

In accordance with article 82 of Law 24/1988 on Securities Market and its implementing secondary regulations, **NH HOTELES, S.A.** (“**NH Hoteles**” or the “**Company**”) hereby notifies the *Comisión Nacional del Mercado de Valores* of the following:

RELEVANT FACT

Reference is made to the relevant fact notice published earlier today (filed under registry number 194,611) in relation to the issue of bonds convertible into and/or exchangeable for ordinary shares of the Company (the “**Bonds**”), with disapplication in full of the Company’s shareholders’ pre-emptive rights (the “**Issue**”), for an aggregate principal amount of € 200 million, which may be increased to an aggregate principal amount of up to € 275 million.

Following the accelerated bookbuilding process carried out by Barclays Bank PLC, BNP PARIBAS and Morgan Stanley & Co International plc as joint bookrunners (the “**Joint Bookrunners**”), the Company has approved the definitive terms and conditions of the Issue set out below:

- (a) The definitive size of the Issue is € 250 million.
- (b) The Bonds will accrue a fixed annual coupon of 4% payable quarterly on 8 February, 8 May, 8 August and 8 November in each year, beginning on 8 February 2014.
- (c) The conversion price has been set at € 4.919 per ordinary share, which represents a premium of approximately 30 per cent over the volume-weighted average price on the Spanish Automated Quotation System of the ordinary shares of the Company during the period between the announcement of the Issue and the final determination by the Company of these conditions. The number of ordinary shares underlying the Bonds would initially amount to approximately 50.8 million shares, representing approximately 16.5% of the issued and outstanding share capital of the Company.
- (d) The Bonds will mature on 8 November 2018 and will be redeemed at par at maturity unless previously converted, redeemed or purchased and cancelled.

A subscription agreement (the “**Subscription Agreement**”) has been entered into between the Company and the Joint Bookrunners today pursuant to which NH Hoteles has undertaken, among other terms, to issue the Bonds while the Joint Bookrunners have undertaken, subject to compliance with or waiver of certain conditions, to procure subscribers for Bonds and, failing which, to subscribe and pay for them. Subscription and payment for the Bonds will take place on the closing date, which is anticipated to take place on 8 November, 2013 (the “**Closing Date**”), provided that certain conditions precedent set out in the Subscription Agreement have been fulfilled.

The Issue of the Bonds is conditional upon, among other conditions, the Company entering into a purchase agreement with certain initial purchasers of NH Hoteles’ proposed concurrent issue of Senior Secured Notes disclosed in the Company’s relevant fact notice dated 24 October 2013, which is expected to be signed today (the “**Purchase Agreement**”), and such Purchase Agreement, as of the Closing Date, remaining in full force and effect and not having

been terminated. The entering into the Purchase Agreement by the Company and the initial purchasers in respect of the Senior Secured Notes will be reported by NH Hoteles promptly through the filing of a relevant fact notice.

Madrid, 31 October 2013,

Carlos Ulecia Palacios
General Secretary

IMPORTANT INFORMATION

The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S under the Securities Act, and accordingly this document is intended for release only to persons that are not U.S. persons within the meaning of Regulation S.

The communication of this document as a financial promotion is only being made to those persons falling within Article 12, Article 19(5) or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or to other persons to whom this document may otherwise be distributed without contravention of section 21 of the Financial Services and Markets Act 2000, or any person to whom it may otherwise lawfully be made. This communication is being directed only at persons having professional experience in matters relating to investments and any investment or investment activity to which this communication relates will be engaged in only with such persons. No other person should rely on it. This document is not intended for distribution to and must not be passed on to any retail investor.

No action has been made or will be taken that would permit a public offering of any securities described herein in any jurisdiction in which action for that purpose is required. No offers, sales, resales or delivery of any securities described herein or distribution of any offering material relating to any such securities may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Company or the Joint Bookrunners or any of their respective affiliates.