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NH | HOTEL GROUP

In compliance with the information duties foreseen in article 228 of Royal Legislative Decree 4/2015 of 23th October, approving the Law on Securities Market, NH Hotel Group, S.A. and supplementary regulations (hereinafter, "NH" or the "Company") hereby notifies the Comisión Nacional del Mercado de Valores (CNMV) of the following

RELEVANT EVENT

The Board of Directors, held today, has approved, among others, the following agreements:

I. Draw up of the individual and consolidated Annual Accounts and the Management Report of NH Hotel Group, S.A., related to fiscal year 2016, that have been duly submitted to the Stock Market Commission (CNMV), together with the Audit report.

II. Approval of the Annual Corporate Governance Report and the Annual Directors´ Remuneration Report of NH Hotel Group, S.A., related to fiscal year 2016, that have been sent to the CNMV.

III. Proposal to distribute a dividend of €0.05 per share that shall be charged to benefits of year 2016. The proposal shall be submitted to the following General Shareholders 'meeting.

IV. Appointment, with the prior Report of the Appointment, Remuneration and Corporate Governance Commission, of "Grupo Inversor Hesperia, S.A.", as new proprietary Director, substituting Mr. Javier Illa. The new Director "Grupo Inversor Hesperia, S.A." has designated Mr. José Antonio Linati de Puig as personal representative.

In addition, the new Director has been appointed – through its representative Mr. José Antonio Linati de Puig- new member of (i) the Delegated Commission, (ii) the Audit and Control Commission, and (iii) the Appointment, Remuneration and Corporate Governance Commission of the Company.

V. Implementation of the Efficiency Plan, that will be established during the second semester of 2017, that will lead to additional cost savings of up to €7 and €10 millions in 2018, by defining a new operating through the reorganization of functions within Headquarters and the different Business Units.

The Company attaches Press Release, Presentation and Result Report, as well as *conferece call dial- in* for the conference regarding results presentation.

Madrid, 28 February 2017

Carlos Ulecia Palacios
General Council

- The Company outperforms its competitors and increases its revenues by 5.7%-

NH HOTEL GROUP EARNS €31 MILLION AND DELIVERS NET RECURRING PROFIT FOR THE FIRST TIME IN 8 YEARS

-2016 Results-

- **Strong momentum across the Group's business units drove revenue growth of 5.7% to €1.47bn and EBITDA growth of 21% to €181m, underpinned by EBITDA margin expansion of 1.6 percentage points compared to 2015**

- **Outperformance relative to its competitors in the main destinations in which the Group has presence, most notably in Spain and Central Europe, fuelled growth in revenue per available room (RevPAR) of 5.8% in 2016, shaped mainly by growth in the ADR of 4.6%**

- **The Company's recurring business delivered a net profit for the first time in eight years (€11m), while reported net profit (including non-recurring activity) was €30m higher year-on-year at €31m**

- **This earnings strength puts NH Hotel Group's Board of Directors in a position to submit a motion for the payment of a dividend from 2016 profits of up to €0.05 per share outstanding at the upcoming Annual General Meeting**

- Financial position -

- **The Group's financial position improved during the reporting period: leverage has been cut to 4.1x by year-end 2016 (vs. 5.6x at year-end 2015), thanks to a €91m reduction in net debt, in turn shaped by cash flow generation and the ability to finance the hotel repositioning programme with proceeds from the sale of non-core assets**

- **The Group culminated its refinancing process last year with a bond offering and the arrangement of a long-term credit facility, refinancing its 2017 and 2018 maturities ahead of schedule, simplifying its capital structure and boosting its financial flexibility and liquidity**

Madrid, 28 February 2017. NH Hotel Group presented its 2016 earnings results today, confirming the positive trend observed of late and successful deployment of phase one of the strategic plan under execution to transform the Company and boost growth and profitability.

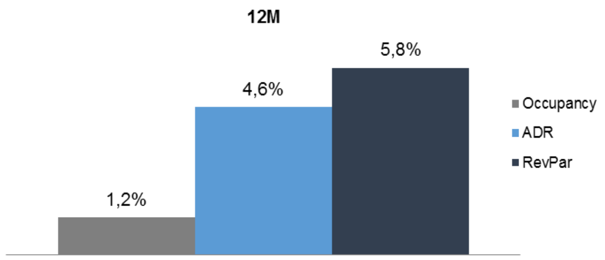
Favourable momentum across the Company's main operating markets, outperformance on revenue to its peers and efficient management of the business were the keys to the significant growth in revenue, EBITDA and net profit reported by the Group in 2016.

2016 earnings performance

The **compelling revenue growth** sustained by NH Hotel Group in recent years continues, with the Company reporting **an increase of 5.7%** in 2016. The Group reported a total revenue of **€1.47bn in 2016**, up €79m from 2015, underpinned by an excellent overall performance in core markets such as Spain (+13.5%) and Central Europe (+7.8%). The Italian business unit was hit particularly hard by a tough comp due to the Universal Exhibition hosted by Milan in 2015. Excluding the impact of this non-recurring event, this market would have reported topline growth. In Benelux, meanwhile, where revenue growth was 2.5%, the reduced contribution by the Belgian market continues to be offset by positive momentum in the Netherlands. Lastly, the underlying trend in America remains very positive in local-currency terms in all markets (+26.6%), albeit adversely affected by exchange rates.

The price management strategy deployed last year has translated into growth in **revenue per available room (RevPAR) of 5.8%,** driven mainly by price growth of 4.6%, topped up by an increase in occupancy of 1.2%. The strategy implemented enabled **NH Hotel Group to outperform its direct competitors** in its main destinations.

Trend in hotel sector metrics



ADR: average daily rate
RevPAR: revenue per available room

Performance relative to competitors

2016	RevPar % var. NH	RevPar % var. Compset	"Relative" RevPar Var.
Total NHH	**2,1%**	**-1,3%**	4,4 p.p.
Spain	8,6%	4,4%	8,1 p.p.
Italy	-14,5%	-16,8%	0,8 p.p.
Benelux	8,4%	-3,8%	6,2 p.p.
Central Europe	7,7%	4,6%	8,0 p.p.

Key cities for which there is a market source for this metric
Source: STR/MKG/Fairmas (average growth for the peer group)

In 2016, **Group EBITDA registered growth of 21% to €181m**, underpinned by margin expansion of 1.6 percentage points to 12.3%.

Meanwhile, the Company's recurring business delivered a profit - for the first time since 2008 - of €11m. Factoring in net non-recurring items, **reported net profit rises to €31m**, up €30m from 2015.

For further information:

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Income statement

NH HOTEL GROUP P&L ACCOUNT				
(€ million)	12M 2016	12M 2015*	Var.	
	M. Eur	M. Eur	M. Eur	%
TOTAL REVENUES	1.474,6	1.395,5	79,1	5,7%
GROSS OPERATING PROFIT	482,5	442,1	40,3	9,1%
EBITDA BEFORE ONEROUS	180,9	149,5	31,4	21,0%
NET RECURRING INCOME	11,5	(2,7)	14,2	n.a.
NET INCOME including Non-Recurring	30,8	0,9	29,8	n.a.

* *Includes Hoteles Royal from March 4, 2015*

Dividend

This earnings strength puts NH Hotel Group's Board of Directors in a position to submit a motion for the payment of a dividend from 2016 profits of up to €0.05 per share (before withholding tax) at the Annual General Meeting. If approved, the estimated payout would amount to €17m.

Improvement in the Group's financial position

Net debt stood at €747m at 31 December 2016, down €91m from year-end 2015, thanks to satisfactory free cash flow generation during the reporting period, as well as the fact that the repositioning investment effort was financed by proceeds from the sale of non-core assets. Accordingly, the Company brought **leverage down to 4.1x** at the reporting date, from 5.6x at year-end 2015.

The Company has taken advantage of the progress made on the operating and financial fronts to successfully culminate its **refinancing process** with a €285m senior secured notes offering and the arrangement of a €250m syndicated revolving credit facility. Thanks to these transactions, **NH Hotel Group has refinanced its 2017 and 2018 obligations ahead of maturity, simplified its capital structure and boosted its financial flexibility and liquidity**.

This effort was echoed in **improved corporate credit ratings** from the main ratings agencies, Standard & Poor’s and Fitch, which upgraded their ratings to B (with a stable outlook), reflecting their view that the Group will further lift its business performance while continuing to boost liquidity. Moody's has assigned the Company a corporate family rating of B2, thanks to the healthy progress being made on execution of its business plan, improved liquidity and a focus on asset-light operating formula.

Phase one of the business plan completed successfully

Since the Group began to execute its current business plan three years ago, it has considerably improved its ability to grow revenue and margins, thanks to the investments made to reposition its hotels and generally unlock efficiency gains, among other initiatives.

The €200m **repositioning plan** is virtually complete, with just seven hotel refurbishments pending completion (five of which are already underway). Between the launch of the plan and December 2016, some 59 hotels have been fully refurbished.

As of early 2017, one in every five of the Group's hotel rooms belongs to its premium brands, NH Collection and Nhow, twice as many as two years ago. And so, with a portfolio populated by more hotels in perfect repair and a **growing weight of establishments in the upper-upscale segment**, the Company expects the refurbished properties to make an even bigger contribution to revenue and profits in the coming months.
Last year was the year of the **international rollout of the NH Collection brand**, marked by high-profile refurbishments and openings in leading city destinations in Europe and Latin America, notably in Mexico, Germany, Netherlands and Italy.

As for the portfolio streamlining plan, the Company met the **targeted proceeds** of €140m, while **signing 16 new hotels with 2,114 rooms**. All of the new hotels have been signed under lease and management regimes, most of which in the upper-scale segment in large city destinations such as Milan, Venice, Antwerp, Eindhoven, Marseilles, Leipzig, Monterrey, Mexico City and Santiago de Chile.

Like-for-like hotel business performance in 2016 by market
(like-for-like hotel data + hotels under refurbishment)

Spain performed excellently all year long, boosted by business dynamism in cities such as Valencia, Seville and Zaragoza, where revenue rose by 16% on average, outperforming Barcelona and Madrid, which posted topline growth of 13% and 5%, respectively. RevPAR across this business unit as a whole registered like-for-like growth of 12.9% in 2016, driven by growth of 8.6% in the ADR and of 4.0% in the occupancy rate. Revenue in Spain rose by 13.5% to €359m, while EBITDA jumped a noteworthy €12.4m to €33.8m.

In **Italy**, RevPAR narrowed by 5.9%, affected by the non-recurrence of the Universal Exhibition which took place in Milan in 2015. As a result of this circumstantial factor, revenue declined by 2.8% to €248.6m. Adjusting for the impact of the Expo in 2015, revenue growth would have been 4.9%. EBITDA amounted to €41.9m in Italy.

In **Benelux**, the adverse impact of the delay in the recovery in Brussels was offset by a strong performance in the Netherlands. As a whole, this business unit reported revenue growth of 2.5% to €291.6m. RevPAR in this region increased 3.7% in 2016, as the drop in occupancy in Brussels due to temporary external factors was more than offset by strong prices in the Netherlands. EBITDA amounted to €48m in Benelux in 2016.

Central Europe stands out for its stellar performance, marked by RevPAR growth of 9.2%, driven by growth in the ADR and occupancy rate of 6.4% and 2.6%, respectively. Revenue in the unit climbed 7.8% higher to €389.5m, in part due to a favourable line-up of trade fairs, marked by the coincidence of events held every two and three years. EBITDA in this business unit amounted to €25.8m.

The underlying trend in the **Americas** was very positive in local-currency terms in all markets, albeit adversely affected by exchange rate movements. Note that the drop in constant-current revenue in this unit was fully absorbed at the EBITDA level (up 20.5% year-on-year), thanks to the cost control plan in effect in the region and an excellent performance at the Company's flagship establishment in Mexico (the NH Collection Mexico City Reforma), recently re-opened after full refurbishment.

By region, Mexico reported local-currency RevPAR growth of 19.8%, driven by price growth of 17.1%. Mercosur, meanwhile, registered RevPAR growth of 37.0%, underpinned by growth in the ADR of 41.5%. Lastly, Colombia presented revenue growth of 9.9% on the back of growth of 12.0% in the ADR.

Milestones, priorities and outlook for 2017

At the end of January, the Board of Directors of NH Hotel Group unanimously agreed to **name Ramón Aragonés**, Executive Director of Business and Operations at the time, as the Company's **Chief Executive Officer**. The Board further resolved to submit a motion for his appointment as Director at the next Annual General Meeting. Ramón will formally be designated CEO at the Board meeting taking place immediately after that AGM.

His ample track record in the sector and in-depth knowledge of the Group, coupled with his strategic vision and leadership and team management capabilities, were key in his selection for the post. With this appointment, the Board is looking to boost the Company's growth potential.

The new revenue management strategy put in place, the upside at the refurbished hotels, the improvements made to the customer value proposition, a more efficient management model and ongoing portfolio expansion and streamlining are among the Group's strategic priorities for **2017**, a year in which the Group is targeting **EBITDA of €220-225m**.

About NH Hotel Group

NH Hotel Group (www.nh-hotels.com) is a world-leading urban hotel operator and a consolidated multinational player. It operates close to 400 hotels and almost 60,000 rooms in 30 markets across Europe, the Americas, Africa and Asia, including top city destinations such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Milan, Munich, New York, Rome and Vienna.

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2016 RESULTS PRESENTATION
& 2017 GUIDANCE

BUILDING UP THE NEW NH

28th February 2017

NH | HOTEL GROUP

A MESSAGE FROM THE CEO

*"NH Hotel Group is embarking on a **new phase to drive efficiency**, **consolidate the Group's transformation project** and accelerate delivery of value for the benefit of our shareholders. 2016 was a strong year, in which we achieved substantial growth, margin improvement and de-leveraging. This was reflected by **growth across all business units**, despite negative impacts from unforeseen external factors. The **start of 2017 has been strong** and with good visibility for H1. Therefore we **reiterate our EBITDA guidance for 2017**. In light of this we look forward to another successful year and it is proposed to AGM the approval of a dividend for the financial year 2016"*

Ramon Aragonés

CEO, NH Hotel Group

KEY FINANCIALS HIGHLIGHTS

- **2016 Results – Guidance targets met excluding external factors, with strong performance across all segments:**
  - **Revenues:** €1,475M (+5.7%)
  - **EBITDA:** €181M(1) (+21.0%)
  - **EBITDA Margin:** 12.3% (+1.6 p.p.)
  - **Net Debt:** (€747M) (-10.9%)
  - **Leverage:** 4.1x Net Financial Debt/Recurring EBITDA (vs. 5.6x in 2015)
  - **Dividend:** Proposal for AGM approval of a gross dividend of €0.05 per share

- **2017 Outlook:**
  - **Revenues:** €1,535 – 1,565M
  - **EBITDA:** €220 – 225M (c. +25%)
  - **Cost Savings (Phase I):** €7-8M per annum *(Phase II: additional €7-10M per annum by 2018)*
  - **Leverage:** 3.0 – 3.25x Net Financial Debt/ Rec. EBITDA *(Excluding NY Hotel Disposal)*

[1] Includes -€12.4M negative impact due to external factors: -€5.9M FX and -€6.5M related to security issues in Belgium vs. Plan

2016: KEY OPERATING HIGHLIGHTS

- **RevPar:** RevPar grew to €62 (+5.8% in 2016) through ADR (+4.6% in 2016; 79% contribution) and Occupancy growth (+1.2%; 21% contribution). Evidence of our ability to increase prices ahead of competitors (+1.3 p.p. relative ADR growth)

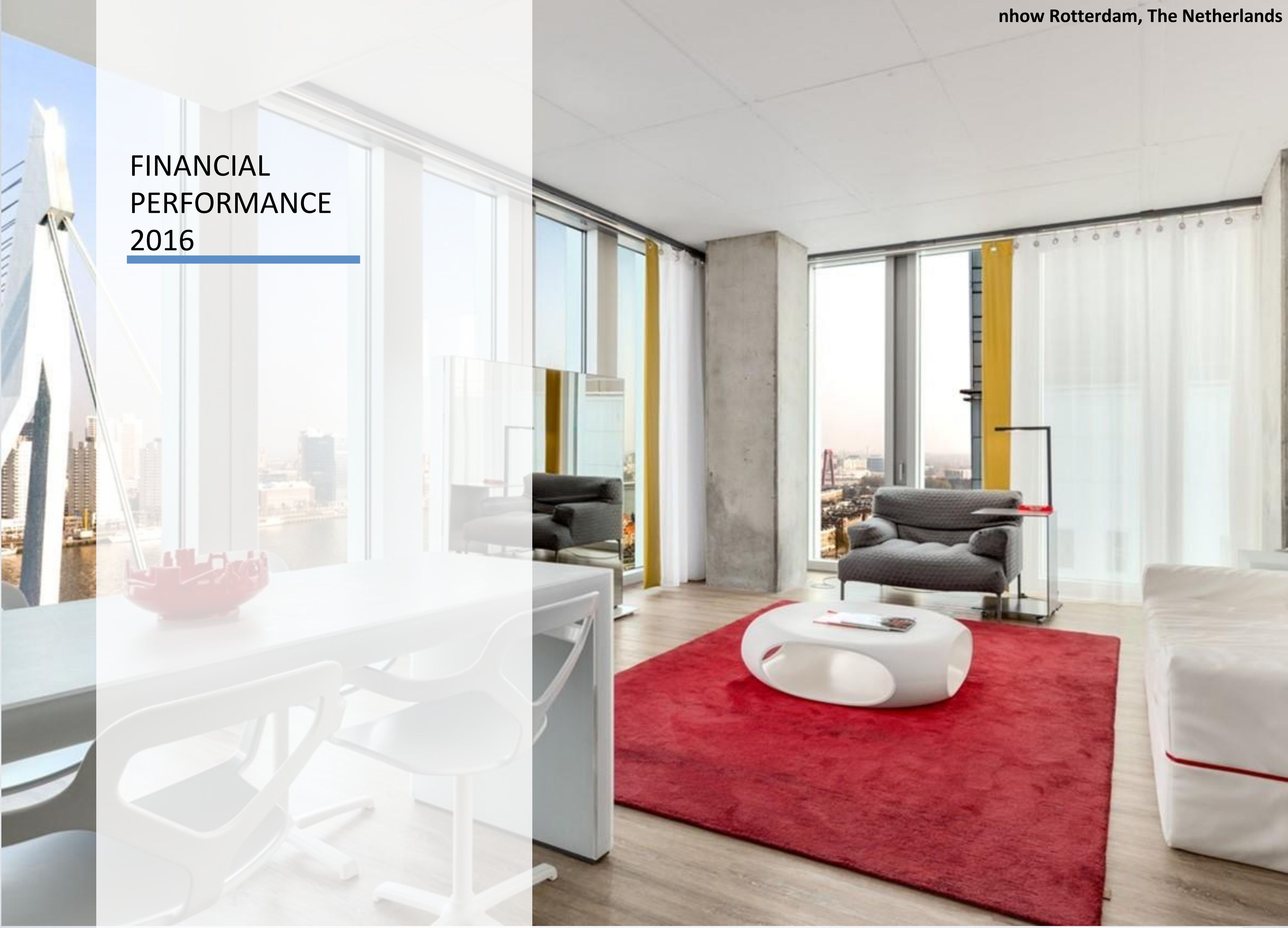
- **Repositioning Plan:** Investment complete in Benelux and Central Europe. Group portfolio now benefits from premium positioning (NH Collection represents c. 20% of the portfolio with +40% ADR premium). Key hotels repositioned and "basics" implemented across the portfolio with new IT & revenue management systems in place

- **2016 Financial Performance:**
  - **Revenues:** €1,475M (+5.7% or +8.0% with constant exchange rate)
  - **EBITDA:** €181M (+€31M or +21%). EBITDA conversion rate reached 48% (adjusted with non recurring items in 2015) and EBITDA margin increased +1.6p.p. to reach reaching 12.3%
  - **Positive Recurring Net Income:** First positive result (€11M) since 2008. Total net income (€31M vs €1M in 2015) also boosted by capital gains from asset rotation
  - **Dividend:** Proposal to submit for AGM approval the distribution of a maximum gross dividend of €0.05 per outstanding share for the financial year 2016, implying an estimated payment of €17M
  - **FCF / Deleveraging:** Focus on cash flow generation with Net Debt / Rec. EBITDA reaching 4.1x (5.6x in 2015). Capex was financed with non-core assets disposal (€140M target achieved)

- Phase I of the **Efficiency Plan on track and launching of Phase II** to be implemented during H2 2017 targeting additional savings of €7-10M in 2018

2017 EBITDA guidance reiterated (€220-225M): harvesting the rewards, driving efficiency and returning value to shareholders

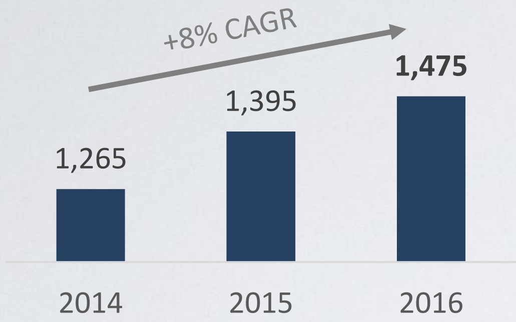
FINANCIAL PERFORMANCE 2016



nhow Rotterdam, The Netherlands

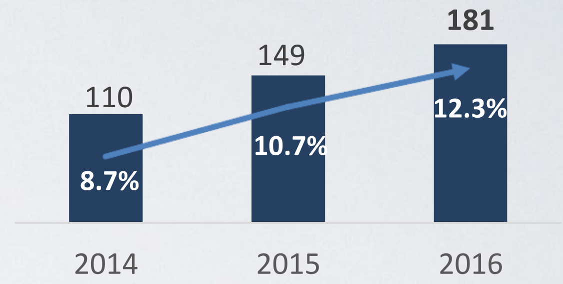
KEY FINANCIAL INDICATORS: 2014 - 2016

Revenues (€M)



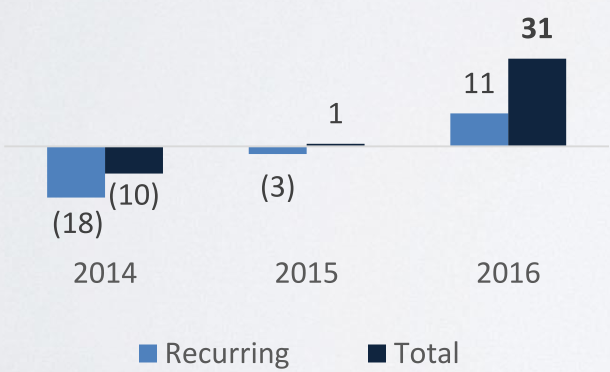
- **+8% CAGR from 2014**, an increase of more than €200M

Recurring EBITDA (€M)
% margin



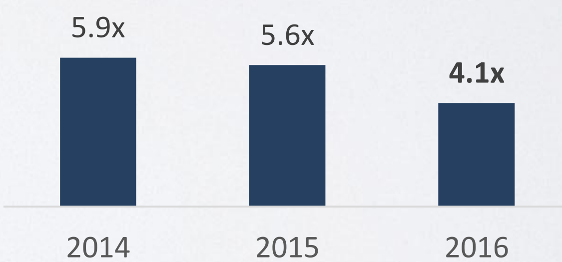
- **+28% CAGR** or +€70M from 2014
- EBITDA margin increased +3.6 p.p. from 2014

Net Income (€M)



- 2016: first year of **positive Recurring Net Income** since 2008
- Total Net Income boosted by capital gains from asset rotation

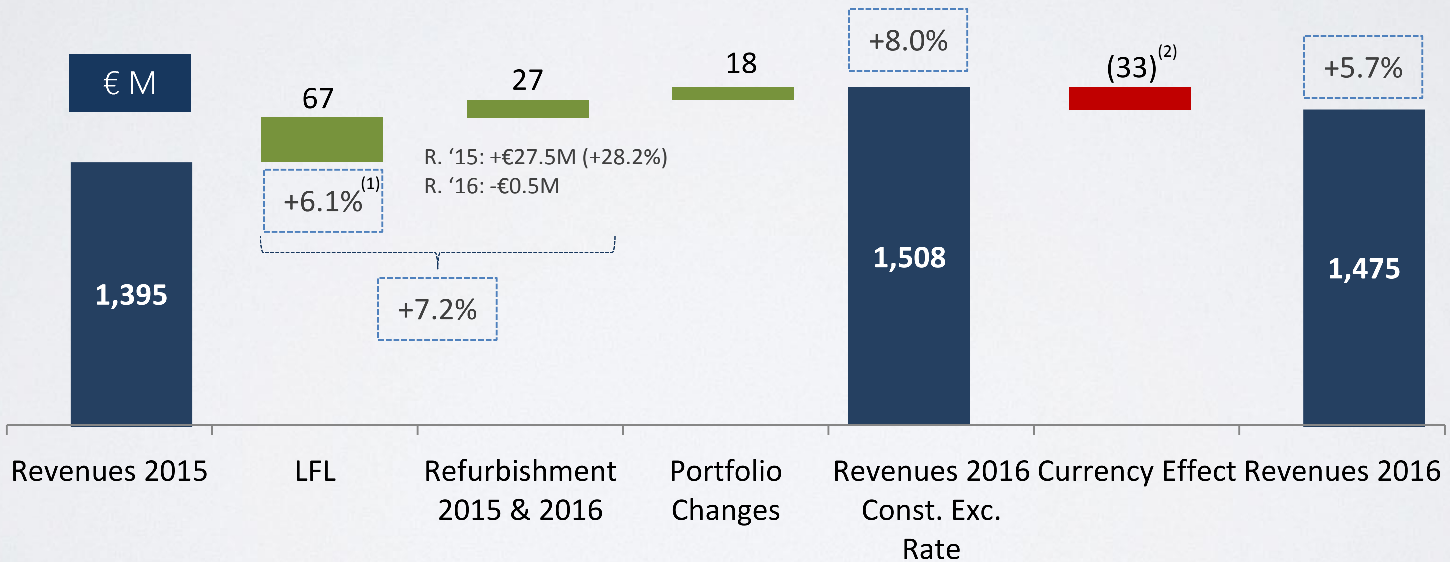
NFD / Recurring EBITDA



- **Focus on deleveraging** with Capex being financed with non core asset disposals

SOLID REVENUE PERFORMANCE CONTINUES IN 2016

- **Revenue growth of +5.7%** in 2016 reaching €1,475M (+€79M)
- Isolating the negative currency effect (-€33M), revenues would have increased by +8.0%
- Revenue in 2016 affected by:
  - **Italy:** Tough comparison from the Milan Expo in 2015: -€18.8M
  - **Belgium:** Lower contribution due to security issues (-€7.8M, -15%) compared to 2015
- **LFL & Refurbished hotels** grew +7.2% at constant exchange rate (+5.1% reported)
  - LFL revenue grew +6.1% with constant FX (+3.7% reported) affected by Milan Expo 2015 and Belgium
  - 2015 refurbished hotels increased revenues in 2016 by 28%



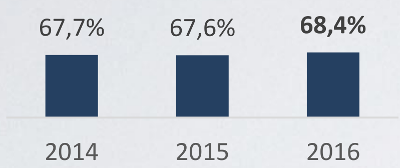
Growth Contribution	+4.8%	+	+1.9%	+	+1.3%	=	+8.0%	−	-2.4%	=	+5.7%

[1] On its 2015 own base. With real exchange rate growth is +3.7%
[2] -€26.7M in LFL

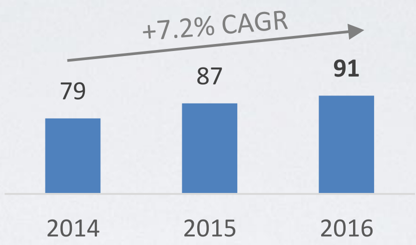
STRATEGY TO GROW REVPAR THROUGH PRICES AND AHEAD OF COMPETITORS

- **+5.8% RevPar** increase in 2016, **79% through ADR:**
  - +4.6% price increases (+€4.0) reaching €91 and +7.2% CAGR in the period 2014-2016 (+11.7€)
  - Occupancy remains at high level for a urban hotel chain

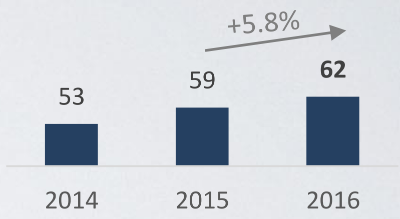
Occupancy



ADR (€)



RevPar (€)



- RevPar outperformance in top cities vs. competitors. **The average relative RevPar growth** vs. competitors in 2016 has been **+4.4p.p.**, due to +1.3p.p. ARI (Relative ADR) and +3,1p.p. MPI (Relative Occupancy)

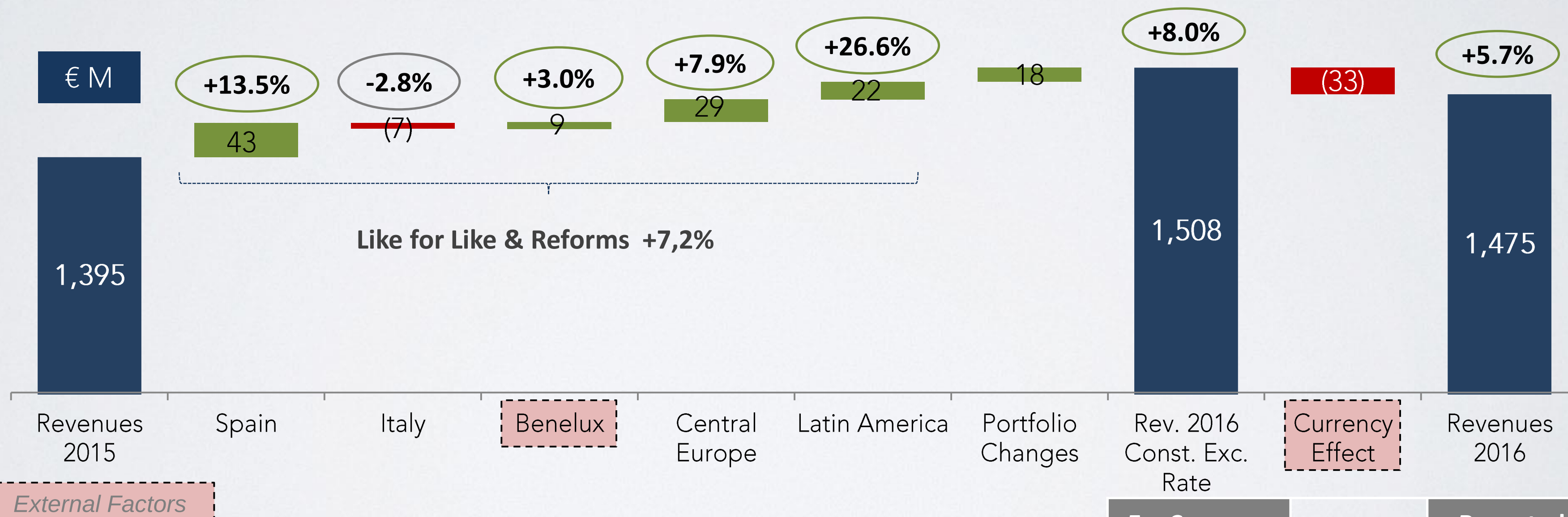
	ADR % var.		"Relative" ADR	"Rel." RevPar
2016	NH	Comp.Set	Var.	Var.
Spain	8.6%	4.9%	3.7 p.p.	8.1 p.p.
Italy	-14.5%	-10.9%	-3.6 p.p.	0.8 p.p.
Benelux	8.4%	1.9%	6.5 p.p.	6.2 p.p.
Central Europe	7.7%	4.3%	3.4 p.p.	8.0 p.p.
Total NHH	**2.1%**	**0.9%**	**1.3 p.p.**	**4.4 p.p.**

Source: STR/MKG/Fairmas Competitive Set Average Growth

- **Remarkable performance in Benelux:**
  - **Brussels:** ADR preserved with lower occupancy (Relative ADR +8.7p.p.; RevPar +3.3p.p.)
  - **Amsterdam:** Relative ADR +4.3p.p.; RevPar +3.3p.p.
- In Italy the strategy in the city of Milan is to continue maintaining RGI through volume, due to having increased relative prices more than competitors in 2015 (+7.0 p.p.)

REVENUE GROWTH IN KEY MARKETS

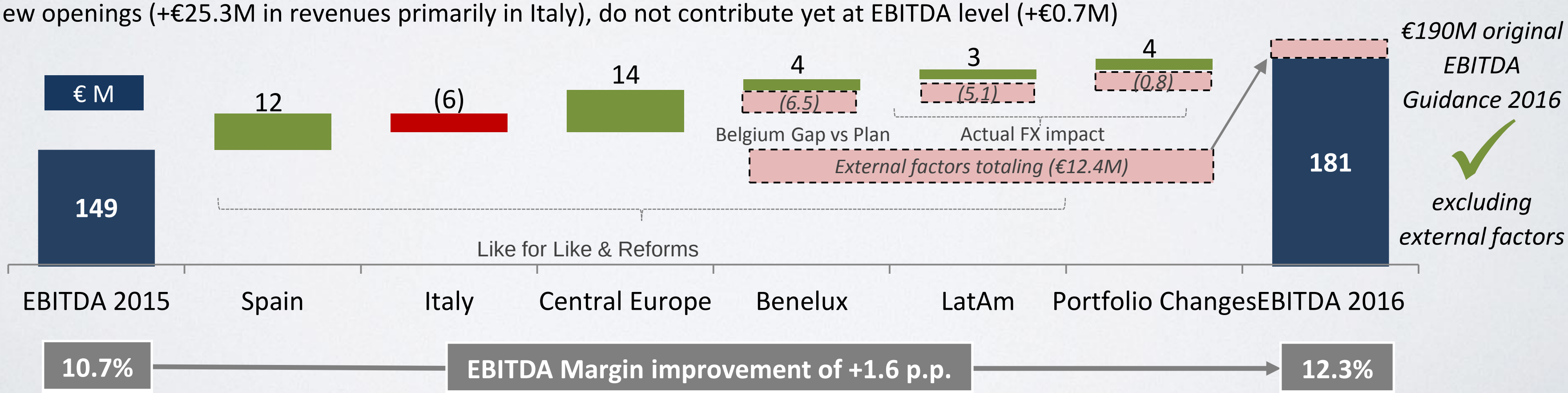
- **Spain:** +13.5% growth in LFL&R, being LFL +10,7% and Reforms +26,9%. Remarkable performance of tier 2 cities like Zaragoza, Valencia and Seville
- **Italy**: adjusted for the Milan Expo contribution in 2015 (€18.8M), underlying revenue growth +4.9% due to the strong performance of secondary cities
- **Benelux**: +6.3% growth in Holland LFL (+€9.9M, excluding refurbishments) compensated the lower contribution of Belgium -€7.8M or -15.4% (LFL -€3.4M, -11.2%; Reforms -€4.5M, -21.6%). Total LFL Revenue growth of +3.5% (+3.0% including refurbishments)
- **Central Europe:** Revenue growth of +7.9% in LFL&R with an increase in prices of +6.4% (70% of the RevPar growth) due to favorable trade fair calendar
- **LatAm:** At constant exchange rates, positive trend continues in all markets (+26.6% in LFL&R). Including Hoteles Royal (Portfolio Changes), total revenue at constant exchange rate increases +22.0% or +€29.1M (versus -1.7% or -€2.3M reported)



							Ex- Currency		Reported
Revenue LFL	+10.7%	-4.0%	+3.5%	+5.7%	+25.1%		+6.1%		+3.7%
Total Revenue	+11.8%	+0.6%	+5.2%	+7.3%	+22.1%		+8.0%		+5.7%

+21% EBITDA GROWTH AND MARGIN INCREASED OF +1.6p.p.

- **EBITDA: €181M, +21%** or +€31M and EBITDA margin +1.6 p.p. to 12.3%. EBITDA conversion ratio reached 40%, increasing to 48% when adjusted for non-recurring items (-€5.2M of rent linearization and -€1.4M of leaving indemnities). In line with original EBITDA excluding external factors
- **By region:**
  - **Spain**: EBITDA reached €33.8M, representing an increase of +€12.4M (60% LFL contribution and 40% from 2015 refurbishments). Second year of "ramp up" from refurbished hotels coming in 2017
  - **Italy:** EBITDA -€6.3M due to tough comps (2015 Milan Expo contribution: EBITDA +€14.1M, +€18.8M in revenues). Partly offset by the good performance of secondary cities and Rome
  - **Central Europe:** EBITDA +€14.5M due to the advantageous trade fair calendar that will be offset in 2017 with "ramp up" from 2016 investments
  - **Benelux:** LFL EBITDA +12.2% (+€5.0M) in Holland, which compensated the lower contribution of Belgium vs Plan (-€6.5M in EBITDA, -47.3%) and vs 2015 (-€1.0M or -11.6%). In the B.U opportunity cost of reforms in 2016 is -€4.7M in EBITDA with "ramp up" during '17 and '18
  - **LatAm:** EBITDA -€5.9M due to negative currency effect at EBITDA level (limited EBITDA impact versus €33M revenue impact)
  - **Portfolio Changes**: +€1.2M from Hoteles Royal and +€1.2M in Spain from the exit of hotels under lease contracts with negative contribution. New openings (+€25.3M in revenues primarily in Italy), do not contribute yet at EBITDA level (+€0.7M)



% Group EBITDA 2016	19%	24%	15%	27%	15%

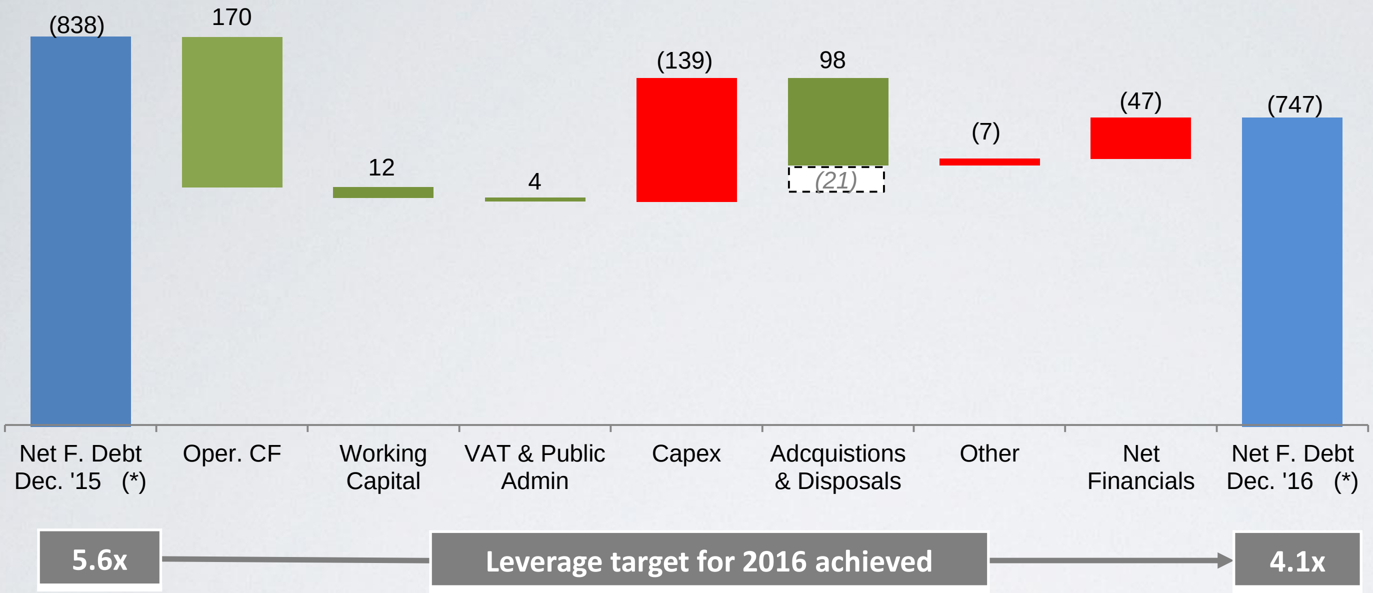
POSITIVE RECURRING NET INCOME EVER SINCE 2008 ALLOWS SHAREHOLDERS RETURN

(€ million)	2016	2015*	Var.
	M. Eur	M. Eur	M. Eur
EBITDA BEFORE ONEROUS	**180.9**	**149.5**	**31.4** 1
Margin % of Revenues	12.3%	10.7%	
Onerous contract reversal provision	5.0	10.0	(5.0)
EBITDA AFTER ONEROUS	**185.9**	**159.5**	**26.4**
Depreciation	(101.7)	(94.8)	(6.9)
EBIT	**84.1**	**64.7**	**19.5**
Interest expense	(52.4)	(46.6)	(5.8) 2
Income from minority equity interests	0.1	(1.1)	1.2
EBT	**31.8**	**17.0**	**14.9**
Corporate income tax	(17.0)	(17.3)	0.4 3
NET INCOME before minorities	**14.9**	**(0.3)**	**15.2**
Minority interests	(3.4)	(2.4)	(1.0)
NET RECURRING INCOME	**11.5** 4	**(2.7)**	**14.2**
Non Recurring EBITDA	43.9	(17.9)	61.8
Other Non Recurring items	(24.6) 5	21.5	(46.1)
NET INCOME including Non-Recurring	**30.8** 6	**0.9**	**29.8**

* *Includes Hoteles Royal from March 4, 2015*

1. EBITDA: **+€31M EBITDA increase** with +1.6p.p. margin improvement reaching 12.3%
2. Financial Expenses: -€5.8M mainly due to lower gains from exchange rate forwards (-€4.1M) vs. 2015, and in a lesser extend to lower interest rates applied to deposits and the refinancing of September 2016 with higher cost for extended maturity
3. Taxes: the use of tax incentives compensates the higher business performance and the reversal of tax holding provision in Spain (RD3/2016)
4. Net Recurring Income: First year of **positive Recurring Net Income** since 2008, reaching €11.5M compared to a loss of -€2.7M in 2015
5. Non Recurring Activity: includes mainly capital gains from non core asset disposal, legal provisions, accelerated depreciation due to repositioning capex and taxes impact
6. Total Net Income: reaches €30.8M from €0.9M in 2015, boosted by capital gains from asset rotation
   - Proposal to submit for AGM approval the distribution of a maximum **gross dividend of €0.05** per outstanding share for the financial year 2016, implying an estimated payment of €17M

TARGET OF CASH GENERATION ACHIEVED WITH CAPEX FINANCED WITH NON CORE ASSETS



31st December 2016
Gross Financial Debt: (€884M)
Cash: €137M
Net Financial Debt: (€747M)

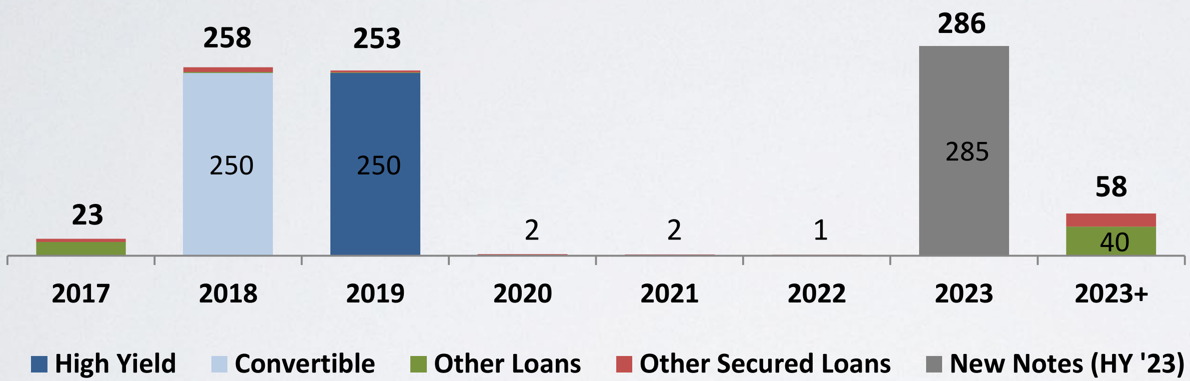
(*) NFD excluding accounting adjustments for the portion of the convertible bond treated as Equity, arrangement expenses and accrued interest. Including these accounting adjustments, the Adj. NFD would be (€725M) at 31st Dec. 2016 and (€809M) at 31st Dec. 2015

- Positive cash generation in 2016 and 91M reduction in net financial debt:
  - (+) **Operating Cash Flow** +€170M, including -€14.5M of credit card expenses and taxes paid of -€13.4M
  - (+) **Working Capital:** improvement due to a lower average collection period (from 36 days in Dec. '15 to 23 days in Dec. '16)
  - (-) **Capex payments:** -€139M. 2016 repositioning capex of -€25M to be paid in 2017
  - (+) **Asset Disposal:** €140M target achieved (+€119M in 2016 and +€20M in 2017 with the recent leaseback of NH Malaga)
  - (-) **Other Investments:** totaling -€21M: Donnafugata Put Option (-€10.3M), China JV (-€4.1m) and minorities acquisition of NH Palacio de la Merced (Burgos, from 25% to 72%) with an investment of -€7M (-€5.0M debt and -€1.4M cash out in '16 and -€0.6M in '17) with an implied EBITDA multiple of 9x
  - (-) **Other:** payments of legal and pension provisions in Italy and Benelux, leaving indemnities of the recurring business and treasury stock
  - (-) **Net Financials:** includes -€8.1M related to the recent refinancing

REDUCTION OF LEVERAGE ACCOMPLISHED

- (€747M) of Net Financial Debt as of Dec. 2016, a reduction of €91M from Dec. 2015 due to the favorable cash generation in the period with capex being financed with non core asset disposals
- Sept. '16: Successful Refinancing process with the issuance of a new €285m Senior Secured Notes at 3.75% and the subscription of a €250M Long term Revolving Credit Facility "RCF" (3+2 years)
- Average Cost of Debt: 4.7%. Maturity: 4.3 years (excluding €40m subordinated loan due 2037)

Maturity profile as of Dec. 2016 (€m)



% of total debt	3%	29%	29%	0%	0%	0%	32%	7%

RCF €250M 3years | **+ 2years [2]**

Gross Financial Debt: (€884M)
Cash: €137M
Net Financial Debt[1]: (€747M)

Key terms:

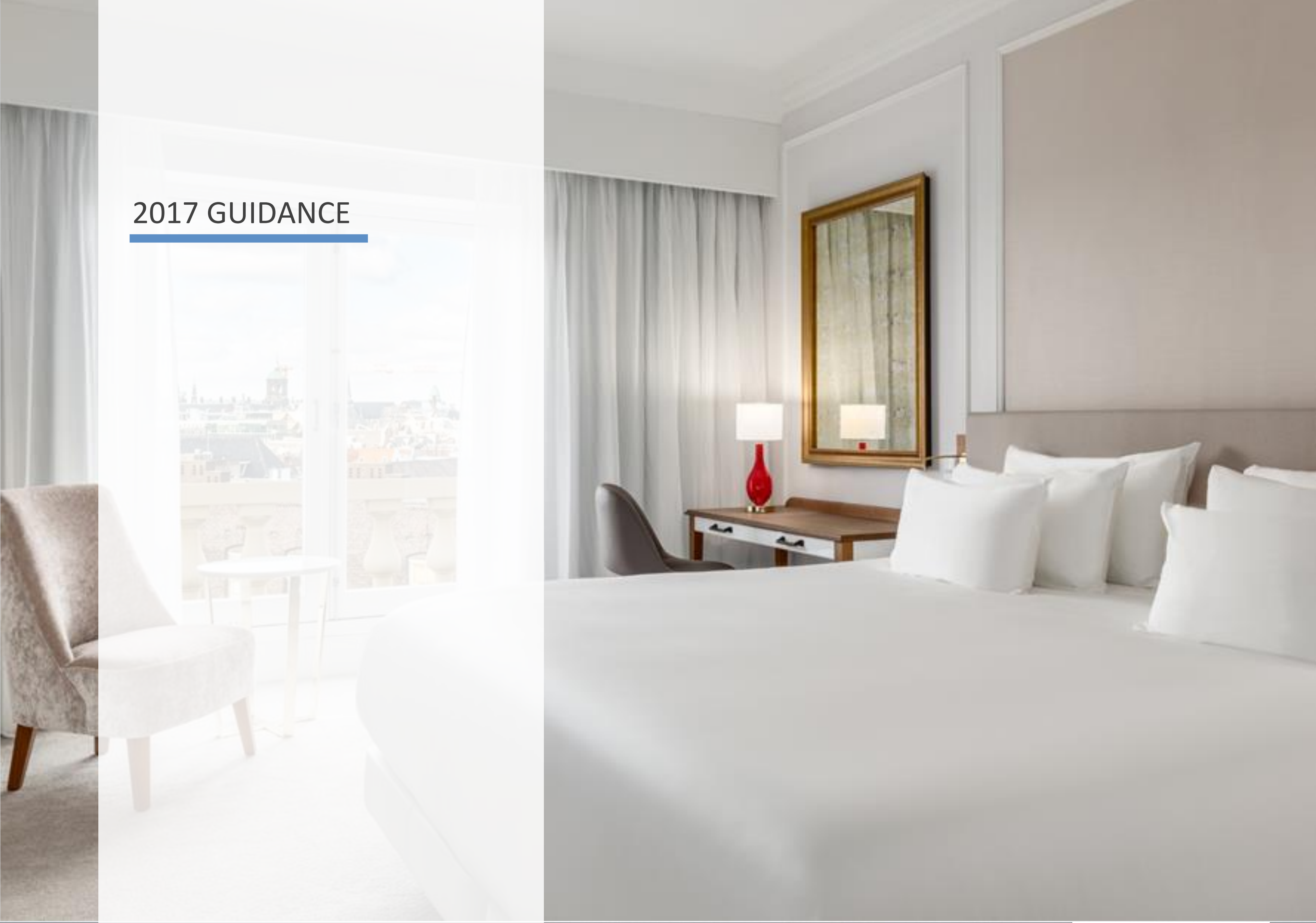
- **Unsecured Convertible Bond:** €250M, Nov. 2018, fixed rate 4%, strike €4.92
- **High Yield Bond '19:** €250M, Nov. 2019, fixed rate 6.875%. Callable from Nov. 2017 at 103%
- **New Notes (HY '23):** €285M, Oct. 2023, fixed rate 3.75%. Callable from Oct. 2019
- **Revolving Credit Facility:** Undrawn. €250M (3 +2 years with automatic renewal with the refinance of HY Bond due 2019), E +2.25%

- Corporate Rating improvement:

Rating	NHH	HY'19	HY'23
S&P	B	BB-	BB-
Fitch	B	BB-	BB-
Moody's	B2	n/a	Ba3

(1) NFD excluding accounting adjustments
(2) Automatic extension of maturity from 2019 to 2021 upon refinancing of HY2019

2017 GUIDANCE



NH Collection Amsterdam Doelen, The Netherlands

2017 GUIDANCE

2017 Guidance		
P&L 2017E	Revenue growth	+4-6%
	RevPar	75% through ADR
	Phase I Efficiency Plan	€7-8M of cost savings
	EBITDA margin	+2.0p.p. due to higher efficiency, from 12% to 14%
	Conversion Rate	c.60% flow through from revenues to EBITDA
	EBITDA 2017E	**c. €220-225M (c.+25%)**
Leverage 2017E (excluding NY hotel disposal)	**NFD/ Recurring EBITDA**	**3.0-3.25x (vs 4.1x in 2016)**
	Capex 2017	• Maintenance & IT Capex 4-5% revenues: c.€70M • Expansion + Leases Renegotiation c.€10-15M
	Others	• €20M Hoteles Royal deferred payment • €11M Hesperia management contract

COST EFFICIENCY PLAN: PHASE I ON TRACK AND LAUNCHING OF PHASE II

- **Target**: Improve efficiency of the Group implementing a new operating model once the repositioning, IT investment phase and revenue management strategy has been implemented

- **Phase 1:** After the diagnosis in 2016, c.€7-8M savings identified for 2017 in payroll and Opex:
  - **Administration**: efficiency levers in the Shared Services Centers
  - **IT migration** concluded with back & front-office integrated with CRM, enabling higher check-in/out speed and better invoice quality (improvement of working capital). New web site & mobile application
  - **Commercial:** optimization in Revenue Management teams following Duetto implementation that automatized capabilities, allowing a better forecasting and open and dynamic pricing
  - **Projects & Construction:** rationalization of the team after the execution of the investment phase

- **Phase 2**: Targeting additional savings of c.€7-10M per annum in 2018
  - **Further operative synergies:**
    - ✓ Commercial structure
    - ✓ Procurement synergies between countries and the Procurement Platform
  - **New Operating Model:** geographic reorganization of the different management levels of the Business Units at country level and Corporate teams promoting synergies
    - ✓ Digital environment: greater control due to new information systems and simplified monitoring

2017 THE YEAR OF HARVESTING THE REWARDS AND DRIVING EFFICIENCY

- **Driving Value:** Further consolidation of RevPar strategy to further increase ADR
- **Profitability:** Increasing contribution from renovated hotels
- **Cost Savings:** Continuous focus on cost efficiency plan to deliver higher EBITDA margin (Phase I & Phase II)
- **Portfolio Optimization:** Selective organic investment in countries with key presence to drive top line growth
- **FCF:** Improving cash flow generation through better working capital management, reduced needs of capex and non core asset disposals
- **Deleveraging:** 3.0-3.25x Net Financial Debt / EBITDA by end 2017 (excluding NY hotel disposal)
- **Shareholders Return:** Focus on delivering shareholder value with the proposal to submit for AGM approval the distribution of a maximum gross dividend of €0.05 per outstanding share for the financial year 2016, implying an estimated payment of €17M


NH Collection Madrid Eurobuilding, Spain

ANNEX

P&L 2016

NH HOTEL GROUP P&L ACCOUNT				
(€ million)	**12M 2016**	**12M 2015***	**Var.**	
	M. Eur	**M. Eur**	**M. Eur**	**%**
TOTAL REVENUES	**1,474.6**	**1,395.5**	**79.1**	**5.7%** 1
Staff Cost	(515.1)	(496.4)	(18.7)	3.8% 2
Operating expenses	(477.0)	(457.0)	(20.1)	4.4% 3
GROSS OPERATING PROFIT	**482.5**	**442.1**	**40.3**	**9.1%**
Lease payments and property taxes	(301.6)	(292.6)	(9.0)	3.1%
EBITDA BEFORE ONEROUS	**180.9**	**149.5**	**31.4** 4	**21.0%**
Margin % of Revenues	12.3%	10.7%		1.6%
Onerous contract reversal provision	5.0	10.0	(5.0)	(49.9%)
EBITDA AFTER ONEROUS	**185.9**	**159.5**	**26.4**	**16.6%**
Depreciation	(101.7)	(94.8)	(6.9)	7.3%
EBIT	**84.1**	**64.7**	**19.5**	**30.1%**
Interest expense	(52.4)	(46.6)	(5.8) 5	12.4%
Income from minority equity interests	0.1	(1.1)	1.2	(106.7%)
EBT	**31.8**	**17.0**	**14.9**	**87.5%**
Corporate income tax	(17.0)	(17.3)	0.4 6	(2.0%)
NET INCOME before minorities	**14.9**	**(0.3)**	**15.2**	**n.a.**
Minority interests	(3.4)	(2.4)	(1.0)	43.1%
NET RECURRING INCOME	**11.5** 7	**(2.7)**	**14.2**	**n.a.**
Non Recurring EBITDA	43.9	(17.9)	61.8	n.a.
Other Non Recurring items	(24.6)	21.5	(46.1)	n.a.
NET INCOME including Non-Recurring	**30.8** 8	**0.9**	**29.8**	**n.a.**

** Includes Hoteles Royal from March 4, 2015*

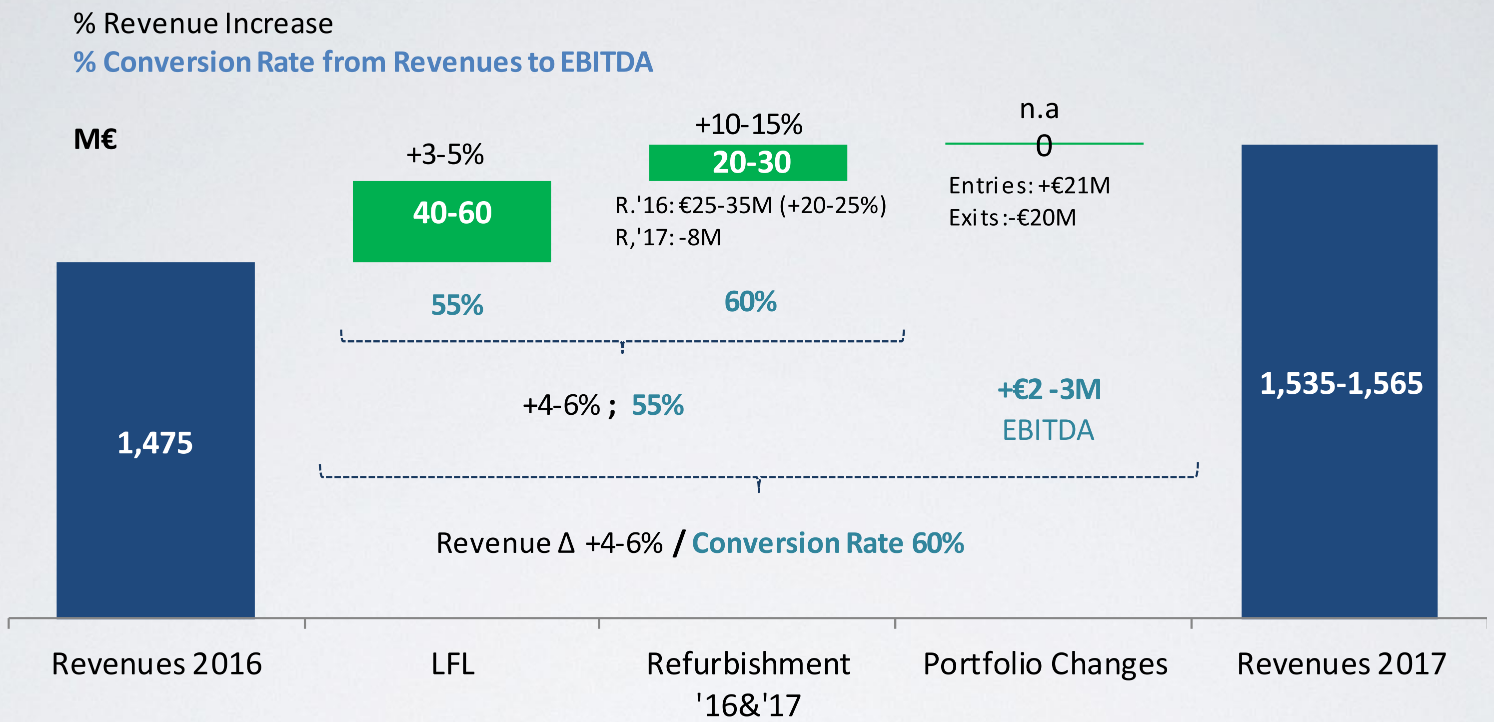
1. Revenues: +5.7% growth affected by the negative currency effect (-€33M; +8.0% with constant exc. rate), the lower contribution of Belgium (-€8M) and the Milan Expo 2015 (-€19M)
2. Staff Costs: Staff costs increased by +3.8%, explained by the greater level of activity in Spain and Central Europe, hotels under refurbishment in 2015, perimeter changes and the restrictive variable remuneration policy in 2015
3. Operating Expenses: +4.4% mainly through higher commissions due to the growth in revenues and the evolution of sales channels mix, higher activity, 2015 refurbished hotels and perimeter changes
4. EBITDA: +€31.4M EBITDA increase with a margin improvement of +1.6 p.p. reaching 12.3%
5. Financial Expenses: -€5.8M mainly due to lower gains from exchange rate forwards (-€4.1M) vs. 2015, and in a lesser extend to lower interest rates applied to deposits and the refinancing of September 2016 with higher cost for extended maturity
6. Taxes: the use of tax incentives compensates the higher business performance and the reversal of tax holding provision in Spain (RD3/2016)
7. Net Recurring Income: First year of positive Recurring Net Income since 2008, reaching €11.5M compared to a loss of -€2.7M in 2015
8. Total Net Income: reaches €30.8M from €0.9M in 2015, boosted by capital gains from asset rotation

P&L Q4 2016

NH HOTEL GROUP P&L ACCOUNT				
(€ million)	**Q4 2016**	**Q4 2015**	**Var.**	
	M. Eur	**M. Eur**	**M. Eur**	**%**
TOTAL REVENUES	**379,0**	**368,4**	**10,6**	**2,9%** 1
Staff Cost	(130,5)	(124,4)	(6,0)	4,8% 2
Operating expenses	(120,7)	(120,2)	(0,4)	0,4% 3
GROSS OPERATING PROFIT	**127,9**	**123,7**	**4,2**	**3,4%**
Lease payments and property taxes	(71,6)	(72,1)	0,5	(0,7%)
EBITDA BEFORE ONEROUS	**56,3**	**51,6**	**4,7** 4	**9,1%**
Margin % of Revenues	14,9%	14,0%		0,8%
Onerous contract reversal provision	0,8	2,3	(1,5)	(66,1%)
EBITDA AFTER ONEROUS	**57,1**	**53,9**	**3,2**	**5,9%**
Depreciation	(26,4)	(24,9)	(1,5)	6,0%
EBIT	**30,7**	**29,0**	**1,7**	**5,7%**
Interest expense	(15,4)	(11,6)	(3,8) 5	33,1%
Income from minority equity interests	0,1	(1,3)	1,4	(107,1%)
EBT	**15,4**	**16,1**	**(0,8)**	**(4,7%)**
Corporate income tax	(7,7)	(11,0)	3,3 6	(29,7%)
NET INCOME before minorities	**7,6**	**5,1**	**2,5**	**49,8%**
Minority interests	(0,7)	(0,1)	(0,6)	593,3%
NET RECURRING INCOME	**7,0** 7	**5,0**	**2,0**	**39,5%**
Non Recurring EBITDA	1,7	(4,4)	6,2	n.a.
Other Non Recurring items	0,5	14,3	(13,7)	n.a.
NET INCOME including Non-Recurring	**9,2** 8	**14,8**	**(5,6)**	**n.a.**

1. Revenues: +2.9% growth affected by the tough comparison in Spain and Italy vs Q4 2015 (+17% and +16% respectively totaling +€22M). Other revenues affected by restaurant externalization in Spain (-€1M)
2. Staff Costs: Increase due refurbished hotels and a restrictive variable remuneration policy in 2015 and a higher achievement of 2016 objectives
3. Operating Expenses: energy savings compensate higher commissions
4. EBITDA: +€4.7M increase with a margin improvement of +0.8 p.p. reaching 14.9% due to a 44% conversion rate, despite the contribution of the Milan Expo in 4Q 2015 (+€5.5M in revenues, +€4.1M in EBITDA) and the negative currency effect (-€7.5M in revenues, -€1.3M in EBITDA)
5. Financial Expenses: -€3.8M mainly due to lower interest rates applied to deposits and lower gains from exchange rate forwards, and in a lesser extend to the refinancing of September 2016 with higher cost for due to a maturity
6. Taxes: the use of tax incentives compensates the reversal of tax holding provision in Spain (RD3/2016)
7. Net Recurring Income: reaching €7.0M compared to a €5.0M in 2015
8. Total Net Income: reaches €9.2M from €14.4M in 2015, due to a higher reversal of provisions in 2015

2017 DETAIL GUIDANCE



EBITDA 2017E ≈ €220-225M (c.+25%)

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NHOW RAI Amsterdam (2019)

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SALES AND RESULTS
2016
28 February 2017

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Key financial highlights 2016

- **Revenue growth of +5.7%** (+8.0% at a constant exchange rate) **reaching €1,475M** (+€79M) due to the good performance in Spain (+13.5%) and Central Europe (+7.8%), despite external factors:
    - A lower contribution from Belgium compared with 2015 for security reasons (revenue -€7.8M, -15%). At EBITDA level the loss vs. business plan has been -€6.5M.
    - Currency evolution in Latam. Excluding the negative effect of -€33M, revenue would have increased +8.0%. Impact at EBITDA level is reduced to -€5.9M.
    - Difficult comparison in the case of Italy because of the Expo Milan in 2015, with a lower revenue contribution of -€18.8M and an EBITDA of -€14.1M from that event.

- **Increase in RevPar** (+5.8% in 2016) **through ADR** (+4.6%, 79% contribution) **and greater growth vs. competitors.** (+1.3 p.p. in relative ADR).

- The **repositioning investments in Benelux and Central Europe** has concluded, strengthening the Group's portfolio with a higher positioning (20% of the rooms under the NH Collection brand with a premium of +40% on the ADR), **following a repositioning investment phase lasting two and a half years.**

- **EBITDA reached €181M, growth of +€31M** (+21%), explained by the excellent performance by Spain and Central Europe and a favourable development in the remaining countries. As a result, **the EBITDA margin has improved by +1.6 points, reaching 12.3%** given a conversion ratio of 40%. Excluding -€5.2M from linearization of leases and -€1.4M for leaving indemnities (non-recurring in 2015) the adjusted conversion rate would amount to 48%.

- **Positive recurring net profit** (first year since 2008) **of €11M** (-€3M in 2015) and Total Net Profit of €31M compared to €1M in 2015, boosted by capital gains from asset rotation.
    - Proposal to submit for AGM approval the distribution of a maximum gross **dividend of €0.05 per outstanding share** for the financial year 2016, implying an estimated payment of €17M

- Favourable **cash generation** in the period and **capex financed with** non-strategic **asset disposals** (target of €140M achieved), has contributed to **reduce net financial debt position by -€91M to €747M**, **representing a leverage ratio of 4.1x** (5.6x in December 2015).

Outlook for 2017

- The **EBITDA guidance of €220-225M** (c.+25%) is confirmed based on harvesting the rewards from previous years and the implementation under way of **the first phase of the Efficiency Plan,** on track to achieve savings of €7-8M in 2017.

- **Acceleration of deleverage** from 4.1x **to 3.0-3.25x** by the end of 2017. If the sale of the hotel in NY takes place in the second half of the year, the level would decline below 3.0x.

- Launch of the **second phase of the Efficiency Plan**, to be executed in the second half of 2017, enabling **additional savings of €7-10M in 2018**, by defining new operating model through the geographical reorganization of the functions of the various Business Units and the new structure at Corporate level.

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Main figures for the fourth quarter of 2016 (Q4)

- Growth of **RevPar** in Q4 of **+4.5%** through increases in **ADR of +2.8% and +1.6% in occupancy.**

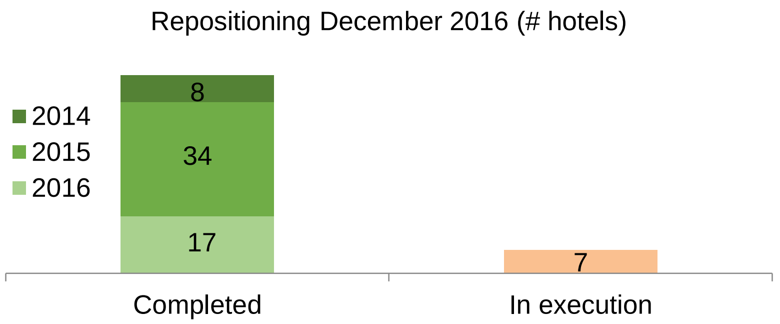
- **Revenue has risen by +2.9%** (+€10.6M) explained by the extraordinary contribution by Spain and Italy in Q4 2015 (+17% and +16% respectively), together reporting revenue growth of +€22M, and the negative currency evolution. **In Q4 2016 at a constant exchange rate** revenue would have risen +**4.3%.**

- **EBITDA in Q4 reached €56.3M**, growth of +€4.7M (+9.1%), increasing the **margin by +0.8 points, reaching a margin of EBITDA of 14.9% with a conversion ratio of 44%**. All of this despite the contribution from Expo Milan in 2015 (+€5.5M in revenue and +€4.1M in EBITDA) and currency evolution in Q4 2016 (-€5.3M in revenue and -€1.3M in EBITDA).

- **Recurring net income** for Q4 has amounted to **€7.0M** compared with the €5.0M of Q4 2015, and Total Net Income reached €9.2M, compared with €14.4M in Q4 2015, from a greater reversal of provisions in 2015.

Status of the Strategic Plan

- **Repositioning Plan**



Since the start of the plan through to December 2016 a total of 59 hotels have been fully refurbished. Compound annual RevPar growth for those hotels with 6 months of post-refurbishment operation during the 12 months of 2016 compared with the same period prior to the refurbishment is +12.7%. The hotels included in the sample are: NH Collection Eurobuilding, NH Collection Abascal, NH Alonso Martínez, NH Collection Aránzazu, NH Pamplona Iruña, NH Collection Gran Hotel Zaragoza, NH Florence, NH Madrid Atocha, NH Madrid Nacional, NH Madrid Ventas, NH Collection Hamburg City, NH Collection Brussels Centre, NH Utrecht, NH Milan Congress Centre and NH Genoa Centro.

- **Brand:** NH has 379 hotels with 58,472 rooms at 31st December 2016, of which 67 hotels and 10,473 rooms belong to NH Collection, demonstrating their price potential (+40% premium; ADR NH Collection €118 vs ADR NH €85) and quality (with improvements also in hotels that have not been refurbished). At Group level, 34% of the portfolio is positioned in the top 10 for the city (45% in the case of NH Collection hotels) and 53% in the top 30 (62% for NH Collection hotels), an indication of the higher quality levels perceived by customers.

% hotels NH	Dec. '13	Dec. '14	Dec. '15	Dec. '16
Top 10	19%	24%	27%	34%
Top 30	41%	47%	49%	53%

Source: Trip Advisor

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- **Pricing & Revenue Management:** Group ADR has evolved positively during the year in the main cities when compared to direct competitors. The increase in Group relative prices has been +1.3 points vs. competitors.

  - There has been a notable performance in Benelux with an increase in ADR of +8.4% vs. 1.9% in the case of the competitive set. NH continues to maximise its market opportunities both in Amsterdam (relative ADR +4.3p.p.; relative RevPar +6.7p.p.), and in Brussels (relative ADR +8.7p.p.; relative RevPar +3.3p.p.), with a lower drop in prices than the compset.
  - In Italy the strategy in the city of Milan in 2016 has been to maintain the high RGI in absolute terms through volume, as prices in 2015 rose at a faster rate than those of the compset (+7.0 points). In Italy the RGI continues to be 104.7%.
  - Performance in Spain has been favorable, with an increase in ADR of +8.6% vs. the compset, which has seen growth of +4.9%. As a result, the relative RevPar in Spain has improved to +8.1p.p.

	ADR % var.		"Relative" ADR
2016	NH	Compset	Var.
Total NHH	**2.1%**	**0.9%**	1.3 p.p.
Spain	8.6%	4.9%	3.7 p.p.
Italy	-14.5%	-10.9%	-3.6 p.p.
Benelux	8.4%	1.9%	6.5 p.p.
Central Europe	7.7%	4.3%	3.4 p.p.

	RevPar % var.		"Relative" RevPar
2016	NH	Compset	Var.
Total NHH	**2.1%**	**-1.3%**	4.4 p.p.
Spain	8.6%	4.4%	8.1 p.p.
Italy	-14.5%	-16.8%	0.8 p.p.
Benelux	8.4%	-3.8%	6.2 p.p.
Central Europe	7.7%	4.6%	8.0 p.p.

Website revenues recorded an increase of +18% in the 12 months of 2016.

- **Portfolio Optimisation:**

  - The disposal target of €140M in 2016 has been reached. By 31 December 2016 net cash for €119M was recorded. The sale and leaseback of the NH Malaga announced in February 2017 for a net cash amount of €20M was included in the target for the year.

  - In addition, during 2016 agreements have been signed for 16 hotels with 2,114 rooms. All these agreements have been under lease and management contracts, and most are positioned within the upper segment brand in key cities (Milan, Venice, Antwerp, Eindhoven, Marseille, Leipzig, Monterrey, Mexico DF and Santiago de Chile).

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RevPar evolution in the Fourth Quarter

***Note:** The "Like for Like plus Renovations" (LFL&R) criteria includes hotels renovated in 2015 and 2016, so that the sample of "LFL" hotels is not reduced by the high number of hotels affected by the renovations*

NH HOTEL GROUP REVPAR 4T 2016/2015

	HAB. MEDIAS		OCUPACION %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
España & Portugal LFL & R	11,038	10,883	68.9%	67.5%	2.1%	85.1	80.5	5.7%	58.7	54.3	7.9%
B.U. España Consolidado	11,161	11,257	68.8%	67.9%	1.3%	85.6	80.7	6.1%	58.9	54.8	7.5%
Italia LFL & R	6,859	6,828	66.0%	66.8%	-1.2%	100.2	113.4	-11.6%	66.1	75.7	-12.7%
B.U. Italia Consolidado	7,330	7,506	65.8%	65.4%	0.7%	103.1	112.5	-8.4%	67.8	73.5	-7.7%
Benelux LFL & R	8,377	8,221	65.6%	63.7%	3.0%	99.7	92.7	7.5%	65.3	59.0	10.7%
B.U. Benelux Consolidado	8,720	8,286	65.7%	63.7%	3.2%	100.4	93.0	8.1%	66.0	59.2	11.5%
Europa Central LFL & R	12,387	12,378	70.6%	68.4%	3.3%	89.0	86.0	3.4%	62.9	58.8	6.9%
Europa Central Consolidado	12,470	12,583	70.5%	68.2%	3.3%	88.9	86.1	3.2%	62.7	58.8	6.7%
Total Europa LFL & R	38,661	38,311	68.2%	66.8%	2.1%	92.0	90.7	1.5%	62.8	60.6	3.6%
Total Europa Consolidado	39,681	39,633	68.1%	66.6%	2.2%	92.9	90.8	2.3%	63.3	60.5	4.6%
Latinoamerica LFL & R	3,044	3,044	68.8%	69.5%	-1.1%	75.8	72.5	4.5%	52.2	50.4	3.4%
Latinoamerica Consolidado	5,204	5,230	62.5%	64.3%	-2.8%	78.9	74.1	6.5%	49.3	47.7	3.5%
NH Hoteles LFL & R	41,705	41,355	68.3%	67.0%	1.8%	90.8	89.3	1.7%	62.0	59.9	3.6%
Total NH Consolidado	44,886	44,863	67.4%	66.4%	1.6%	91.4	88.9	2.8%	61.7	59.0	4.5%

- **Consolidated RevPar growth of +4.5%** in Q4 2016. In its composition , the increase in prices of +2.8% represented 62% of the growth in RevPar. At a constant exchange rate, RevPar growth would have been +5.6% (69% through prices).
  - In **Italy,** Expo Milan 2015 ended in October 2015, being the month with the greatest contribution (-€5.5M in revenue in Q4 '16) and as a result the Q4 2015 RevPar rose +20%. Good performance by Rome and secondary cities together with new openings were unable to offset that contribution, with a drop in RevPar of -7.7% in Q4 '16.
  - The Benelux BU has recorded a higher level of activity, posting an occupancy increase of +3.2% and an increase in prices of +8.1% explained by the refurbishment executed in the first half of the year and the good performance in Netherlands LFL (+2.2% occupancy, +4.2% in ADR, RevPar +6.5%). In Q4 Belgium continued to show the impact of the security concerns (Belgium LFL occupancy -2.8%, ADR +3.7%, RevPar +0.8%), despite the fact that at the end of 2015 results had already been penalised, making the comparison more favourable.
  - Group **activity level** in Q4 has been slightly higher, up **+1.6%,** with the drop in Latin America offset by good performance in Central Europe (+3.3%) and the recovery in Benelux (+3.2), with December being a low season month.
- In **LFL&R** terms RevPar in Q4 has grown by **+3.6%** despite the dificult comparison difficulty in Italy, where a RevPar of -12.7% has been reported. Remarkable performance in Benelux BU, with a growth of +10.7% driven by an increase in prices of +7.5% (following renovations in the first half of the year) and the Spain BU, with growth of +7.9% (72% through prices). The Latin America BU has still been affected by the volatility of local currencies.

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- **Excluding renovations**, growth in LFL RevPar in Q4 has been **+1.5%,** with a price reduction of -0.5% (with drop in Italy and Latam in real exchange terms) and an improvement in occupancy of +2.0% from the good performance in Central Europe.

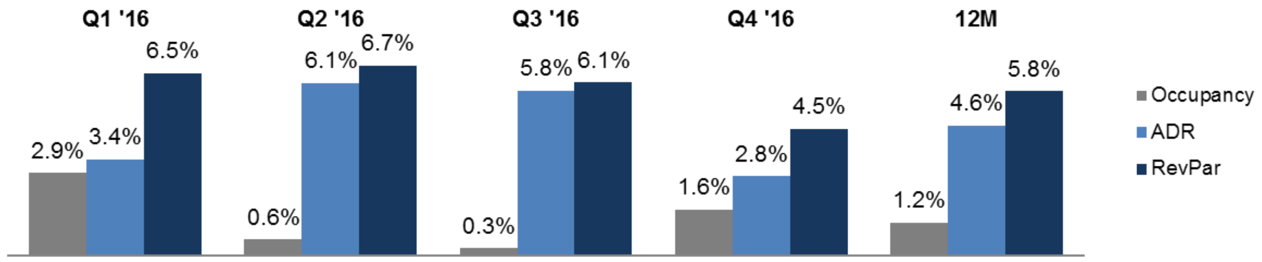
RevPar evolution for the 12 months

- The accumulated 12 month, Consolidated RevPar has grown +5.8%, with an increase in prices of +4.6% and an increase in occupancy of +1.2%. Excluding reforms, LFL RevPar has grown +3.5%, being 60% explained by higher prices of +2.1%.

Evolution of Consolidated Ratios by Quarter and for the 12 month period:

NH HOTEL GROUP REVPAR 12M 2016/2015

	HAB. MEDIAS		OCUPACION %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
España & Portugal LFL & R	10,990	10,828	70.3%	67.6%	4.0%	83.9	77.3	8.6%	59.0	52.3	12.9%
B.U. España Consolidado	11,196	11,332	70.3%	67.6%	3.9%	84.2	77.1	9.2%	59.2	52.1	13.5%
Italia LFL & R	6,861	6,854	68.5%	68.4%	0.1%	105.5	112.3	-6.0%	72.3	76.8	-5.9%
B.U. Italia Consolidado	7,459	7,406	67.6%	66.9%	1.1%	108.2	111.7	-3.1%	73.2	74.7	-2.0%
Benelux LFL & R	8,169	8,287	66.5%	68.1%	-2.4%	97.5	91.7	6.3%	64.8	62.5	3.7%
B.U. Benelux Consolidado	8,396	8,341	66.3%	68.2%	-2.8%	97.9	91.8	6.6%	64.9	62.7	3.6%
Europa Central LFL & R	12,305	12,289	71.4%	69.6%	2.6%	87.6	82.3	6.4%	62.5	57.3	9.2%
Europa Central Consolidado	12,463	12,494	71.4%	69.5%	2.7%	87.5	82.4	6.2%	62.4	57.2	9.1%
Total Europa LFL & R	38,325	38,257	69.5%	68.5%	1.5%	91.7	88.3	3.9%	63.7	60.5	5.4%
Total Europa Consolidado	39,514	39,572	69.3%	68.2%	1.6%	92.5	88.2	4.8%	64.1	60.2	6.5%
Latinoamerica LFL & R	3,029	3,044	66.0%	66.6%	-0.9%	71.2	72.3	-1.5%	47.0	48.1	-2.4%
Latinoamerica Consolidado	5,204	4,876	61.9%	63.0%	-1.9%	74.7	72.4	3.2%	46.2	45.6	1.2%
NH Hoteles LFL & R	41,354	41,301	69.3%	68.4%	1.3%	90.3	87.1	3.6%	62.5	59.6	5.0%
Total NH Consolidado	44,718	44,448	68.4%	67.6%	1.2%	90.6	86.6	4.6%	62.0	58.6	5.8%



Consolidated Ratios % Var	Occupancy					ADR					RevPar				
	Q1 '16	Q2 '16	Q3 '16	Q4 '16	12M	Q1 '16	Q2 '16	Q3 '16	Q4 '16	12M	Q1 '16	Q2 '16	Q3 '16	Q4 '16	12M
Spain	11.3%	2.4%	3.5%	1.3%	3.9%	8.6%	11.0%	11.5%	6.1%	9.2%	20.8%	13.7%	15.4%	7.5%	13.5%
Italy	4.7%	1.4%	-0.8%	0.7%	1.1%	0.5%	-1.2%	-2.0%	-8.4%	-3.1%	5.2%	0.2%	-2.9%	-7.7%	-2.0%
Benelux	-1.3%	-5.8%	-6.4%	3.2%	-2.8%	4.6%	7.1%	6.3%	8.1%	6.6%	3.3%	1.0%	-0.4%	11.5%	3.6%
Central Europe	0.3%	2.9%	3.4%	3.3%	2.7%	3.6%	9.5%	8.5%	3.2%	6.2%	3.9%	12.7%	12.2%	6.7%	9.1%
TOTAL EUROPE	3.8%	0.6%	0.4%	2.2%	1.6%	4.3%	6.7%	5.9%	2.3%	4.8%	8.3%	7.4%	6.4%	4.6%	6.5%
Latin America real exc. rate	-5.1%	0.0%	-1.1%	-2.8%	-1.9%	-2.5%	-0.5%	4.5%	6.5%	3.2%	-7.5%	-0.5%	3.3%	3.5%	1.2%
NH HOTEL GROUP	2.9%	0.6%	0.3%	1.6%	1.2%	3.4%	6.1%	5.8%	2.8%	4.6%	6.5%	6.7%	6.1%	4.5%	5.8%

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RECURRING HOTEL ACTIVITY 2016 VS 2015								
(€ million)	**2016 Q4**	**2015 Q4**	**DIFF. 16/15**	**%DIFF.**	**2016 12 months**	**2015 12 months**	**DIFF. 16/15**	**%DIFF.**
SPAIN	92.6	85.9	6.7	7.8%	359.0	316.4	42.6	13.5%
ITALY	55.4	62.0	(6.5)	(10.6%)	248.6	255.8	(7.2)	(2.8%)
BENELUX	78.9	73.1	5.8	7.9%	298.8	291.6	7.2	2.5%
CENTRAL EUROPE	101.1	94.7	6.4	6.7%	389.5	361.3	28.2	7.8%
AMERICA	21.6	23.2	(1.6)	(6.9%)	77.7	82.0	(4.3)	(5.2%)
TOTAL RECURRING REVENUE LFL&R	**349.6**	**338.9**	**10.7**	**3.2%**	**1,373.5**	**1,307.0**	**66.5**	**5.1%**
OPENINGS, CLOSINGS & OTHERS	**29.4**	**29.5**	**(0.1)**	**(0.2%)**	**101.0**	**88.5**	**12.5**	**14.2%**
RECURRING REVENUES	**379.0**	**368.4**	**10.6**	**2.9%**	**1,474.6**	**1,395.5**	**79.1**	**5.7%**
SPAIN	61.6	56.7	4.9	8.6%	243.1	219.8	23.3	10.6%
ITALY	36.4	38.8	(2.4)	(6.2%)	164.0	163.6	0.4	0.2%
BENELUX	54.0	49.9	4.1	8.2%	203.6	200.0	3.6	1.8%
CENTRAL EUROPE	66.7	63.9	2.8	4.4%	260.4	246.8	13.6	5.5%
AMERICA	12.6	16.5	(3.9)	(23.7%)	53.6	60.4	(6.9)	(11.4%)
RECURRING OPEX LFL&R	**231.2**	**225.8**	**5.5**	**2.4%**	**924.6**	**890.5**	**34.1**	**3.8%**
OPENINGS, CLOSINGS & OTHERS	**19.9**	**18.9**	**1.0**	**5.2%**	**67.5**	**62.8**	**4.7**	**7.4%**
RECURRING OPERATING EXPENSES	**251.1**	**244.7**	**6.5**	**2.6%**	**992.1**	**953.4**	**38.7**	**4.1%**
SPAIN	31.0	29.2	1.8	6.3%	115.9	96.6	19.3	20.0%
ITALY	19.0	23.2	(4.1)	(17.8%)	84.6	92.2	(7.6)	(8.2%)
BENELUX	24.9	23.2	1.6	7.1%	95.2	91.6	3.6	4.0%
CENTRAL EUROPE	34.4	30.9	3.6	11.6%	129.0	114.5	14.6	12.7%
AMERICA	9.0	6.7	2.3	34.5%	24.1	21.5	2.6	12.1%
RECURRING GOP LFL&R	**118.4**	**113.2**	**5.2**	**4.6%**	**448.9**	**416.5**	**32.5**	**7.8%**
OPENINGS, CLOSINGS & OTHERS	**9.5**	**10.6**	**(1.0)**	**(9.9%)**	**33.5**	**25.7**	**7.9**	**30.7%**
RECURRING GOP	**127.9**	**123.7**	**4.2**	**3.4%**	**482.5**	**442.1**	**40.3**	**9.1%**
SPAIN	20.5	18.6	1.9	10.1%	82.1	75.3	6.9	9.1%
ITALY	9.1	10.8	(1.7)	(15.6%)	42.7	44.0	(1.3)	(2.9%)
BENELUX	10.8	11.5	(0.7)	(5.9%)	47.2	47.3	(0.1)	(0.3%)
CENTRAL EUROPE	23.9	23.9	(0.1)	(0.2%)	103.3	103.2	0.1	0.1%
AMERICA	1.2	1.6	(0.4)	(25.6%)	5.2	5.8	(0.6)	(10.8%)
RECURRING LEASES&PT LFL&R	**65.5**	**66.4**	**(0.9)**	**(1.4%)**	**280.4**	**275.5**	**4.9**	**1.8%**
OPENINGS, CLOSINGS & OTHERS	**6.1**	**5.7**	**0.4**	**7.4%**	**21.2**	**17.1**	**4.1**	**23.7%**
RECURRING RENTS AND PROPERTY TAXES	**71.6**	**72.1**	**(0.5)**	**(0.7%)**	**301.6**	**292.6**	**9.0**	**3.1%**
SPAIN	10.5	10.6	(0.1)	(0.5%)	33.8	21.4	12.4	58.2%
ITALY	9.9	12.4	(2.5)	(19.8%)	41.9	48.3	(6.3)	(13.1%)
BENELUX	14.1	11.7	2.3	19.8%	48.0	44.3	3.8	8.5%
CENTRAL EUROPE	10.6	6.9	3.6	52.2%	25.8	11.3	14.5	128.4%
AMERICA	7.9	5.1	2.7	52.9%	19.0	15.7	3.2	20.5%
RECURRING EBITDA LFL&R	**52.9**	**46.8**	**6.2**	**13.2%**	**168.5**	**140.9**	**27.6**	**19.6%**
OPENINGS, CLOSINGS & OTHERS	**3.4**	**4.9**	**(1.5)**	**(30.4%)**	**12.4**	**8.6**	**3.8**	**44.5%**
RECURRING EBITDA EX. ONEROUS PROVISION	**56.3**	**51.6**	**4.7**	**9.1%**	**180.9**	**149.5**	**31.4**	**21.0%**

Recurring Results by Business Area (LFL&R basis)

Spain B.U.:

- RevPar growth of +7.9% in Q4 with an increase in prices of +5.7% (representing 72% of the growth) and +2.1% in occupancy.
- During the year RevPar grew +12.9% with a growth in prices of +8.6% (a weighting of 66%) and +4.0% in occupancy.
- Excellent revenue evolution, with growth of +13.5% (+€42.6M) in the year. The LFL perimeter grew +10.7% and refurbished hotels were up +26.9%. There has been a notable performance in cities such as Valencia, Seville and Zaragoza, where revenue has increased by an average of 16%, more than in Barcelona (+13%) and Madrid (+5%).
- Operating costs for the year increased +10.6% (+€23.3M), explained by the increased occupancy in the period (+4.0% reaching 70.3%), higher commissions from the change in segmentation and the hotels that were being refurbished in 2015.
- GOP in 2016 totalled €115.9M, a rise of +20.0% (+€19.3M), implying a conversion rate of 45%. The increase in leases in the year has been +€6.9M (+9.1%) explained by the variable component. As a result, EBITDA reached €33.8M for the year, an increase of €12.4M (+58.2%).

Italy B.U.:

- RevPar dropped -12.7% in Q4 because of the unfavourable comparison from the impact of Expo Milan in 2015 (+€5.5M revenue gain) as October recorded the greatest contribution from the entire event. In addition, a leased hotel in Turin began the refurbishment being financed by the owner.
- In the year RevPar was down -5.9% with a reduction in prices of -6.0% and a flat occupancy (+0.1%), entirely explained by Expo Milan 2015, which contributed revenues of -€18.8M in 2015.
- As a result, revenue for the year was down -2.8% and could not be offset by the refurbishments in 2015 or the sound LFL performance of tier-2 cities (+8%). Adjusted for the impact of the Expo in 2015, revenue growth would have been +4.9%.
- Operating costs in 2016 remained steady (+€0.4M). GOP dropped -8.2% (-€7.6M) and EBITDA totalled €41.9M (-€6.3M), entirely explained by the Expo Milan contribution in 2015 of +€14.1M in EBITDA.

Benelux B.U.:

- Higher level of activity in Q4 with increased occupancy of +3.0% and +7.5% in prices, explained by the refurbishments during the first part of the year and the sound LFL performance in the Netherlands (+2.2% for occupancy, ADR up +4.2%, RevPar +6,5%). In Q4 Belgium continued to show the impact from the security concerns (Belgium LFL -2.8% for occupancy, ADR +3.7%, RevPar +0.8%), despite the fact that at the end of 2015 results had already been penalised, making the comparison easier.
- RevPar growth of +3.7% in the year, following a rise in prices (+6.3%) that offset lower occupancy in Benelux (-2.4%) from the impact of the security situation on LFL Hotels in Belgium (occupancy -17.5%, ADR +4.9%, RevPar -13.5%).
- In 2016 the good performance in the Netherlands excluding refurbishments (LFL +€9.9m, +6.3%) fully offset the lower contribution from Belgium of -€7.8M (-15.4%). As a result, LFL revenue for the BU excluding refurbishments has been +2.9%, and including the refurbishments undertaken, reported growth has amounted to +2.5% (+€7.2M).

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- Operating costs for the year increased +1.8% (+€3.6M), showing an increase in GOP of +4.0% (+€3.6M) and an improvement in EBITDA of +€3.8M, (a conversion ratio of 52%).

Central Europe B.U.:

- RevPar has risen by +6.9% in Q4 with a growth in prices of +3.4% and an increase in occupancy of +3.3%. Revenue increased by +6.7% (+€6.4M).
- RevPar grew +9.2% in 2016 with an increase in prices of +6.4% (70% of the increase in RevPar) and an increase in occupancy of +2.6%. Revenue in 2016 was up +7.8% (+€28.2M), explained by the favourable trade fairs calendar, where biannual and tri-annual fairs took place in 2016 .
- Operating costs for the year rose by +5.5% (+€13.6M) from the higher activity levels and increased commissions (segmentation change with greater weight in Germany).
- GOP in 2016 improved by +12.7% (+€14.6M) and flat rental expenses made it possible to achieve an EBITDA of €25.8M, an increase of +€14.5M and a revenue conversion ratio of 51%.

Americas B.U.:

- Growth continued at a double-digit rate in local currency in Q4 (+21.0%, +€4.9M). Negative currency evolution led to a drop in reported revenues of -6.9% (-€1.6M).
- In 2016 revenue with constant exchange rate was up +26.6% (+€21.8M), reaching +€103.8M compared with €82.0M in the previous year. With Real exchange rate revenues were down -5.2% (-€4.3M).
- This decline in the level of revenue (-€4.3M), linked to currency devaluations (Argentine peso -37%, Mexican peso -15%, Colombian peso -9%), has been fully offset by the cost control measures and the contribution from the largest hotel in Mexico that was refurbished at the end of 2015, resulting in an increase in EBITDA for the year (+€3.2M).
- By region, in 2016 Mexico recorded RevPar growth of +19.8% in local currency, with a +17.1% increase in prices. The increase in revenues in local currency was +15.5% that, together with a GOP conversion rate of 42%, generated a growth in EBITDA of +22% (+€1.9M) at a constant exchange rate, benefitting from the renovation of the NH Collection Mexico City that was completed in Q1.
- In the Mercosur, mainly Argentina, RevPar was up +37.0% in local currency, with increases in average prices of +41.5% (with dollarization of 75% of the rates). This has led to revenue growth of +48%, above the high rates of inflation, allowing that with constant exchange rate GOP has risen by +€6.3M and EBITDA by +€6.0M.
- In 2016 Hoteles Royal (including Openings and Closings) RevPar has risen by +9.9% in local currency, with average price increases of +12.0%. For the year the performance by Chile has been weaker because of greater price competition and a high level of dependence on customers from Argentina. In 2016 Colombia posted revenue growth of mid- single digit with constant exchange rate, despite a worse performance by other revenue owing to the change in segmentation towards more profitable rates, an increase in the hotel offering in the country, and a reduction in the number of events generated by companies in the oil industry. The implementation of cost synergies in 2015 and 2016 explain the increase in EBITDA in Hoteles Royal on a real exchange rate basis, reaching €8.3M (compared with €7.1M in the 10 months that were consolidated in 2015).

Consolidated Income Statement

NH HOTEL GROUP P&L ACCOUNT								
(€ million)	Q4 2016	Q4 2015	Var.		12M 2016	12M 2015*	Var.	
	M. Eur	M. Eur	M. Eur	%	M. Eur	M. Eur	M. Eur	%
TOTAL REVENUES	**379.0**	**368.4**	**10.6**	**2.9%**	**1,474.6**	**1,395.5**	**79.1**	**5.7%**
Staff Cost	(130.5)	(124.4)	(6.0)	4.8%	(515.1)	(496.4)	(18.7)	3.8%
Operating expenses	(120.7)	(120.2)	(0.4)	0.4%	(477.0)	(457.0)	(20.1)	4.4%
GROSS OPERATING PROFIT	**127.9**	**123.7**	**4.2**	**3.4%**	**482.5**	**442.1**	**40.3**	**9.1%**
Lease payments and property taxes	(71.6)	(72.1)	0.5	(0.7%)	(301.6)	(292.6)	(9.0)	3.1%
EBITDA BEFORE ONEROUS	**56.3**	**51.6**	**4.7**	**9.1%**	**180.9**	**149.5**	**31.4**	**21.0%**
Margin % of Revenues	14.9%	14.0%		0.8%	12.3%	10.7%		1.6%
Onerous contract reversal provision	0.8	2.3	(1.5)	(66.1%)	5.0	10.0	(5.0)	(49.9%)
EBITDA AFTER ONEROUS	**57.1**	**53.9**	**3.2**	**5.9%**	**185.9**	**159.5**	**26.4**	**16.6%**
Depreciation	(26.4)	(24.9)	(1.5)	6.0%	(101.7)	(94.8)	(6.9)	7.3%
EBIT	**30.7**	**29.0**	**1.7**	**5.7%**	**84.1**	**64.7**	**19.5**	**30.1%**
Interest expense	(15.4)	(11.6)	(3.8)	33.1%	(52.4)	(46.6)	(5.8)	12.4%
Income from minority equity interests	0.1	(1.3)	1.4	(107.1%)	0.1	(1.1)	1.2	(106.7%)
EBT	**15.4**	**16.1**	**(0.8)**	**(4.7%)**	**31.8**	**17.0**	**14.9**	**87.5%**
Corporate income tax	(7.7)	(11.0)	3.3	(29.7%)	(17.0)	(17.3)	0.4	(2.0%)
NET INCOME before minorities	**7.6**	**5.1**	**2.5**	**49.8%**	**14.9**	**(0.3)**	**15.2**	**n.a.**
Minority interests	(0.7)	(0.1)	(0.6)	593.3%	(3.4)	(2.4)	(1.0)	43.1%
NET RECURRING INCOME	**7.0**	**5.0**	**2.0**	**39.5%**	**11.5**	**(2.7)**	**14.2**	**n.a.**
Non Recurring EBITDA	1.7	(4.4)	6.2	n.a.	43.9	(17.9)	61.8	n.a.
Other Non Recurring items	0.5	14.3	(13.7)	n.a.	(24.6)	21.5	(46.1)	n.a.
NET INCOME including Non-Recurring	**9.2**	**14.8**	**(5.6)**	**n.a.**	**30.8**	**0.9**	**29.8**	**n.a.**

** Includes Hoteles Royal from March 4, 2015*

Comments for the year 2016:

- **Revenues were up +5.7% reaching €1.475bn** (+€79M) due to the good performance in Spain and Central Europe and despite certain external factors:
  - A lower contribution from Belgium compared with 2015 for security concerns (€7.8M, -15%).
  - Currency evolution in Latam. Excluding the negative effect of -€33M, mainly Latam, revenue would have increased +8.0%.
  - Tough comparison in Italy because of the of Expo Milan in 2015, with a lower revenue contribution of -€18.8M.

  By perimeter, at LFL level, revenue growth was +6.1% with constant exchange rate (+3.7% reported), driven by Spain, Central Europe and Latin America. The hotels that were renovated in 2015 reported a growth in revenue of +28% and the hotels renovated in 2016 have lost (-€1.7M vs 2015), as the renovations in the first half of the year have had a greater weight.

- **Costs:**
  - **Staff costs** increased +3.8% (+€18.7m), explained by the higher level of activity in Spain and Central Europe, the hotels refurbish in 2015, the changes in perimeter and the lower variable remuneration in 2015

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- **Other direct costs** increased by +4.4% (+€20.1m) mainly due to the increase in commissions due to higher revenues and the evolution of the mix of sale channels, the higher level of activity, the hotels Refurbished in 2015 and the changes in perimeter.

- **EBITDA reached €181M, an increase of +€31M** (+21%), following the good performace from Spain and Central Europe and the positive performance from the remaining countries, despite certain circumstantial factors such as the problems in Belgium (-€6.5M drop in EBITDA vs Plan) and the evolution of exchange rates in Latin America (-€5.9M at the level of EBITDA). **EBITDA margin has improved by +1.6 points, reaching 12.3%** based on a conversion rate of 40%. Excluding the amount of -€5.2M from the linearization of leases and -€1.4M from severance payments (not recurring in 2015) the adjusted conversion rate amounts to 48%.

- **Financial expenses** rose -€5.8M mainly due to lower gains from exchange rate forwards (-€4.1M) vs. 2015, and in a lesser extend to lower interest rates applied to deposits and the refinancing of September 2016 with higher cost for extended maturity.

- **Corporate Tax:** The use of tax incentives has compensated for the higher business performance and the reversal of tax holding provision in Spain (Royal Decree 3/2016).

- **A positive recurring net result,** not reported since 2008, **of €11.5M** has been recorded, compared with the loss of -€2.7M in 2015.

- **Non-recurring activity**: This item mainly includes gains from non-core asset disposals, legal reserves, accelerated depreciation from the repositioning investments and refinanced debt arrangement in the third quarter of the year, as well as the fiscal impacts of each item.

- **Total Net Income** amounted to €30.8M against €0.9M in 2015 driven by gains from asset sales.

    - Proposal to submit for AGM approval the distribution of a maximum gross dividend of €0.05 per outstanding share for the financial year 2016, implying an estimated payment of €17M

Comments on the fourth quarter of 2016:

- **Q4 revenues grew by +2.9%** (+€10.6M) explained by the extraordinary contribution from Spain and Italy in Q4 2015 (+17% and +16% respectively) together reporting a +€22M increase in revenue, and the negative evolution of the currency. **At a constant rate of exchange,** revenues would have risen by +**4.3% in Q4.**

  By perimeter, at LFL level revenue growth was +2.9% at a constant exchange rate of (+0.7% reported). At constant exchange rate the hotels that were refurbished in 2015 recorded revenue growth of +20% in Q4 (+€5.5M) and those refurbished in 2016 +14% (+€3.5M), as the refurbishments that were made in the first half of the year had a greater weight and offset the opportunity cost of the hotels refurbished in the quarter.

- **EBITDA in Q4 amounted to €56.3M**, showing growth of +€4.7M (+9.1%), improving the **margin by +0.8 points, reaching 14.9% with a conversion ratio of 44%**. This despite the contribution by Expo Milan 2015 in Q4 (+€5.5M in revenue and +€4.1M in EBITDA) and currency evolution (-€5.3M in revenue and -€1.3M in EBITDA).

- **Recurring net income** in Q4 totalled **€7.0M** against €5.0M in Q4 2015 and Total net income has amounted to €9.2M compared with €14.4M in Q4 2015 from an increased reversal of provisions 2015.

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Financial Debt and Liquidity

As of 31/12/2016 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule 2017	2018	2019	2020	2021	2022	2023	2024	Rest
Senior Credit Facilities												
Senior Secured Notes due 2019	250.0	-	250.0	-	-	250.0	-	-	-	-	-	-
Senior Secured Notes due 2023	285.0	-	285.0	-	-	-	-	-	-	285.0	-	-
Senior Secured RCF (3+2 years)	250.0	250.0	-	-	-	-	-	-	-	-	-	-
Total debt secured by the same Collateral	**785.0**	**250.0**	**535.0**	**-**	**-**	**250.0**	**-**	**-**	**-**	**285.0**	**-**	**-**
Other Secured loans	37.4	-	37.4	4.3	6.6	2.4	1.9	1.8	1.3	1.4	1.4	16.2
Total secured debt	**822.4**	**250.0**	**572.4**	**4.3**	**6.6**	**252.4**	**1.9**	**1.8**	**1.3**	**286.4**	**1.4**	**16.2**
Convertible Bonds due 2018	250.0	-	250.0	-	250.0	-	-	-	-	-	-	-
Unsecured loans **	80.1	58.9	21.2	19.0	1.1	0.7	0.3	-	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
Total unsecured debt	**370.1**	**58.9**	**311.2**	**19.0**	**251.1**	**0.7**	**0.3**	**-**	**-**	**-**	**-**	**40.0**
Total Gross Debt	**1,192.5**	**308.9**	**883.6**	**23.3**	**257.7**	**253.2**	**2.2**	**1.8**	**1.3**	**286.4**	**1.4**	**56.2**
Cash and cash equivalents ***			(136.7)									
Net debt			**746.8**									
Equity Component Convertible Bond			(11.3)		(11.3)							
Arranging loan expenses			(17.6)	(5.0)	(5.1)	(3.5)	(0.9)	(0.9)	(0.9)	(0.7)	(0.03)	(0.5)
Accrued interests			7.1	7.1								
Total adjusted net debt			**725.1**									

* Bilateral mortgage loans
** Comprises €9.9 million drawn under RCFs to be renewed in the short term and other debt facilities with amortization schedule
*** Does not include the market value of 9.6M treasury shares, of which 9.0M we lend to the joint lead managers of the convertible bonds. (9.6M shares at €3.845 closing price 30/12/16: €36.9M)

- Net financial debt reached (€747M) at 31st December 2016, a drop of €91M compared with 31 December 2015, following the satisfactory generation of operating cash in the period, as the Capex invested has been almost entirely financed from the sale of non-strategic assets.

- At 31 December 2016 the Company held cash for €136.7M and available lines of credit for €308.9M of which €250M relate to the syndicated line of credit signed in September 2016.

- The disposal target for 2016 of €140M has been met. By 31st December 2016 asset disposals had amounted to for an amount of €119M. The sale and leaseback of the NH Malaga Hotel announced in February 2017 for a net amount of €20M in 2017 was part of the 2016 disposal target.

- Net Financial Debt to recurring EBITDA ratio reached 4.1x at 31 December 2016 compared with 5.6x at 31 December 2015.

- On 29 September 2016 debt refinancing was carried out with the issuance of €285M in Senior Secured Notes due 2023 (the HY Bond) with a coupon rate of 3.75%, with the aim of extending maturities and increase average life, and the subscription of a €250M syndicated Long Term Revolving Credit Facility ("RCF)" for a term of 3 years with an automatic 2-year renewal when the HY Bond due 2019 is refinanced, thus increasing the liquidity of the Group.

- Rating agencies Standard & Poors y Fitch have upgraded the corporate NHH rating from “B-” to “B with a stable outlook” based on greater liquidity and the improved operating performance. These agencies have also upgraded the rating of the HY 2019 Bond to “BB-” and have assigned the same rating to the new HY Bond due 2023. Moody’s has assigned the Group a corporate rating of B2 with a stable outlook and a Ba3 rating to the new HY Bond due 2023.

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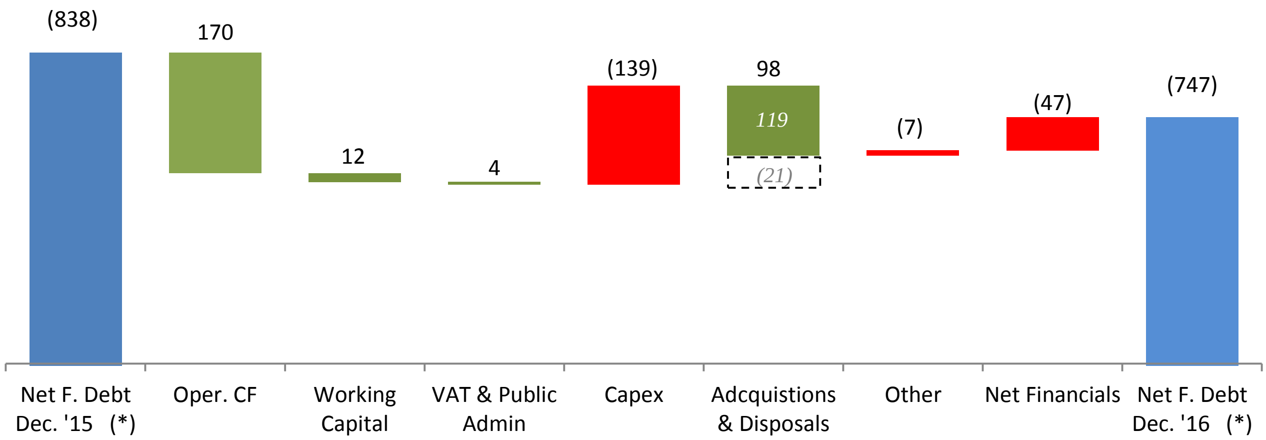
Evolution Net Financial Debt in the 12 months of 2016



(*) Net financial debt excluding accounting adjustments for the portion of the convertible bond treated as Equity, arrangement expenses and accrued interest. Including these accounting adjustments, adjusted net debt would be (€725M) at 31 December 2016 vs. (€809M) at December 31, 2015

€91M reduction in the Net Financial Debt during the year due to the favourable cash flow generation in the year and capex financed by disposals of non-strategic assets.

Cash flow generated during the year from:

- (+) +€170M in operating cash flow, including -€14.5M in financial costs from credit cards and taxes paid for -€13.4M
- (+) Working capital: Improvement from the reduction in average collection period (down from 36 days at the end of 2015 to 23 days at the end of 2016)
- (-) Capex payments: -€139M. Repositioning Capex in 2016 of -€25M to be paid in 2017
- (+) Disposal target (€140M) reached with of +€119M in 2016 and €20M in 2017 from the recent leaseback of NH Malaga.
- (-) Other investments for -€21M: Put de Donnafugatta (-€10.3M), JV China (-€4.1M) and the purchase of the minority interests in NH Palacio de la Merced (Burgos, from 25% to 72%) with an investment of -€7M (-€5.0M in debt and a payment of -€1.4M in 2016 and -€0.6M in 2017) representing an implicit EBITDA multiple of 9x.
- (-) Others: statutory payments and pensions in Italy and Benelux, regular ordinary business leaving indemnities and treasury stock purchases.
- (-) Net financial cash flows: include -€8.1M in refinancing costs.

Appendix

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Appendix I: In accordance with the Directives published by the ESMA in relation to Alternative Performance Measures (APMs), we define and reconcile below the APMs used by the Group within the Results Publication dated 28 February 2017.

A) Definitions

EBITDA: Result before tax of continuing operations and before: net result from the disposal of non-current assets, depreciation, net loss from asset impairment, the result on disposal of financial investments, the result of entities valued by the equity method, financial income, change in the fair value of financial instruments, financing costs (except for credit card costs, which are considered to be operating cost) and net exchange differences. This APM is used to measure the purely operating results of the Group.

RevPAR: The result of multiplying the average daily price for a specific period by the occupancy in that period. This APM is used for comparison of average income per hotel room with other companies in the sector.

Average Daily Rate (ADR): The ratio of total room revenue for a specific period divided by the rooms sold in that specific period. This APM is used to compare average hotel room prices with those of other companies in the sector.

LFL&R (Like for like with refurbishments): We define LFL with refurbishments as the group of fully operated hotels in a 24-month period plus the refurbishments made in the last two years. It excludes those hotels that have just been opened or closed and that have therefore not been fully operational for 24 months. This APM is used to analyse operating results for the year in a manner comparable with those of previous periods excluding the impact of hotel refurbishments.

Below we provide a breakdown of the "Total Revenues" line split into "LFL and refurbishments" and "Openings, closings and other effects" to illustrate the above explanation:

		12 M 2016 M Eur.	12 M 2015 M Eur.
Total revenues	A+B	**1,474.6**	**1,395.5**
Total recurring revenue LFL & Refurbishment	A	1,373.5	1,307.0
Openings, closings & others	B	101.0	88.5

We also provide a reconciliation for the "Total Revenues" line in Point II for the period of 12 months ended 31 December 2016.

Net Financial Debt: Gross financial debt less cash and other equivalent liquid assets, excluding accounting adjustments for the portion of the convertible bond treated as equity, arrangement expenses and accrued interest. Gross financial debt includes both non-current liabilities and current obligations for bonds and other negotiable securities and debt to lending institutions.

Capex: Investments made on assets for improvement and development that have meant a cash outflow during the year. Obtained from the investments in fixed and intangible assets and property investments shown on the statement of cash flows on the consolidated financial statements.

GOP (Gross operating profit): The gross operating profit obtained from EBITDA plus costs of leases and property taxes, as follows:

		12 M 2016 M Eur.	12 M 2015 M Eur.
EBITDA before onerous	B-A	**180.6**	**149.5**
Rents and Property taxes	A	301.6	292.6
GROSS OPERATING PROFIT (GOP)	B	482.2	442.1

Conversion rate: This measures the proportion of revenue that has been able to be transferred to EBITDA. It is obtained by dividing the change in EBITDA by the change in total revenue.

B) Reconciliation of the APM to the most directly reconcilable item, sub-total or total on the financial statements:

The Results Publication of 28 February 2017 includes the following significant APMs:

<u>I. ADR and RevPar</u>

Page 6 of the Results Publication of 28 February 2017 details the development of RevPar and ADR on the following tables:

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NH HOTEL GROUP REVPAR 12M 2016/2015

	HAB. MEDIAS		OCUPACION %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
España & Portugal LFL & R	10,990	10,828	70.3%	67.6%	4.0%	83.9	77.3	8.6%	59.0	52.3	12.9%
B.U. España Consolidado	11,196	11,332	70.3%	67.6%	3.9%	84.2	77.1	9.2%	59.2	52.1	13.5%
Italia LFL & R	6,861	6,854	68.5%	68.4%	0.1%	105.5	112.3	-6.0%	72.3	76.8	-5.9%
B.U. Italia Consolidado	7,459	7,406	67.6%	66.9%	1.1%	108.2	111.7	-3.1%	73.2	74.7	-2.0%
Benelux LFL & R	8,169	8,287	66.5%	68.1%	-2.4%	97.5	91.7	6.3%	64.8	62.5	3.7%
B.U. Benelux Consolidado	8,396	8,341	66.3%	68.2%	-2.8%	97.9	91.8	6.6%	64.9	62.7	3.6%
Europa Central LFL & R	12,305	12,289	71.4%	69.6%	2.6%	87.6	82.3	6.4%	62.5	57.3	9.2%
Europa Central Consolidado	12,463	12,494	71.4%	69.5%	2.7%	87.5	82.4	6.2%	62.4	57.2	9.1%
Total Europa LFL & R	38,325	38,257	69.5%	68.5%	1.5%	91.7	88.3	3.9%	63.7	60.5	5.4%
Total Europa Consolidado	39,514	39,572	69.3%	68.2%	1.6%	92.5	88.2	4.8%	64.1	60.2	6.5%
Latinoamerica LFL & R	3,029	3,044	66.0%	66.6%	-0.9%	71.2	72.3	-1.5%	47.0	48.1	-2.4%
Latinoamerica Consolidado	5,204	4,876	61.9%	63.0%	-1.9%	74.7	72.4	3.2%	46.2	45.6	1.2%
NH Hoteles LFL & R	41,354	41,301	69.3%	68.4%	1.3%	90.3	87.1	3.6%	62.5	59.6	5.0%
Total NH Consolidado	44,718	44,448	68.4%	67.6%	1.2%	90.6	86.6	4.6%	62.0	58.6	5.8%

We detail below the way in which the above-mentioned data have been calculated:

		12M 2016 Miles Eur.	12M 2015 Miles Eur.
A	Room revenues	1,014,179	954,218
	Other revenues	433,724	422,416
	Revenues according to profit&loss statement	**1,447,903**	**1,376,634**
B	Thousands of Room nights	11,198	11,020
A / B = C	**ADR**	**90.6**	**86.6**
D	Occupancy	68.4%	67.6%
C x D	**RevPar**	**62.0**	**58.6**

II. Income Statement 12 MONTHS 2016 AND 2015

Page 7 of the Results Publication of 28 February 2017 shows a table headed "Recurring Hotel Activity" taken from the "Consolidated Income Statement" table on page 10 of the above-mentioned Results Publication. We explain below the significant APMs included on those tables.

II.1 INCOME STATEMENT 12 MONTHS 2016

We include below a summary of the table on page 7 of the Results Publication of 28 February 2017 obtained from recurring EBITDA excluding less costs included on the table on page 10 of the same Results Publication:

RECURRING HOTEL ACTIVITY 2016 VS 2015		
(€ millions)	12 M 2016	12 M 2015
Recurring EBITDA ex. onerous provision	180.9	149.5

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Summary table on page 10 of the Results Publication of 28 February 2017:

NH HOTEL GROUP P&L ACCOUNT				
(€ million)	**12M 2016**	**12M 2015***	**Var.**	
	M. Eur	**M. Eur**	**M. Eur**	**%**
TOTAL REVENUES	**1,474.6**	**1,395.5**	**79.1**	**5.7%**
Staff Cost	(515.1)	(496.4)	(18.7)	3.8%
Operating expenses	(477.0)	(457.0)	(20.1)	4.4%
GROSS OPERATING PROFIT	**482.5**	**442.1**	**40.3**	**9.1%**
Lease payments and property taxes	(301.6)	(292.6)	(9.0)	3.1%
EBITDA BEFORE ONEROUS	**180.9**	**149.5**	**31.4**	**21.0%**
Margin % of Revenues	12.3%	10.7%		1.6%
Onerous contract reversal provision	5.0	10.0	(5.0)	(49.9%)
EBITDA AFTER ONEROUS	**185.9**	**159.5**	**26.4**	**16.6%**
Depreciation	(101.7)	(94.8)	(6.9)	7.3%
EBIT	**84.1**	**64.7**	**19.5**	**30.1%**
Interest expense	(52.4)	(46.6)	(5.8)	12.4%
Income from minority equity interests	0.1	(1.1)	1.2	(106.7%)
EBT	**31.8**	**17.0**	**14.9**	**87.5%**
Corporate income tax	(17.0)	(17.3)	0.4	(2.0%)
NET INCOME before minorities	**14.9**	**(0.3)**	**15.2**	**n.a.**
Minority interests	(3.4)	(2.4)	(1.0)	43.1%
NET RECURRING INCOME	**11.5**	**(2.7)**	**14.2**	**n.a.**
Non Recurring EBITDA	43.9	(17.9)	61.8	n.a.
Other Non Recurring items	(24.6)	21.5	(46.1)	n.a.
NET INCOME including Non-Recurring	**30.8**	**0.9**	**29.8**	**n.a.**

** Includes Hoteles Royal from March 4, 2015*

We reconcile below the table shown in the Results Publication to the Condensed Consolidated Balance Sheet on the Consolidated Financial Statements. To this end, we have based ourselves on the income statement in the Results Publication to arrive at the consolidated financial statements:

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Year 2016

	APM	Reclasificaciones diferente presentación	Rebates	Gastos de medios de pago	Personal externalizado	Indemnizaciones extraordinarias	Venta activos	Venta y compra de sociedades	Deterioros y amortizaciones no recurrentes	Bajas de activo por enajenacion Inmovilizado	Litigios extraordinarios y otros No recurrentes	Otros	PL EEFF	ESTADO FINANCIEROS
APM Total ingresos	1,474.6	(1,474.6)	-	-	-	-	-	-	-	-	-	-		
Importe neto de la cifra de negocios	-	1,466.9	(18.1)	-	-	-	-	-	-	-	-	(0.8)	1,447.9	Importe neto de la cifra de negocios
Otros ingresos de explotación	-	7.7	-	-	-	-	-	-	-	-	-	-	7.7	Otros ingresos de explotación
APM TOTAL INGRESOS	**1,474.6**	**-**	**(18.1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.8)**	**1,455.6**	
Resultado neto de la enajenación de activos no corrientes	-	-	-	-	-	-	53.2	-	-	(11.8)	-	0.1	41.5	Rdo neto de la enajenación de activos no corrientes
APM Coste de personal	(515.1)	-	-	-	111.3	(12.0)	-	-	-	-			(415.9)	Gastos de personal
APM Gastos Directos de Gestión	(477.0)	(217)	-	14.5	(111.3)	-	-	-	-	-	(6.1)	1.2	(795.2)	Otros gastos de explotación
Aprovisionamientos	-	(85.0)	18.1	-	-	-	-	-	-	-	-	0.0	(66.9)	Aprovisionamientos
APM BENEFICIO DE GESTION	**482.5**	**(301.6)**	**-**	**14.5**	**-**	**(12.0)**	**53.2**	**-**	**-**	**(11.8)**	**(6.1)**	**0.5**	**219.2**	
APM Arrendamientos y Contribución Urb.	(301.6)	301.6	-	-	-	-	-	-	-	-	-	-	-	
APM EBITDA ANTES DE ONEROSOS	**180.9**	**-**	**-**	**14.5**	**-**	**(12.0)**	**53.2**	**-**	**-**	**(11.8)**	**(6.1)**	**0.5**	**219.2**	
APM Reversión Provisión C.Onerosos	5.0	-	-	-	-	-	-	-	(0.8)	-	-	-	4.2	Variación de la provisión de onerosos
APM EBITDA CON ONEROSOS	**185.9**	**-**	**-**	**14.5**	**-**	**(12.0)**	**53.2**	**-**	**(0.8)**	**(11.8)**	**(6.1)**	**0.5**	**223.4**	
Pérdidas netas por deterioro de activos	-	-	-	-	-	-	-	-	(2.7)	-	-	-	(2.7)	Pérdidas netas por deterioro de activos
APM Amortizaciones	(101.7)		-		-	-	-	-	(11.9)	-	-	(0.6)	(114.2)	Dotación a la amortización
APM EBIT	**84.1**	**-**	**-**	**14.5**	**-**	**(12.0)**	**53.2**	**-**	**(15.4)**	**(11.8)**	**(6.1)**	**(0.1)**	**106.5**	
Resultado enajenación inversiones financieras	-	1.1	-	-	-	-	-	8.8	-	-	-	-	9.9	Resultado enajenación inversiones financieras
APM Gastos Financieros Netos	(52.4)	(5.4)	-	(14.5)	-	-	-	-	-	-	-	(0.0)	(72.3)	Gastos financieros
Ingresos financieros	-	3.3	-	-	-	-	-	-	-	-	-	0.0	3.3	Ingresos financieros
Variación de valor razonable en instrumentos financieros	-	0.4	-	-	-	-	-	-	-	-	-	-	0.4	Variación de valor razonable en instrumentos financieros
Diferencias netas de cambio (Ingresos/(Gastos))	-	(3.6)	-	-	-	-	-	-	-	-	-	0.0	(3.6)	Diferencias netas de cambio (Ingresos/(Gastos))
APM Resultados Puesta en Equivalencia	0.1	-	-	-	-	-	-	-	-	-	-	0.0	0.1	Resultado de entidades valoradas por el método
APM EBT	**31.8**	**(4.2)**	**-**	**-**	**-**	**(12.0)**	**53.2**	**8.8**	**(15.4)**	**(11.8)**	**(6.1)**	**0.0**	**44.4**	**Beneficio antes de impuestos**
APM Impuesto Sobre Sociedades	(17.0)	9.0	-	-	-	-	-	-	-	-	-	-	(7.9)	Impuesto sobre Sociedades
APM Resultado antes de Minoritarios	**14.9**	**4.80**	**-**	**-**	**-**	**(12.0)**	**53.2**	**8.8**	**(15.4)**	**(11.8)**	**(6.1)**	**0.0**	**36.4**	**Beneficio del ejercicio actividad continuada**
APM Disponible para la venta	-	(2.3)	-	-	-	-	-	-	-	-	-	-	(2.3)	Rdos operaciones interrumpidas neto de impuestos
APM Resultado antes de Minoritarios	**14.9**	**2.5**	**-**	**-**	**-**	**(12.0)**	**53.2**	**8.8**	**(15.4)**	**(11.8)**	**(6.1)**	**0.0**	**34.1**	**Beneficio Intagral Total**
APM Intereses Minoritarios	(3.4)	-	-	-	-	-	-	-	-	-	-	-	(3.4)	Intereses minoritarios
APM Resultado Neto recurrente	**11.5**	**2.5**	**-**	**-**	**-**	**(12.0)**	**53.2**	**8.8**	**(15.4)**	**(11.8)**	**(6.1)**	**0.0**	**30.8**	**Beneficio atribuible a la Sociedad Dominante**
APM Ebitda no recurrente	43.9	-	-	-	-	12.0	(53.2)	(8.8)	-	-	6.1	0.0	-	
APM Otros elementos no recurrentes	(24.6)	(2.6)	-	-	-	-	-	-	15.4	11.8	-	-	-	
APM Resultado Neto incluyendo no recurrente	**30.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30.8**	**Beneficio atribuible a la Sociedad Dominante**

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Year 2015

	APM	Reclassifications and different presentation	Rebates	Financial expenses for means of payment	Outsourcing	Extraordinary indemnities	Assets Disposal	Entities disposal and purchase	Impaiment and non recurring depreciation	Scrapping	Extraordinary claims and other	Others	Profit and loss statment	Consolidated Statements
APM Total revenues	1,395.5	(1,395.5)	-	-	-	-	-	-	-	-	-	-	-	
Revenues	-	1,394.3	(18.3)	-	-	-	-	-	-	-	-	0.7	1,376.6	Revenues
Other Operating income	-	1.2	-	-	-	-	-	-	-	-	-	-	1.2	Other Operating income
APM TOTAL REVENUES	**1,395.5**	**-**	**(18.3)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**1,377.8**	
												-		
Net gains on disposal of non-current assets	-	-	-	-	-	-	8.8	-	-	(9.4)	-	(0.2)	(0.8)	Net gains on disposal of non-current assets
APM Staff Cost	(496.4)	-	-	-	107.0	(4.7)	-	-	-	-	(4.1)	-	(398.1)	APM Staff Cost
APM Operating expenses	(457.0)	(207)	-	13.1	(107.0)	-	(1.6)	-	-	-	(25.2)	(2.7)	(787.1)	APM Operating expenses
Procurements	-	(85.9)	18.3	-	-	-	-	-	-	-	-	-	(67.6)	Procurements
APM GROSS OPERATING PROFIT	**442.1**	**(292.6)**	**-**	**13.1**	**-**	**(4.7)**	**7.2**	**-**	**-**	**(9.4)**	**(29.2)**	**(2.3)**	**124.2**	
APM Lease payments and property taxes	(292.6)	292.6	-	-	-	-	-	-	-	-	-	-	-	
APM EBITDA BEFORE ONEROUS	**149.5**	**-**	**-**	**13.1**	**-**	**(4.7)**	**7.2**	**-**	**-**	**(9.4)**	**(29.2)**	**(2.3)**	**124.2**	
APM Onerous contract reversal provision	10.0	-	-	-	-	-	6.0	-	0.7	-	2.4	-	19.01	Variation in the provision of onerous contract
APM EBITDA AFTER ONEROUS	**159.5**	**-**	**-**	**13.1**	**-**	**(4.7)**	**13.1**	**-**	**0.7**	**(9.4)**	**(26.9)**	**(2.3)**	**143.2**	
Net Profits/(Losses) from asset impairment	-	-	-	-	-	-	-	-	30.9	-	-	-	30.9	Net Profits/(Losses) from asset impairment
APM Depreciation	(94.8)		-		-	-			(11.7)		-	0.3	(106.2)	Depreciation and amortisation charges
APM EBIT	**64.7**	**-**	**-**	**13.1**	**-**	**(4.7)**	**13.1**	**-**	**19.9**	**(9.4)**	**(26.9)**	**(1.9)**	**67.9**	
Gains on financial assets and liabilities and other	-	-	-	-	-	-	-	4.8	-	-	-	-	4.8	Gains on financial assets and liabilities and other
APM Interest expense	(46.6)	(10.6)	-	(13.1)	-	-	(4.4)	-	-	-	-	1.0	(73.7)	Finance costs
Finance income	-	5.2	-	-	-	-	-	-	-	-	-	-	5.2	Finance income
Change in fair value of financial instruments	-	4.5	-	-	-	-	-	-	-	-	-	0.2	4.7	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	2.1	-	-	-	-	-	-	-	-	-	-	2.1	Net exchange differences (Income/(Expense))
APM Income from minority equity interests	(1.1)	-	-	-	-	-	-	-	-	-	-	0.4	(0.7)	Profit (loss) from companies accounted for using the equit method
APM EBT	**17.0**	**1.2**	**-**	**-**	**-**	**(4.7)**	**8.7**	**4.8**	**19.9**	**(9.4)**	**(26.9)**	**(0.4)**	**10.3**	**Profit (losses) before tax from continuing operations**
APM Corporate income tax	(17.3)	4.2	-	-	-	-	-	-	-	-	-	-	(13.1)	Income tax
APM NET INCOME before minorities	**(0.3)**	**5.44**	**-**	**-**	**-**	**(4.7)**	**8.7**	**4.8**	**19.9**	**(9.4)**	**(26.9)**	**(0.4)**	**(2.8)**	**Profit for the financial year - continuing**
Profit (loss) for the year from discontinued operations net of tax	-	5.6	-	-	-	-	-	-	-	-	-	0.45	6.1	*Profit (loss) for the year from discontinued operations net of tax*
APM NET INCOME before minorities	**(0.3)**	**11.1**	**-**	**-**	**-**	**(4.7)**	**8.7**	**4.8**	**19.9**	**(9.4)**	**(26.9)**	**0.1**	**3.3**	**Profit for the financial year**
APM Minority interests	(2.4)	-	-	-	-	-	-	-	-	-	-	-	(2.4)	Non-controlling interests
APM Net Recurring Income	**(2.7)**	**11.1**	**-**	**-**	**-**	**(4.7)**	**8.7**	**4.8**	**19.9**	**(9.4)**	**(26.9)**	**0.1**	**0.9**	**Profits for the year attributable to Parent Company Shareholders**
APM Non Recurring EBITDA	(17.9)	-	-	-	-	4.7	(8.8)	(4.8)	-	-	26.8	-	-	
APM Other Non Recurring items	21.5	(11.1)	-	-	-	-	-	-	(19.9)	9.41	-	-	-	
APM NET INCOME including Non-Recurring	**0.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.9**	**Profits for the year attributable to Parent Company Shareholders**

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III. DEBT AND CASH FLOW STATEMENTS FOR 2016 AND 2015

III.1 Debt published in the Results Publication of 28 February 2017.

As of 31/12/2016 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule 2017	2018	2019	2020	2021	2022	2023	2024	Rest
Senior Credit Facilities												
Senior Secured Notes due 2019	250.0	-	250.0	-	-	250.0	-	-	-	-	-	-
Senior Secured Notes due 2023	285.0	-	285.0	-	-	-	-	-	-	285.0	-	-
Senior Secured RCF (3+2 years)	250.0	250.0	-	-	-	-	-	-	-	-	-	-
Total debt secured by the same Collateral	**785.0**	**250.0**	**535.0**	-	-	**250.0**	-	-	-	**285.0**	-	-
Other Secured loans	37.4	-	37.4	4.3	6.6	2.4	1.9	1.8	1.3	1.4	1.4	16.2
Total secured debt	**822.4**	**250.0**	**572.4**	**4.3**	**6.6**	**252.4**	**1.9**	**1.8**	**1.3**	**286.4**	**1.4**	**16.2**
Convertible Bonds due 2018	250.0	-	250.0	-	250.0	-	-	-	-	-	-	-
Unsecured loans **	80.1	58.9	21.2	19.0	1.1	0.7	0.3	-	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
Total unsecured debt	**370.1**	**58.9**	**311.2**	**19.0**	**251.1**	**0.7**	**0.3**	-	-	-	-	**40.0**
Total Gross Debt	**1,192.5**	**308.9**	**883.6**	**23.3**	**257.7**	**253.2**	**2.2**	**1.8**	**1.3**	**286.4**	**1.4**	**56.2**
Cash and cash equivalents ***			(136.7)									
Net debt			**746.8**									
Equity Component Convertible Bond			(11.3)		(11.3)							
Arranging loan expenses			(17.6)	(5.0)	(5.1)	(3.5)	(0.9)	(0.9)	(0.9)	(0.7)	(0.03)	(0.5)
Accrued interests			7.1	7.1								
Total adjusted net debt			**725.1**									

* Bilateral mortgage loans

** Comprises €9.9 million drawn under RCFs to be renewed in the short term and other debt facilities with amortization schedule

*** Does not include the market value of 9.6M treasury shares, of which 9.0M we lend to the joint lead managers of the convertible bonds. (9.6M shares at €3.845 closing price 30/12/16: €36.9M)

The above debt table is obtained from the consolidated financial statements that have been filed.

III.2 Cash flow statement included in the Results Publication of 28 February 2017.

Net financial debt at 31 December 2016 and 2015 is obtained from Note 15 on debt and the balance of the balance sheet line "Cash and cash equivalents," both of which are included in the annual accounts filed on 28 February 2017:

Note 15 to the annual accounts:

Instrument	Limit	Available	Disposed	Maturity 2016	2017	2018	2019	2020	2021	Remainder
Mortgages	**37,403**	-	**37,403**	-	**4,325**	**6,587**	**2,449**	**1,901**	**1,784**	**20,357**
Fixed rate	20,958	-	20,958	-	314	314	629	629	734	18,338
Variable interest	16,445	-	16,445	-	4,011	6,273	1,820	1,272	1,050	2,019
Subordinated loans	**40,000**	-	**40,000**	-	-	-	-	-	-	**40,000**
Variable interest	40,000	-	40,000	-	-	-	-	-	-	40,000
Convertible bonds	**238,724**	-	**238,724**	-	-	**238,724**	-	-	-	-
Fixed rate	238,724	-	238,724	-	-	238,724	-	-	-	-
Guaranteed senior notes mat. in 2019	**250,000**	-	**250,000**	-	-	-	**250,000**	-	-	-
Fixed rate	250,000	-	250,000	-	-	-	250,000	-	-	-
Guaranteed senior notes mat. in 2023	**285,000**	-	**285,000**	-	-	-	-	-	-	**285,000**
Fixed rate	285,000	-	285,000	-	-	-	-	-	-	285,000
Unsecured loans	**11,230**	-	**11,230**	-	**9,072**	**1,149**	**706**	**303**	-	-
Variable interest	11,230	-	11,230	-	9,072	1,149	706	303	-	-
SUBTOTAL	**862,357**	-	**862,357**	-	**13,397**	**246,460**	**253,155**	**2,204**	**1,784**	**345,357**
Secured credit line	**250,000**	**250,000**	-	-	-	-	-	-	-	-
Variable interest	250,000	250,000	-	-	-	-	-	-	-	-
Credit lines	**68,852**	**58,908**	**9,944**	-	**9,944**	-	-	-	-	-
Variable interest	68,852	58,908	9,944	-	9,944	-	-	-	-	-
Arrangement expenses	-	-	**(17,633)**	-	**(5,030)**	**(5,082)**	**(3,510)**	**(883)**	**(926)**	**(2,202)**
Borrowing costs	-	-	**7,148**	-	**7,149**	-	-	-	-	-
Borrowing at 31/12/2016	**1,181,208**	**308,908**	**861,816**	-	**25,458**	**241,379**	**249,645**	**1,321**	**858**	**343,155**
Borrowing at 31/12/2015	**929,523**	**30,833**	**886,921**	**78,885**	**56,380**	**413,610**	**248,352**	**2,377**	**618**	**86,699**

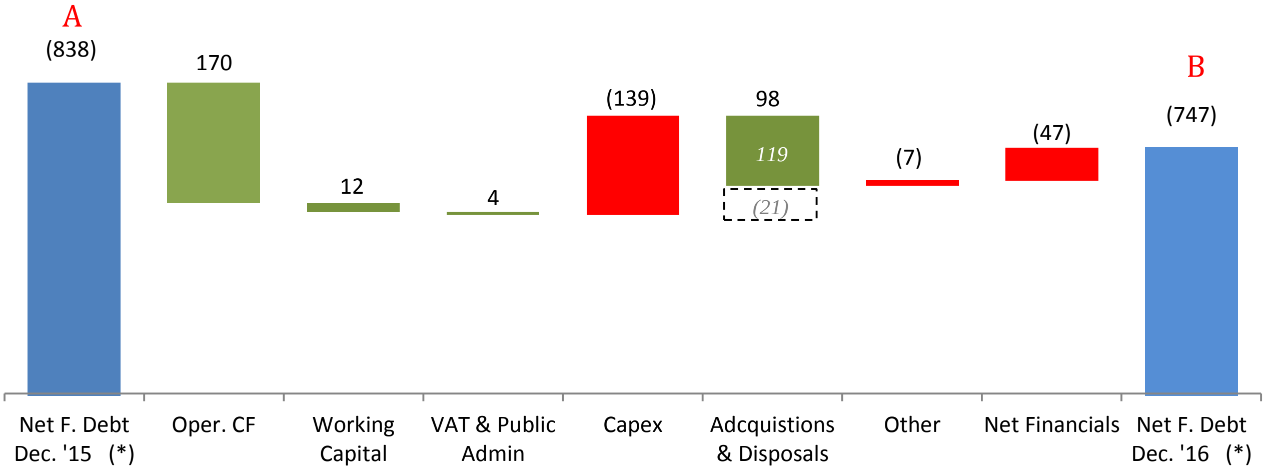
Net debt consists of the following amounts:

		2,016	2,015	VAR.
Debt instruments and other marketable securities according to financial statements		763,637	471,871	
Bank borrowings according to financial statements		72,720	336,165	
Bank borrowings and debt instruments ans other marketable securities according to financial statements		**836,357**	**808,036**	
Debt instruments and other marketable securities according to financial statements		2,233	3,613	
Bank borrowings according to financial statements		23,226	75,272	
Bank borrowings and debt instruments ans other marketable securities according to financial statements		**25,459**	**78,885**	
Total Bank borrowings and debt instruments ans other marketable securities according to financial statements		**861,816**	**886,921**	
Arrangement expenses	a	17,633	16,873	
Convertible liability	b	11,276	16,749	
Borrowing costs	c	(7,149)	(5,105)	
APM Gross debt		**883,576**	**915,438**	
Cash and cash equivalents according to financial statements		(136,733)	(77,699)	
APM Net Debt	B	**746,843**	A **837,739**	**(90,896)**

Note: The amount of the embedded derivative of the convertible bond is recorded by reducing the nominal bond amount. The nominal bond amount totals 250 million euros and the balance of the liability for the convertible bond at 31 December 2016 amounted to 238.724 million euros, so that the balance of the embedded derivative is 11.276 million euros.

Below we reconcile the variation in net financial debt shown in the Results Publication of 28 February 2017 on the following chart:

Development of Net Financial Debt in the 12 months of 2016



To do so we have taken each of the lines on the cash flow statement on the annual accounts showing the grouping:

	Net Debt Dec15	Working Capital	Vat & Public Admin	Other	Capex	Acquisitions& Disposals	Net Financials	Total
Totals	**(169.5)**	**(12.1)**	**(4.3)**	**7.5**	**139.4**	**(98.4)**	**46.6**	**(90.9)**
Adjusted profit (loss)	197.4							197.4
Income tax paid	(13.4)							(13.4)
Interest paid on debts and other interest	(14.5)							(14.5)
(Increase)/Decrease in inventories		(0.3)						(0.3)
(Increase)/Decrease in trade debtors and other accounts receivable		28.6						28.6
(Increase)/Decrease in trade payables		(16.2)						(16.2)
(Increase)/Decrease in VAT & Public Administration			4.3					4.3
(Increase)/Decrease in current assets				(0.0)				(0.0)
(Increase)/Decrease in other current liabilities				(3.8)				(3.8)
(Increase)/Decrease in provisions for contingencies and expenses				(7.7)				(7.7)
- Treasury shares				(2.4)				(2.4)
- Finance leases				(1.1)				(1.1)
- Otros financial liabilities (+/-)				0.8				0.8
5. Effect of exchange rate variations on cash and cahs equivalents (IV)				0.6				0.6
(Increase)/Decrease in other non current assets and liabilities and others				6.2				6.2
Tangible and intangible assets and investments in property					(139.4)			(139.4)
Variation in the scope of consolidation						(5.0)		(5.0)
Group companies, joint ventures and associates						14.8		14.8
Tangible and intangible assets and investment property						88.6		88.6
Interests paid on debts and other interests							(39.5)	(39.5)
Paid expenses due to the bond emission							(8.1)	(8.1)
Dividens paid out							(1.1)	(1.1)
Finance Income							2.0	2.0

All the above information has been obtained from the cash flow statement included on the interim condensed consolidated financial statements shown below:

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CONSOLIDATED CASH FLOW STATEMENTS PRODUCED IN THE PERIODS 2016 AND 2015

(Thousands of euros)

	31.12.2016	31.12.2015
1. OPERATING ACTIVITIES		
Consolidated profit (loss) before tax:	**44,358**	**10,320**
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	114,171	106,159
Impairment losses (net) (+/-)	2,685	(30,859)
Allocations for provisions (net) (+/-)	(4,163)	(19,014)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(41,526)	843
Gains/Losses on investments valued using the equity method (+/-)	(119)	663
Financial income (-)	(3,310)	(5,154)
Financial expenses and variation in fair value of financial instruments (+)	71,869	69,020
Net exchange differences (Income/(Expense))	3,561	(2,135)
Profit (loss) on disposal of financial investments	(9,856)	(4,828)
Other non-monetary items (+/-)	19,692	1,141
Adjusted profit (loss)	**197,362**	**126,156**
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	(290)	(801)
(Increase)/Decrease in trade debtors and other accounts receivable	28,622	(17,937)
(Increase)/Decrease in other current assets	13,960	6,353
Increase/(Decrease) in trade payables	(24,586)	10,352
Increase/(Decrease) in other current liabilities	(23,478)	(17,809)
Increase/(Decrease) in provisions for contingencies and expenses	(7,710)	(470)
(Increase)/Decrease in non-current assets	291	(8,169)
Increase/(Decrease) in non-current liabilities	5,784	2,330
Income tax paid	(13,381)	(9,707)
Total net cash flow from operating activities (I)	**176,574**	**90,298**
2. INVESTMENT ACTIVITIES		
Finance income	**2,013**	**4,806**
Investments (-):		
Group companies, joint ventures and associates	(5,597)	(273)
Tangible and intangible assets and investments in property	(139,392)	(176,083)
Non-current financial investments	-	(77,725)
	(144,989)	**(254,081)**
Disinvestment (+):		
Group companies, joint ventures and associates	-	19,643
Tangible and intangible assets and investments in property	88,590	12,804
Non-current financial investments	30,723	-
	119,313	**32,447**
Total net cash flow from investment activities (II)	**(23,663)**	**(216,828)**
3. FINANCING ACTIVITIES		
Dividends paid out (-)	(1,056)	-
Interest paid on debts (-)	(53,926)	(56,750)
Financial expenses for means of payment	(14,472)	(13,111)
Interest paid on debts and other interest	(39,454)	(41,242)
Variations in (+/-):		
Equity instruments		
- Treasury shares	(2,422)	1,244
Debt instruments:		
- Bonds and other tradable securities (+)	285,000	-
- Loans from credit institutions (+)	28,217	177,111
- Loans from credit institutions (-)	(349,874)	(125,617)
- Finance leases	(1,133)	(275)
- Other financial liabilities (+/-)	761	(2,509)
Total net cash flow from financing activities (III)	**(94,433)**	**(6,796)**
4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	58,478	(133,326)
5. Effect of exchange rate variations on cash and cash equivalents (IV)	591	3,064
6. Effect of variations in the scope of consolidation (V)	(35)	7,858
7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)	59,034	(122,404)
8. Cash and cash equivalents at the start of the financial year	**77,699**	**200,103**
9. Cash and cash equivalents at the end of the financial year (7+8)	**136,733**	**77,699**

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The indicated APMs have been defined and used from the standpoint of analysis of the performance of the business and the sector; the measures arising from the financial statements can be interpreted and are directly comparable with those of other groups in the sector, so that therefore we do not consider that the APMs have any greater significance than the financial statements themselves. At the end of each quarter the results are published in a presentation that includes the aforementioned APMs to provide regular information to investors and analysts on the evolution and management of the business. In addition, half-yearly and annual financial statements are published complying with the filing requirements required by applicable accounting rules.

Furthermore, we would indicate that in accordance with ESMA directives, for purposes of the routine presentation of results in financial year 2017 we will review all APMs so that they are as closely aligned as possible with the financial statements, as well as with the filing and reconciliation requirements established in the ESMA directives.

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Appendix II: Annual change in portfolio & current portfolio

New Agreements and Openings

Hotels Signed from 1 January to 31 December 2016

City / Country	Contract	# Rooms	Opening
Monterrey / Mexico	Leased	150	Q2 2017
Venice / Italy	Management	150	Q1 2018
Bariloche / Argentina	Management	95	Q2 2016
Toulouse / France	Leased	148	Q3 2018
Venice / Italy	Leased	144	Q3 2017
Antwerp / Belgium	Leased	180	2018
Mexico DF / Mexico	Management	144	Q2 2018
Puebla / Mexico	Management	140	Q2 2017
Eindhoven/ Holland	Leased	132	Q2 2017
Monterrey / Mexico	Leased	120	H1 2018
Leipzig / Germany	Leased	197	H2 2018
Santiago de Chile / Chile	Management	80	H1 2018
Mérida / Mexico	Leased	120	Q2 2018
Marsella / France	Management	150	Q2 2017
Milan / Italy	Leased	100	H2 2018
Santander / Spain	Leased	64	H2 2019
Total Signed		**2,114**	

Hotels Opened from 1 January to 31 December 2016

Hotels	City/Country	Contract	# Rooms
NH Suecia	Madrid, Spain	Leased	127
NH Collection Guadalajara Centro Hist.	Guadalajara, Mexico	Management	142
NH Collection Palazzo Cinquecento	Roma, Italy	Leased	177
NH Edelweiss	Bariloche, Argentina	Management	95
NH Collection León Expo	León / Mexico	Management	141
Now Onyx Punta Cana	Punta Cana / Dominican Rep.	Management	502
Total New Openings			**1,184**

Hotels exiting the NH Group from 1st January to 31 December 2016

Hotels	City / Country	Month	Contract	# Rooms
NH Midas	Roma / Italy	April	Lease	146
Hesperia Sabinal	Roquetas de Mar / Spain	May	Management	344
NH Alberto Aguilera	Madrid / Spain	July	Lease	515
NH Argüelles	Madrid / Spain	July	Lease	153
NH Livorno G. H. Palazzo	Livorno / Italy	October	Lease	123
NH Heidenheim	Hidenheim / Germany	November	Lease	83
NH Trujillo P. de Santa Marta	Trujillo / Spain	November	Management	50
Total Exists				**1,414**

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NH GROUP HOTELS OPENED AS OF 31 DECMEBER 2016 BY COUNTRY

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	135	16,817	2	77	9,183	11	1,816	40	5,227	7	591
B.U. SPAIN	PORTUGAL	3	278	-	2	171	-	-	1	107	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	52	7,991	1	35	5,482	13	1,880	4	629	-	-
B.U. BENELUX	HOLLAND	35	6,709	4	18	2,951	16	3,290	1	468	-	-
B.U. BENELUX	BELGIUM	11	1,619	-	3	502	8	1,117	-	-	-	-
B.U. BENELUX	FRANCE	2	397	-	2	397	-	-	-	-	-	-
B.U. BENELUX	ENGLAND	1	121	-	1	121	-	-	-	-	-	-
B.U. BENELUX	SOUTH AFRICA	1	198	-	1	198	-	-	-	-	-	-
B.U. BENELUX	LUXEMBOURG	1	148	1	1	148	-	-	-	-	-	-
B.U. CENTRAL EUROPE	GERMANY	58	10,355	5	53	9,355	5	1,000	-	-	-	-
B.U. EUROPA CENTRAL	AUSTRIA	6	1,183	1	6	1,183	-	-	-	-	-	-
B.U. EUROPA CENTRAL	SWITZERLAND	4	522	-	3	400	-	-	-	-	1	122
B.U. EUROPA CENTRAL	CZECH REPUBLIC	2	577	-	-	-	-	-	2	577	-	-
B.U. EUROPA CENTRAL	ROMANIA	2	161	-	1	83	-	-	1	78	-	-
B.U. EUROPA CENTRAL	HUNGARY	1	160	-	1	160	-	-	-	-	-	-
B.U. EUROPA CENTRAL	SLOVAQUIA	1	117	-	-	-	-	-	1	117	-	-
B.U. EUROPA CENTRAL	POLAND	1	93	-	-	-	-	-	-	-	1	93
B.U. EUROPA CENTRAL	UNITED STATES	1	242	-	-	-	1	242	-	-	-	-
B.U. THE AMERICAS	MEXICO	13	2,153	-	4	581	4	685	5	887	-	-
B.U. LAS AMERICAS	ARGENTINA	15	2,144	-	-	-	12	1,524	3	620	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	6	2,503	-	-	-	-	-	6	2,503	-	-
B.U. LAS AMERICAS	VENEZUELA	4	1,186	-	-	-	-	-	4	1,186	-	-
B.U. LAS AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. LAS AMERICAS	COLOMBIA	15	1,700	-	15	1,700	-	-	-	-	-	-
B.U. LAS AMERICAS	HAITI	1	72	-	-	-	-	-	1	72	-	-
B.U. LAS AMERICAS	CUBA	1	220	-	-	-	-	-	1	220	-	-
B.U. LAS AMERICAS	ECUADOR	1	112	-	1	112	-	-	-	-	-	-
B.U. LAS AMERICAS	CHILE	4	498	-	-	-	4	498	-	-	-	-
OPEN HOTELS		379	58,472	14	**224**	**32,727**	**75**	**12,188**	**71**	**12,751**	**9**	**806**

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SIGNED PROJECTS OF NH HOTELES GROUP AT 31 DECEMBER 2016

After the latest negotiations and cancellation of signed projects, the following hotels and rooms are still to be opened:

BUSINESS UNIT	COUNTRY	TOTAL		LEASED		OWNED		MANAGED	
		Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	2	158	2	158	-	-	-	-
B.U. CENTRAL EUROPE	GERMANY	3	600	3	600	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	1	144	1	144	-	-	-	-
B.U. ITALY	ITALY	4	598	3	448	-	-	1	150
B.U. BENELUX	BELGIUM	1	180	1	180	-	-	-	-
B.U. BENELUX	FRANCE	3	467	2	317	-	-	1	150
B.U. BENELUX	NETHERLANDS	2	782	2	782	-	-	-	-
B.U. BENELUX	UK	1	190	-	-	-	-	1	190
B.U. AMERICAS	PERU	1	164	-	-	-	-	1	164
B.U. AMERICAS	PANAMA	2	283	1	83	1	200	-	-
B.U. AMERICAS	BRASIL	1	180	1	180	-	-	-	-
B.U. AMERICAS	CHILE	3	361	-	-	-	-	3	361
B.U. AMERICAS	ARGENTINA	1	78	-	-	-	-	1	78
B.U. AMERICAS	MEXICO	6	774	3	390	-	-	3	384
TOTAL PROJECTS		**31**	**4,959**	**19**	**3,282**	**1**	**200**	**11**	**1,477**

Details of committed investment for the hotels indicated above by year of execution:

	2017	2018	2019
Expected Investment (€ millions)	9.9	14.8	4.9

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HOTEL GROUP

2016 Results Presentation Conference Call

Wednesday 1st of MARCH 2017, 13.00pm (CET)

NH Hotel Group invites you to take part in a conference call to discuss its results presentation:

Speakers	**Mr. Ramón Aragonés (CEO) and Ms. Beatriz Puente (CFO)**
Date	**01/03/2017**
Time	**13.00pm** (CET)

TELEPHONE NUMBER FOR THE CONFERENCE
Participant's access - 15/10 minutes before the conference starts

SPAIN

+34 91 790 08 84

PLAYBACK

Telephone number for the playback:	+34 91 789 63 20
Conference reference:	306973#

If you have any questions, please, do not hesitate to contact our Customer Service dialing +34 91 353 24 00 or writing e-mail to servicioalcliente@arkadin.es