATION COMMITTEE (*)

Chairman: Mr. Gilles Péllisson

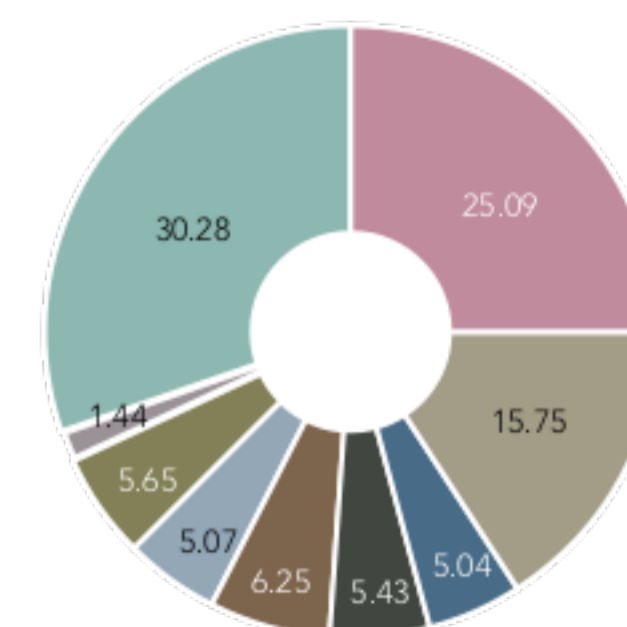
Members:

- Mr. Francisco Javier Illa Ruiz
- Mr. Carlos Stilianopoulos Ridruejo (representing Sociedad de Promoción y Participación Empresarial Caja Madrid SA)

Secretary, non-member: Mr. Pedro Ferreras Díez

(*) As of December 31st 2012

SHAREHOLDING STRUCTURE OF NH HOTELES ON DECEMBER 31ST 2012



- 25.09% Grupo Inversor Hesperia
- 15.75% Banco Financiero y de Ahorros, S.A.
- 5.04% Ibercaja Banco, S.A.
- 5.43% Hoteles Participados, S.L.
- 6.25% CK Corporación Kutxa, S.L.
- 5.07% Pontegadea Inversiones, S.L.
- 5.65% Intesa Sanpaolo S.p.A.
- 1.44% NH Management and Employees
- 30.28% Remaining capital

HNA

In April 2013, NH Hoteles successfully concluded the rights issue approved by the Company's Board of Directors to give Chinese business group HNA a 20% shareholding (post-money). The equity issue (fully subscribed and paid) entailed the issuance of a total of 61,654,358 ordinary shares, each with a par value of €2 plus a share premium of €1.80, giving rise to a total payment of over €234M.

EXPERIENCES AND SOLUTIONS NH HOTELES



Buildings

- 1 nhow Berlin, Berlin - Germany
- 2 NH Fiera, Milan - Italy
- 3 NH Aeropuerto T2 México - Mexico
- 4 Hesperia Tower, Barcelona - Spain



Rooms

- 5 NH Jousten, Buenos Aires - Argentina
- 6 nhow Milano, Milan - Italy
- 7 NH Príncipe de Vergara, Madrid - Spain
- 8 NH Zandvoort, Zandvoort - The Netherlands



Lobbies

- 9 NH Bogotá 93, Bogota - Colombia
- 10 NH Porta Rossa, Florence - Italy
- 11 NH Ribera del Manzanares, Madrid - Spain



Gastronomy

- 12 Restaurant Vermeer, Amsterdam - The Netherlands
- 13 Santceloni, Madrid - Spain
- 14 Terraza del Casino, Madrid - Spain

Meeting Rooms

- 15 NH Lingotto, Turin - Italy
- 16 NH Tropen, Amsterdam - The Netherlands
- 17 NH Constanza, Barcelona - Spain



NH Olomouc, Olomouc - Czech Republic



"NH is synonymous with quality, impeccable and personal guest service, and healthy culinary options across all of the hotels we run"

Eloísa Fernández,
housekeeping manager
NH Calderón

REINVENTING THE NH EXPERIENCE

Our target at NH Hoteles is to continuously reinvent the customer experience according to 4 commitments:

- ✓ **We Deliver:** ensure the customer what is to be expected to find, because NH Hoteles provides, always and in all its hotels, the expected services.
- ✓ **We Care:** look after, listen and indulge the customer, paying special attention to the details taken into account.
- ✓ **We make things Easy:** before and during the reservation process, at the check in at the hotel, in the service request, during the stay, at the check out and afterwards in the relation with NH Hoteles by loyalty programmes.
- ✓ **We have the ability to Surprise:** knowing what a guest/consumer likes but does not ask for, providing 'soul' to our hotels in order to make the stay become an 'experience'.

WiFree

ecoMEETING

NH & YOU

NH meeting moments

ROOM APETIT NH HOTELS

desayunos NH
antiOX

estado puro
las tapas de Raon Puro

Santceloni
RESTAURANTE

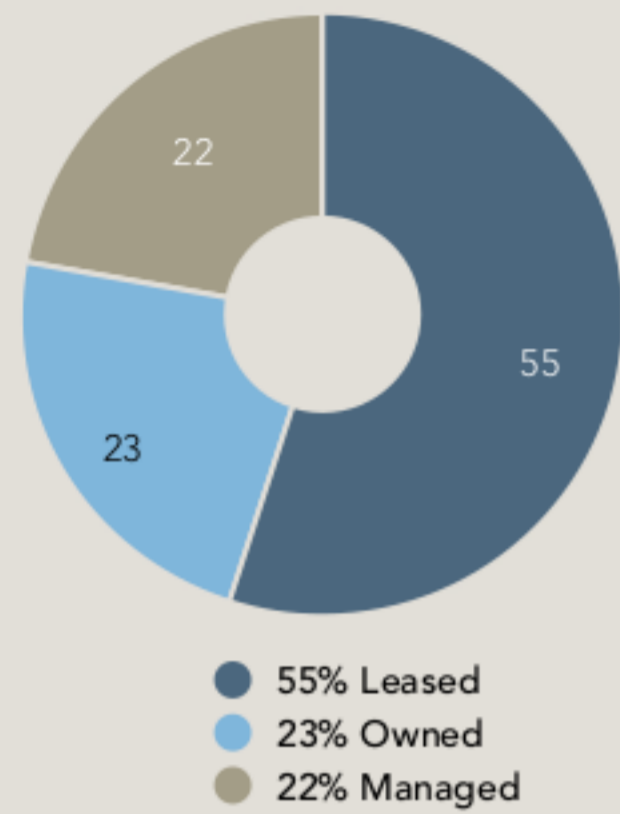
GLYSIUM
SPA & WELLNESS CENTRES



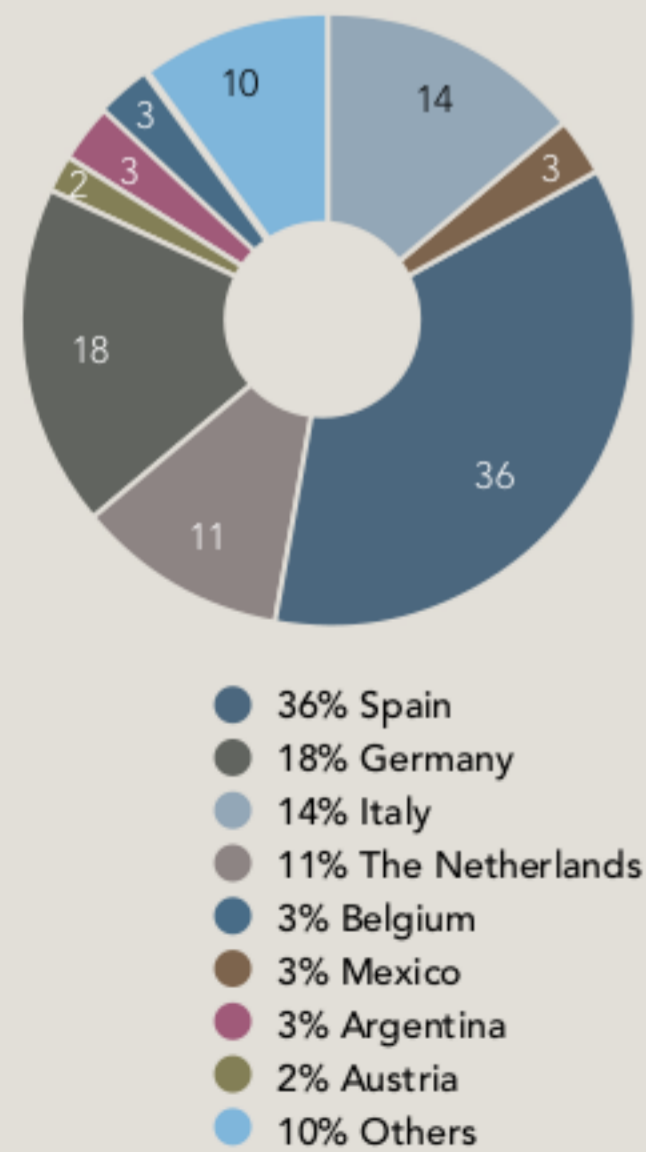
Restaurant Vermeer



**BREAKDOWN BY ROOMS
(DECEMBER 31ST 2012)**

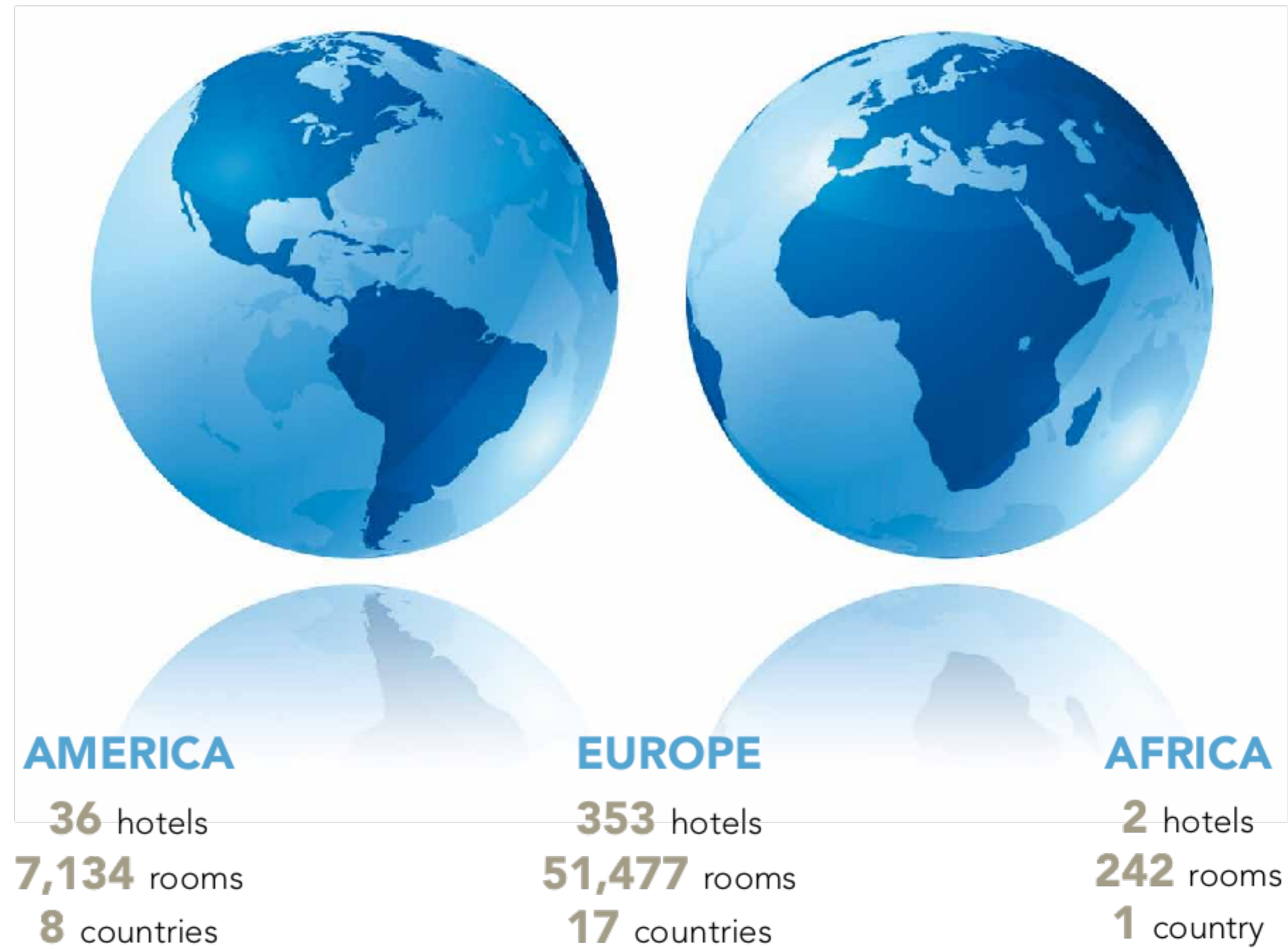


**BREAKDOWN OF ROOMS
BY COUNTRY
(DECEMBER 31ST 2012)**



MAIN FIGURES

NH Hoteles has a portfolio of **391 urban and resort hotels**, with **58,853 rooms** in **26 countries** across Europe, America and Africa. Its prime locations in top city destinations make it one of the leading hotel chains in the European business travel segment and an increasingly prominent player in the Americas.



Grand Hotel Convento Di Amalfi, Salerno - Italy



NH HOTELES PORTFOLIO BREAKDOWN (DECEMBER 31ST 2012)

| | TOTAL | | LEASED | | OWNED | | MANAGED | | FRANCHISE | |
|-------------------------|------------|---------------|------------|---------------|-----------|---------------|-----------|---------------|-----------|------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| TOTAL NH HOTELES | 391 | 58,853 | 220 | 31,868 | 83 | 13,820 | 81 | 12,643 | 7 | 522 |
| EUROPE | | | | | | | | | | |
| Spain | 171 | 20,677 | 93 | 10,712 | 16 | 2,428 | 56 | 7,108 | 6 | 429 |
| Germany | 59 | 10,438 | 54 | 9,438 | 5 | 1,000 | - | - | - | - |
| Italy | 52 | 8,239 | 32 | 5,300 | 15 | 2,280 | 5 | 659 | - | - |
| The Netherlands | 35 | 6,509 | 16 | 2,441 | 18 | 3,988 | 1 | 80 | - | - |
| Belgium | 10 | 1,550 | 2 | 434 | 8 | 1,116 | - | - | - | - |
| Austria | 6 | 1,183 | 6 | 1,183 | - | - | - | - | - | - |
| Switzerland | 4 | 521 | 3 | 399 | 1 | 122 | - | - | - | - |
| France | 3 | 556 | 2 | 397 | - | - | 1 | 159 | - | - |
| Czech Republic | 2 | 579 | - | - | - | - | 2 | 579 | - | - |
| United Kingdom | 2 | 321 | 1 | 121 | - | - | 1 | 200 | - | - |
| Portugal | 2 | 165 | 2 | 165 | - | - | - | - | - | - |
| Romania | 2 | 161 | 1 | 83 | - | - | 1 | 78 | - | - |
| Hungary | 1 | 160 | 1 | 160 | - | - | - | - | - | - |
| Luxembourg | 1 | 148 | 1 | 148 | - | - | - | - | - | - |
| Slovakia | 1 | 117 | - | - | - | - | 1 | 117 | - | - |
| Poland | 1 | 93 | - | - | - | - | - | - | 1 | 93 |
| Andorra | 1 | 60 | - | - | - | - | 1 | 60 | - | - |
| TOTAL EUROPE | 353 | 51,477 | 214 | 30,981 | 63 | 10,934 | 69 | 9,040 | 7 | 522 |
| AMERICA | | | | | | | | | | |
| Argentina | 13 | 2,049 | - | - | 11 | 1,524 | 2 | 525 | - | - |
| Mexico | 13 | 2,040 | 5 | 689 | 4 | 681 | 4 | 670 | - | - |
| Dominican Republic | 3 | 1,261 | - | - | - | - | 3 | 1,261 | - | - |
| Venezuela | 3 | 1,147 | - | - | - | - | 3 | 1,147 | - | - |
| United States | 1 | 242 | - | - | 1 | 242 | - | - | - | - |
| Colombia | 1 | 137 | - | - | 1 | 137 | - | - | - | - |
| Uruguay | 1 | 136 | - | - | 1 | 136 | - | - | - | - |
| Chile | 1 | 122 | - | - | 1 | 122 | - | - | - | - |
| TOTAL AMERICA | 36 | 7,134 | 5 | 689 | 19 | 2,842 | 12 | 3,603 | 0 | 0 |
| AFRICA | | | | | | | | | | |
| South Africa | 2 | 242 | 1 | 198 | 1 | 44 | 0 | 0 | - | - |
| TOTAL AFRICA | 2 | 242 | 1 | 198 | 1 | 44 | 0 | 0 | - | - |

2012 RESULTS: MARKED BY PRUDENT IMPAIRMENT CHARGES

Due to the sharp deterioration in the economic climate in southern Europe, NH Hoteles posted a recurring net loss of €66.9M in 2012, compared to a loss of €9.1M in 2011. As a result of adverse economic trends, particularly in Spain and Italy, the Group tested the recoverable value of its assets on the basis of its business plan, deciding to increase asset impairment provisions to €268M. As a result, the Group registered a consolidated net loss of €292M. Note that these impairment provisions do not imply any cash outlay whatsoever.

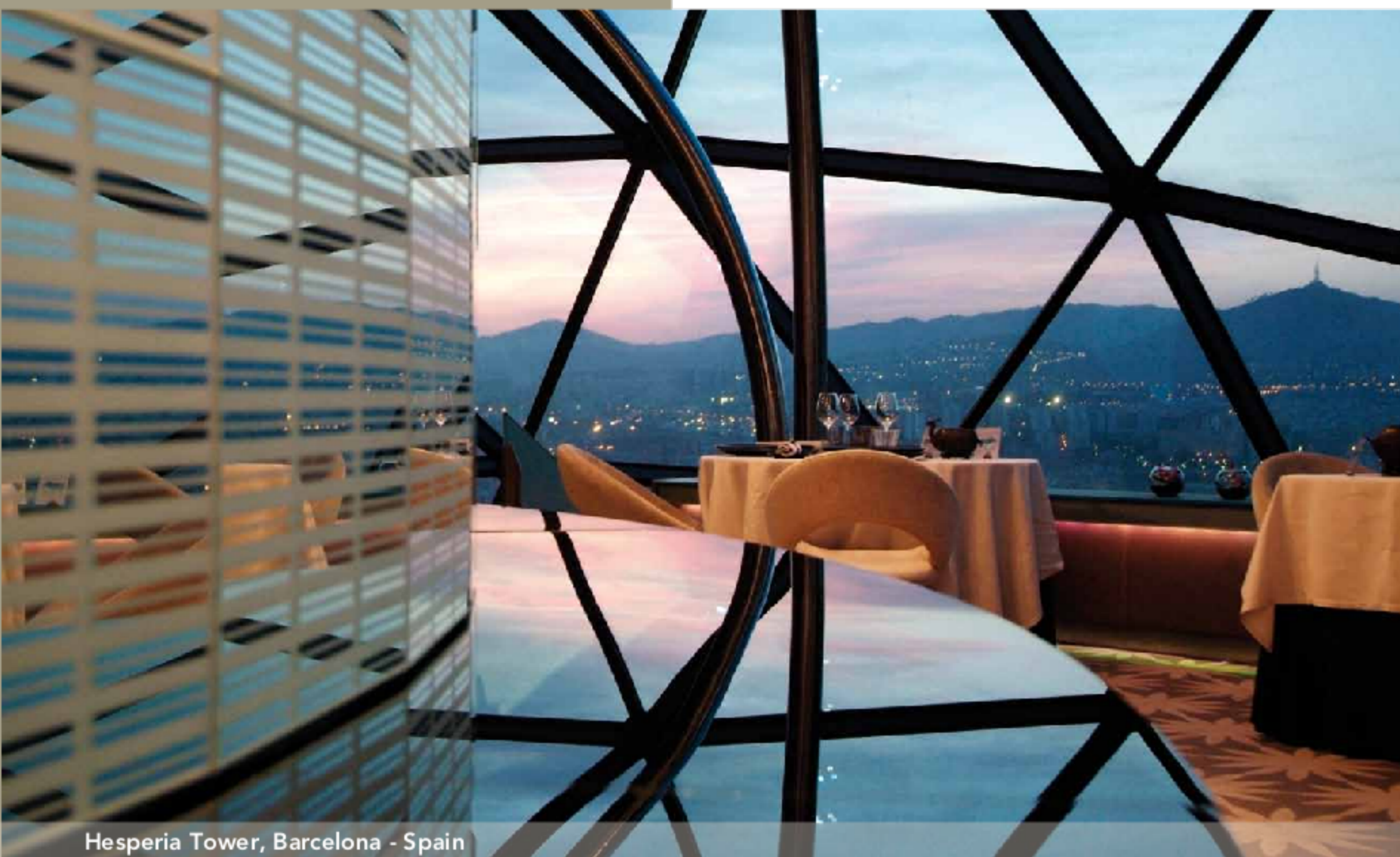
HOTEL ACTIVITY AND REAL STATE

Turning to the Group's hotel business performance, NH Hoteles managed to keep its occupancy rate steady at 2011 levels; however, revenue narrowed by 3.4% due to hotels sold in 2011, which make up close to the half of the decrease in sales, as well as the slowdown in the meetings, conventions and events segment, a drop in restaurant takings and a decline in the average daily rate (ADR).

The business climate deteriorated in Spain and Italy in the last quarter of the year relative to the first nine months and the business travel segment was affected by the adverse economic climate engulfing these countries, prompting significant underperformance by secondary cities relative to the main urban destinations. The Benelux Business Unit gained momentum in the last quarter of the year: despite downward pressure on prices, the Company managed to increase its market share. The occupancy rate in this Business Unit improved by 1.1% across comparable hotels in 2012, although the ADR narrowed by 3.4%.

The Central Europe and Americas Business Units were the Group's top-performers in 2012. The occupancy rate in Central Europe rose sharply, as did pricing in all German cities, with Munich and Berlin standing out. Trends in Latin America were mixed. Whereas Argentina was affected by the decline in demand from two of its core issuer markets (Spain and Brazil), Mexico posted a stellar performance, registering growth in RevPar (revenue per available room) of over 10%.

Revenue in the real estate business rose 30% to €22.1M, up from €16.9M in 2011. Deeds were exchanged on a total of 25 homes for an amount of €10.7M, compared to €1.5M in 2011.



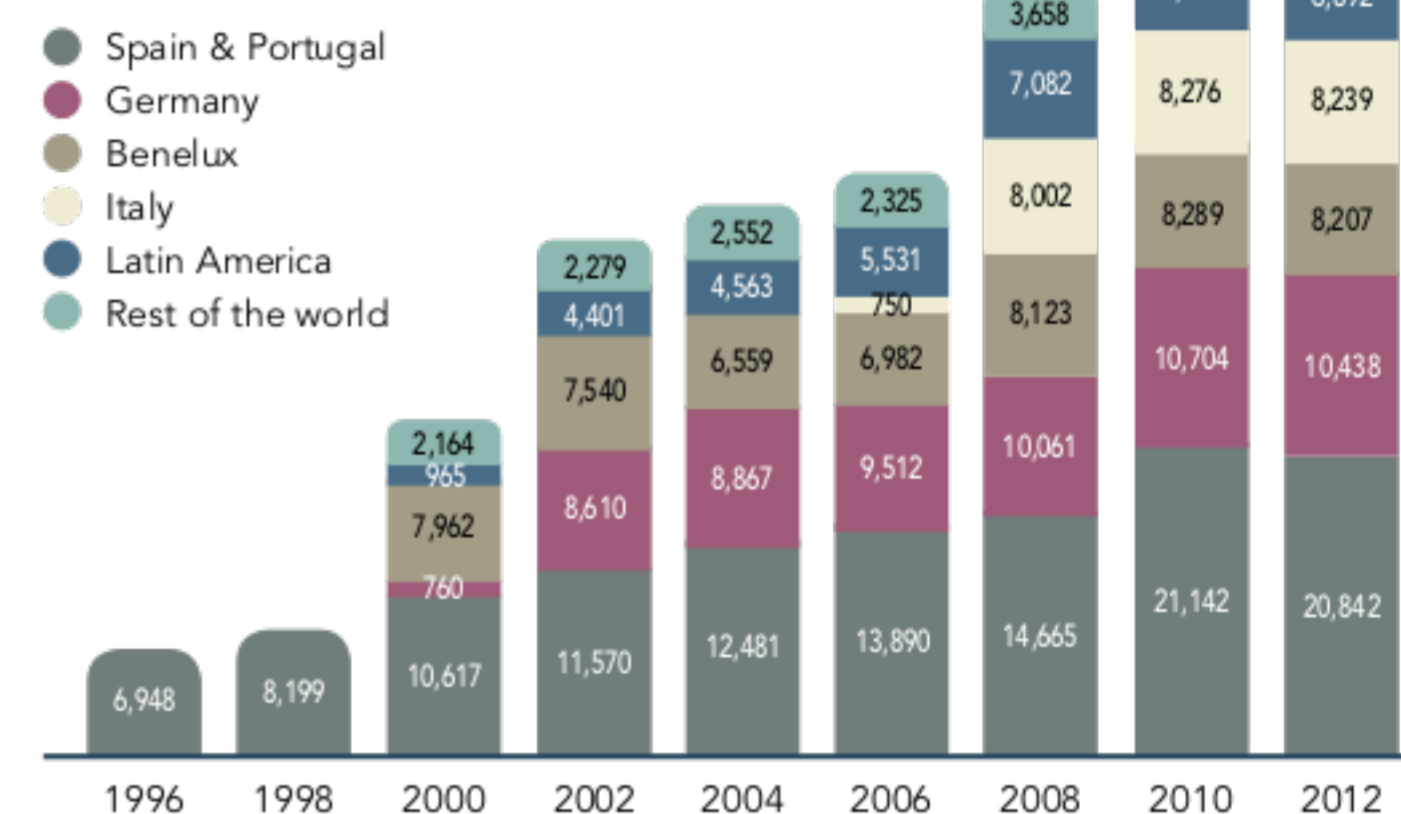
Hesperia Tower, Barcelona - Spain

NH HOTELES: AN INTERNATIONAL PLAYER

100% of the rooms opened and contracts signed last year were arranged under management contracts. The Group opened four new hotels in 2012, adding a total of 673 new rooms; it also extended a resort complex in the Dominican Republic by 180 rooms and signed agreements for the upcoming management of five new hotels that will add 908 rooms to the Group's portfolio. Among the new openings, the chain's debut hotel in the **Slovakian market** and the urban hotel in the **Dominican Republic** stand out.

HOTEL ROOMS, 1996 - 2012

Compound annual growth rate: 13.4%



MAIN FIGURES OF THE NH HOTELES GROUP AS AT DECEMBER 31ST 2012

| NH HOTELES, S.A. P&L ACCOUNT | | | |
|--|-----------------|-----------------|-------------------|
| (€ million) | 2012 | 2011 | 2012/2011 |
| Hotel Revenues | 1,288.0 | 1,339.2 | (3.8%) |
| Real estate sales and other | 22.1 | 17.0 | 30.3% |
| TOTAL REVENUES | 1,310.13 | 1,356.21 | (3.4%) |
| GROSS OPERATING PROFIT | 411.12 | 454.28 | (9.5%) |
| EBITDA | 118.16 | 164.15 | (28.0%) |
| EBIT | 5.5 | 45.17 | (87.8%) |
| NET RESULT before minorities | (66.9) | (9.1) | (635.5%) |
| Non recurring EBITDA | (40.2) | 38.2 | (205.1%) |
| Other non-recurring items | (185.0) | (22.9) | (708.4%) |
| NET RESULT including non-recurring activity | (292.1) | 6.2 | (4,785.2%) |



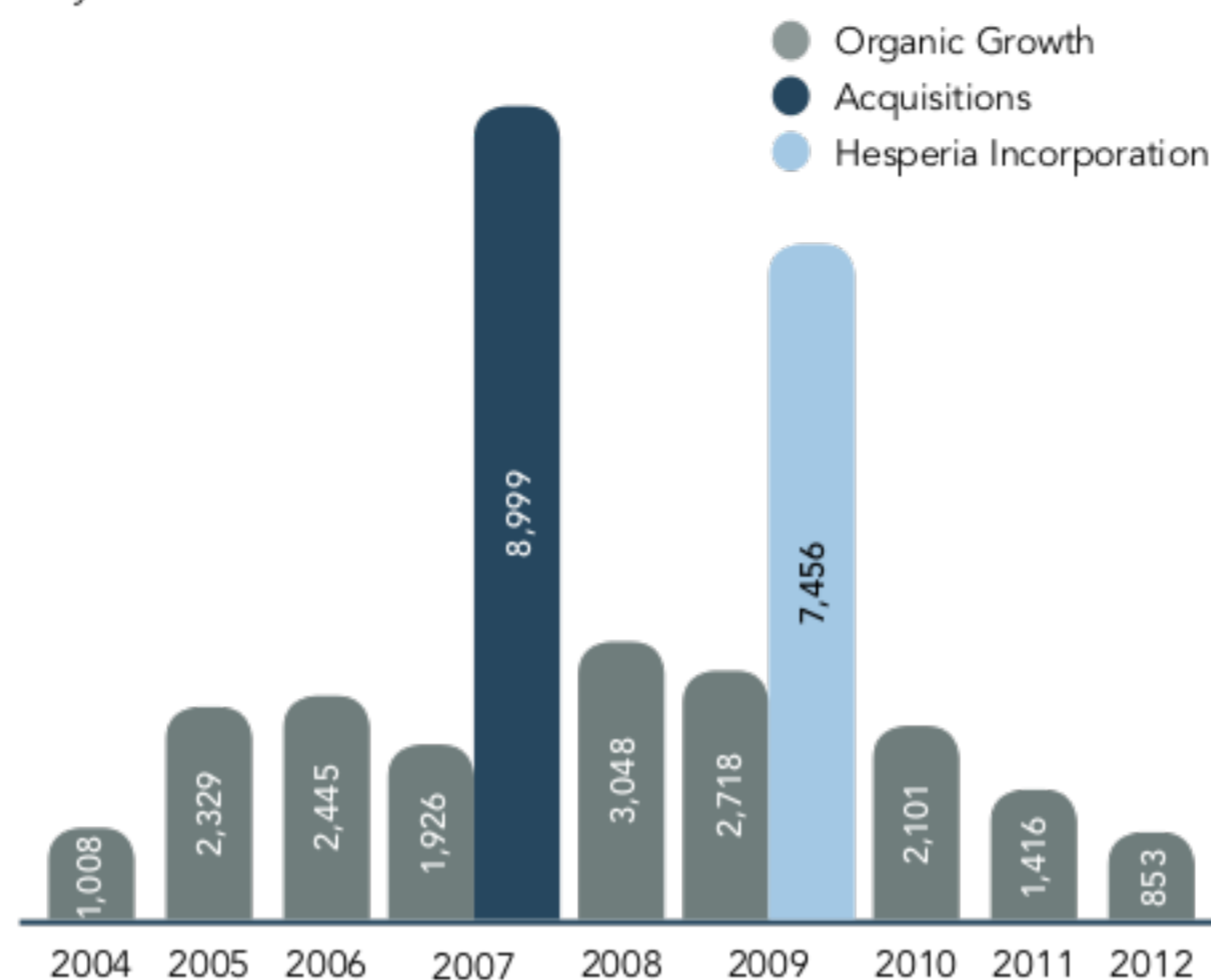
Hesperia Bilbao, Bilbao - Spain



NH Grand Hotel Krasnapolsky, Amsterdam - The Netherlands

PERFORMANCE OF OPENINGS AND INCORPORATIONS

By number of rooms



OPEN HOTELS DURING 2012

| HOTELS | CITY | COUNTRY | ROOMS |
|-------------------------------------|------------|--------------------|------------|
| Now Larimar Garden View (extension) | Punta Cana | Dominican Republic | 180 |
| NH Punta Cana | Punta Cana | Dominican Republic | 66 |
| NH Gate One | Bratislava | Slovakia | 117 |
| NH Prague | Praga | Czech Republic | 442 |
| NH Ourense | Ourense | Spain | 48 |
| TOTAL NEW OPENINGS | | | 853 |

ASSET MANAGEMENT

One of the other important strategic initiatives in 2012 was the continued streamlining of NH's hotel portfolio: the chain exited 10 establishments and cancelled two lease arrangements.

2012 KEY MILESTONES

SUCCESSFUL COMPLETION OF THE REFINANCING PROCESS

Following the pertinent negotiations with its creditor banks, NH Hoteles officially culminated its refinancing process. The new notarised agreement was signed by all 33 banks **holding 100%** of the debt subject to refinancing. The transaction implied the refinancing of €729.8M of corporate bank debt and another €75M of debt at the Italian subsidiary level.

NEW APPOINTMENTS AND CORPORATE GOVERNANCE MODEL

NH Hoteles reformed its **corporate governance** model by appointing a new non-executive to chair its highest governing body and a new CEO, thereby splitting these roles and duties.

ORGANISATIONAL TRANSFORMATION

NH Hoteles overhauled its entire organisational structure at a vigorous pace, aligning the business model with its **multinational reality**, emerging consumer trends and its unwavering commitment to efficient management. The Group's comprehensive overhaul was kick-started with the introduction of various plans designed to tackle its business development and sector leadership from a position of strength, while cushioning the consequences of the lingering global recession which remains particularly virulent in some of the Group's core markets. The Company focused its efforts on responding to the challenges thrown up by the sector in terms of **efficiency, sales strategy, technology, quality standards** and its **online presence**.

EXIT FROM NON-CORE HOTELS

Hotels exited by the NH Group in 2012

| HOTELS | COUNTRY | ROOMS |
|----------------------------|----------------|--------------|
| NH Trier | Germany | 215 |
| Hesperia London Victoria | United Kingdom | 212 |
| Hesperia Gelmirez | Spain | 138 |
| NH Praha Radlicka | Czech Republic | 134 |
| NH Mercader | Spain | 124 |
| NH Condor | Spain | 78 |
| Hesperia Sport Barcelona | Spain | 63 |
| NH Venus Sea Garden Resort | Italy | 59 |
| Hesperia Patricia | Spain | 44 |
| Hesperia Carlit | Spain | 38 |
| TOTAL EXITS | | 1,105 |



NH Gate One, Bratislava - Slovakia

OUR SUSTAINABLE APPROACH



NH Hoteles develops its business integrating the **responsibility of being sustainable** in all the processes, in the economic, environmental and social context, within a constant **innovation** to meet our **commitments towards our stakeholders**.

MISSION

To offer sustainable, consistent and efficient hotel services for our customers, shareholders, partners, employees and society in general. We aspire to lead the tourism sector in sustainable development and inspire others.

VISION

To enhance the time that our customers spend with us by heightening their experience and contributing to a more sustainable world.



NH Aeropuerto T2 México, Mexico City - Mexico

BENEFITS AND OPPORTUNITIES OF SUSTAINABILITY IN NH HOTELES

INNOVATION

The **NH Sustainable Club and the Volunteering for Development Cooperation**, several times awarded due to its strength and originality, are benchmark projects in the industry and pioneers in sustainable innovation.

SAVINGS AND COMPETITIVE ADVANTAGE

The reduction of environmental consumption with significant operational cost savings on water, energy and gas which enable us to improve our competitiveness without reducing.

COMMITMENT AND STAKEHOLDER ENGAGEMENT

Our **Corporate Responsibility (CR)** strategy enables us to ensure an active collaboration with Customers, Employees, Suppliers and Society in order to achieve sustainable development objectives. Initiatives such as **NH meeting moments**, where we offer the chance to offset carbon emissions, **Christmas for Everyone**, in a particular vulnerability moment, in which for the first time customers and residents from our hotels in Spain were involved, or the solidarity donation at the check out show our customers' awareness on our sustainability commitment.


BRAND DIFFERENTIATION

Our sustainable focus **increases brand value** and makes us stand in the market, being a commercialisation lever in the Corporate Client and Consortiums segments which already assess the supplier's responsible commitment.

LONG-TERM PLANNING

Corporate Responsibility implies integrating a vision with a greater perspective and analysing, not only the quarterly financial results, but also the **long-term impact**.

DIALOGUE WITH OUR STAKEHOLDERS

| 2012 | Shareholders | Customers | Employees | Suppliers | Environment | Society |
|--|--|---|--|---|---|------------------------------|
| CR Master Plan | ■ | ■ | ■ | ■ | ■ | ■ |
| Specific corporate webs | ■ | ■ | ■ | ■ | ■ | ■ |
| Satisfaction Surveys | ■ | ■ | | ■ | | |
| Meetings and workshops | ■ | ■ | ■ | ■ | ■ | ■ |
| Participation in events and forums | ■ | | ■ | | ■ | ■ |
| Communication and publication of information | ■ | ■ | ■ | ■ | ■ | ■ |
| HIGHLIGHTED IN 2012 | Joining  FTSE4Good | Wifree Campaign Customer Assessments | Code of Conduct Training Corporate Volunteering | Responsible Purchases (disabled collaborators rate 8.6) | Successful accomplishment of the 2008-2012 Environmental Strategic Plan | Up! For the People Alliances |



2012 CORPORATE RESPONSIBILITY MILESTONES

- ✓ **Changes on Corporate Governance** appointing a new Chairman and a new CEO.
- ✓ **Inclusion in the sustainability stock exchange index FTSE4Good** after December 2012 revision.
- ✓ **New functions and applications of Quality Focus On-line.**
- ✓ **Successful results of the 2008-2012 Environmental Strategic Plan.**
- ✓ Launching of the **corporate training programme New Heights**, targeting to prepare every hotel manager on key issues to face short and mid-term challenges.
- ✓ **Up! for the People** social action initiative **is consolidated**, after training 441 young Spanish people at risk of exclusion and disabled, more than 900 volunteer employees involved and 8,367 donated rooms in 2012.

NH HOTELES CODE OF CONDUCT

Since 2011, NH Hoteles has a **new Code of Conduct**, binding on all employees, Board members, shareholders and suppliers. It incorporates an anonymous procedure for reporting complaints of alleged breaches and a **Practical Guide** where the Code's rules and values are compiled in an illustrative way.

Likewise, it includes a document considering aspects such as its binding nature, the confidentiality while processing complaints and anonymity of the channel. In 2012 the implementation and dissemination of key aspects of our ethical behaviour carried on by developing a **compulsory on-line training** for all the employees and available in 6 languages.





CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM

The Corporate Responsibility Department is dependent on the General Secretary. The General Counsel is a member of the Steering Committee and reports to the CEO.

In order to ensure correct implementation and coordination in the different Business Units, there is a CSR manager in each one of them who heads up the management, and channels all of the information, doubts, ideas and initiatives which emerge in each region.

INITIATIVES AND ALLIANCES

INTERNATIONAL TOURISM PARTNERSHIP (ITP)

Global platform bringing together the main agents on sustainable behaviour within the tourism industry. In 2012, the highlights are the involvement of NH Hoteles in the **Youth Career Initiative** and the **Hotel Carbon Measurement Initiative (HCMI)**.



CLUB DE EXCELENCIA EN SOSTENIBILIDAD

Business association composed by 22 big companies supporting sustainable growth. It has joint working commissions on Environment, Human Resources, ICT and Sustainability or Corporate Governance.



Club de Excelencia
en Sostenibilidad

JUNTOS POR EL EMPLEO (SPAIN)

NH Hoteles joins the commitment on improving the job access of the most vulnerable sectors in Spanish society, fostering collaboration among the business sector, the public sector and organizations from the third sector. It is led by Accenture Foundation, Compromiso Empresarial Foundation and SERES Foundation.



NH Berlin Mitte, Berlin - Germany



UN GLOBAL COMPACT

Since 2006, NH Hoteles is member of the Global Compact, benchmark framework for designing and managing Corporate Responsibility. Likewise, the current Code of Conduct of NH Hoteles includes the fulfilment of international and sectorial ethical commitments, comprising **Global Compact's Ten Principles**.

"At NH Hoteles we work hard every day to take care of our guests. Our pride in being their hotel of choice means that our enthusiasm never flags"

Javier Frieria,
director - NH Eurobuilding



Hesperia Tower, Barcelona - Spain



Casino de Madrid, Madrid - Spain

ECONOMIC PERFORMANCE

SHAREHOLDERS

NH Hoteles works to build a trust relationship with its shareholders, strongly committed to transparency, particularly on availability and access to relevant information in a full and reliable way.

COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDERS' CORNER

In 2012 the platform launched the year before is consolidated, increasing the interactivity with shareholders and investors and optimising their access to key information on different Company areas.

ELECTRONIC SHAREHOLDERS' FORUM

Information and participation tool facilitating communication to shareholders. It can be used as a channel to publish proposals, membership applications, initiatives to exercise minorities rights or petitions of voluntary representation.

SHAREHOLDERS' GENERAL MEETING

On 29 June 2012 the Company's Annual General Meeting was held on first call, attending 72.61% of social capital.

EVENTS WITH INVESTORS

2 events with investors and 49 meetings with shareholders and investors were held this year.

Norwegian Pension Fund increased its share in NH Hoteles.

The Norwegian Fund increased its share in the Company from 2.24% in 2011 to 2.40% in 2012. Among the policies taken into account for this decision, it may be stressed our environmental performance, the involvement of all the stakeholders in the Code of Conduct, the sustainable innovation measures and the successful Social Action strategy.

SHAREHOLDER CLUB

Initiative to reward shareholders with exclusive benefits. Shareholders earn 6% worth of credits for all the billed items (1 credit = €1), which they can be exchange for free nights' accommodation and catering services.

FTSE4GOOD

Only Spanish Company included in 2013 in the sustainability stock exchange index FTSE4Good after being reviewed in 2012. This index is one of the barometers for assessing environmental, ethical, social and corporate governance factors and it means a recognition for NH Hoteles commitment in its **Corporate Responsibility** strategy.





CUSTOMERS

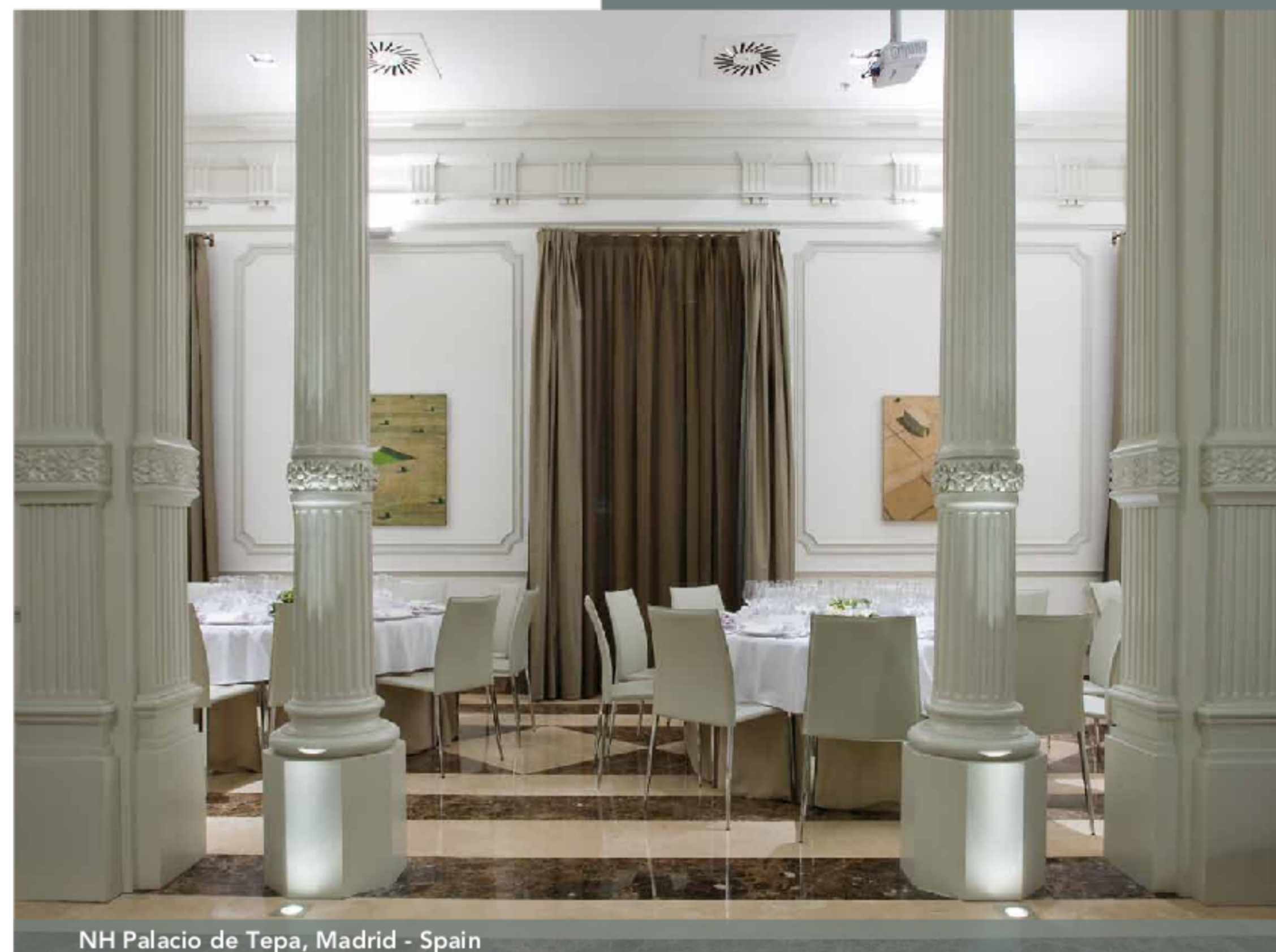
Customer satisfaction is NH Hoteles' priority and, therefore, its aim is facilitating the processes, keeping transparent actions, ensuring the quality of care and service and constantly innovate to meet customer expectations.

EXCELLENCE IN QUALITY

In 2012 more than **228,000 surveys** were collected, with an average global rate of 8.1 over 10, making the Company one of the best rated in the industry.

Quality Focus, channel of dialogue with customers enabling to position the service and the quality as Company's strategic aspects, giving NH Hoteles competitive advantage in the market and making it easier for employees worldwide to get involved.

Quality Focus On-line, software allowing to get to know customer assessments in all the hotels, to gather all that information in a sole platform and to get reliable statistics showing the satisfaction level to set up on-going improvement plans.



NH Palacio de Tropa, Madrid - Spain

OVERALL SCORE OF NH HOTELES

| | 2011 | 2012 | DIF. |
|--|--------------------|--------------------|----------|
| General Satisfaction (*) | 8.0 (from 0 to 10) | 8.1 (from 0 to 10) | + 0.1 |
| No Surveys | 105,135 | 89,985 | - 15,150 |
| No Scores (NH Surveys+ external pages) | 211,577 | 229,809 | + 18,232 |
| Value for Money Scores | 7.5 | 7.7 | + 0.2 |

(*) Including NH Hoteles internal surveys and external pages scores.

TOP RATED HOTELS

The hotels NH Palacio de Tropa, rated 9.0, NH Porta Rossa, rated 8.9, nhow Berlin, rated 8.8 and Grand Hotel Convento di Amalfi, rated 8.8, have become the favourite ones according to travellers because they offer additional services and have innovative spaces.

QUALITY FOCUS NEW FUNCTIONS

QUALITY BALANCED SCORECARD (QBS)

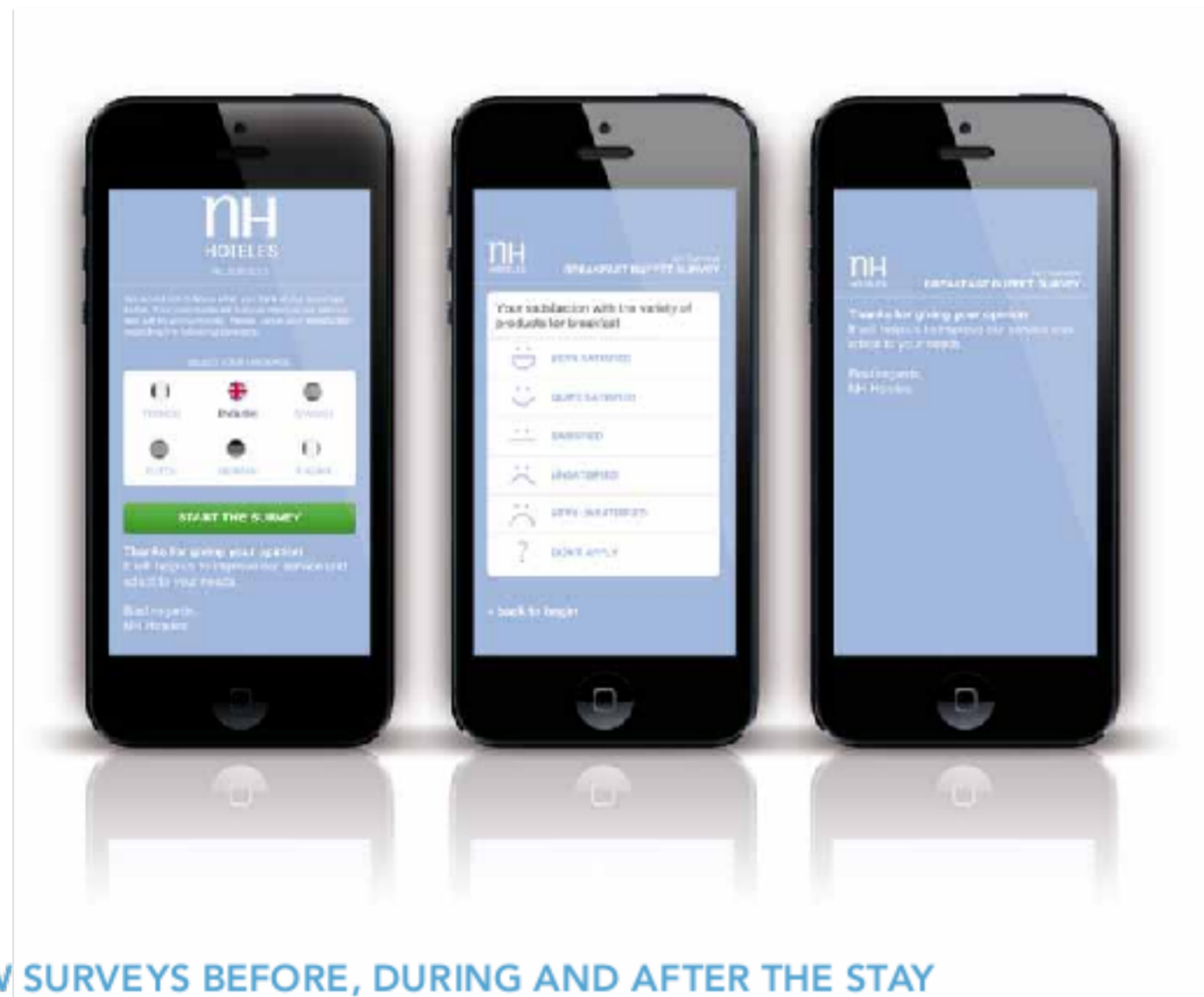
Tool that enables linking the customer satisfaction results with other business variables and look for best practices in order to increase customer satisfaction and Company efficiency.

MYSTERY GUEST

In 2012, the results of **367 audits** carried out by the Quality Department at NH Hoteles using the Mystery Guest methodology were integrated in the platform Quality Focus On-line to determine whether the service meets the standards and follows the procedures defined by the Company.

QR CODE PROJECT (BIDI)

A new project allowing to complete the information stored in Quality Focus and manage, in a centralised way, from Quality Focus On-Line, the information obtained through the surveys made through QR codes (BIDI).



NEW SURVEYS BEFORE, DURING AND AFTER THE STAY

In 2012 the cycle of customer opinion registration is completed by including a satisfaction survey on the reservation process and while the stay is taking place through QR codes in different hotel areas. The satisfaction surveys have also been extended to Bookers to assess group reservations, lounges and catering services managed by external companies.



NH Porta Rossa, Firenze - Italy

NH GUEST SERVICE

During 2012 a total of **13,705 guests** were contacted, 10,029 of them directly and 3,676 were received through the Guest Service Department.

Those contacts allowed us to introduce 29,408 codified comments in the Quality Focus On-Line tool in the rated hotels, thus increasing customers trust and building relationship with them.

"I am delighted to be part of NH Hoteles. It is important for me to work day in and day out to make sure that our guests enjoy an unforgettable stay with us"

Rahwa Bumba,
deputy hotel director
NH Frankfurt Airport

FIVE-STAR CUISINE

MICHELIN STARS

The new edition of the **2013 Michelin Guide**, published in 2012, compiles **5 stars** awarded to different NH Hoteles establishments. One of the hotspot there would be La Terraza del Casino, having Paco Roncero (2 Michelin stars) as executive chef and manager, and Santceloni, with two Michelin stars and lead by Óscar Velasco. Vermeer Restaurant, located in NH Barbizon Palace (Amsterdam) and lead by chef Christopher Naylor, has also been awarded 1 Michelin star.

AVANT-GARDE CUISINE

Berlin-based chef Patrick Rexhausen from Fabrics restaurant, located by the lobby of nhow Berlin hotel, offers modern cuisine with a German-French touch and the highest quality.

ESTADO PURO

NH Hoteles carries on reinventing the traditional "tapas" concept in two of its Estado Puro establishments in Madrid, lead by Paco Roncero and having an interior design of iconic peineta hair comb and a clear vintage touch developed by James&Mau.

PACO RONCERO'S HIGH-TECH WORKSHOP

Located in the Casino de Madrid, it has been conceived as a research lab to develop creative talent for the design of new dishes, as well as a training room for the best cuisine masters exchanging knowledge. A livinglab provided with an "intelligent table" and an integrated showcooking area, which allows to interact with the guest.

NH ANTIOX BREAKFAST, INNOVATION AND HEALTH

In 2012, NH Hoteles has implemented in all its Business Units NH Antiox Breakfast, having its room service version in **Room Apetit**, which provides a selection of products that combined help to fight premature ageing of the skin, protect the cardiovascular system and strengthen the immunological system.

ROOM APETIT

The guest may comfortably enjoy from his or her room a healthy and innovative experience on traditional room service. Culinary proposal in an original and appealing presentation which goes for quality and health.



NH Sotogrande, Cadiz - Spain



The 5 Michelin Stars of the Group:
Christopher Naylor, Óscar Velasco and Paco Roncero



ROOM APETIT^{NH}
HOTELES



"I am forever trying to forge new contacts and not to lose sight of the competition in a constant search for new ideas that have the ability to surprise, add value and take us another step forward"

Thomas Rettig,
F&B manager - nhow Berlin

NEW SERVICES

WIFREE

Answering its customers' demand, from August 2012 NH Hoteles provides **free WiFi in all the rooms and common areas** in its hotels.

NH MEETING MOMENTS

New concept offering customers the best experience possible in any event or meeting, providing an excellent range on catering services as well: from rooms to offer a tasty coffee-break and lunch-time meetings to avant-garde cuisine restaurants.

NH EVENT TOOL

Online tool making event and congress organization easier and better. It enables you to manage multi-hotel operations, booking rooms in several hotels in one or many cities and countries. It also gives the possibility of creating a personalized site.

SOCIAL MEDIA: EXPERIENCES 2.0

NH Hoteles aims to consolidate the close relationship it maintains with its customers by **globally strengthening** its social media strategy, including general interest topics and promoting relevant events. Thanks to this kind of actions, the NH Hoteles community 2.0 grew by 37.66% in Twitter followers, and 20.65% in Facebook fans. By the end of 2012 the Company almost has **100,000 followers** in Facebook, Twitter and Instagram globally.

In 2012 it has also been highlighted a greater content generation on a local level in Mexico, Colombia and Venezuela. Some of the most outstanding actions in 2012 were the **Micro Story Award** (within the Mario Vargas Llosa NH Short Story Award), the **Copa Davis contest**, **#NHconelcine** and the **NH Day**, a commercial action to support the summer campaign.

ON-LINE MARKETING

SEM & SEO

In 2012 a new specialized team in SEM and SEO areas has been incorporated to position NH Hoteles brand in web and mobile environment of Google, Bing, and Yahoo.

ONLINE PARTNER MARKETING

The Company has signed agreements with Trivago, Kayak, Trabber, Checkfelix, fostering the Affiliate Marketing area with related companies in order to redirect potential consumers to the commercial website.

MOBILE MARKETING

In 2012, NH Hoteles achieved the first ranked position on free downloads at Apple Store in the General and Travel categories.

NH HOTELES MOBILE WEB

This adapted version has been awarded several recognitions and the Mobile Marketing Association and Interactive Advertising Bureau took it as an example, including it in its mobile efficiency guide.

MOBILE APPS

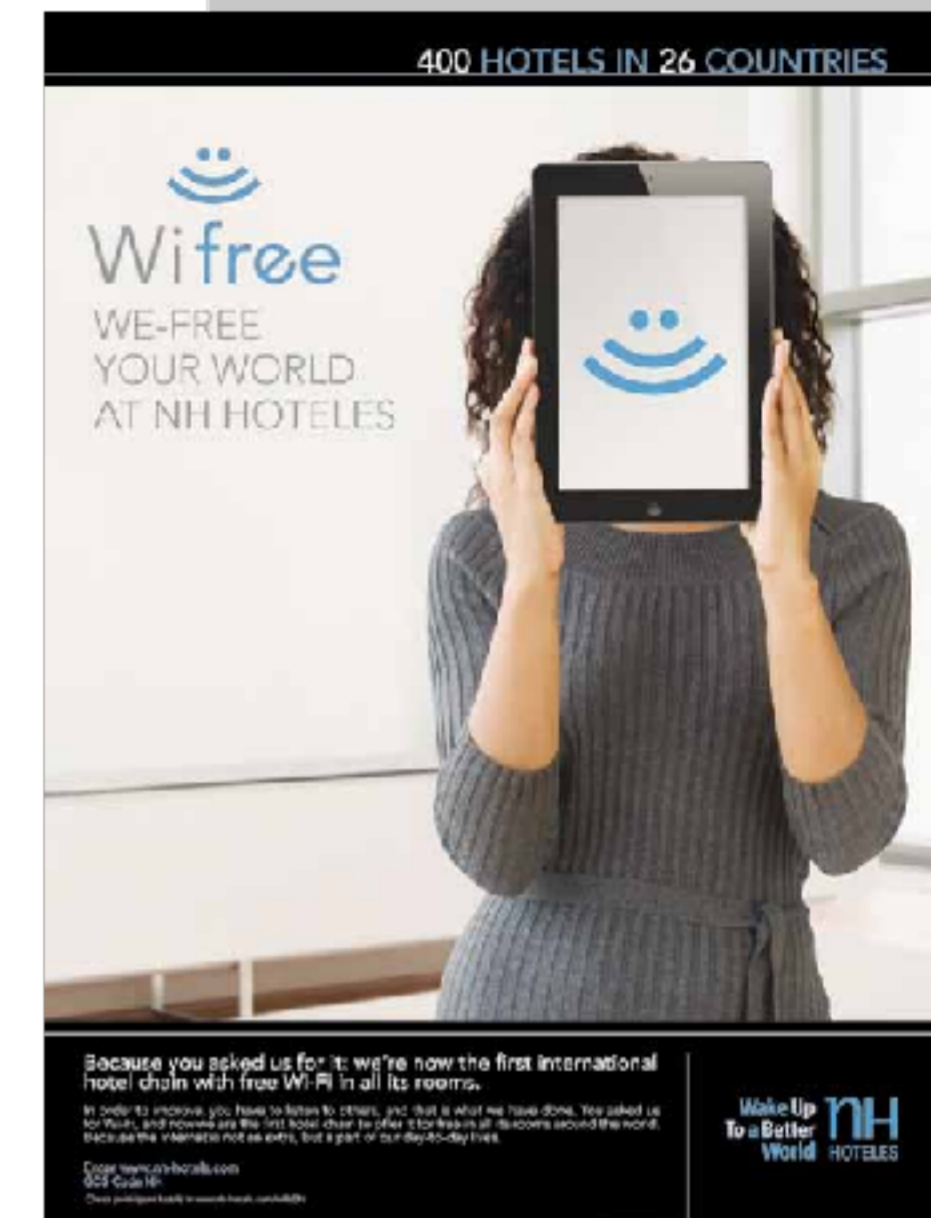
In 2012 apps for iPhone, Android and iPad have been developed, as well as adaptations for iPhone 5 and Passbook, being NH Hoteles the first company in the industry making an adaptation of this exclusive Apple app.

NH WORLD REDESIGN

In 2012, NH Hoteles redesigned the loyalty programme NH World website with a more appealing image and an exclusive area where members can check their credit balance.

CENTRAL RESERVATION OFFICE

New tool allowing to send information to customers in a fast and efficient way, in eight languages. It also enables the companies to see agreed rates and promotion codes.



NH Hoteles, official sponsor of Davis Cup



NH Eurobuilding, Madrid - Spain

SUPPLIERS

NH Hoteles considers its suppliers to be key stakeholders for consolidating the commitment to develop **sustainable and innovative solutions**. NH Hoteles believes that it is valuable to foster a close, accessible and strong relationship with partners and, therefore, the Company strives to optimize resources and to implement tool facilitating bilateral communication.

PROCUREMENT POLICY UPDATE

In 2012 the Procurement Policy has been updated in order to capture the current processes and procedures as well as keeping and highlighting the role of service to the inner customer. The roles, improvement levels and purchase restrictions of each agent taking part in the action, have also been redefined, standardizing criteria and stressing the relation to other areas in the Company. The Department's Code of Conduct has also been replaced by the Corporate Code of Conduct.

OUR SUPPLIERS

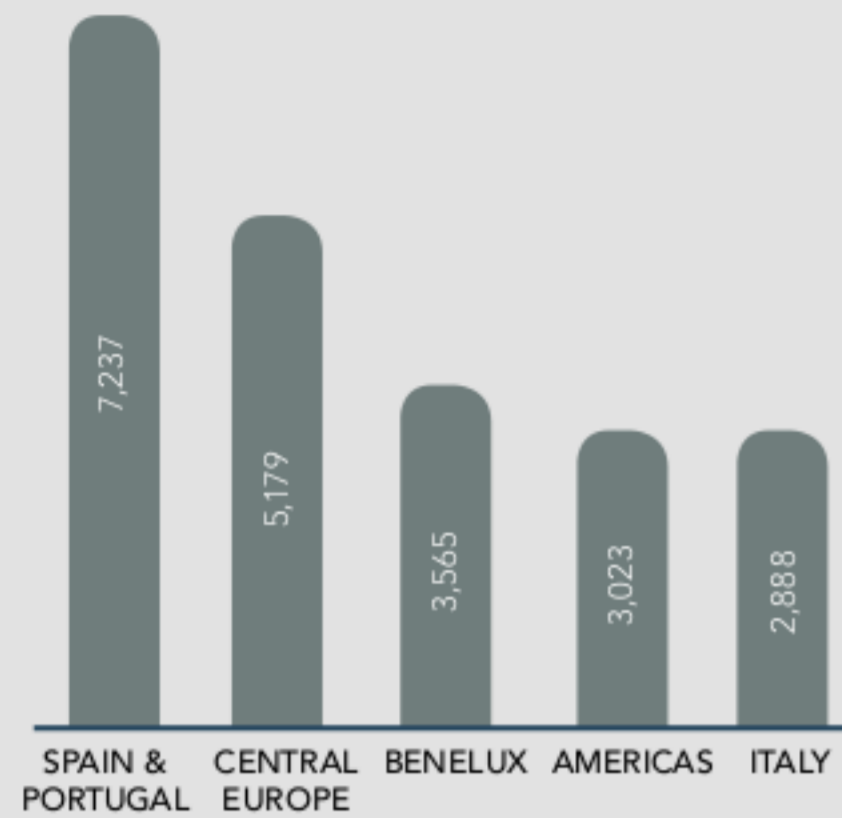
In 2012, NH Hoteles worked with a total of **21,892 national and international suppliers**, with an annual purchasing volume (cost + investment) of €403.4M. 79% of this volume accounts for the Spain, Portugal, Central Europe and Benelux Business Units.

One of the principles of our Corporate Procurement Policy is to offer **equal opportunities and promote local purchasing** in every region NH Hoteles operates. In 2012, the local purchasing volume represented 84% of approved purchases, 4% less than in 2011. For supplier type, 77.8% is included in operational costs and services, which is 63.77% of the total purchasing billed volume.

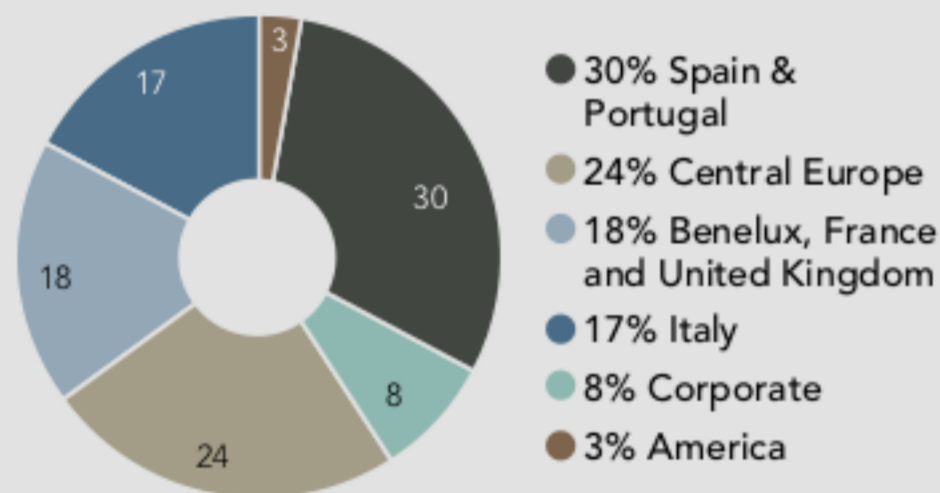
SIGNING THE CODE OF CONDUCT

Since 2012, **NH Hoteles Code of Conduct** is incorporated in every approved agreement from the **Purchasing Department**. In 2012, in total 224 Codes were signed, reaching an aggregated figure of 1,218 signed Codes, 22.5% more than in 2011.

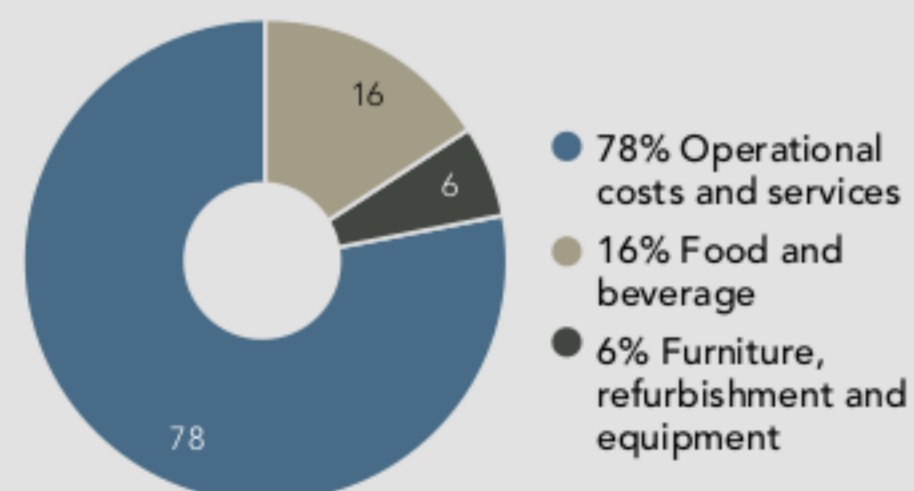
SUPPLIERS BY BU



PURCHASE VOLUME BY BU



SUPPLIERS BY SERVICE TYPE



ENVIRONMENTAL COMMITMENT

In collaboration with the Environmental Department, NH Hoteles carries on using the **Eco-design questionnaire** and tests each candidate under a category system, similar to the European label of energy rating, Energy Star, assessing the company internal environmental management and product efficiency and innovation. As a novelty in 2012, all the assessments have also been integrated in the **Suppliers Registration Process** in our **e-Platform for Purchases**.

NH SUSTAINABLE CLUB

Innovation workshop with suppliers, reaching its 5th year in 2012 and still an important dissemination channel for sustainability, as well as the space where sustainable measures are jointly developed in order to keep NH Hoteles as a model and benchmark on responsible tourism.

E-SOURCING PLATFORM

In 2012 an e-sourcing platform has been developed and it allows to make **standardized sourcing**, strengthens monitoring on bids, gives more transparency to purchases and enables bigger savings.

CLICK NH'BUY

Supply management system consolidated as sole used tool in Spain and Italy during 2012. In 2013 it will start its implementation in Benelux and Central Europe.

With the aim of sharing their best business practices and learning from each other, NH Hoteles and Coperama took part in the **Benchmarking 2012 Canal Horeca** programme, by AECOC, targeting to analyze the service level and the commercial relation among manufacturers, intermediaries and foodservice operators to identify potential improvements.

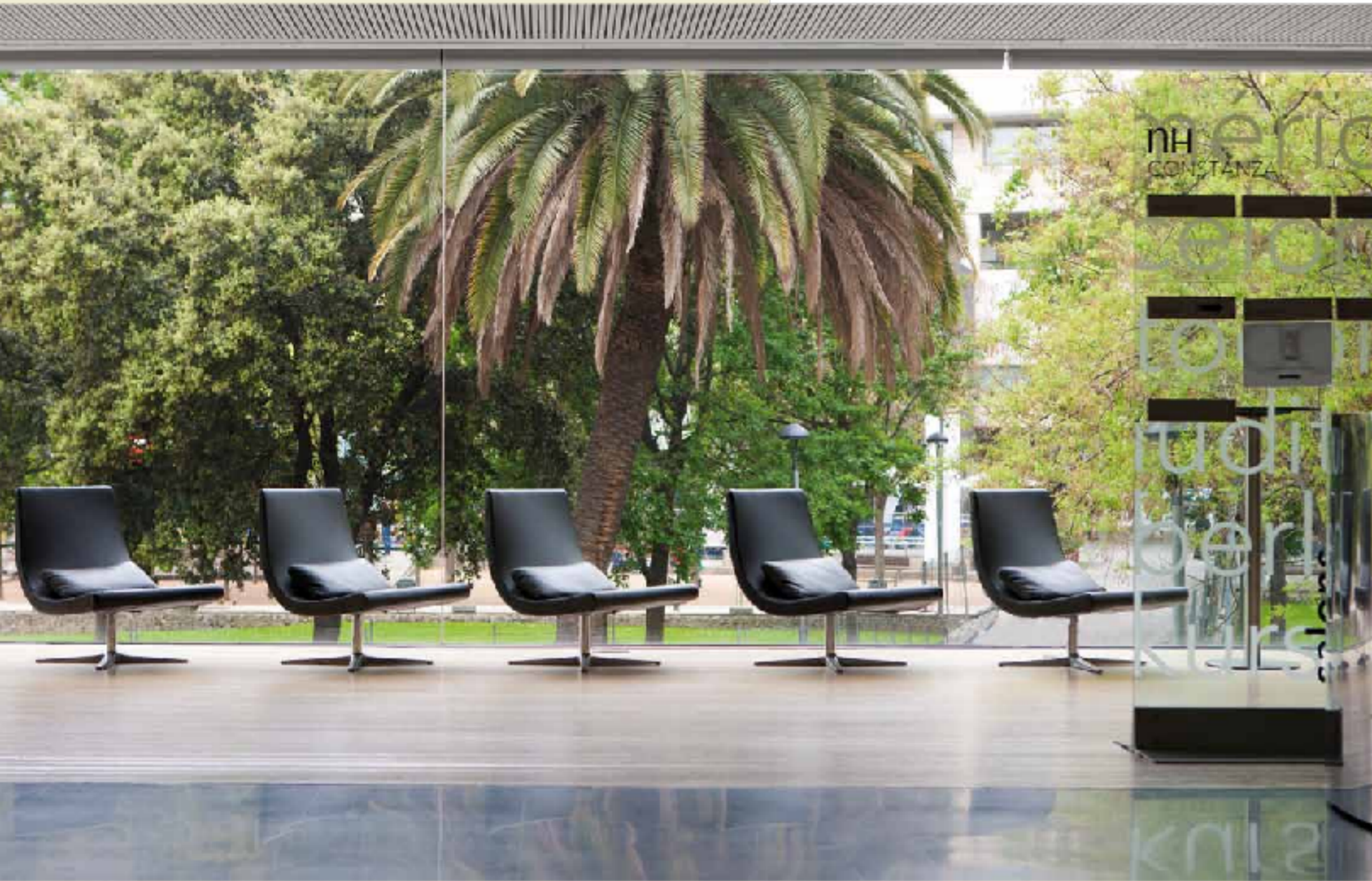
COPERAMA, FIRST PROCUREMENT PLATFORM IN THE INDUSTRY

During 2012, Coperama has consolidated its position as the **first procurement platform in the hotel industry** in Spain. With an average growth rate of 3 new members per week and an increment of 42% compared to 2011, it closed the year with a total of **596 customers**, which means 47,312 rooms. Having a portfolio of more than 300 suppliers, Coperama meets the needs on **F&B, OSE and FFE** of all its establishments, managing an annual purchase of around €250M for all its members.



ACTIONS AND TOOLS

- ✓ **I Coperama Congress** was held in 2012 to analyse current trends and join forces in strategy, format, logistics, sustainability, training, innovation, products and technology.
- ✓ Launch of the **E-Catalogue**, which will allow to turn the product search into purchase orders, facilitating the process and optimizing the communication between customers and **suppliers**, and the **e-Billing**, so providers can send electronic bills to every Coperama establishment, free of charge and without using paper.
- ✓ The **R&D&I Lab** is born, a space enabling customers and suppliers to share knowledge and jointly work to develop products and services targeting an increasing in efficiency and productivity of the hospitality industry.
- ✓ Implementation of an **e-sourcing platform**.



NH Constanza, Barcelona - Spain

ENVIRONMENTAL PERFORMANCE

NH Hoteles' sustainable and innovative approach, integrated in the whole business cycle, is defined by its commitment towards efficiency and respect for the environment.

In 2012 the Company's sustainable performance results went well beyond the targets settled in the **2008-2012 Environmental Strategic Plan**. This was possible thanks to the involvement of the senior management, all employees and the customers themselves.

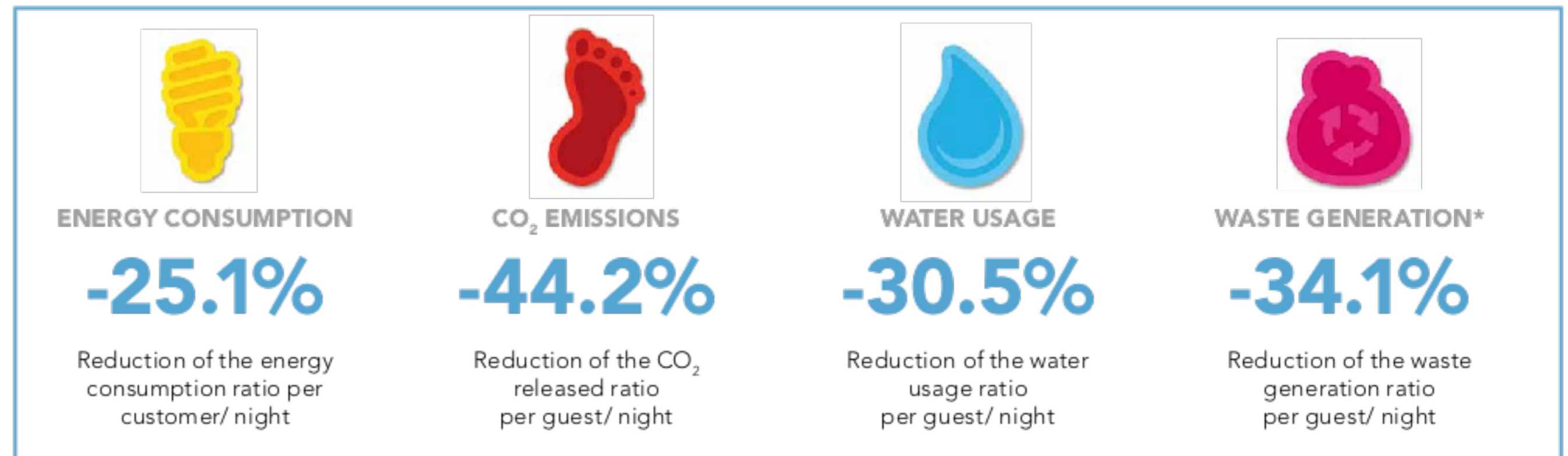
MANAGEMENT SYSTEM

The **Environmental Department** has a system to follow up and monitor environmental indicators collecting monthly data from all the hotels. These are each quarter analysed to assess target fulfilment and identify improvement opportunities. The standard consumption ratio per guest and night is used to measure and give report.

"SMART METERING"

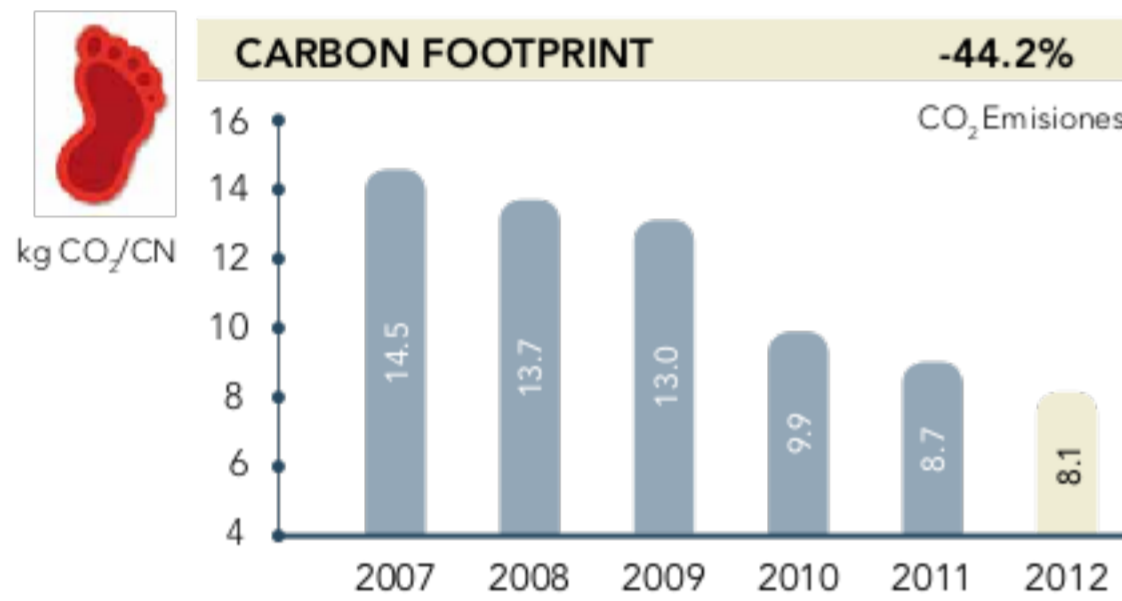
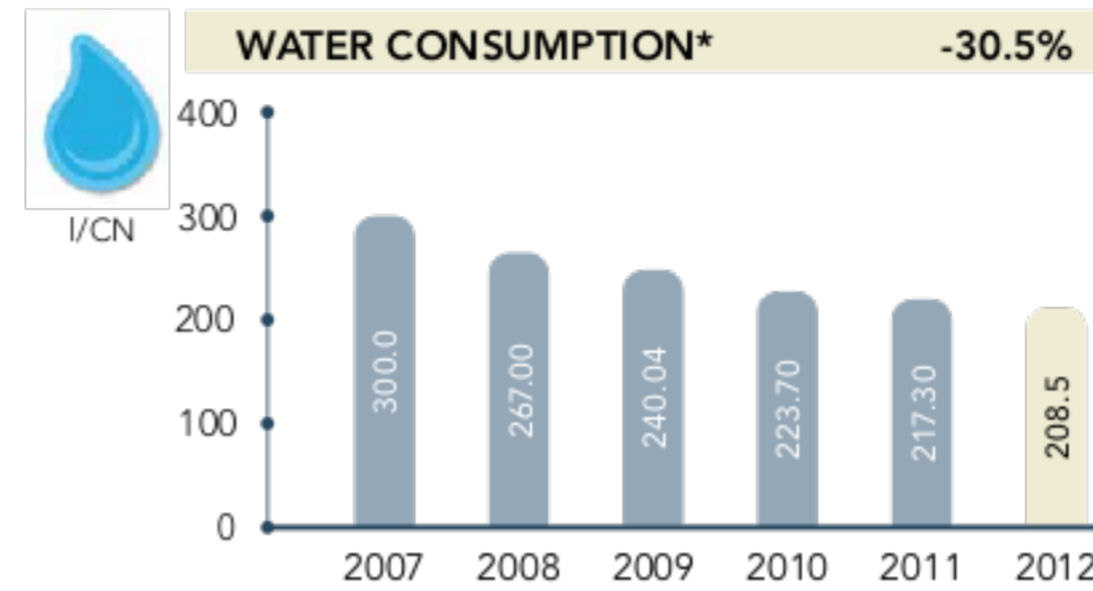
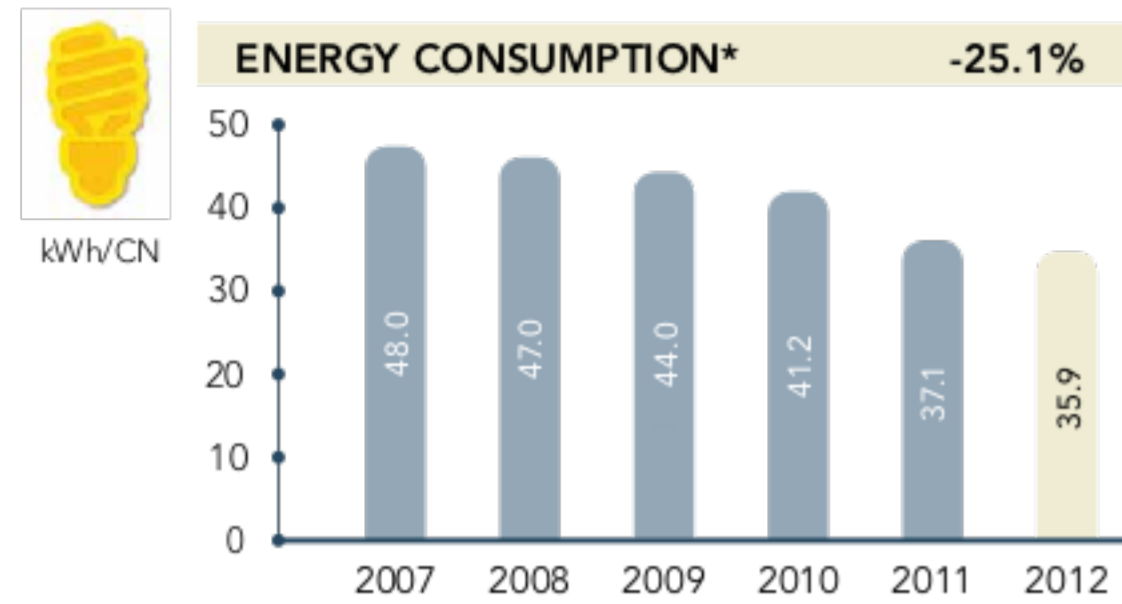
A new e-platform launched in some hotels for an easy reading of energy and water consumption, remotely and on-going, for every hotel in the Company, which in the future will allow resources usage optimization.

ENVIRONMENTAL STRATEGIC PLAN 2008-2012



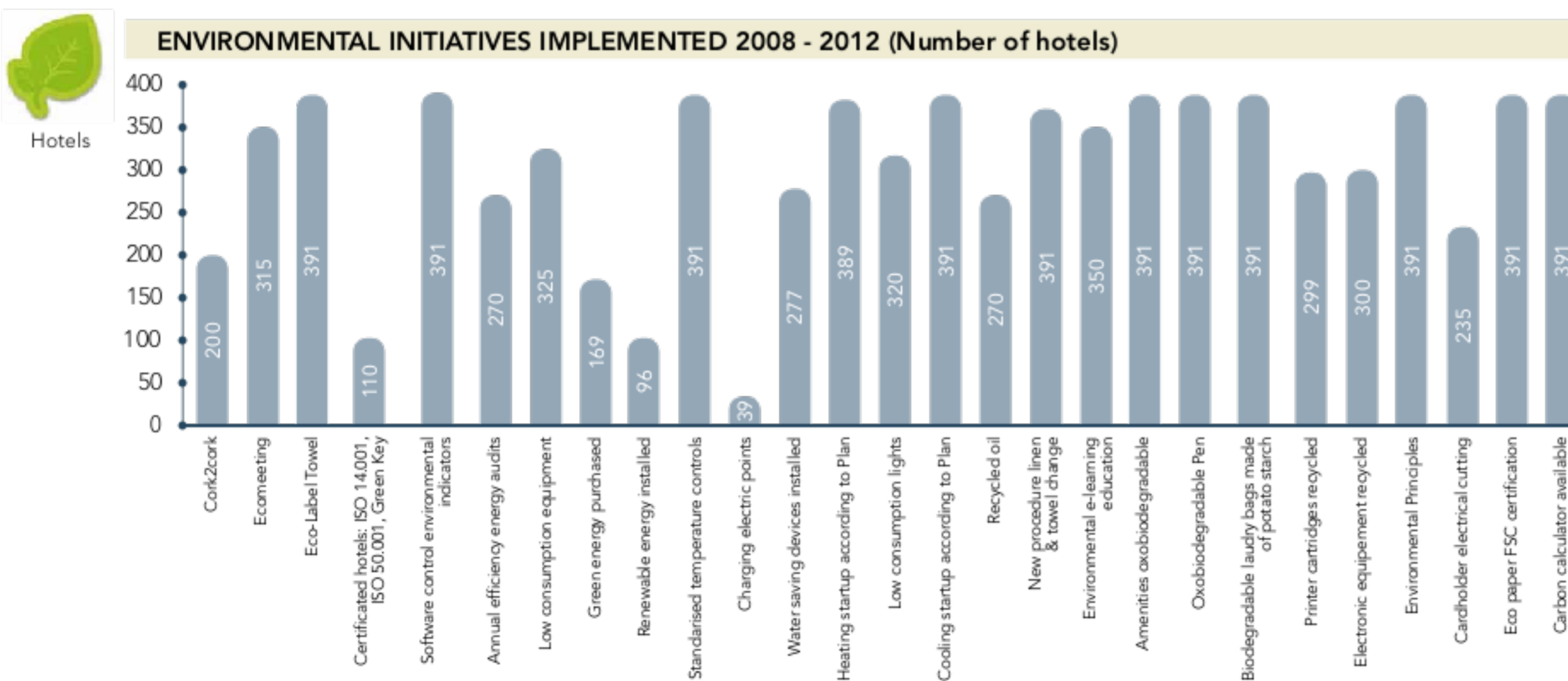
* Waste: estimated data

CONSUMPTION REDUCTION PER YEAR



* Energy and water consumption data according to the standards of comparability defined by the Company. Water and energy usage taken from bills and meter reading systems.

** Estimated data.



NH Hoteles is the first global hotel chain obtaining the ISO 50001 certification, the most important rule on Energy Management Systems.

2012 RESULTS

ENERGY

En 2012, the **energy* consumption-cutting** measures in place managed to lower the consumption ratio per guest/ night by **1.2%** compared to 2011. Since 2008, the energy consumption has been reduced by **25.1%**.

| ENERGY CONSUMPTION | | | | | | |
|---|-------------|-------------|-----------|-------------------|-------------------|-----------|
| | 2011 | 2012 | DIF VS 11 | 2011 | 2012 | DIF VS 11 |
| | kWh | kWh | | kWh / guest night | kWh / guest night | |
| NH Global | 540,400,326 | 538,479,846 | -0.4% | 36.4 | 35.9 | -1.2% |
| BU Benelux, United Kingdom, Africa & France | 73,755,950 | 72,578,258 | -1.6% | 43.3 | 41.6 | -4.1% |
| BU Italy | 92,652,245 | 89,762,261 | -3.1% | 41.8 | 41.1 | -1.6% |
| BU Spain, Portugal & Andorra | 187,198,698 | 187,322,751 | 0.07% | 32.4 | 33.1 | 2.2% |
| BU Central Europe | 140,127,295 | 142,651,008 | 1.8% | 33.9 | 32.5 | -4.0% |
| BU America | 46,666,138 | 46,165,568 | -1.1% | 45.6 | 45.7 | 0.2% |
| BU Resorts | 55,646,965 | 52,930,803 | -4.9% | 36.2 | 34.5 | -4.8% |

WATER

The **water* usage** per guest ratio was lowered by **3.9%** in 2012. Since the launch of the plan, a usage reduction of **30.5%** has been achieved by the installation of aerators, double-flush tanks and usage reduction devices on showers and sinks.

| WATER USAGE | | | | | | |
|---|----------------|----------------|-----------|----------------------|----------------------|-----------|
| | 2011 | 2012 | DIF VS 11 | 2011 | 2012 | DIF VS 11 |
| | m ³ | m ³ | | Litres / guest night | Litres / guest night | |
| NH Global | 3,094,601 | 3,003,722 | -2.9% | 217.0 | 208.5 | -3.9% |
| BU Benelux, United Kingdom, Africa & France | 389,083 | 386,905 | -0.6% | 210.0 | 205.7 | -2.1% |
| BU Italy | 639,710 | 577,708 | -9.7% | 301.2 | 276.1 | -8.3% |
| BU Spain, Portugal & Andorra | 1,044,476 | 991,816 | -5.0% | 199.5 | 193.2 | -3.2% |
| BU Central Europe | 738,674 | 775,038 | 4.9% | 178.6 | 176.7 | -1.1% |
| BU America | 282,658 | 272,255 | -3.7% | 309.9 | 297.6 | -4.0% |
| BU Resorts | 648,916 | 630,172 | -2.9% | 408.5 | 396.8 | -2.9% |

*Energy and water consumption data according to the standards of comparability defined by the Company. Hotel comparable percentages from 2011-2012: Energy and emissions: 81%. Water: 78%. Water usage taken from bills and meter reading systems. N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently.

EMISSIONS

Since 2008, the **carbon footprint** of NH Hoteles fell by **44.2%** and **4.4%** compared to 2011.

| CO ₂ EMISSIONS | | | | | | |
|---|-------------|-------------|-----------|------------------|------------------|-----------|
| | 2011 | 2012 | DIF VS 11 | 2011 | 2012 | DIF VS 11 |
| | ton | ton | | Kg / guest night | Kg / guest night | |
| NH Global | 125,645,600 | 121,151,676 | -3.6% | 8.5 | 8.1 | -4.4% |
| BU Benelux, United Kingdom, Africa & France | 18,588,150 | 18,392,490 | -1.1% | 10.9 | 10.5 | -3.6% |
| BU Italy | 30,346,115 | 28,632,281 | -5.6% | 13.7 | 13.1 | -4.2% |
| BU Spain, Portugal & Andorra | 21,639,489 | 18,552,733 | -14.26% | 3.7 | 3.3 | -12.4% |
| BU Central Europe | 40,396,423 | 40,765,850 | 0.9% | 9.8 | 9.3 | -4.9% |
| BU America | 14,675,422 | 14,808,323 | 0.9% | 14.4 | 14.7 | 2.2% |
| BU Resorts | 10,206,268 | 8,887,340 | -12.9% | 6.6 | 5.8 | -12.8% |

WASTE

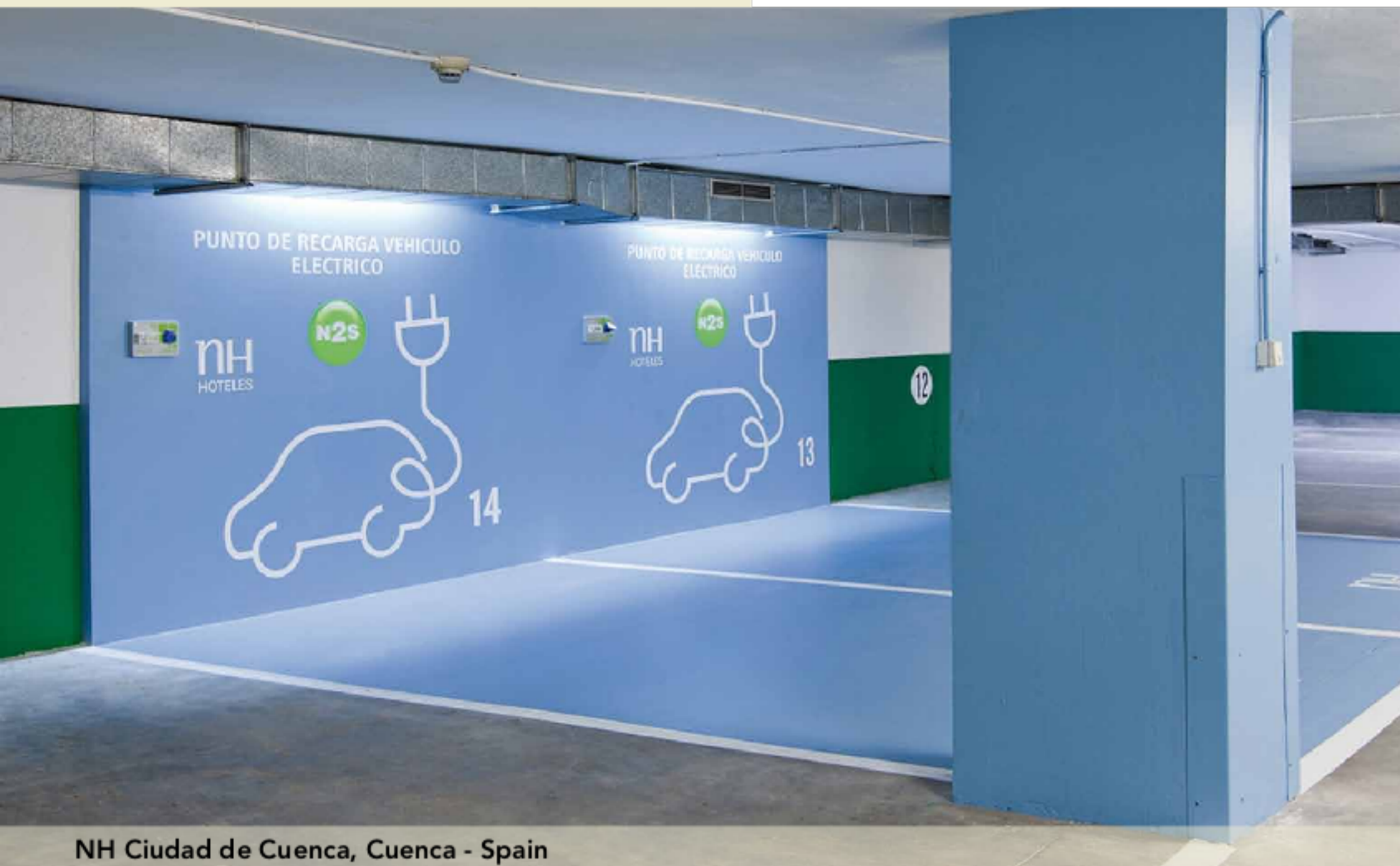
Globally, estimated waste generation per guest/ night (kg.) has been reduced from **4.1** in 2007 (baseline) to **2.7** in 2012.

PAPER

In 2012 NH Hoteles carried on with the ongoing actions to manage to reduce paper usage in the Company. In 2012, a total of 1,069.53 tons of paper were used.

NEW 2012-2015 ENVIRONMENTAL STRATEGIC PLAN

In 2012 the new NH Hoteles Environmental Plan was defined. It provides specific actions to strengthen the Company's commitment towards environment protection and the search of innovative initiatives in the sustainability area. **The new Plan is called 20+15** aiming to achieve **15%** additional reduction on water and energy consumption for 2015 and its two main pillars are **Efficiency and Sustainable Innovation**.



NH Ciudad de Cuenca, Cuenca - Spain

"I am proud of working in a company committed to the environment and industry leader on energy management thanks to the 2008-2012 Environmental Plan. This inspires us to develop projects looking to achieve new challenges on energy efficiency".

Samuele Primiceri,
engineering, maintenance
& environment manager
Central Office BU Italy

For the third year running, in 2012 NH Hoteles has reported to the **Carbon Disclosure Project (CDP)**, an independent non-profit organization that analyzes companies' environmental performance and whose indicators are consulted by different stakeholders. NH Hoteles is among the Spanish companies with best rating **"B"**, which places the company among the ones with a more advanced commitment with climate change and as the **best rated European hotel chain**.

SUSTAINABLE INNOVATION

BLUE EFFICIENCY PROJECT

NH Hoteles develops maintenance services to optimize facilities and incorporate state-of-the-art technology, as well as supporting the use of **alternative energy** in supply base and in self-generated solutions.

GREEN ROOMS

All the hotels of the Company implement a variety of eco-efficient solutions which allows us to position our rooms as the most innovative in the market from an environmental point of view.

ECOMEETING

Innovative concept promoting a respectful usage of energy resources when organizing events and enables to offset CO₂ released emissions. In 2012 NH Hoteles held **136 carbon neutral events**.

SUSTAINABLE MOBILITY

Currently, there are **82 recharge points** in Europe, a service free of charge for clients and suppliers. NH Berlin Friedrichstrasse has a sustainable mobility point available for guests, where they can rent bikes, segway platforms and hybrid or electric vehicles.

LED TECHNOLOGY

Until 2012, **53,000 LED lamps** were installed to replace common lamps, an increase of 70% in lighting efficiency, implying a saving of 18,000,000 kWh/year and avoiding a CO₂ release of 7,560 tons.

WOOD WITH ENVIRONMENTAL CERTIFICATION

Nhow Berlin hotel has more than 10,300 m² of wood from sustainable forest management with **PEFC** (Programme for Endorsement of Forest Certification) **certification**.

ECO LIFTS - OTIS

Technology which implies an energy savings of 1,200 kWh/year compared to traditional electric lifts and carbon emission savings of 1,200 kg per hotel/ year.

CORK2CORK

Pioneering initiative in the European hospitality segment collecting and reusing bottle corks used in the Company. After this process, the corks can be reused to make panelling and insulation materials. Since the launch of the project till nowadays, **1,149 kg** of corks have been recycled.

BIODEGRADABLE MATERIALS

NH Hoteles provides its guests with laundry bags, pens and amenities made up from a plastic additive which catalyzes the natural degradation process of materials. Towels in the rooms have the European ecological label **ECOLABEL**.

GREEN ROOMS

Green laundry

The use of ecological materials and efficiency programs in our externalised laundry service are the main pillars of our "green laundry" policy

Led technology

Rooms also use this technology, 70% less energy consuming than standard lighting

Controlled consumption

Each room is connected to the reservation, some services like air conditioning cannot be switched on. This also allows for tighter control over spendings

HVAC independent equipment

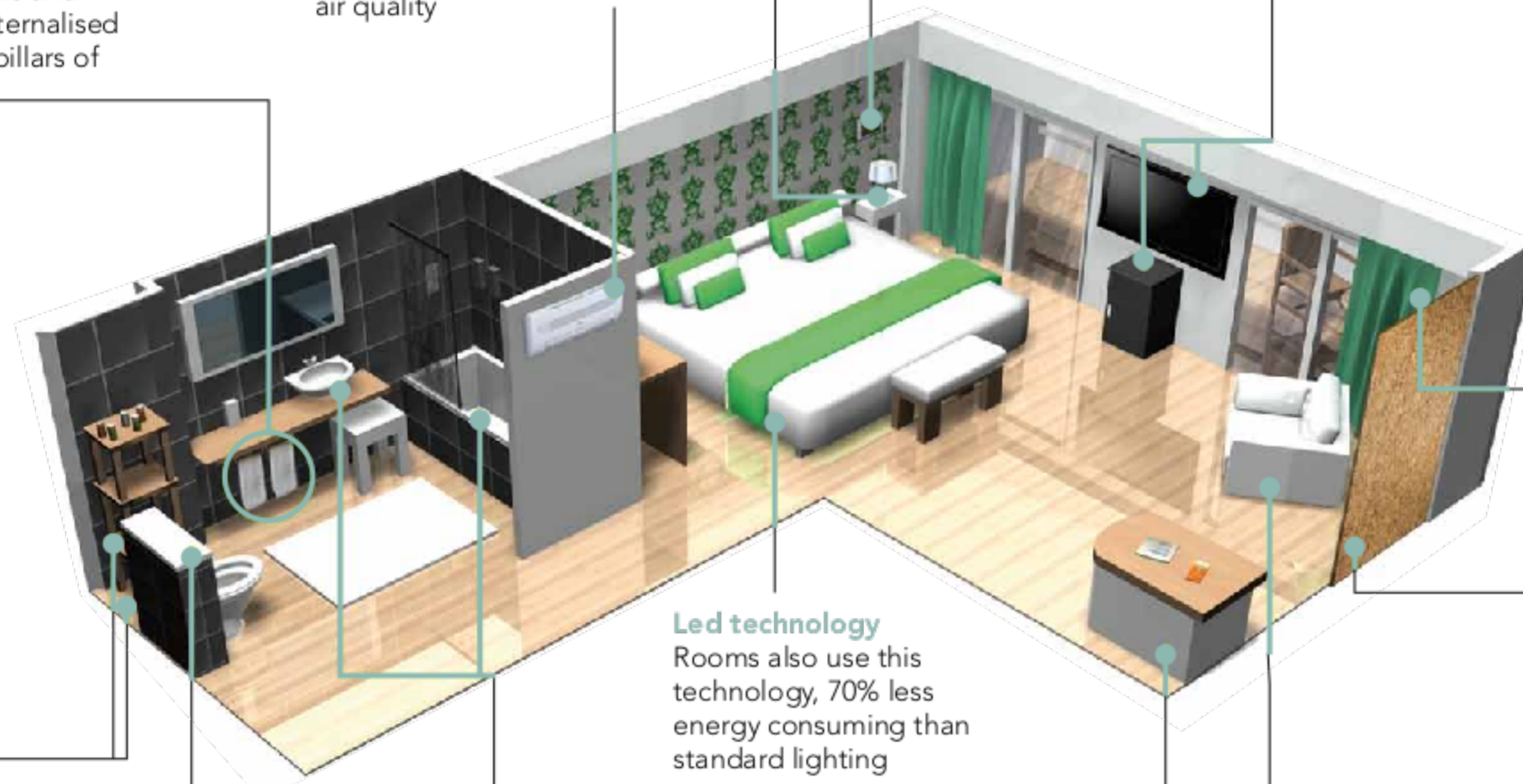
The air conditioning equipment is rated A++. It also controls external air according to internal air quality

TV and mini-bar

They are both highly energy efficient (A++ category)

Automatic curtains

When the client leaves the room, the curtains close automatically, thermally insulating the room



FSC certified wood

This certification guarantees that the origin of the wood is both ecological and sustainable



Led technology

Rooms also use this technology, 70% less energy consuming than standard lighting

Faucet aerators

The water pressure needed for taps and showering is lessened, which results in 40% reduction in water use

Greywater recycling

Independent drain pipes collect rain and shower water that is treated before re-entering the cistern, which also has a double discharge system to save water. The toilet itself needs 25% less water

Recork project

We improve thermal and acoustic insulation with recycled materials such as cork from wine bottles consumed in NH



Tested furniture

We analyse carbon footprint on our furniture in order to select it according to the life cycle variable

Ecological paint

The paint used in our hotels is environmentally friendly

GREEN CERTIFICATION PROJECT

In 2012, the aim of the Environmental Plan to exceed 100 hotels with **green certification** has been achieved, implying more than **21,720 rooms**.

| Business Unit | Certification | Total |
|------------------|-------------------------------------|------------|
| Benelux | Greenkey Bronze | 1 |
| | Greenkey Gold | 30 |
| | Greenkey Silver | 4 |
| Central Europe | ISO 14001 | 18 |
| | ISO 50001 | 1 |
| | Ökobusinessplan | 5 |
| Spain & Portugal | ISO 14001 | 3 |
| | ISO 50001 | 3 |
| | Catalonian environmental licence | 19 |
| Italy | Ecoluxury | 1 |
| | ISO 14001 | 17 |
| | ISO 50001 | 1 |
| Mexico | Environmental certificate in Mexico | 2 |
| | Hydro sustainable hotel | 1 |
| | Single environmental licence | 4 |
| Total | | 110 |

During 2012, we continued working on the specific plan for implementing an environmental management plan according to the **ISO 14001** and **ISO 50001** rules in the Italy and Central Europe Business Units, and the project was extended to Spain. Thanks to this project, **38 hotels** have achieved the **ISO 14001** certification until 2012, which recognizes the best environmental efficiency and the respectful and sustainable use of resources.



NH Hoteles is the **first hotel chain worldwide** obtaining **ISO 50001** certification, the most important rule on Energy Management Systems. In 2012, the hotels nhow Berlin, nhow Milano, NH Palacio de Tepa and NH Ribera de Manzanares joined the already certified hotels.

COMMUNICATION OF ENVIRONMENTAL SUSTAINABILITY

NH HOTELES ENVIRONMENT WEBSITE

In 2012 NH Hoteles continues to update and add to the Environment Website the latest news on environmental innovation in our hotels, as well as the results achieved by our Strategic Environmental Plan.

EMPLOYEES

In 2012, 48% of NH Hoteles' employees have participated in **environmental training and awareness-raising programmes**. Furthermore, a new campus session for commercials, hotel managers, maintenance, kitchen and housekeeping department has been launched, with a total of 209 people trained in 2012.

SUPPLIERS

The environmental commitment of NH Hoteles' suppliers is evaluated and working sessions are held via the **NH Sustainable Club** to develop new eco-efficient solutions which promote sustainable innovation.

SHAREHOLDERS

Shareholder reports on the Company's main results include progress made in implementing the **Environmental Plan** and the consequent improvements in certain financial ratios due to the reduction of the business' operating expenses.

SOCIETY

NH Hoteles actively participates in working groups and technical sessions and supports sustainable initiatives such as the global campaign **"Earth Hour"**, promoted by the WWF.



COMMITMENT TO PREVENTING CLIMATE CHANGE

RENEWABLE ENERGIES

| Hotels that use renewable energies | 2011 | 2012 |
|------------------------------------|------------|------------|
| Cogeneration | 5 | 5 |
| Solar panels | 39 | 38 |
| District heating | 37 | 48 |
| Hydroelectric | 11 | 11 |
| Green energy | 151 | 169 |
| District cooling | | 3 |
| Biomass | | 2 |
| NH World | 243 | 276 |

In 2012, 169 hotels have asked for **Green Energy** certifications, joining the **"Source Warranty"** modality, which guarantees that the source of the energy supplied comes from renewable energy sources. In 2012, and after the incorporation of 18 hotels to the Green Energy modality, 98% of the Company's hotels in Spain have some form of renewable energy supply in accordance with Directive 2009/28/EC from the European Union.

SOLAR POWER

NH Hoteles has a total of **4,701.5 m² of solar panels** which represent 4,104,753 Kw of installed capacity in 53 hotels. In the hotels in The Netherlands we have cogeneration installations with an installation capacity of 1,220 Kw. In 2012, the total area of panels installed increased by 1% and generation by 0.2%.

HCMI, STANDARD TO MEASURE CARBON FOOTPRINT

23 global leading hotel companies have developed a common methodology called **Hotel Carbon Measurement Initiative (HCMI)**, for measuring and standardizing carbon footprint. NH Hoteles is part of the working group responsible for developing this methodology, created in collaboration with the **World Travel & Tourism Council (WTTTC)** and the **International Tourism Partnership (ITP)**.



SOCIAL PERFORMANCE

EMPLOYEES

One of NH Hoteles' main commitment is creating quality employment, in an environment that promotes training, professional development and encourages diversity of cultures and nationalities, in equal conditions and rights.

As a global company NH Hoteles operates with an ethical brand, defined in its new Code of Conduct, committed to respecting **Human Rights** and the **Principles of the Global Compact**.

STAFF IN 2012

In 2012, our average headcount was **18,817 employees**, 3.7% less than in 2011. All Business Units have reduced the number of employees except for America which increased its staff by 10.5%, mainly due to the management of hotels in Venezuela and the Dominican Republic.



EMPLOYEES PER BUSINESS UNIT

| | 2011 | 2012 | Dif. (%) |
|--|---------------|---------------|-------------|
| Spain, Portugal, Headquarters, Sotogrande | 6,977 | 6,538 | -6.3 |
| Central Europe | 3,762 | 3,680 | -2.2 |
| Benelux, United Kingdom, France and Africa | 3,064 | 2,748 | -10.3 |
| Italy | 2,624 | 2,421 | -7.7 |
| America | 3,103 | 3,430 | 10.5 |
| Total | 19,530 | 18,817 | -3.7 |

| | 2012 | % Over total staff |
|-----------------------------|---------------|--------------------|
| Fixed contracts FTEs | 10,937 | 56.0% |

* Data obtained from FTEs (Full Time Equivalents) for all kinds of contracts (open-ended, part-time, extras, temporary employment agencies), considering comparable, non-comparable and managed hotels.

"NH Hoteles is committed to society through sustainable actions and strives to achieve new goals involving its employees"

María Dolores Flores,
director - NH Santa Fe



NH Palacio de la Merced, Burgos - Spain

"I am genuinely convinced that our professionals' undivided support for our business development is the lynchpin of the Company's strategy"

Michael Wazlawiz,
executive chef - NH Deggendorf

DIVERSITY MANAGEMENT

NH Hoteles has a diverse staff made up of **15,780 employees** (permanent and temporary employment) of **141 different nationalities**, 15.3% of whom work in countries other than their home countries.

DIVERSITY INDICATORS

| | 2011 | 2012 |
|---------------|--------|--------|
| N° Employees* | 16,360 | 15,780 |
| % Immigrants | 16.8% | 15.3% |
| % Women | 50.2% | 49.1% |

* Data obtained from the number of employees (Full Time Equivalent) with permanent + temporary contracts.

WOMEN IN MANAGEMENT POSITIONS

At NH Hoteles 49.1% of our total workforce are women with a **48.6%** of women managers globally. In Spain the figure rises to 49.5% of women managers.

AGE PYRAMID

| Age* | 2011 (%) | 2012 (%) |
|--------------------|----------|----------|
| Under 25 years old | 16.8 | 15.9 |
| 25 - 40 years old | 48.3 | 48.6 |
| Over 40 years old | 34.9 | 35.5 |

* Data referred to employees with fixed or temporary contracts.

HIRING OF DISABLED PEOPLE IN SPAIN

The hiring of disabled people in Spain in 2012 meant this group accounts for an exceptional **8.62%** of our workforce, considering job insertion in several Special Employment Centres supplying different services, in particular FLISA and Icaria which shone for their social commitment.

MAIN 2012 INITIATIVES IN DIVERSITY AND EQUALITY

- ✓ Reinforcement of NH Hoteles' commitment with Diversity and Equality through our **Code of Conduct training**.
- ✓ Cultural Diversity management initiatives.
- ✓ Follow-up of defined diversity indicators.
- ✓ Meeting of the Annual Equality Plan Monitoring Committee in Spain with the trade union representatives.

INTERNAL COMMUNICATION

THE FACE OF OUR TEAM

The campaign **"Put a Face to the Name"**, has been carried out to communicate the new appointments to all employees.

SOCIAL MEDIA

Channels used to communicate to all NH Hoteles employees competitions such as the **Wake Up Pics**, the **Davis Cup** and other promotions.

WE ARE ALL SALES

This campaign continues to encourage employees to be the first Brand specifiers. Through these initiatives NH Hoteles collected **€13M**.

WELCOME PACK

It provides new employees and supervisors with the Company guidelines. There is also a **HR Buddy** at the new incorporations' service, a person from HR who acts as a mentor providing orientation, help and assistance during the first months.

INTERNAL MEMORANDUMS

In 2012, **66 corporate memorandums** were sent, classifying news per Business Unit, to maintain employees informed at a local level.

NH SPOTLIGHT NEWSLETTER AND TU RED 2.0

In 2012 this bulletin was launched in 3 languages by and for the employees. It is aimed to cover local information and personal relevant information to increase the employees' pride of belonging. In Spain, **Tu Red 2.0** is the internal communication bulletin and it is bimestral.

POSTERS, DESKTOP WALLPAPERS AND SCREENSAVERS

They facilitate informal and visual communication of competitions and events.



CORPORATE INTRANET

The section "Social Media" has been included in the intranet in order to involve more the employees in campaigns and competitions. The space has been divided in corporate and local contents to optimize their organisation and the section "Benefits for employees" has been redefined.

RECOGNITION PROGRAMME

Through this programme, NH Hoteles rewards the tremendous work of its employees by giving them credits that they can exchange in our hotels and restaurants. In 2012, **6 Recognition Programmes** were organized, awarding a total of **202,806 credits**.

"THE VOICE OF NH" AWARDS

Each year, the hotels assign awards to the best employees according to their performance. In 2012, this programme was carried out in Headquarters and employees were encouraged to vote for the colleague who was best aligned with the Company's objectives and standards.

SOCIAL BENEFITS

FLEXIBLE REMUNERATION PLAN

This Plan aims to maximize the net remuneration of employees in Headquarters, hotel managers and Central Offices from Business Unit Spain, as well as offering health insurance, luncheon vouchers and aid for the kindergarten and renting. In 2012 the Transport Ticket and the Connected Home were negotiated (in order to be implemented in 2013).

INTERNATIONAL ASSIGNMENTS

NH International Mobility Policy governs the international mobility. Apart from short and long-term assignments there are also international transfers. In this case the employees apply for international positions not considered as traditional expatriation ones.

In 2012 a total of **56 employees** were transferred by the Company. As a novelty, the figure of **Global Employee** has been consolidated, employees who, depending on Central Services or Business Units offices, live abroad. This year the Company has 16 Global Employees.

WELL-BEING AND NH RUNNERS

We continue to promote **healthy habits** through well-being initiatives and NH Runners, which allow the employees to develop links between them while practicing sports. In Spain NH Runners has already 60 members in Madrid, Valencia and Barcelona.

SPECIAL OFFERS FOR EMPLOYEES

EMPLOYEE RATE

Employees enjoy stays at almost all NH hotels at an extraordinary rate of €36 + VAT and 50% of the BAR (Best Available Rate) in the Company's top hotels, plus a 30% discount on products and services. In 2012, employees enjoyed **52,368 nights** this way.

AMIGO VOUCHER

In 2012, employees' relatives and friends enjoyed **134,751 nights** at this special rate.

NH UNIVERSITY

In 2012, NH Hotels held 162,131 hours of training, which means an increase of 19% compared to 2011, with a total investment of €1.10M, 9% more than in 2011. Based training hours have increased a 34% compared to 2011 and internal training has represented a 68% of the total number of hours. NH University has trained **24,791 participants** in 240 different programmes in **1,643** campus sessions.



NEW HEIGHTS

Programme for hotel directors' professional development. In this first edition **323 directors** have been trained in 17 courses. They worked out their analysis and decision making capacity through a hotel simulator adapted to NH Hoteles' characteristics and needs. They also reinforced their knowledge about Revenue Management, Food&Beverage, Financial Management, Quality and Human Resources.



2012 NHU HIGHLIGHTS

✓ NH Knowledge Management

During 2012 NH Hoteles concentrated on the concept of sharing knowledge in the Company, consolidating a training catalogue designed and internally distributed. This training is focused on reinforcing those areas of improvement identified with the performance management system. Within this framework, the proposal **"Working Breakfasts"** is launched in Headquarters, where internal experts share their knowledge. During 2012, 6 of these working breakfasts have been organized, with the participation of **122 employees**.

✓ Dual Training

In 2012 NH Hoteles has supported the Regional Government of Madrid in the launch of 2 dual training modules: Tourist Accommodation Management and Restaurant Service Management. **40 participants** have started to be trained through an internship programme developed in 19 hotels in the Business Unit Spain.

✓ NH meeting moments

The aim is to create value through innovation and differentiation in the **MICE** segment (Meetings, Incentives, Conventions and Events), by transforming the defined product and services standards into training material, in order to guarantee that the participants interiorize them and put them into practice.

TIME FOR YOU, PERFORMANCE MANAGEMENT

In 2012, second year of the Performance Management System **Time For You** (TFY), the process has been simplified and it is now a mean of providing motivation. This year we have worked on the main approach to the development management of employees through three initiatives:



- ✓ **Talent Committees creation** with the aim of agreeing on the overall assessment, strengths and areas to be improved among hotel directors and sales representatives.
- ✓ Elaboration of an **Action Plan Manual** with improvements which can be implemented to develop every competence from TFY and establish then a practical methodology for the design of an individual development plan.
- ✓ **Internal Sensibilization Campaigns** to help the employees grow professionally beyond the moment when doing the performance assessment.

Employees have access to an e-learning training catalogue through the NHU Betrained platform

SOCIETY

NH Hoteles' Social Action strategy has the objective of contributing to the local development with a commitment and collaboration based on the business.

In this sense, NH Hoteles is committed to **create responsible partnerships** and **networking** in order to generate value through our hospitality services, aligned with the international Social Action Programme **Up! For the People**.



Up! For the People has evolved towards new collaboration and areas, in line with the 2011-2013 Corporate Responsibility Master Plan Community, consolidated as a management model which provides Social Action initiatives carried out in all Business Units with transversal and global nature.



NH Hoteles Sprint Programme

SOCIAL IMPACT INDICATORS

Up! for Hospitality



Up! for Opportunities



Up! for Volunteering



| | Agreements with NGOs | Rooms donated/year | Hotels involved |
|------|----------------------|--------------------|---------------------------------------|
| 2011 | 83 | 3,277 | 92 |
| 2012 | 196 | 8,367 | 179 |
| | Trainees trained | Agreements | Agreements with NGOs and Institutions |
| 2011 | 294 | 15 | 19 |
| 2012 | 441 | 38 | 39 |
| | Volunteers | | Initiatives |
| 2011 | 193 | | 19 |
| 2012 | 907 | | 56 |

2012 data include the Christmas for Everyone Campaign

"All the hotel employees bent over backwards for the children from Menudos Corazones Foundation and their families. It is a satisfaction to give them affection and support in moments when they really need it".

Susana Rubio,
front desk manager - NH Alcalá

Up! for Opportunities

International training and apprenticeship programme for young people at risk of social exclusion and disabled people in our hotels. Encourages the **direct involvement of the hotel employees who** accompany and advise them, carrying out a valuable volunteer and coaching work.

SPRINT PROGRAMME (CENTRAL EUROPE)

In 2012 the first edition of this programme was launched in order to cover job positions with qualified staff in the Business Unit Central Europe. NH Hoteles gave a one-year employment contract to five young catering students at risk of social exclusion from **Tomillo Foundation** and it was financed by **Barclays Foundation**.

SUPPORT TO WOMEN VICTIMS OF DOMESTIC VIOLENCE (SPAIN)

In 2012 NH Hoteles signed a commitment with the **Ministry of Health, Social Policy and Equality** to support women victims of domestic violence and also signed an accession convention to Incorpora, a labor intermediation programme financed by Obra Social "La Caixa" (Social Works). NH Hoteles also incorporates 13 women at risk of social exclusion, identified by the Spanish Red Cross, in a training programme as housekeeping staff in 6 hotels in Barcelona.

YOUTH CAREER INITIATIVE (MEXICO)

NH Hoteles is the only Spanish company committed with this international initiative together with Intercontinental, Marriot and Starwood. Each year it trains 420 **young people at risk of social exclusion** in 53 hotels worldwide. This year, **16 students** have been trained during 24 weeks in NH hotels in Mexico. Two of the participants have been employed.

CASAL DELS INFANTS (BARCELONA, SPAIN)

Second year of collaboration between NH Hoteles and this NGO to support social initiatives in order to improve the integration of young people at risk of social exclusion. In 2012, **19 students** from Initial Professional Qualification Programmes have been trained in NH Hotels in Barcelona and 2 of them have been hired.

JINC (AMSTERDAM, THE NETHERLANDS)

NH Hoteles collaborates with this NGO providing career counseling to young people in underprivileged areas. In 2012, 28 visits to hotels in Amsterdam were organized to show more in depth the hospitality business to primary students and vocational training ones (VMBO).

SOCIO-LABOUR INTEGRATION PROGRAMMES (BENELUX)

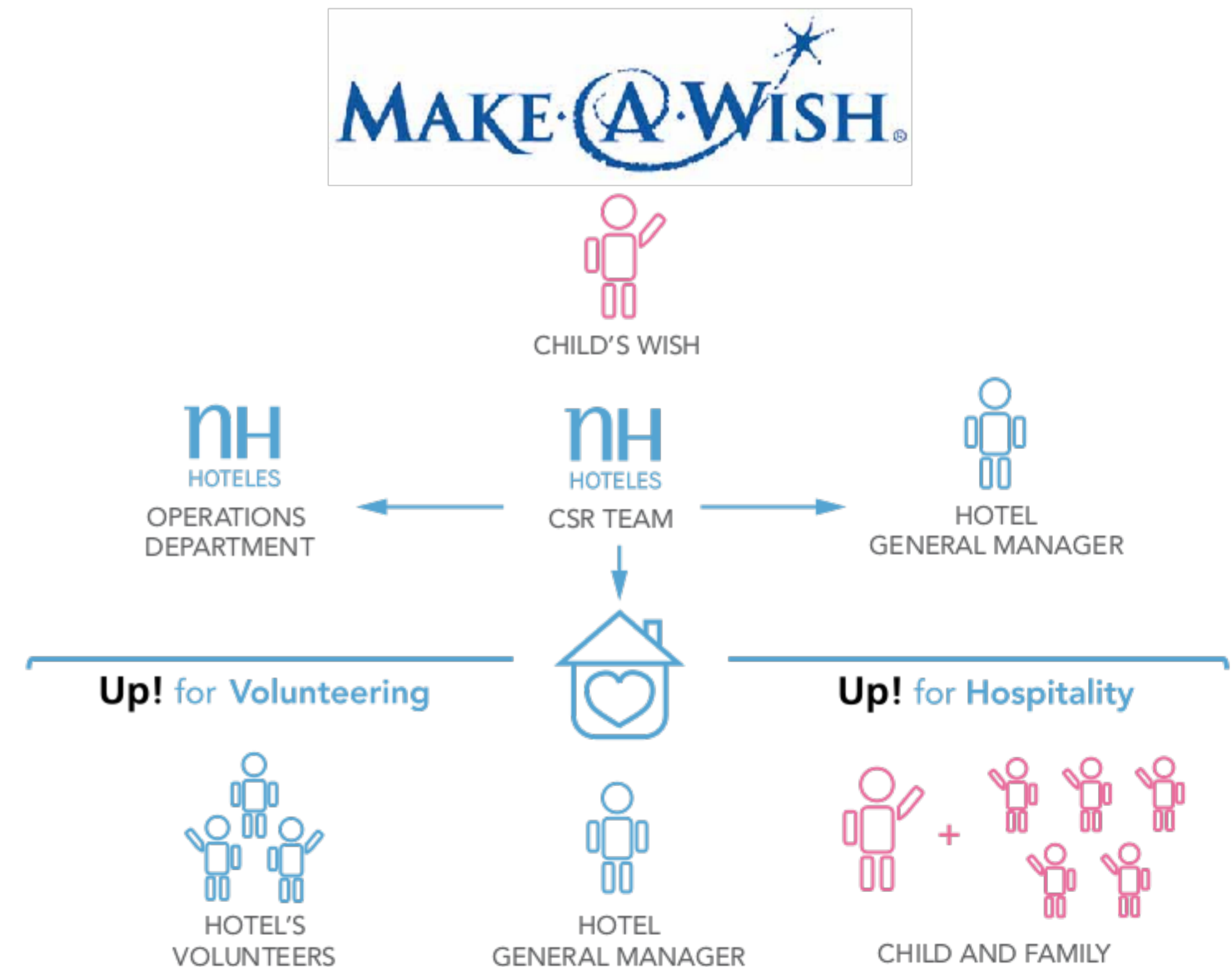
In 2012 NH Hoteles has been committed to the socio-labour integration of disadvantaged people, offering employment to **19 unemployed** people, of which 8 are disabled young people from different organizations.

Up! for Hospitality

NH Hoteles offers alternatives from its business to NGOs and Foundations, by designing sustainable initiatives that allow collaborating with society through products and services. Through the **NGO Rate**, which offers a 30% discount for NGO partners, the Company collaborated in 2012 with **more than 160 organizations**.

MAKE-A-WISH® FOUNDATION (CORPORATE)

Since 2005, NH Hoteles collaborates with the Foundation offering facilities so that children with life-threatening medical conditions make their dream real. The Company has granted **90 wishes**, with a total number of **361 direct beneficiaries and their relatives**, always with the help of volunteer employees.





NH Mexico City, México DF - Mexico



GUEST FROM THE HEART (LATIN AMERICA)

After the big success of this collaboration between NH Hoteles and UNICEF, the Company extends the agreement carrying out the "Guest from the Heart" campaign not only in **Mexico** but also in other Latin American countries such as **Argentina, Venezuela, Colombia, Haiti, the Dominican Republic, Chile and Uruguay**. Through this initiative, the Company will collect guests donations from the hotels involved in the project to collaborate with the childhood in those communities where NH Hoteles is present.



Ayuda en Acción concert



AYUDA EN ACCIÓN (SPAIN)

NH Hoteles was one of the sponsors of the concert tour organized by Ayuda en Acción in Spain with the conductor **Inma Shara** and the **Child and Youth Music Municipal Orchestra** from **San José de Chiquitos** (Bolivia). NH Hoteles donated **30 hotel nights**.



NH Musica, Amsterdam - The Netherlands

OUR HOTEL, THEIR SECOND HOME

Through agreements with hospitals in different countries and with the help of **volunteer employees**, the Company helps low-income families who have to travel to other cities to receive long-term medical treatment. In 2012 these collaborations have represented the donation of more than 8,000 hotel nights.

✓ Menudos Corazones (Madrid, Spain)

NH Hoteles has been collaborating with this foundation giving away over **1,000 room nights** throughout the year at the NH Alcalá in Madrid, to the relatives of children suffering from both congenital and acquired heart disease.

✓ Josep Carreras Foundation (Barcelona, Spain)

The cooperation agreement signed in 2011 between the Josep Carreras Foundation and Hospital Sant Joan de Déu against leukemia, is consolidated. Through this agreement we donate patients and their relatives one room in **NH Porta de Barcelona** as an additional service to the Foundation's Foster Homes programme.

✓ SAMUR (Emergency service) (Madrid, Spain)

NH Hoteles renovates the accommodation agreement for extreme emergencies with **Samur Social** until 2015. This confirms our commitment with the **Madrid City Hall** and with the security of those in situations of social emergency. Since the signature of the agreement in 2009, **400 people** have been referred to NH hotels.

✓ "Hospital Hotels" (Madrid, Spain)

NH Hoteles, the **Madrid Rotary Club** and the **Regional Government of Madrid** have signed an agreement for the Programme "**Hospital Hotels**", which provides with room nights at special prices to direct relatives of patients admitted in Madrid hospitals and who live in other cities.

✓ Ronald McDonald Foundation (Amsterdam, The Netherlands)

The Benelux Business Unit has signed an agreement with this Foundation to provide families with hospitalized children with a room during a year at the **NH Musica** hotel in Amsterdam.

✓ IRIS Hospital (Brussels) and Groningen Hospital (Benelux)

In 2012 agreements have been signed with the IRIS Hospital in Brussels and the Groningen Hospital in Holland. Through these agreements NH Hoteles hosts families with hospitalized children. As a result of this agreement, the Company has donated **6,000 room nights** at special prices. Many of them have been directly donated to hospitals.

✓ Anvolt (Italy)

Donation, in 2012, of **840 room nights** in Rome and Milan for patients and their relatives thanks to the agreement signed with Anvolt, the association which helps cancer patients.



Up! for Volunteering

2012 marks the consolidation of **the commitment of NH Hoteles' employees** with corporate volunteering projects, evolving into a diversification in three lines: General Volunteering, Coaching Volunteering and Volunteering for Development.

GENERAL VOLUNTEERING

Includes those solidarity volunteer actions where employees do not necessarily bring professional abilities into the projects.

✓ "You can also Sum up" UNICEF (Mexico)

NH Hoteles' volunteer employees in Mexico have donated from their payrolls almost €3,000 for campaigns developed by UNICEF in Mexico to help children.

✓ Week of Hospitality (Benelux)

Meeting celebrated at the hotel NH Amsterdam Centre, where volunteer employees have assessed unemployed people on how to find a job.

✓ AVIS (Association of Voluntary Italian Blood Donors) (Italy)

AVIS and NH Hoteles have organized encounters in the 30 Italian cities where NH Hoteles operates, in order to spread the **culture of blood donation** and the importance of adopting healthy habits. The first 2012 donation campaign was organized at NH Milano Touring.

✓ 2012 "Christmas for Everyone" Campaign (Corporate)

It is organized since 2007 and involves all NH Hoteles' employees worldwide. In order to involve more stakeholders, this year we have also invited customers and residents of 5 hotels from the Spain Business Unit to participate by donating non-perishable food, clothes and toys to disadvantaged families. In Spain these donations were channelized by the Spanish Red Cross.



NH Argentina volunteer. Hospital Pedro Elizalde

"CHRISTMAS FOR EVERYONE 2012" IN FIGURES

- ✓ Hotels and Offices: **97**
- ✓ Employee Volunteers: **485**
- ✓ Beneficiary Foundations: **31**
- ✓ Donated Food: **2,600 kilos**
- ✓ Clothes / Household items: **1,500 kilos**



"Christmas for Everyone" Campaign. NH Prisma, Madrid - Spain

COACHING VOLUNTEERING

Includes those initiatives where employees, during their working hours and inside or outside the Company, put their aptitudes and knowledge at the service of training and apprenticeship programmes for people at risk of social exclusion in which NH Hoteles participates.

✓ Fundación EXIT (Spain)

NH Hoteles, together with Fundación EXIT, designs projects in which volunteer employees from the Company receive a practical training on coaching and mentoring techniques before supporting and assessing young people at risk of social exclusion.

✓ II International Corporate Volunteering Week Give & Gain (Madrid, Barcelona and Valencia-Spain)

NH Hoteles' volunteer employees have participated as coaches, sharing their experience and knowledge with the aim of awaking a professional interest from people at risk of exclusion.

✓ Track the Talent (Amsterdam, Amersfoort and Utrecht)

This programme, which started in Amsterdam in 2011, extends this year to Amersfoort and Utrecht. Volunteer employees showed different hotel departments to **128 young people at risk of exclusion** in a total of 6 hotels.

VOLUNTEERING FOR DEVELOPMENT

Volunteering programmes based on hospitality business which improves the economic and social development by job creation, sustainable economic activities development and the contribution to eradicate poverty in developing countries.

✓ Agoro Lodge Hotel-School, Ethiopia

NH Hoteles, the NGO **Manos Unidas** and the Spanish Agency for International Development (**AECID**) have worked on this project since 2010 to help with the socio-economic development of the Tigray region. Apart from the previous assessment and the collaboration of two employees who traveled to Ethiopia, other volunteers from many of the company's departments have participated remotely to make the project a reality in 2012. As part of our support to the **Agoro Lodge in Ethiopia** (www.agorolodge.com) we now help to commercialize it.



AMIGO VOUCHER AND EMPLOYEE RATE

In 2012, with the donation of €1 and €2 from the reservations with Amigo Voucher and Employee Rate, NH Hoteles collected **€321,869**. This amount has been invested in the housing and catering services, special tariffs and grants of the different Business Units' **Social Action programmes**.



Track the Talent. NH Tropen, Amsterdam - The Netherlands



NH Hoteles volunteers in the Hotel-School in Ethiopia

AWARDS AND RECOGNITIONS

NH HOTELES GROUP

2012 TRIPADVISOR CERTIFICATE OF EXCELLENCE



NH Hoteles has received the 2012 **TripAdvisor** Certificate of Excellence, an award that acknowledges hospitality thanks to travellers' reviews on the world's largest travel site. Only about 10% of all accommodations worldwide that appear on the site receive this prestigious award. It is thus a remarkable achievement for NH Hoteles to make that **130** of its establishments receive this recognition of their excellence.

- ✓ NH Hoteles has been rated as the best hotel company in the 12th edition of the **KAR** (Key Audience Research) Study carried out by **IPSOS**.
- ✓ Golden Award for the Best Law Department in the **Legal Alliance Summit & Awards**.
- ✓ Best Mobility Strategy Project by the Mobility and Unified Communications Congress.
- ✓ **Club de Gourmets Award** to the Best Hotel Chain 2012.
- ✓ Sector leader in **MercoEmpresas 2012 and Responsible MercoEmpresas 2012**.
- ✓ **DINTEL Foundation Award** for the best project in Contact Center and Customer Care Center.
- ✓ Best Corporate Annual Report in the **Corporate Register Awards**.

HOTELS

- ✓ **Tripadvisor Certificate of Excellence** to NH Liberdade and NH Castellar.
- ✓ The hotel NH Aeropuerto T2 in Mexico rated top 10 best hotels in Mexico City by the **Latin Trade** magazine.
- ✓ **Hotel Secrets Royal Beach Punta Cana:**
 - Best 2012 Caribbean New Property and/or Renovation (**Travel Age West**).
 - Golden Apple Award for its scores in satisfaction surveys (**Apple Vacations**).
 - One of the top 99 favorite Hotel Beach trips worldwide (**Holiday Check**).Hotel Secrets Royal Beach Punta Cana and Now Larimar Punta Cana:
 - 2012 TOP + in Central America and the Caribbean (**Top Companies**).
 - Excellent Quality of the Resort (**RCI Gold Crown Resort**).
- ✓ **Hotelbeds** awards the best hotels in Madrid, including NH Hoteles.
- ✓ **Goethe Frankfurt Award and Die Welt Award** to the best mid-range hotel chain in Germany.
- ✓ **Excellent Award** by Trademark Italy to the Italy BU Director.
- ✓ **Condé Nast Traveler Award** to Grand Hotel Convento di Amalfi (Italy) as the best International non-urban hotel.
- ✓ **R&D Hospitality Award** in the Project Innovation category to Grand Hotel Convento di Amalfi.
- ✓ **The MICE Report Award** to Hesperia Tower as the Best Conference Hotel in Southern Europe.
- ✓ **Top Hotel Opening Award** in the "Exceptional" category to nhow Berlin.



NH Príncipe de la Paz, Aranjuez, Madrid - Spain



Hotel Almenara, Sotogrande, Cadiz - Spain

CUSTOMERS

In the 12th edition of the **KAR Study from IPSOS**, NH Hoteles is the best rated company for the **quality of our services and customer care**. In 2012 NH Hoteles was recognized as one of **the key actors in the European vacation tourism**.

- ✓ **Silver Blue Award** by TUI Nordic to the Hesperia Lanzarote as part of Lanzarote's offer.
- ✓ Hotel Almenara and the Hesperia Lanzarote finalists in the category of best resorts in Spain and the Hotel Almenara SPA finalist as the best SPA in Spain by **Condé Nast Traveler**.
- ✓ **The DINTEL Foundation** gives recognition to the NH Hoteles mobile marketing strategy with the DINTEL Award 2012.

EMPLOYEES

- ✓ **Best place to work from the Top Companies ranking in America**.
- ✓ Presence in the 2012 MercoPersona in Spain, ranking 24th.
- ✓ Finalists with the training programme New Heights at the World Hospitality Industry Awards organized by the platform Hostelco.

SOCIETY

- ✓ **XIII HR MC Awards**, Spain. NH Hoteles has been awarded in the **"Best Practice in CSR"** category for the Corporate Volunteering **Project Agoro Lodge Hotel-School (Ethiopia)**.
- ✓ **XIII Worldwide Hospitality Awards**, Paris. Finalists in the category **"Best Initiative for Sustainable Development"** for **Up! For Hospitality**.
- ✓ **Make-A-Wish® Foundation** at the Annual Convention celebrated in São Paulo awarded NH Hoteles the **Corporate Partner Award Spain** for the collaboration with **Up! for Hospitality** during the last 7 years and the **Make-A-Wish® "Star"** in the Italy Business Unit.
- ✓ **III Corresponsables Award**, Spain. NH Hoteles finalist for the project **Up! for Hospitality** with Menudos Corazones.

ENVIRONMENTAL PERFORMANCE

International tourism organism **Global Business Travel Association (GBTA)** has rewarded NH Hoteles with the **Gold Medal** for the sustainable services it offers its guests during their business trips.

- ✓ Award from the **Spanish Confederation of Hotels and Tourist Accommodation (CEHAT)** to the Strategic Environmental Plan 2008-2012 for its contribution to the environmental improvement where NH Hoteles operates, with innovative sustainable initiatives and the accomplishment of the established objectives.
- ✓ **Greenlight** for the whole hotel chain for its energy efficiency progress.
- ✓ **GreenBuilding** for 5 of our hotels, such as the NH Príncipe de la Paz (Aranjuez, Madrid), as the most replicable.
- ✓ **Inneo Award 2012** for our Environmental Consciousness.
- ✓ Finalists at the Forética **CSR Marketplace Award** for Ecomeeting service.
- ✓ Distinction of **Hydro-Sustainable Hotel** awarded to the NH Centro Histórico in Mexico by the Helvex Foundation, the water system from Mexico DF (SACM) and the European alliance for sustainable tourism ECO-TRANS.

CORPORATE RESPONSIBILITY INDICATORS

| PROFILE | 2011 | 2012 |
|----------------------------|---------|-----------|
| Portfolio of hotels | | |
| Number of Hotels | 397 | 391 |
| Number of rooms | 59,052 | 58,853 |
| Net income | €6.2M | - €292.1M |
| EBITDA Increase | 115.10% | -28.0% |

| STAKEHOLDERS | 2011 | 2012 |
|--|------------|------------|
| SHAREHOLDERS | | |
| Entities which conduct analysis of NH during the year | 21 | 20 |
| N° of shareholders and investors queries answered | 874 | 624 |
| One-to-one meetings with shareholders and investors | 137 | 49 |
| Analyst tracking reports | 135 | 122 |
| EMPLOYEES | | |
| Average n° of Employees | 19,600 | 18,817 |
| Open-ended contracts | 59% | 56% |
| Average staff turnover* | 3.9% | 3.6% |
| % Immigrants | 16.8% | 15.3% |
| % Female employees | 50.2% | 49.1% |
| % Women in management positions | 48.6% | 48.5% |
| Under 25 years old | 16.8% | 15.9% |
| 25 - 45 years old | 48.3% | 48.6% |
| Over 45 years old | 34.9% | 35.5% |
| N° of Nationalities | 138 | 141 |
| NHU training hours | 186,404 | 162.131 |
| Investment in training | €1,009,319 | €1,100,000 |
| % N° of performance evaluations conducted (fixed FTEs) | 93% | 94% |
| N° of Employee Mailbox queries | 141 | - |

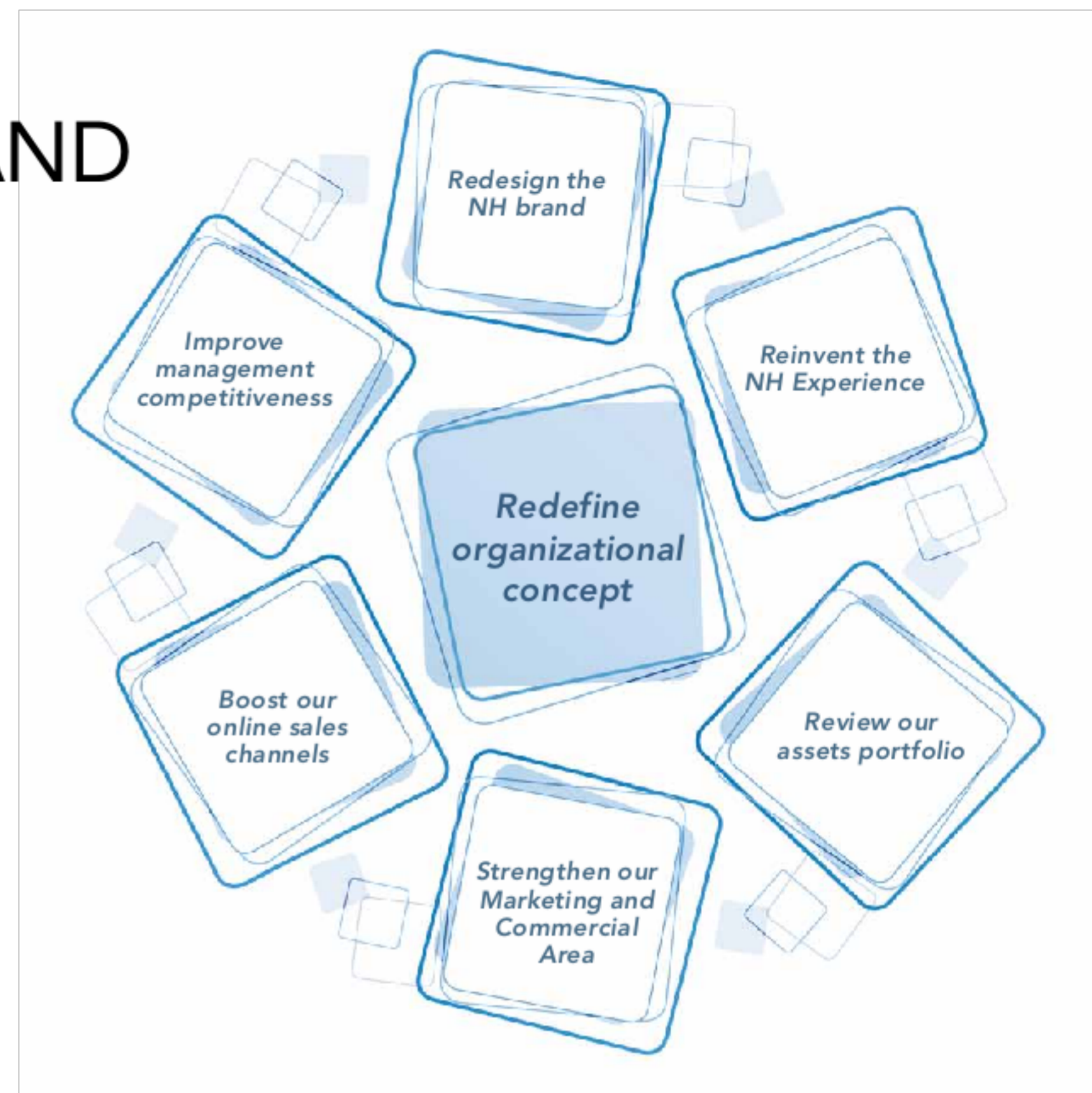
*2012 data not comparable to 2011 because of a change in the calculation methodology. For further information visit the full Report in: <http://corporate.nh-hotels.com>

| STAKEHOLDERS | 2011 | 2012 |
|--|-------------|-------------|
| CUSTOMERS | | |
| N° of "Mystery Guest "hotel assessments" | 290 | 367 |
| N° Scores (NH surveys + external pages) | 211,577 | 229,809 |
| N° of Customer Satisfaction Surveys | 105,135 | 89,985 |
| Communications managed by the Customer Service Department | 17,696 | 13,705 |
| SUPPLIERS | | |
| Volume of suppliers managed | 23,866 | 21,892 |
| N° of suppliers who have signed the Code of Ethics | 994 | 1,218 |
| Annual volume of purchases (expense + investment) | €447.8M | €403.4M |
| % Turnover of Suppliers who have signed the Code of Ethics | 9.0% | 10.8% |
| NH Sustainable Club members | 40 | 40 |
| SOCIAL ACTION | | |
| N° community involvement projects | over 450 | over 700 |
| Resources allocated to the Community. | €880,423 | €864,540 |
| Resources obtained from solidarity € (Employee Rate and Amigo Voucher) | €387,425 | €321,869 |
| Beneficiary Foundations | over 290 | over 230 |
| N° of NH Volunteers | 193 | 907 |
| Cultural promotion | €16,715 | €64,020 |
| ENVIRONMENT | | |
| Urban hotels | | |
| CO ₂ emissions (Ton.) | 125,645 | 121,151 |
| CO ₂ emissions (kg per guest/night) | 8.5 | 8.1 |
| Energy Consumption (kWh) | 540,400,326 | 538,479,846 |
| Energy Consumption (kWh per guest/night) | 36.4 | 35.9 |
| Water consumption (m ³) | 3,094,601 | 3,003,722 |
| Water consumption (litre per guest/night) | 217 | 208.5 |
| Waste production (kg) | 41,319,219 | - |
| Waste production (kg per guest/night) | 2.7 | 2.7 |
| Solar panels (m ²) | 4,663 | 4,701.72 |
| Solar power installed capacity (kW./year) | 4,097,953 | 4,104,753 |



Jolly Madison Towers, New York - United States

ROADMAP AND PRIORITIES FOR 2013



The Group is immersed in defining a new five-year business plan, the goal of which is to make NH Hoteles the best choice for hotel users by leveraging its strengths and redefining the NH experience.

The roadmap for achieving our goals implies the following priorities for 2013:

- ✓ **Redesign the NH brand and portfolio**, building a well-defined and tangible asset and service segmentation strategy and articulate an attractive product range tailored to the needs of any consumer in any part of the world.
- ✓ **Reinventing the NH experience** afforded customers before, during and after their stays in our hotels, building the new proposition based on four commitments: deliver, care, ease and surprise.
- ✓ Reviewing existing **sales, marketing and communication plans**.
- ✓ Developing an **IT Plan** that will deliver a significantly more robust IT platform relative to existing infrastructure, one that is kitted out with powerful information management tools that will make NH more agile and competitive.
- ✓ Performance of ongoing case-by-case **analysis of our hotel portfolio**, exiting structural underperformers and non-core hotels.
- ✓ Forging ahead with **international expansion**, weighing up growth opportunities and analysing the investment requirements of the Group's emblematic and core establishments.

Our vision is that whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they first ask themselves: "Is there an NH Hotel?" NH aspires to be the "top 2 choice" for city/business travelers, offering a different product and service experience.



NH Palacio de Tepa, Madrid - Spain



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HOTELES

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WEBSITES OF INTEREST:

Commercial website: www.nh-hotels.com

Corporate website: <http://corporate.nh-hotels.com>

Environmental website: <http://medioambiente.nh-hotels.es>



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