

(Free translation from the original in Spanish language)

In compliance with the information duties foreseen in articles 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on Market Abuse and 228 of the reformed text of the Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October and other supplementary regulations, NH Hotel Group, S.A. (“**NH**” or the “**Company**”) hereby notifies the Comisión Nacional del Mercado de Valores of the following

SIGNIFICANT EVENT

In connection with NH’s Significant Events dated 20 November and 20 December 2017 (CNMV’s records numbers 258681 and 259788 respectively), the Board of Directors of NH Hotel Group has met today and carried out an in-depth study of the unsolicited bid it received from Barceló Group. In order to assist the internal review process, the Board enlisted the services of Bank of America Merrill Lynch to provide a financial analysis. This has supported the Board’s decision to unanimously decline the proposed transaction.

The Board is keen to stress that its decision was taken in defence of the Company interest and all of its shareholders. The Board also emphasizes that this bid does not condition or impede the analysis of other strategic opportunities in the future, all of which would be evaluated on the basis of the real value they stand to generate for NH Hotel Group’s shareholders, within the framework of consolidation trends prevailing in the hotel industry.

In arriving at its decision, the Board decided that the proposed transaction structure (merger) would not permit the creation of shareholder value over and above that which NH stands to create on a standalone basis. Based on its analysis, the Board does not deem the intrinsic value assigned to NH in the bid presented by Grupo Barceló, nor the exchange ratio offered, to be sufficient. Neither is the scope of the bid.

As a result of this analysis, the Board unanimously considers that the current terms of the bid are inadequate and fail to reflect NH’s true value. Specifically:

- The exchange ratio does not reflect the two companies relative valuations (even less so adjusting the scope of the transaction to Grupo Barceló’s significant hotelier business). Crucially, it does not offer a control premium on NH’s market value, nor does it factor in NH’s potential for revaluation as a standalone business, which is certainly higher than the relative value of €7.08 per share suggested by the offer.

(Free translation from the original in Spanish language)

- The offer presented by Grupo Barceló fails to reflect NH's earnings growth potential or the value of the assets it owns in cities across Europe; as evidenced by the recent sale of the Barbizon Hotel in Amsterdam. The offer also fails to recognise the opportunity to generate profits from its balanced mix of management and lease agreements and steps being taken to optimize its operating and financial structure.
- The Board also took a negative view of the fact that Grupo Barceló's bid failed to offer a cash alternative or similar liquidity event for NH's shareholders.

In addition to its rejection of the offer, today the Board ratified its full confidence in the strategic plan being executed by NH, which supports solid growth in revenues and continued operating improvements. Furthermore, the value of its hotel assets and the potential benefits from the improvement of its net financial position will pave the way for opportunities to expand and the chance to participate in prevailing hotel sector consolidation in the future.

Madrid, 10 January 2018

Carlos Ulecia
General Secretary