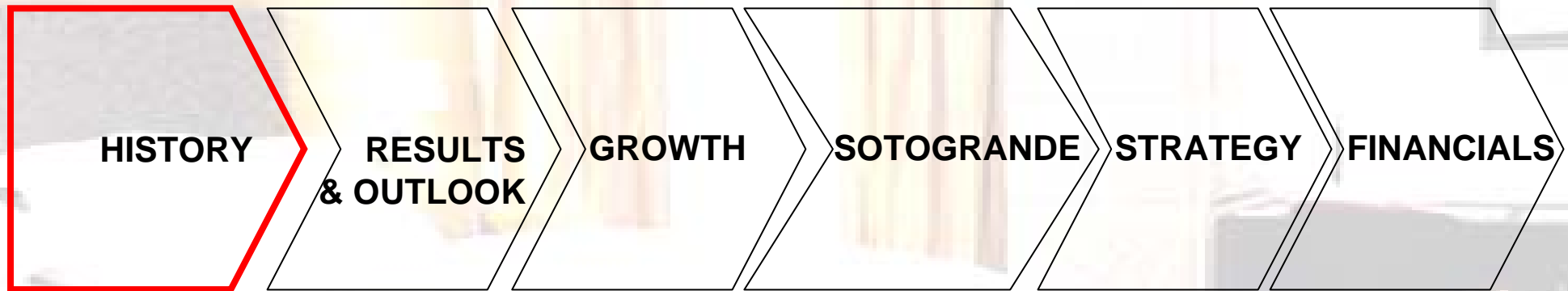


NH HOTELES PRESENTATION MAY 2006



NH
HOTELES



Who are we?



Introduction

- **Founded in 1978, NH Hoteles is today the fourth largest urban hotel group and the seventh hotel brand in Europe, aimed at business travelers**
- **NH Hoteles is operating 262 hotels with 38,076 rooms in 19 countries in Europe, Latin America and Africa**
- **Almost 13,000 employees of 106 nationalities**

Growth History

- **1978-1997: Organic growth and acquisitions in Spain**
- **1998: Expansion in Argentina**
- **1999: First steps into Europe through a minority interest in Jolly**
Up to 91.5% of Sotogrande is acquired @ €86.7m
- **2000: Acquisition of the Dutch hotel chain Krasnapolsky @ 10x Ebitda**
- **2001: Purchase of the Mexican Hotel Group Chartwell @ 7.8x Ebitda**
- **2001/2002: Purchase of the German company Astron @ 8x Ebitda**
- **2000-2006: Organic growth throughout Europe and Latin America**
- **2004-2005: Signature of lease/ management contracts of Italian hotels. €50m funding aimed at future expansion**

NH
HOTELES



NH
HOTELES

Brand Name of the NH Group

Brand “umbrella” of Hotel activity of the Group

Leisure Hotels
RESORT

Current Hotels
NH (3*, 4* and 5*)

Hotels Design
Segment

PART OF
THE NH WORLD

“Premium” Brand



Resort 4* Segment



NH
HOTELES

nhow



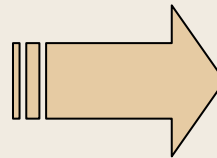
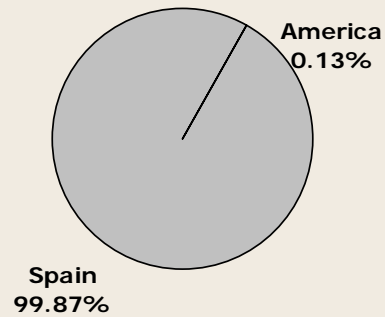
→ Agua de la Tierra



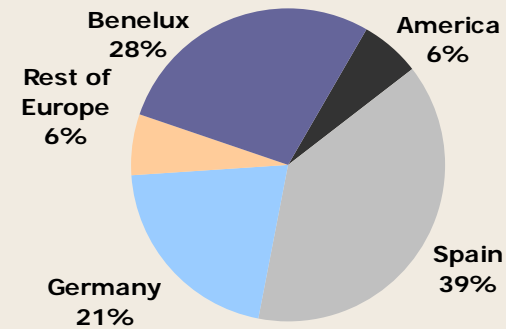
A process of internationalisation and risk diversification: From 1999 to 2005



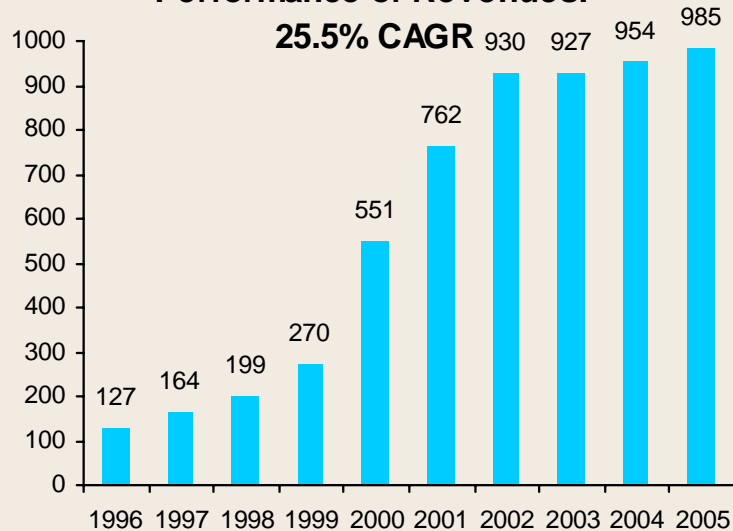
Sales from Hotel activity 1999



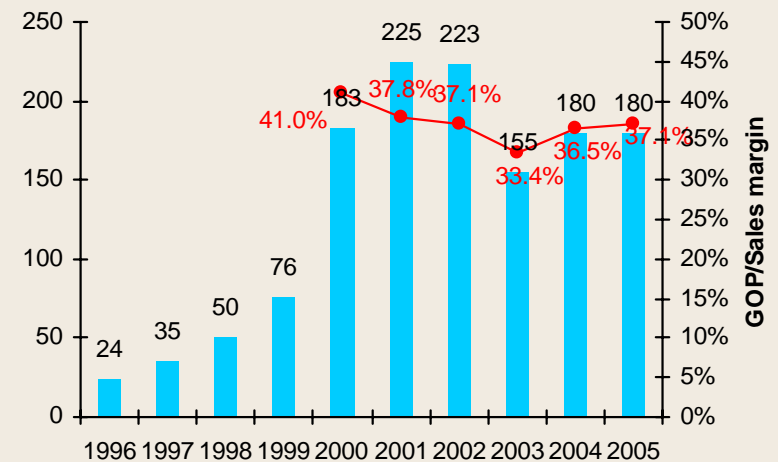
Sales from Hotel activity 2005



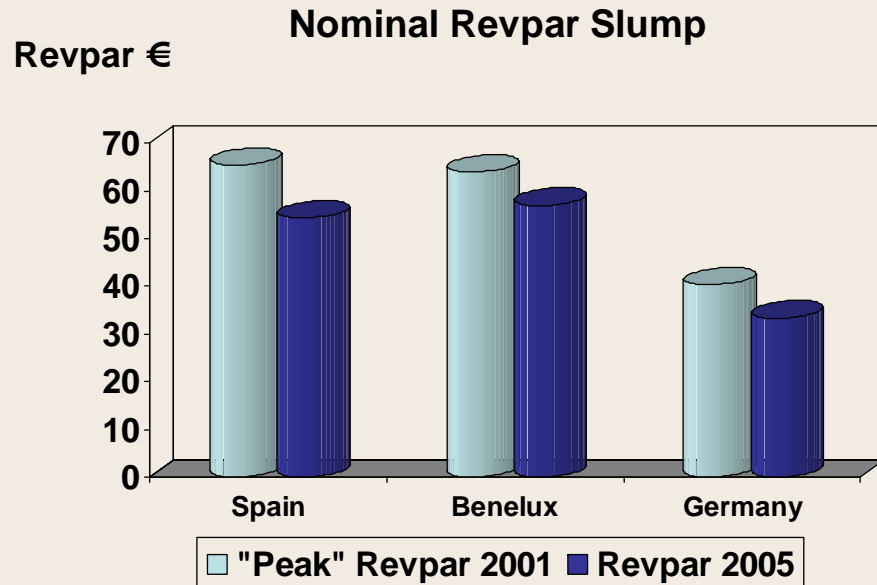
Performance of Revenues:



EBITDA Performance: 25.1% CAGR



Historical Revpar Peak



	Nominal 01/05%	Real 01/05%
NH Total (no latam)*	-12%	-19%
NH Total (only Spain and Benelux)*	-12%	-20%

	<u>Nominal % 2001/2005</u>	<u>Real % 2001/2005</u>
Spain*	-13%	-21%
Benelux (former Krasnapoulsky)*	-11%	-18%
Germany (former Astron)*	-17%	-24%



(*) Revpars quoted are not totally comparable due to portfolio rotation, rooms assignation to different B.U. Nevertheless, they are worth to understand the Revpar trend



HISTORY

**RESULTS
& OUTLOOK**

GROWTH

SOTOGRADE

STRATEGY

FINANCIALS

Net profit: €62.24m, 12.8% more than in 2004

RESULTS &
OUTLOOK



- NH Hoteles generated €180.85m EBITDA in 2005: €127.2m was derived from the hotel activity and €53.66m from the real estate activity.

NH HOTELES, S.A.					
IFRS PROFIT AND LOSS ACCOUNT AS AT DECEMBER 31st					
	Jan-Dec 2005		Jan-Dec 2004		05/04 Change
	M Euros	%	M Euros	%	
room revenues	897.45	91.1%	855.32	87.9%	4.9%
real estate sales and other	83.44	8.5%	111.36	11.4%	(25.1%)
other non-recurrent revenues	3.77	0.4%	6.84	0.7%	(44.9%)
REVENUES	984.66	100.0%	973.51	100.0%	1.1%
GROSS OPERATING PROFIT	350.34	35.6%	358.06	36.8%	(2.2%)
EBITDA	180.85	18.4%	193.67	19.9%	(6.6%)
EBIT	112.03	11.4%	116.37	12.0%	(3.7%)
EBT	88.25	9.0%	91.49	9.4%	(3.5%)
NET PROFIT before minorities	70.41	7.2%	65.80	6.8%	7.0%
NET PROFIT	62.24	6.3%	55.20	5.7%	12.8%

Q1 2006 Sales & Results

RESULTS &
OUTLOOK

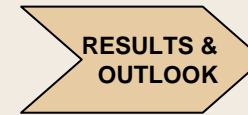


- **RevPar evolution between January- April (not affected by the shift in the Easter calendar) shows a healthy recovery in both occupancy and ADR**

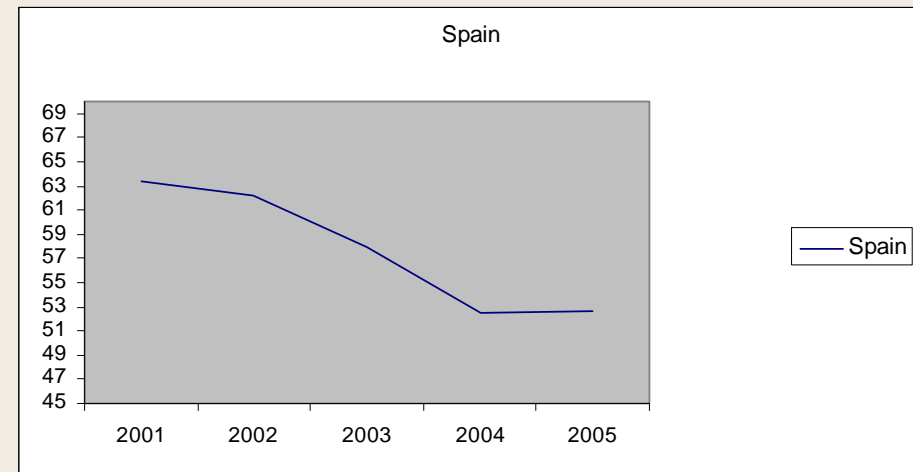
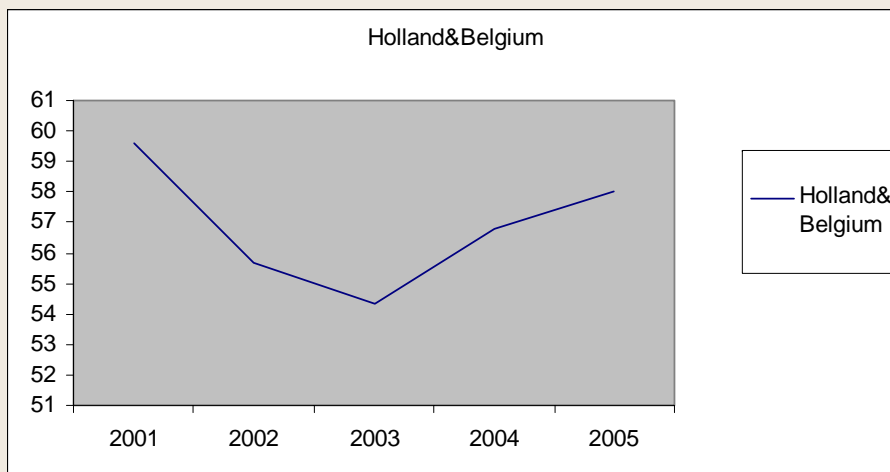
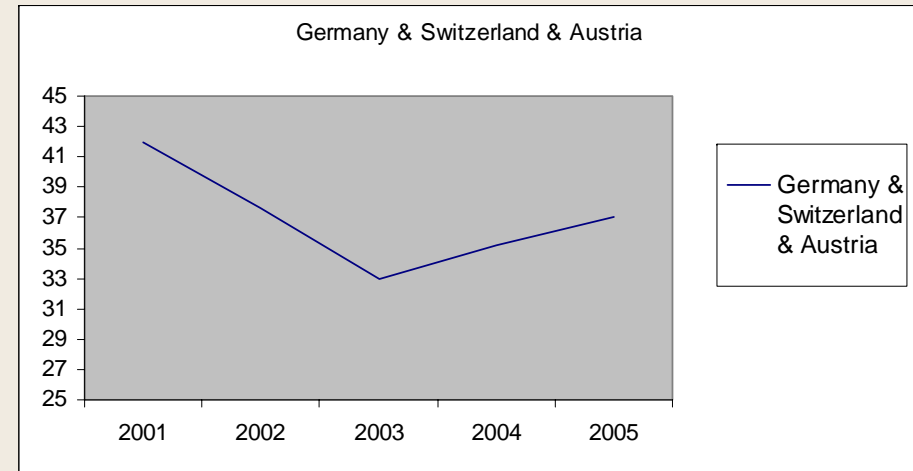
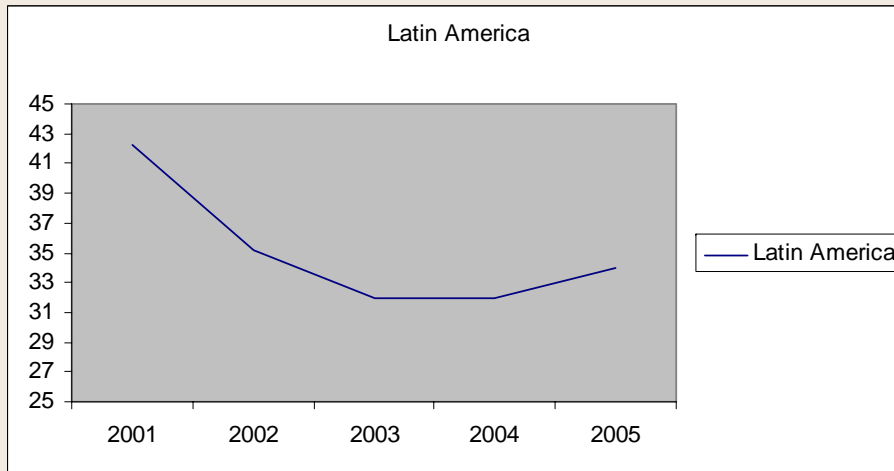
REVPAR January-April	OCCUPANCY %		ADR		REVPAR	
	2,006	% Var	2,006	% Var	2,006	% Var
Spain Comparable	65.5%	3.4%	84.0	5.1%	55.0	8.6%
Germany Comparable	58.5%	2.6%	60.3	-0.9%	35.2	1.7%
Benelux	65.9%	6.9%	86.8	3.1%	57.2	10.2%
Austria & Switzerland & Hungary	65.9%	6.3%	73.4	1.7%	48.4	8.1%
Italy	65.2%	-0.5%	85.9	14.2%	56.1	13.6%
Total Europe Comparable	63.2%	3.9%	76.7	3.3%	48.5	7.3%

	Change 06/05	Change Comparable 06/05
• Hotel Revenues:	+13.6%	+12.6%
• Hotel GOP:	+14.4%	+21.7%
• Hotel Ebitda:	+20.6%	+66.7%

Revpar Evolution



- It looks like a new trend has already started in all markets



2006 Outlook

RESULTS &
OUTLOOK



Business Unit	Outlook
All NH	<ul style="list-style-type: none"> • Current Occupancies allow to push Prices up through efficient revenue management policies
Spain	<ul style="list-style-type: none"> • Contribution to Sales and Ebitda of the hotels partially closed for refurbishment during 2005: NH Calderón, NH Almenara and NH Numancia • Improved contribution from the 12 hotels opened in 2005 which will offset the 5 new hotels due to open in 2006 • New rooms additions to the market sharply declining since 2005
Benelux	<ul style="list-style-type: none"> • Positive outlook for the Meetings and Conventions activity and good prospects on American traveler coming back to Europe again.
Germany	<ul style="list-style-type: none"> • Sales effort made, German economy under recovery and the World Football Championship will lead to positive Ebitda
Aus&Sw&Hun	<ul style="list-style-type: none"> • After sharp rises in 2005's, the trend is due to continue throughout 2006
Latin America	<ul style="list-style-type: none"> • Strong trading performance possibly eased with a favorable impact of Currency exchange rate



HISTORY

**RESULTS
& OUTLOOK**

GROWTH

SOTOGRADE

STRATEGY

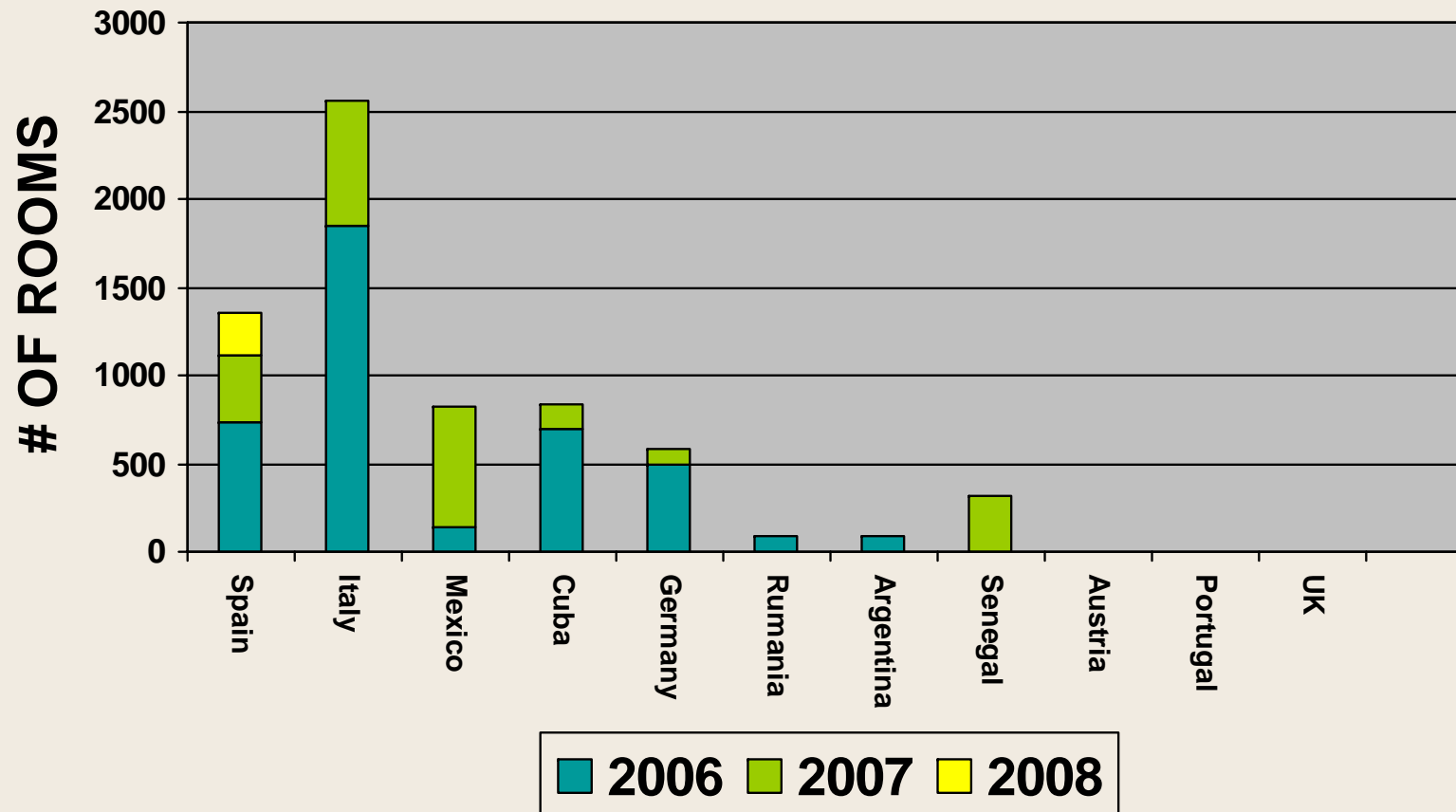
FINANCIALS

Growth in signed rooms



Breakdown of signed rooms

- Rooms in the pipeline: 6,645





HISTORY

**RESULTS
& OUTLOOK**

GROWTH

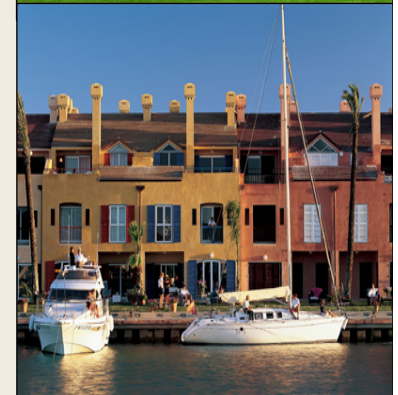
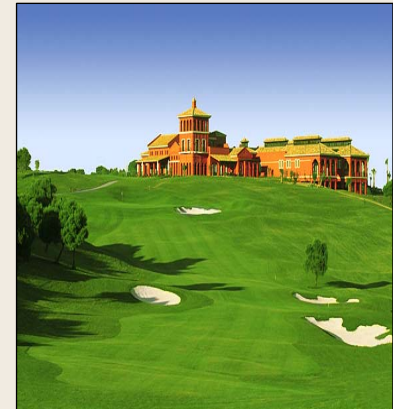
SOTOGRADE

STRATEGY

FINANCIALS



- **NH Hoteles controls 78.7% of Sotogrande S.A., regarded as the most prestigious residential and golf development in the Costa del Sol and one of the most exclusive sites in southern Europe.**
- **Two million m2 of land for sale, as well as other property assets. External appraisals valued the property assets at around €850m.**
- **After touching all-time highs in 2004, Sotogrande maintained a very positive level of recurrent activity in 2005.**
- **2005 accounted sales reached €3.44m and EBITDA €3.66m.**
- **During 2005, Sotogrande sold 155,697m2 of plots worth €50m. 2005 also saw an important sales contribution from the delivery of apartments, particularly in the Guramí and La Ribera del Obispo developments.**





HISTORY

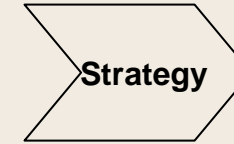
**RESULTS
& OUTLOOK**

GROWTH

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FINANCIALS

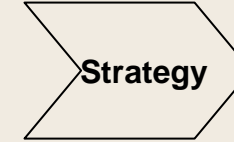


1. NH STRATEGY

1. **Core Business: To become a hotel middle segment leader in Europe**
2. **Leisure developments:**
 - Hotels
 - Sotogrande value enhancement

2. PRIORITIES

- **New markets: Italy**
- **Increase market share in our current markets**
- **New products: Leisure hotels through opportunistic investments**
- **Leverage on Sotogrande brand and expertise through leisure developments**



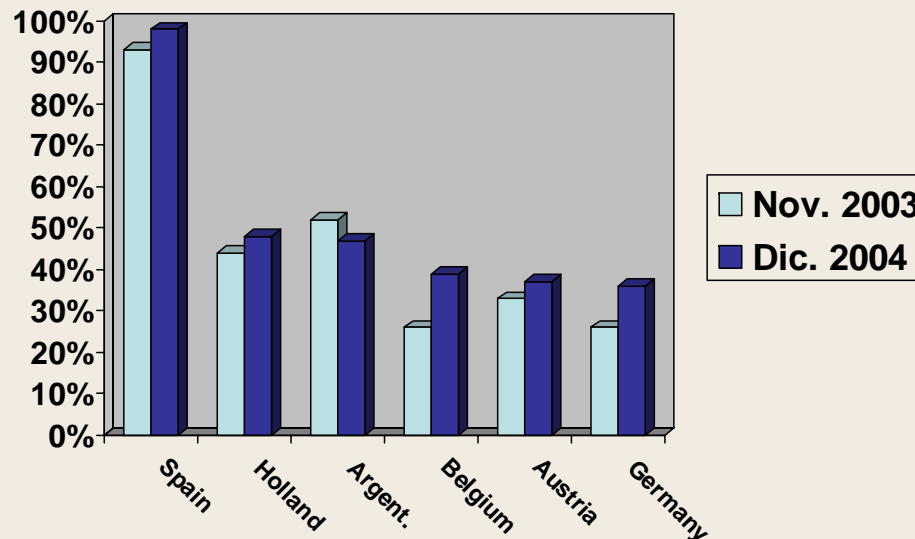
1. Strategy

• To become a segment leader in Europe

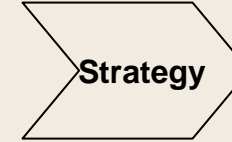
How will it be achieved?

- Through an identifiable way of providing service
- Though the building of a critical mass in the countries where NH operates or will do so
- Economies of scale and brand recognition

Evolution of brand awareness



- NH is the top brand in the Spanish hotel sector
- In Germany we have reached the same brand awareness than competition
- In Holland we have one of the highest brand recognition

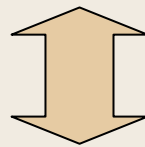


1. Strategy

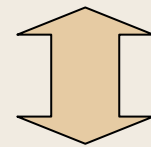
• Leisure Developments

Hotels

- Complementing the NH model based on city hotels
- Benefiting from the existing corporate structure at the Business Unit level



Adding value one to each other



Sotogrande Value Enhancement

- NH is up to buy out a 20% minority interest in Sotogrande through a capital increase at the exchange rate of one to one share (pending of Authorities approval)
- Incorporating New Real Estate developments to Sotogrande
- Leveraging on a prestigious brand shaped on the expertise and know-how of the Sotogrande's Real Estate team
- In the Caribbean, there will carry out mixed-used developments in the form of Hotel condominiums



2. Priorities

- 1. New markets**
- 2. Increase market share in our current markets**
- 3. New products: Leisure hotels through opportunistic investments**
- 4. Leverage on Sotogrande brand and expertise through leisure developments**

1. New markets

Why and How?

Italy

- Very fragmented market
- Attractive mix of leisure and business component
- A mix of local and non local experienced Management Team is already working on the NH project in Italy
- So far NH Hoteles runs a hotel in Venice and Torino and there are three projects in the pipeline: Milano, Bergamo and Sicily
- In Milano will be opened **nhow**, the new and most modern product of NH Hoteles

UK, France and Eastern Europe

- To expand the offer of hotels to our clients across mature European countries as UK and France though limited investments in key gateway cities
- To position the brand and increase the visibility in the highly fragmented emerging eastern European markets



2. Priorities

2. Current Markets

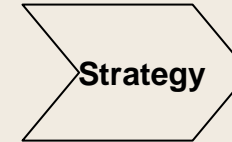
Why and How?

Europe

- 30% of the signed projects are in Spain, benefiting from important economies of scale and benefiting from our leading position in the segment
- A lot of hotel opportunities are been analyzed in Germany and Holland

Latin America

- EIP, the NH's financial partner to develop projects in Latin America has recently executed a put option to swap its 35% stake in LGH for 4,250,000 new shares of NH
- In Mexico, NH's market position consolidation and encouraging market prospects have stirred up NH for the buy-out of minorities of NH Mexico for €35M in 2005; besides, NH will open 22% of the total rooms in the growth pipeline in this country (826 rooms)
- In Buenos Aires, NH has recently reinforced its presence through the extension of two properties and there is one project (115 rooms) in the pipeline to be opened in 2007



2. Priorities

**3. New products:
Reinforce NH
leisure product**

Why and How?

- NH Hoteles currently manages two types of resort:
 - Top end Resorts: Sotogrande, with its two hotels, NH Sotogrande and NH Almenara, NH Alanda in Marbella, NH Buhlerhöhe, Germany, and a Hotel due to open in Sicily, NH Donnafugata.
 - All Inclusive: NH-Krystal Puerto Vallarta, NH-Krystal Cancun and NH-Krystal Ixtapa in Mexico
- NH Hoteles is betting for a type of upper scale resort along with residential, golf and hotel areas, in fact, NH has already signed a project in Dominican republic and another in Mexico

4. Sotogrande

- Sotogrande will not only consists of a large plot of land to sell and develop and develop but also will be provided with more Real Estate projects in which it will take a managing role in developing the projects:
- Cap Cana and Riviera Maya: 600 Villages to be developed. Share in the investment 50% in Cap Cana: €38M and 90% in Riviera Maya: €30m. Possibility of reducing the stake by introducing a new partner. It is under analysis whether it will be a mixed-use development managed under a rental pool agreement



HISTORY

**RESULTS
& OUTLOOK**

GROWTH

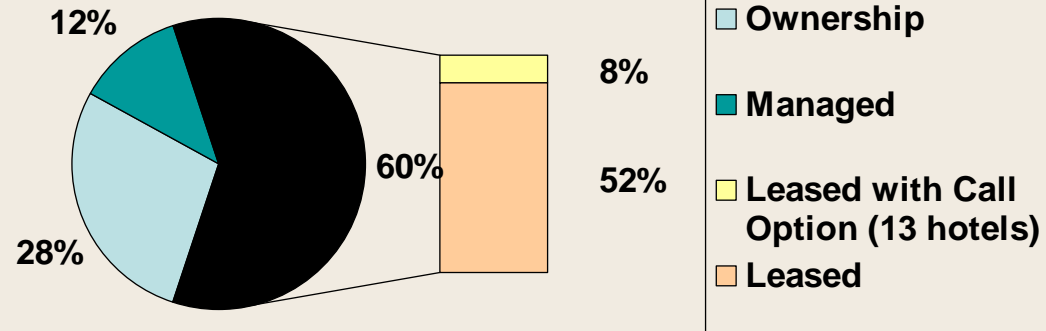
SOTOGRADE

STRATEGY

FINANCIALS



Hotel Operating Model



Financials

▪ **Current Situation**

▪ **Future expansion**

▪ **Sotogrande**

- Owned properties will help to maintain an strong balance sheet
- New development will be done mainly though variable leases, management contracts and minority stakes in ownership
- The resulting capital structure is more efficient, flexible and the cycle should have a smoothest impact in P&L

- Powerful cash flow generator used to finance the core hotel business
- More than 15 years of Real Estate development assuring non related hotel cash flows (a-cyclical)
- Additional cash flows related to Sotogrande's new Real Estate projects in the Caribbean, brand and synergies with hotel leisure development



Financial Considerations

▪ **Net Debt**

- As of 31st of March, Net Debt was €687.6M
- Net Debt to Equity: 0.77x
- In 2005 Net debt increased by 35% due to some non-recurrent financial cash outs

▪ **Asset supported**

- Independent valuation appraisals as of December 2003 valued NH owned assets at €1,425m
- And as of April 2004 Sotogrande market value has been set at €850m

▪ **Share Valuation**

- Current market cap valuation is backed by NAV assigned by independent appraisals of NH Hoteles.
- Valuation based purely on hotel cash flows easily overcome the NAV founded valuation (no expansion considered)

▪ **Potential for growth**

- NH still harbors a huge potential for growth backed on the its strong growth pipeline, its supported asset valuation and ongoing trading trend

Financials