

Madrid, 5th May, 2006

NH HOTELES 1st QUARTER SALES AND RESULTS

Hotel P&L	Q1 2006	Q1 2005	% Change	% Change Comparable*
Hotels Revenue	224.00	197.23	13.6%	12.6%
Hotels GOP	68.38	59.77	14.4%	21.7%
Hotels EBITDA	24.07	19.96	20.6%	66.7%
Hotels Net Income	1.36	-3.61	-	

(*) At constant scope of consolidation

Real Estate P&L	Q1 2006	Q1 2005	% Change
Real Estate Revenue	4.51	13.02	-65.4%
Real Estate Ebitda	0.81	6.37	-87.3%
Sotogrande Net Income	0.39	4.22	-90.8%

Highlights and Notes to the Results:

- In the 1st quarter, RevPar at Comparable Hotels in Europe grew by 11%, benefited from the shift in the Easter Vacation calendar, which unlike last year, it took place in April instead of march, making the comparison easier.
- ADR in comparable hotels in Europe rose by a 4.1%, being responsible for the 40% of the total growth in RevPar.
- A table of January-April RevPar performance has been provided to isolate the Easter vacation effect and show a more accurate picture on the current trading performance.
- Apart from the Easter vacation effect, there should be taken into account the following non recurring income and expenses:
 - o In Ebitda 2005:
 - Non recurring revenue of €2.6m that was not repeated in the first quarter of 2006.
 - Income of €2.8m from the sale of two hotels.
 - o In Ebitda 2006 (at the corporate level): Income of €3m as a consequence of the share dilution related to the NH Italy €50.7m capital increase subscribed by Banca Intesa at NH Italia.
- Excluding these non-recurring items, Ebitda from Total Hotel Activity would have been 44.8% up from previous year, instead of 20.6% reported, reflecting a more accurate picture of the underlying hotel performance. Total Group Ebitda would have picked up 4.6% instead of a drop of 5.5% reported.
- Sotogrande's real estate business reported total sales of €4.5m, 65% down compared with the same period of previous year. The difference is explained by the product delivery scheduled and a fewer number of plots sold, compared to houses and apartments.

REVPAR 1ST QUARTER	AVERAGE ROOMS		OCCUPANCY %		ADR		REVPAR	
	2,006	2,005	2,006	% Var	2,006	% Var	2,006	% Var
Madrid	3,556	3,557	67.3%	3.4%	97.2	7.7%	65.4	11.4%
Barcelona	1,036	1,036	67.4%	10.3%	89.8	10.6%	60.5	22.0%
Rest of Spain & Portugal	5,478	5,478	60.4%	5.5%	74.0	4.2%	44.7	9.9%
Spain & Portugal Comparable	10,070	10,071	63.5%	5.2%	84.4	6.3%	53.6	11.8%
Total Non Comparable Spain & Portugal	1,558	484	42.7%	-22.2%	90.6	-11.1%		
TOTAL B.U. SPAIN & PORTUGAL	11,628	10,555	60.7%	1.0%	85.0	5.8%	51.6	6.8%
Italy Comparable	376	384	55.6%	-2.0%	84.5	15.2%	47.0	12.9%
TOTAL B.U. ITALY	376	384	55.6%	-2.0%	84.5	15.2%	47.0	12.9%
Amsterdam	1,223	1,223	79.7%	5.0%	101.7	1.0%	81.1	6.0%
Brussels	942	944	64.0%	27.9%	86.7	0.0%	55.5	27.9%
Sud Africa	241	240	70.0%	-5.6%	78.7	21.7%	55.1	14.9%
Rest of Holland	2,915	2,914	53.6%	4.7%	79.8	5.4%	42.7	10.3%
Rest of Belgium	174	174	60.3%	7.5%	62.3	-0.4%	37.6	7.1%
Holland & Belgium & Others Comparable	5,495	5,495	62.1%	7.7%	86.7	3.6%	53.8	11.6%
Non Comparable Belgium & Holland & Others	1,400	1,178	60.9%	-8.2%	98.0	6.3%		
TOTAL B.U. HOLLAND&BELGIUM	6,895	6,673	61.9%	4.5%	88.9	4.2%	55.0	9.0%
Switzerland Comparable	562	562	61.3%	11.7%	85.6	-0.3%	52.4	11.4%
Austria Comparable	969	969	64.1%	5.9%	70.2	3.7%	45.0	9.9%
Hungary Comparable	160	160	63.1%	-9.4%	54.0	15.9%	34.0	4.9%
Total Swit & Austria & Hungary Comp	1,691	1,691	63.1%	6.0%	73.6	3.9%	46.5	10.1%
Romania Non Comparable	42		22.9%		64.7			
TOTAL B.U. SWITZ&AUST&HUNG& ROM	1,733	1,691	62.1%	4.3%	73.6	3.7%	45.7	8.2%
Berlin	1,180	1,180	52.9%	3.4%	61.1	1.5%	32.4	4.9%
Frankfurt	1,210	1,210	70.3%	12.4%	71.5	-8.0%	50.3	3.5%
Munich	1,128	1,128	59.6%	3.3%	58.9	2.7%	35.1	6.0%
Rest of Germany	4,971	4,971	56.2%	9.6%	57.1	3.3%	32.1	13.2%
Germany Comparable	8,489	8,489	58.2%	8.3%	60.4	0.7%	35.1	9.0%
Germany Non Comparable	405	237	47.8%	81.4%	84.5	67.3%		
TOTAL B.U. GERMANY	8,894	8,726	57.7%	8.9%	61.3	2.4%	35.3	11.6%
Total Europe Comparable	26,121	26,130	61.4%	6.6%	76.8	4.1%	47.1	11.0%
Total Europe Non Comparable	3,406	1,899	50.5%	-13.5%	93.4	1.4%		
TOTAL EUROPE CONSOLIDATED	29,527	28,029	60.1%	4.3%	78.4	4.5%	47.1	9.0%
Mercosur Comparable	1,354	1,345	70.6%	2.8%	48.5	34.7%	34.3	38.6%
Mexico Comparable	1,255	1,255	70.1%	15.8%	76.6	18.3%	53.7	37.0%
Latin America Comparable	2,609	2,600	70.4%	8.7%	62.0	26.5%	43.6	37.5%
Mercosur Non Comparable	96		55.4%		53.8			
Mexico Non Comparable	225	325	41.1%	-11.3%	53.1	10.9%		
Latin America Non Comparable	321	325	45.4%	-2.1%	53.4	11.5%		
LATINAMERICA CONSOLIDATED	2,930	2,925	67.6%	7.9%	61.4	25.5%	41.5	35.3%
TOTAL CONSOLIDATED	32,457	30,954	60.8%	4.7%	76.7	6.0%	46.6	10.9%
Total Comparable NH	28,730	28,730	62.2%	6.8%	75.2	5.6%	46.8	12.8%
Total Non Comparable NH	3,727	2,224	50.1%	-11.6%	90.3	4.0%		
TOTAL NH	32,457	30,954	60.8%	4.7%	76.7	6.0%	46.6	10.9%

RevPar Comparison	RevPar 1st Quarter		RevPar January- April	
	2.006	% Var	2.006	% Var
Spain & Portugal Comparable	53,6	11,8%	55,0	8,6%
Germany Comparable	35,1	9,0%	35,2	1,7%
Benelux Comparable	53,8	11,6%	57,2	10,2%
Swit & Austria & Hungary Comparable	46,5	10,1%	48,4	8,1%
Italy Comparable	47,0	12,9%	56,1	13,6%
Total Europe Comparable	47,1	11,0%	48,5	7,2%

REVENUE AND EBITDA 1ST QUARTER	REVENUE M Euros	Q1 2006		Revenue M Euros	Q1 2005		%Q106/05 Change	
		EBITDA M Euros	Margin %		EBITDA M Euros	Margin %	Revenue	EBITDA
B.U. SPAIN & PORTUGAL COMPARABLE	76.37	13.78	18.0%	67.85	10.32	15.2%	12.6%	33.5%
Spain & Portugal Non Comparable	10.17	-2.29	-22.5%	7.84	2.40	30.6%		
B.U.SPAIN & PORTUGAL	86.54	11.49	13.3%	75.69	12.72	16.8%	14.3%	-9.7%
B.U. HOLLAND & BELGIUM COMPARABLE	44.78	10.70	23.9%	40.03	6.89	17.2%	11.9%	55.3%
Holland & Belgium & Others Non Comparable	14.43	4.05	28.1%	16.12	7.82	48.5%		
B.U. HOLLAND & BELGIUM & OTHERS	59.21	14.75	24.9%	56.15	14.71	26.2%	5.4%	0.3%
B.U. S&A&H COMPARABLE	10.47	-0.78	-7.4%	9.31	-1.21	-13.0%	12.5%	35.5%
B.U. SWITZERLAND & AUSTRIA & HUNGARY	10.47	-0.78	-7.4%	9.31	-1.21	-13.0%	12.5%	35.5%
B.U. GERMANY COMPARABLE	44.23	-2.02	-4.6%	40.45	-3.11	-7.7%	9.3%	35.0%
Germany Non Comparable	2.04	0.23	11.3%	0.80	-0.13	-16.3%		
B.U. GERMANY	46.27	-1.79	-3.9%	41.25	-3.24	-7.9%	12.2%	44.8%
ITALY COMPARABLE	2.80	-0.88	-31.4%	2.65	-0.62	-23.4%	5.7%	-41.9%
B.U. ITALY	2.80	-0.88	-31.4%	2.65	-0.62	-23.4%	5.7%	-41.9%
TOTAL EUROPE COMPARABLE	178.65	20.80	11.6%	160.29	12.27	7.7%	11.5%	69.5%
B.U. LATIN AMERICA COMPARABLE	14.76	4.62	31.3%	11.53	2.98	25.8%	28.0%	55.0%
Latin America Non Comparable	0.97	0.00	0.0%	0.65	0.10	15.4%		
B.U. LATIN AMERICA	15.73	4.62	29.4%	12.18	3.08	25.3%	29.1%	50.0%
HOTEL ACTIVITY COMPARABLE	193.41	25.42	13.1%	171.82	15.25	8.9%	12.6%	66.7%
CORPORATE	2.98	-3.34		0.00	-5.48			39.1%
TOTAL HOTEL ACTIVITY	224.00	24.07	10.7%	197.23	19.96	10.1%	13.6%	20.6%
SOTOGRADE REAL ESTATE	4.51	0.81	18.0%	13.02	6.37	48.9%	-65.4%	-87.3%
TOTAL CONSOLIDATED	228.51	24.88	10.9%	210.25	26.33	12.5%	8.7%	-5.5%

NH HOTELES,S.A.	Q1 2006		Q1 2005		2006/2005
P&L ACCOUNT AS AT MARCH, 31st 2006	M Eur.	%	M. Eur	%	Change. %
Room Revenues	220.78	96.6%	194.44	92.5%	13.5%
Real estate sales and other	4.50	2.0%	13.02	6.2%	-65.4%
Other non-recurring revenues	3.23	1.4%	2.79	1.3%	15.8%
TOTAL REVENUES	228.51	100.0%	210.25	100.0%	8.7%
Cost of real estate sales	-1.23	-0.5%	-4.47	-2.1%	72.5%
Operating expenses	-158.09	-69.2%	-139.64	-66.4%	13.2%
GROSS OPERATING PROFIT	69.19	30.3%	66.14	31.5%	4.6%
Lease payments and property taxes	-44.31	-19.4%	-39.81	-18.9%	-11.3%
EBITDA	24.88	10.9%	26.33	12.5%	-5.5%
Depreciation	-17.44	-7.6%	-16.10	-7.7%	-8.3%
EBIT	7.44	3.3%	10.23	4.9%	-27.3%
Interest income (expense)	-4.99	-2.2%	-4.04	-1.9%	-23.5%
Income from minority equity interests	-0.03	0.0%	-0.05	0.0%	39.8%
EBT	2.42	1.1%	6.14	2.9%	-60.6%
Corporate income tax	-0.73	-0.3%	-3.97	-1.9%	81.6%
NET INCOME before minorities	1.69	0.7%	2.17	1.0%	-22.1%
Minority interests	0.06	0.0%	-1.57	-0.7%	103.8%
NET INCOME	1.75	0.8%	0.60	0.3%	191.6%

HOTEL BUSINESS

Spain

- Notwithstanding the favourable impact of the shift in the Easter vacation calendar in the first three months of the year, the underlying performance from January to April, +8.6% has been encouraging.
- ADR rose by 6.3%, while occupancy grew by 5.2%.
- The focus on yield management has enabled to increase ADR in all regions through the implementation of strategies to increase average prices during low season.
- Decrease in total Ebitda was mainly shaped by two factors:
 - o The new rooms, 7.8% out of the total average rooms, added to the portfolio since the start of 2005 have contributed with 4.3% of the B.U.'s total revenues. Yet, it negatively affected the Ebitda holding it back by an 8.4%.
 - o The hotel NH Sport sold in the first quarter of 2005 for 2.2M has negatively affected the year on year comparison. Had this non recurring income not taken place, total Ebitda would have picked up by 13.9%.

Benelux

- The comparison between January-April versus January-March suggests a good trading momentum across all the Benelux regions, with a pick up in ADR of 3.6% and a boosting occupancy of 7.7%.
- Flat Ebitda evolution was mainly shaped by three factors:
 - o The three new hotels opened: NH Den Haag, NH De Ville, and NH Harrington Hall have contributed with 3.3% of the B.U.'s total revenues. Yet, it made the Ebitda to drop by a 1.5%.
 - o The sale of the NH Oostende in the first quarter of 2005 for €0.6m has negatively affected the year on year comparison. By removing this effect total Ebitda would have rise by 5%.
 - o A non recurring revenue in the first quarter of 2005 not repeated in 2006 made up for 17.7% of 2005's first quarter Ebitda.
- Had these non recurring incomes not taken place, total Ebitda in Benelux would have picked up by a 28.2%, instead of remaining flat.

Switzerland, Austria and Hungary

- First quarter underlying performance was in line with NH overall performance: strong RevPar recovery via Occupancy and ADR.
- Losses were reduced by 35.5%, partly thanks to strong demand and the renegotiation of leases at three hotels, which gave rise to savings of €0.58m, compared to 2005.

Germany

- Unlike the rest of the B.U., ADR remained flat or slightly positive, and like for like RevPar, +9%, was due to increased occupancy.
- Ebitda in Comparable hotels remained negative in the first quarter due to a historically weak seasonality in revenues compared to an evenly distributed lease cost throughout the year. Nevertheless, losses have been reduced by a 35% due partly by the incremental revenue, cost control policies and the €1.12m from lease-refinancing.
- At Non comparable scope of consolidation, two hotels have been added to the portfolio:
 - o In 2005 NH Nuremberg was opened and in the first quarter of 2006, the NH Berlin Artus has been incorporated. These two hotels have contributed both in revenue and Ebitda. In Revenue they have accounted for 3.5% of total sales and have reduced total losses by a 16% in the business unit.

Latin America

Since the Easter week positively affected this BU. growth is likely to moderate for the rest of the year.

- In local currency terms:
 - o In Argentina, Sales climbed 33.5% at comparable hotels, RevPar by 34.5%, occupancy improved by 3.4% and ADR gained 31.08%.
 - o In Mexico, revenues at comparable hotels improved by 18.3%, RevPar by 19.6%, occupancy gained 15.8% and prices rose 3.8%.
- In Mexico 16 p.p. of the increase in RevPar is explained by the favourable currency exchange rate.
- EBITDA in Latin America improved by a 50%, reflecting the operating improvement and the currency exchange effect.

SOTOGRADE REAL ESTATE BUSINESS

- Sotograde's real estate business reported total sales of €4.5m, a 65% less than in the same period of previous year. The difference is explained by the product delivery scheduled and a more limited number of plots sale, compared to houses and apartments.
- Sotograde's Ebitda of €0.81m, versus €6.3m last year is explained by, apart from the timetable of delivery of products, the more difficult comparison due to the sale of a large plot for €3.4m, made in February last year.
- At end-March 2006, confirmed real estate sales not reflected in the accounts amounted to €82.7m, with an estimated margin of €36m. The majority of these were in the residential development of Ribera del Marlin and Los Cortijos de La Reserva. The figure for sales not reflected in the accounts at year-end 2005 was €79.9m.

Sotograde - Income Breakdown	Q1 2006		Q1 2005	
	Mn Euros	% total	Mn Euros	% total
Berths and Parking lots	0,8	17,1%	0,6	4,3%
Apartments	2,0	43,8%	3,3	25,7%
Plots	0,7	15,0%	6,3	48,1%
Real Estate Income	3,4	75,9%	10,2	78,0%
Other Income	1,1	24,1%	2,9	22,0%
Total Income	4,5	100,0%	13,0	100,0%

FINANCIAL PERFORMANCE

- Positive Net income of €1.75m versus €0.6m last year.
- Minority interests have been lowered as a consequence of the buy out of minorities done last year.
- Net consolidated debt at end-March amounted to €687.6m, down from €690.04m at the beginning of the year.
- Financial gearing (Net Debt/Equity) was 0.77X.
- NH Hoteles has contributed to the subordinated loan for the refinancing of the leases of 17 hotels with €4m. The total amount of subordinated loan is €58.4m which generates an annual average return of 3%. Refinancing the hotels in Germany and Austria generated cost-savings of €1.7m, in addition to the interest on subordinated loans which generated financial revenues of €0.4m in the first quarter of 2006.
- During the first quarter, the most relevant facts regarding the Net Debt have been: investments in new projects, the contribution to the subordinated loan, and the cash in of €50.7m from the NH Italy capital increase.
- Ebitda 2006 records a non recurring income of €3m as a consequence of the share dilution related to the NH Italy €50m capital increase subscribed by Banca Intesa at NH Italia. As a consequence of this deal, Banca Intesa has a 49% stake in NH's Italian subsidiary.

PORTFOLIO OF HOTELS AND EXPANSION PROJECTS

Hotels opened up to date in 2006

Hotel	City	Contract	# of rooms
NH Balago	Valladolid	Leased	159
NH Numancia (Room Extension)	Barcelona	Leased	22
NH Berlin Artus	Berlin	Leased	136
NH Santo Stefano	Turin	Managed	125
NH de Ville	Groningen	Leased	67
NH Cayo Coco	Cayo Coco (Cuba)	Managed	690
New Openings			1199

Rooms and hotels signed due to open over the next years

Year of Openings	Total			Rest of 2006		2007		2008	
Countries	Rooms	Hotels		Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
ARGENTINA	208	1		0	93	1	115	0	0
MEXICO	826	3		1	136	2	690	0	0
CUBA (*)	150	0		0	0	0	0	0	150
SPAIN	1,203	9		6	985	2	158	1	60
ITALY	746	4		1	256	3	490	0	0
GERMANY (*)	91	0		0	0	0	91	0	0
SENEGAL REP.	310	2		0	0	2	310	0	0
(*) Where hotel = 0 means room extension									
TOTAL SIGNED	3,534	19		8	1,470	10	1,854	1	210

Total Portfolio and signed projects

14-02-06	Rooms	Hotels		Leased	Rooms	Owned	Rooms	Managed	Rooms
TOTAL HOTELS OPEN									
ARGENTINA	1,062	8		0	0	8	1,062	0	0
URUGUAY	136	1		0	0	1	136	0	0
MEXICO	3,042	15		3	354	5	1,126	7	1,562
BRASIL	135	1		0	0	1	135	0	0
CHILE	122	1		0	0	1	122	0	0
CUBA	967	2		0	0	0	0	2	967
PORTUGAL	165	2		2	165	0	0	0	0
SPAIN	13,434	121		80	9,086	17	2,504	24	1,844
ITALY	501	2		1	376	0	0	1	125
ENGLAND	200	1		0	0	0	0	1	200
HOLLAND	5,620	30		11	1,551	18	3,989	1	80
BELGIUM	1,116	8		1	241	7	875	0	0
GERMANY	9,246	54		53	9,102	0	0	1	144
SWITZERLAND	562	4		2	330	2	232	0	0
AUSTRIA	973	6		6	973	0	0	0	0
HUNGARY	160	1		1	160	0	0	0	0
RUMANIA	161	2		1	83	0	0	1	78
SOUTH AFRICA	240	2		1	198	1	42	0	0
GHANA	234	1		0	0	0	0	1	234
TOTAL OPEN									
	38,076	262		162	22,619	61	10,223	39	5,234
TOTAL HOTELS SIGNED									
ARGENTINA	208	1		0	0	1	208	0	0
MEXICO	826	3		0	0	2	276	1	550
CUBA	150	0		0	0	0	0	0	150
SPAIN	1,203	9		6	985	2	158	1	60
ITALY	746	4		3	529	1	217	0	0
GERMANY	91	0		0	91	0	0	0	0
SENEGAL REP	310	2		0	0	0	0	2	310
TOTAL SIGNED									
	3,534	19		9	1,605	6	859	4	1,070

NH Hoteles has a presence in 19 countries, with 262 hotels open totalling 38,076 rooms, and contracts signed for another 19 with a further 3,534 rooms. In the 281 hotels opened or signed for, 27% of the rooms are owned by the chain, 58% are leased (of which NH has an option to buy 11.7%) and 15% are run under management contracts.

The signed projects are part of the company's strategy to boost organic growth in the City hotel segment in the countries where NH Hoteles already has a strong presence, and in other countries where it has little or no presence such as Italy, Eastern Europe and the UK. NH Hotels also wants to strengthen its position in leisure hotels, particularly top end Resorts in the Caribbean.