

Madrid, 30th July 2008

6M 2008 SALES AND RESULTS PREVIEW

Highlights

- In the first six months of 2008, **like for like RevPar increased 2.0%** vs. same period last year. ADR increased by 2.8% and occupancy saw a slight decrease (-0.8%). In Europe like-for-like RevPar grew 2.2% and in the Americas 12.2% considering local currencies.
- **Recurrent Hotel activity increased both in revenues and EBITDA by 8.4% and 5.0%** respectively.
- The first semester of 2008 sees its **hotel GOP margin increase up to 36.2%** compared to 35.8% in 2007 (GOP margin excluding "non-recurrent GOP, openings, closings and other" changes from 33.8% in H1 2007 to 34.2% in H1 2008). This improvement results from the solid cost-cutting policy carried out.
- **Non-recurrent items:** €34.4m in non-recurrent revenues, explained by the capital gain from the sale & lease back transaction of three hotels in Spain. This operation has been carried out in accordance to the asset turnover strategy.
- The Group **adjusts its three Expansion Plan** (started in January 2007).

HOTEL ACTIVITY EXCLUDING NON RECURRING ITEMS AS OF JUNE 30 2008					
	1H 2008		1H 2007		2008/2007
	M Eur.	%	M. Eur	%	Var. %
TOTAL REVENUES	728.2	100%	672.0	100%	8.4%
Staff Cost	-249.1	-34.2%	-232.3	-34.6%	7.2%
Operating expenses	-231.6	-31.8%	-211.3	-31.4%	9.6%
GROSS OPERATING PROFIT	247.6	34.0%	228.4	34.0%	8.4%
Lease payments and property taxes	-132.3	-18.2%	-118.5	-17.6%	11.6%
EBITDA	115.3	15.8%	109.9	16.4%	5.0%

Hotel Activity

Like- for-Like RevPar

The Americas (in local currency), Germany and Central and Easter Europe show increases in RevPar above 10%, while Spain is the country most affected by the economic slow down.

- **Spain and Portugal:** The current market situation pushes down occupancy rates, beginning to affect average prices that grew 2.2% like-for-like in the period. The decline in revenues is partly due to the America Cup and other events that had driven positively the results in Valencia during 2007. Seville and Lisbon stand out positively, while Barcelona shows increases in average prices but falls in occupancy.
- **Italy:** The occupancy has been kept up in the market, being the growth in RevPar mainly explained by 1.4% growth in ADR. The city more affected by the economic deceleration is Rome, strongly dependent on the American traveller, falling in occupancy compared to 2007.
- **Benelux and others:** A weaker demand of the American traveller is causing a negative impact in the tourist market. RevPar grows 1.8% being this increase reduced by the hotels in London which show a weaker result when converted to euros, resulting from the trends in the exchange rates £/€. The slowdown in revenues for the last month of the period is being offset by cost-cutting measures, aiming to keep up GOP margins.
- **Germany:** One of the markets with greater growth in RevPar (10.4%) mainly explained by increases in prices of 8.6%. The positive performance of Dusseldorf, accommodating an important congress in May/June and the recovery of the market in Frankfurt are two issued to be mentioned.
- **Central and Easter Europe:** Positive impact from the Pre - Euro Cup activity. Austria and Switzerland stand out positively, whereas Rumania and Hungary show increases in average prices but drops in occupancy. At a consolidated level, it is the business unit with greater growth in RevPar (+16.7%).
- **Las Americas:** Strong RevPar growth in local currency (+12.2%) while in euros the negative impact of exchange rates can be perceived. Mexico is affected by the weakness of the American economy, showing a moderate growth. Argentina continues with a very positive evolution.

NH HOTELES RATES: UP TO 30TH JUNE

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2008	2007	2008	2007	% Var	2008	2007	% Var	2008	2007	% Var
Spain & Portugal "Like for like"	11,811	11,836	61.74%	65.63%	-5.92%	94.60	92.55	2.22%	58.41	60.74	-3.83%
TOTAL B.U. SPAIN	12,846	12,227	61.15%	64.87%	-5.74%	95.31	93.17	2.30%	58.28	60.44	-3.57%
Italy "Like for like"	5,664	5,692	60.93%	60.52%	0.69%	107.38	105.85	1.44%	65.43	64.06	2.14%
TOTAL B.U. ITALY	6,942	5,652	59.48%	63.23%	-5.92%	105.66	107.98	-2.15%	62.85	68.27	-7.94%
Benelux & Others "Like for like"	7,924	7,925	69.73%	69.96%	-0.33%	107.53	105.30	2.12%	74.98	73.67	1.78%
TOTAL B.U. BENELUX	8,582	7,994	68.75%	69.74%	-1.41%	107.66	104.37	3.15%	74.02	72.78	1.69%
Central & Eastern Europe "Like for like"	1,774	1,773	73.37%	69.93%	4.93%	87.18	78.32	11.32%	63.97	54.76	16.81%
TOTAL B.U. CENTRAL & EASTERN EUROPE	2,096	2,025	71.41%	68.82%	3.77%	89.42	79.50	12.48%	63.85	54.71	16.71%
Germany "Like for like"	9,686	9,683	60.75%	59.79%	1.61%	73.35	67.52	8.64%	44.56	40.37	10.39%
TOTAL B.U. GERMANY	10,061	9,804	60.58%	59.48%	1.85%	73.52	67.18	9.42%	44.53	39.96	11.45%
EUROPE "LIKE FOR LIKE"	36,859	36,909	63.63%	64.44%	-1.26%	93.78	90.61	3.50%	59.68	58.39	2.20%
Total B.U. EUROPE	40,526	39,207	62.86%	64.03%	-1.82%	94.29	91.07	3.53%	59.27	58.31	1.65%
TOTAL EUROPE CONSOLIDATED	40,526	37,702	62.86%	64.47%	-2.49%	94.29	90.90	3.73%	59.27	58.60	1.15%
Las Américas "Like for like"	3,213	3,214	69.92%	67.17%	4.10%	66.63	69.88	-4.65%	46.59	46.94	-0.75%
LATINAMERICA CONSOLIDATED	3,651	3,409	68.05%	66.01%	3.10%	66.79	68.45	-2.43%	45.45	45.18	0.60%
TOTAL CONSOLIDATED	44,178	41,110	63.29%	64.59%	-2.02%	91.84	89.00	3.20%	58.13	57.49	1.12%
NH HOTELES "LIKE FOR LIKE"	40,072	40,122	64.14%	64.66%	-0.81%	91.41	88.89	2.84%	58.63	57.48	2.00%
TOTAL CONSOLIDATED	44,178	41,110	63.29%	64.59%	-2.02%	91.84	89.00	3.20%	58.13	57.49	1.12%

Results

The decrease in GOP of the business unit of Spain and Portugal is almost offset by the strong growth of Germany.

The rest of business units have obtained in the first half of the year higher GOP figures compared to the first semester of year 2007.

The company is carrying out a strong cost-cutting policy. As a result all business units (with the exception of Spain and Portugal) present GOP margins above those of last year. Italy stands out with a cost reduction of 2.4% (additionally, if we consider that most costs grow with inflation the decrease in real terms would have been of 4.5%).

Overall, the recurrent hotel activity excluding "openings, closings and other" increases its GOP margin from 33.8% in H1 2007 to 34.2% in H1 2008.

CLOSING AS OF JUNE 2008 VS JUNE 2007 HOTEL ACTIVITY

	2008 JUNE	2007 JUNE	DIF.08/07	% DIF
SPAIN & PORTUGAL	202.48	209.86	-7.38	-3.5%
ITALY	99.04	100.63	-1.59	-1.6%
BENELUX	173.64	169.02	4.62	2.7%
CENTRAL & EASTERN EUROPE	29.37	25.26	4.11	16.3%
GERMANY	123.76	112.85	10.91	9.7%
AMERICA	38.28	38.01	0.27	0.7%
TOTAL REVENUE LIKE FOR LIKE HOTELS	666.57	655.64	10.93	1.7%
OPENINGS, CLOSINGS & OTHERS 08/07	61.66	16.34	45.32	277.3%
TOTAL RECURRING REVENUE	728.23	671.98	56.25	8.37%
RELEVANT NON-RECURRING REVENUE	34.37	19.89	14.48	72.80%
TOTAL REVENUE	762.60	691.87	70.73	10.22%
SPAIN & PORTUGAL	132.22	131.3	0.92	0.7%
ITALY	73.47	75.28	-1.82	-2.4%
BENELUX	107.77	106.33	1.44	1.3%
CENTRAL & EASTERN EUROPE	18.95	17.31	1.63	9.4%
GERMANY	80.9	77.29	3.62	4.7%
AMERICA	25.05	26.31	-1.26	-4.8%
TOTAL OPERATING EXPENSES LIKE FOR LIKE HOTELS	438.35	433.82	4.53	1.0%
OPENINGS, CLOSINGS & OTHERS 08/07	42.3	9.78	32.53	332.7%
TOTAL RECURRING OPERATING EXPENSES	480.65	443.59	37.06	8.35%
RELEVANT NON-RECURRING EXP.	5.7	0.86	4.84	562.79%
TOTAL OPERATING EXPENSES	486.35	444.45	41.90	9.43%
SPAIN & PORTUGAL	70.26	78.56	-8.3	-10.6%
ITALY	25.57	25.35	0.22	0.9%
BENELUX	65.88	62.69	3.18	5.1%
CENTRAL & EASTERN EUROPE	10.42	7.95	2.48	31.2%
GERMANY	42.86	35.57	7.29	20.5%
AMERICA	13.24	11.71	1.53	13.1%
GOP LIKE FOR LIKE HOTELS	228.22	221.82	6.4	2.9%
OPENINGS, CLOSINGS & OTHERS 08/07	19.36	6.57	12.79	194.7%
TOTAL RECURRING GOP	247.58	228.39	19.19	8.40%
RELEVANT NON - RECURRING GOP	28.67	19.03	9.64	50.66%
TOTAL GOP	276.25	247.42	28.83	11.65%
LEASES&PT LIKE FOR LIKE HOTELS	119.03	114.83	4.21	3.7%
LEASES & P.T. OPENINGS, CLOSINGS & OTHERS 08/07	13.22	3.71	9.50	255.9%
TOTAL LEASES & PROPERTY TAXES	132.25	118.54	13.71	11.56%
SPAIN & PORTUGAL	30.18	38.81	-8.63	-22.2%
ITALY	8.69	9.25	-0.55	-6.0%
BENELUX	51.14	48.91	2.23	4.6%
CENTRAL & EASTERN EUROPE	2.53	0.31	2.22	721.4%
GERMANY	5.3	-0.44	5.73	1314.7%
AMERICA	11.36	10.16	1.19	11.7%
EBITDA LIKE FOR LIKE HOTELS	109.19	106.99	2.19	2.0%
EBITDA OPENINGS, CLOSINGS & OTHERS 08/07	6.15	2.86	3.29	115.2%
TOTAL RECURRING EBITDA	115.33	109.85	5.48	4.99%
EBITDA NON RECURRING	28.67	19.03	9.64	50.66%
TOTAL EBITDA	144.00	128.88	15.12	11.73%

NH HOTELES,S.A. AS OF JUNE 30th 2008 PROFORMA P&L ACCOUNT

	1H 2008		1H 2007		2008/ 2007
	M Eur.	%	M. Eur	%	Var. %
Room Revenues	728.2	94%	672.0	94%	8.4%
Real estate sales and other	8.4	1%	18.2	3%	-53.7%
Non-recurring Revenues	34.4	4%	27.3	4%	26.0%
TOTAL REVENUES	771.0	100%	717.4	100%	7.5%
Cost of real estate sales	-0.3	0%	-5.6	-1%	-94.3%
Staff Cost	-250.8	-33%	-233.8	-33%	7.3%
Operating expenses	-235.8	-31%	-216.4	-30%	9.0%
Other Non-recurring expenses	-5.7	-1%	-0.9	0%	562.8%
GROSS OPERATING PROFIT	278.4	36%	260.9	36%	6.7%
Lease payments and property taxes	-132.3	-17%	-118.5	-17%	11.6%
EBITDA	146.1	19%	142.3	20%	2.7%
Depreciation	-58.1	-8%	-50.3	-7%	15.4%
EBIT	88.0	11%	92.0	13%	-4.3%
Interest income (expense)	-49.4	-6%	-23.0	-3%	115.3%
Income from minority equity interests	-1.3	0%	-0.1	0%	1072.7%
EBT	37.3	5%	68.9	10%	-45.9%
Corporate income tax	-6.3	-1%	-12.3	-2%	-48.9%
NET INCOME before minorities	31.0	4%	56.6	8%	-45.2%
Minority interests	1.4	0%	-16.1	-2%	-108.8%
NET INCOME	32.4	4%	40.5	6%	-20.0%

Financial highlights and other relevant issues

- **Non-recurrent items:** €34.4m in non-recurrent revenues, explained by the capital gain from the sale & lease back transaction of three hotels in Spain.
- **Lease payments:** Increase in lease payments mainly due to new openings.
- **Net Debt:** Increases up to €1,138.2m from €1,065.9m at December 2007. Increase in debt is mainly due to new projects and acquisitions (Sparrenhorst, Porta Rossa, Palacio de Oquendo, Las Tablas, Cerrito and Parque de la 93)
- **Financial Expenses:** Financial Expenses rose to €49.4m from €23.0m, of which €12.36m can be explained by the decline in the share price of the NH share that is linked to the equity swap covering the stock options plan approved in 2007. This provision is reversible (until the end of the plan in 2012) not implying any cash out (Net Income for H1 2008 discounting this quantity would have been slightly above H1 2007). The remaining part is due to both the increase in total debt from last year corporate transactions and higher interest rates.
- **Minority Interest:** the difference of both periods basically relates to the accounting of goodwill arisen from last year acquisition of Jolly Hotels.

Real Estate Activity

Real Estate Activity - Revenue Breakdown	6m 2008		6m 2007	
	Mn Euros	% total	Mn Euros	% total
Apartments	1.55	18%	6.96	27%
Mooring Points	0.97	11%	0.33	1%
Plots	0.00	0%	7.12	28%
Other Revenue	5.89	70%	11.13	44%
Total Revenue	8.40	100%	25.55	100%
Committed Sales	76.64		78.30	

- Sotogrande's real estate activity generated revenues of €8.40m, compared to €18.16m for the same period in 2007 (excluding none recurring). The drop in sales is explained by the timetable for handing over keys to apartment houses and the general slowdown in the real estate sector in Spain.
- EBITDA (excluding none recurring) has decreased to €2.12m from €6.05m for the same period in 2007. Net income (excluding none recurring) has declined to €2.07m, compared to €3.92m for H1 2007.
- At June 30th 2008, Sotogrande had committed sales, not yet accounted for on the books, of €76.64m. Most of these sales correspond to the residential development of Ribera del Marlin and berths in La Marina.

Progress of the Strategic Plan and Short Term Guidance (18,000 rooms 2007-2009)

In the 82 weeks since January 1, 2007, the number of NH rooms has increased by 9.939 (59 hotels), which is slightly above the target for the period.

Since January 2007, the new projects are distributed geographically as follows: 39.7% in Central and Eastern Europe: Germany, Holland, Belgium, Poland, Hungary, Switzerland, Austria, Czech Republic and France; 35.7% in Southern Europe: Spain and Italy; and 24.6% in Latin America and other countries.

NH Hoteles is currently working to update the Business Plan of the group that was presented to the market at the beginning of 2007. In terms of new rooms contracted the plan is aligned with the initial assumptions, nevertheless the general economic uncertainties and weaker than expected performance in certain markets advice to be cautious and implement a tighter investment policy.

- The company will not take up new investments to purchase owned hotels, unless markets offer new opportunities at significant discounts to current transaction prices. Projects or acquisitions will be incorporated prioritizing variable component on leases or management agreements.
- Although the most significant deviation of the Plan 18.000 so far relates to the difficulty in finding operating hotels, the company will reinforce efforts and maintain focus to attract existing properties.
- At the same time NH Hoteles raises the expected return in all markets by 100 basic points; in addition financial modeling will reflect short term the current outlook in each respected market.

With these short term approach the company intends to continue with its strategic plan on a more selective and cautious manner in the view that in a cyclical sector new opportunities should have to adjust through more attractive prices and rent conditions reflecting different RevPar and cash flow expectations.

New Developments

So far in 2008, ten new hotels with 1.683 rooms have been opened.

Hotels Openings since January 1st 2008

Hotels	City	Contract	# Rooms
NH Victoria Palace	El Escorial (Spain)	Leased	78
NH Paseo del Prado	Madrid (Spain)	Leased	114
NH Orio al Serio	Bérgamo (Italy)	Leased	118
NH Linate	Linate (Italy)	Leased	67
NH Savona Darsena	Savona (Italy)	Leased (with call option)	92
NH Sparrenhorst	Nunspeet (Holland)	Owned	117
NH Monterrey	Monterrey (Mexico)	Leased	217
EDENH Real Arena	Dominican. Rep.	Management	642
NH Palacio de Oquendo	Caceres (Spain)	Leased	86
NH Atlantic Den Haag	The Hague (Holland)	Leased	152
Total New Openings			1,683

Asset management

Hotels which left the Group NH from January 1st, 2008

Hotels	City	Contract	# Rooms
NH Weinheim Ottheinrich	Germany	Leased	25
Jolly Hotel Stendhal	Italy	Franchise	62
Jolly Hotel Salerno	Italy	Franchise	104
Jolly Hotel Della Valle	Italy	Franchise	120
Jolly Hotel Messina	Italy	Franchise	96
Jolly Hotel Siracusa	Italy	Franchise	100
NH Sao Paulo	Brazil	Owned	135
Total Exits			642

Additionally, the company has entered into a sale & lease back agreement by which three properties in Spain have been disposed. NH Hoteles retains a long-term lease agreement with an option to buy back the asset under certain conditions. The total sale price has reached €49.5 millions, with a capital gain of €33.5 million (€27.5 million after tax).

Hotels	City	# Rooms
NH Ciudad de Santander	Santander	62
NH Luz Huelva	Huelva	107
NH Alcala	Madrid	146
Total		315
Price (€MM)		49.5

Signed projects from January 1st and July 28th, 2008

New Hotel Projects	City	Contract	# Rooms	Opening
1	San Sebastián de los Reyes, Spain	Leased	120	2010
2	Lejona, Vizcaya, Spain	Management	125	2009
3	La Laguna, Tenerife, Spain	Management	105	2009
4	Buenos Aires, Argentina	50% Owned	185	2008
5	Madrid, Spain (Extension)	Leased	15	2010
6	Olomouc, Czech Republic	Management	136	2009
7	Dresden, Germany	Leased	235	2010
8	Gerona, Spain	Leased	115	2010
9	Rotterdam, Holland	Leased with Call Option	280	2012
10	Cartagena, Spain	Leased	100	2010
11	Porriño, Spain	Management	67	2010
12	Parma, Italy	Leased	118	2012
13	Panamá	50% Owned	180	2010
14	Budapest, Hungary	Leased	99	2010
15	Berlin, Germany	Leased	89	2010
16	Madrid, Spain	Leased	68	2010
17	Segovia, Spain	Management + 25% Owned	150	2011
18	Roma, Italy	Leased	182	2009
19	La Roca del Valles, Barcelona, Spain	Management	183	2009
Operating Hotels	City	Contract	# Rooms	Opening
20	Nunspeet, Holland	Owned	117	2008
21	Madrid, Spain	Leased	114	2008
22	México (Extension p. Vallarta)	Management	194	2008
23	México (Extension Cancun)	Management	104	2008
24	Bussum, Holland (Extension)	56% Owned	42	2009
25	Mar de Plata, Argentina	Management + 20% Owned	573	2009
26	Caceres, Spain	Leased	86	2008
27	Madrid, Spain	Leased	149	2008
28	The Hague, Holland	Leased	152	2008
Total Signed Projects			4,083	

NH HOTELES BY COUNTRIES

R= ROOMS; H= HOTELS; CO= CALL OPTION; L= LEASED; O= OWNED; M= MANAGED; F= FRANCHISE

	R	H	CO	L	R	O	R	M	R	F	R
ARGENTINA	1,240	9	0	0	0	9	1,240	0	0	0	0
URUGUAY	136	1	0	0	0	1	136	0	0	0	0
MEXICO	3,270	16	0	5	679	6	1,261	5	1,330	0	0
CHILE	122	1	0	0	0	1	122	0	0	0	0
CUBA	968	2	0	0	0	0	0	2	968	0	0
PORTUGAL	313	3	0	3	313	0	0	0	0	0	0
SPAIN	14,352	129	3	91	10,258	15	2,219	23	1,875	0	0
ITALY	8,128	57	1	31	4,762	16	2,449	6	523	4	394
ENGLAND	596	3	0	1	121	1	275	1	200	0	0
HOLLAND	6,130	33	2	13	1,824	19	4,226	1	80	0	0
BELGIUM	1,632	11	0	2	434	9	1,198	0	0	0	0
GERMANY	10,061	57	17	57	10,061	0	0	0	0	0	0
SWITZERLAND	632	5	0	3	400	2	232	0	0	0	0
AUSTRIA	1,220	7	4	7	1,220	0	0	0	0	0	0
HUNGARY	160	1	0	1	160	0	0	0	0	0	0
RUMANIA	161	2	0	1	83	0	0	1	78	0	0
LUXEMBURG	148	1	1	1	148	0	0	0	0	0	0
SOUTHAFRICA	240	2	0	1	198	1	42	0	0	0	0
DOMINICAN REPUBLIC	642	1	0	0	0	0	0	1	642	0	0
UNITED STATES	242	1	0	0	0	1	242	0	0	0	0
FRANCE	314	2	0	1	152	1	162	0	0	0	0
OPENED HOTELS	50,707	344	28	218	30,813	82	13,804	40	5,696	4	394

SIGNED PROJECTS OF NH HOTELES

R= ROOMS; H= HOTELS; CO= CALL OPTION; L= LEASED; O= OWNED; M= MANAGED; F= FRANCHISE

	R	H	CO	L	R	O	R	M	R	F	R
ARGENTINA	972	3	0	0	0	2	399	1	573	0	0
MEXICO	1,539	5	0	1	132	1	142	3	1,265	0	0
CUBA	150	0	0	0	0	0	0	0	150	0	0
SPAIN	2,355	18	0	13	1,694	0	19	5	642	0	0
ITALY	1,734	12	0	9	1,259	1	217	2	258	0	0
HOLLAND	698	3	1	2	327	1	371	0	0	0	0
GERMANY	632	3	0	3	632	0	0	0	0	0	0
AUSTRIA	300	0	0	0	300	0	0	0	0	0	0
HUNGARY	213	2	0	2	213	0	0	0	0	0	0
POLAND	213	2	0	1	119	0	0	1	94	0	0
CZECH REPUBLIC	506	3	0	2	370	0	0	1	136	0	0
SOUTH AFRICA	190	1	0	0	0	0	0	1	190	0	0
SENEGAL	310	2	0	0	0	0	0	2	310	0	0
DOMINICAN REPUBLIC	575	2	0	0	0	0	0	2	575	0	0
COLOMBIA	396	2	0	0	0	2	396	0	0	0	0
FRANCE	488	2	0	2	488	0	0	0	0	0	0
TOTAL PROJECTS	11,271	60	1	35	5,534	7	1,544	18	4,193	0	0