

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

SIGNIFICANT EVENT

Further to the communications registered with the CNMV on 20 March 2017 and today –CNMV Register numbers 249779 and 249933, respectively-, NH announces that it has executed today a Purchase Agreement pursuant to which NH has undertaken to issue, and Deutsche Bank AG, London Branch has agreed, subject to the fulfilment or waiver of certain conditions, to subscribe for, an aggregate principal amount of €115,000,000 of NH’s 3.750% senior secured notes due 2023 (the “**New Notes**”). The New Notes will be issued at 103.375% of their nominal value implying a yield to maturity of 3.17%.

It is intended that the New Notes will be issued under, and will have the same terms and conditions as, the indenture governing NH’s existing €285,000,000 3.750% senior secured notes due 2023 –CNMV Register number 243226– (the “**Existing Notes**”).

The New Notes, together with cash on hand, will be used as consideration for the refinancing of an aggregate nominal amount of €150,000,000 of NH’s existing 6.875% senior secured notes due 2019 (the “**2013 Notes**”).

The New Notes are only offered in the United States of America to qualified institutional buyers in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and outside the United States of America to non-U.S. qualified investors pursuant to Regulation S under the Securities Act.

The issuance and disbursement of the New Notes is subject to customary closing conditions and settlement is expected to occur in the upcoming days.

After the announcement of the transaction, the rating agencies Standard & Poor’s, Moody’s and Fitch have maintained NH’s upgrade on its corporate credit rating, as well as the credit rating of its long-term senior debt, two notches above the corporate credit rating. In particular, Fitch has revised today NH’s Outlook to Positive from Stable to reflect the Company’s stronger than expected financial performance in 2016 and the expectation of a continued improvement during the next two years in most of the markets where it operates.

Attached is an annex containing further financial explanation, as well as a press release.

Madrid, March 24, 2017

Carlos Ulecia Palacios

General Secretary

Relevant legal information

This communication does not constitute and is not part of any offer or tender offer or subscription for securities in the United States of America or any other jurisdiction. The New Notes, the Existing Notes and the guarantees aforementioned have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). The New Notes, the Existing Notes and the guarantees may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offer of the New Notes, the Existing Notes or the guarantees in the United States of America. Copies of this announcement are not being, and should not be, distributed in or sent into the United States of America.

The Tender Offer referred to in the significant event communication dated 20 March 2017 –CNMV Register number 249779– is not open to any U.S. person (as defined in Regulation S under the Securities Act) or to any person located in the United States. Further restrictions apply in other jurisdictions including, among others, the United Kingdom, Italy and France.

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In member states of the Economic European Area (“**EEA**”), this announcement and any offer of securities if made subsequently is directed only at persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Directive 2003/71/CE on the prospectus that needs to be published in case of public offer or admission to listing in a securities market (the “**Prospectus Directive**”) as amended, in particular, by Directive 2010/73/UE of 24 November 2010, which amended the Prospectus Directive (“**Qualified Investors**”). Any person in the EEA who acquires securities in any offer of securities (an “**investor**”) or to whom any offer of securities is made will be deemed to have represented and agreed that it is a Qualified Investor. Any investor will also be deemed to have represented and agreed that any securities acquired by them in the offer have not been acquired on behalf of persons in the EEA other than Qualified Investors or persons in the UK and other Member States (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis, nor have the securities been acquired with a view to their offer or resale in the EEA to persons where this would result in a requirement for publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive. The Company and others will rely upon the truth and accuracy of the foregoing representations and agreements.

The New Notes, the Existing Notes and 2013 Notes have not been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*) and therefore the New Notes, the Existing Notes and the 2013 Notes may not be offered or sold or distributed to persons in Spain except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 35 of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, or pursuant to an exemption from registration in

accordance with Royal Decree 1310/2005 as amended (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and any regulations developing it which may be in force from time to time.

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This announcement may include forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" or by the use of similar expressions or variations on such expressions. Forward-looking statements are based on current plans, estimates and projections and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Any forward-looking statements made in this announcement speak only as of the date hereof. The Company does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this announcement nor assumes any responsibility to do so.



REFINANCING PRESENTATION

24 March 2017

nh | HOTEL GROUP



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This presentation includes "forward-looking statements". These statements may contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's projects and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. Each of the Company, other relevant group entities and their respective agents, employees and advisers, expressly disclaims any obligation or undertaking to update any forward-looking statements contained herein. Prospective investors should not place undue reliance on any of those forward looking statements.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. All information not separately sourced are from Company data.

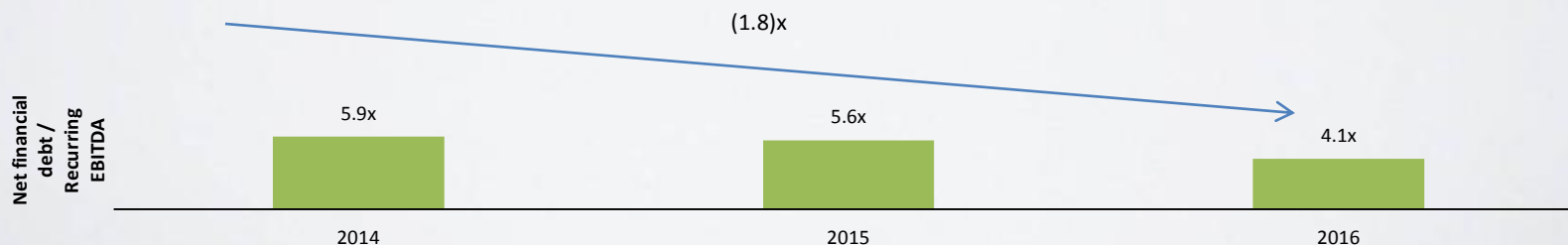
NH HOTEL GROUP: A SOLID GROWTH STORY

- Leading European urban hotel operator with diversified portfolio benefiting from premium positioning and significant asset value underpinning the business
- Investment phase successfully executed:
 - 1 Key hotels repositioned and “brilliant basics” implemented across the portfolio
 - 2 New revenue management tools and IT systems
 - 3 Optimized portfolio through asset sales and renegotiation and cancellation of loss making contracts

Resulting in

- Net turnover increase from €1,265m in 2014 to €1,475m in 2016
- Growing Recurring EBITDA from €111m in 2014 to €181m in 2016

Strong cash flow conversion leading to fast deleveraging



Source: Company data
Note: Based on 2016 results publication

REFINANCING OBJECTIVES WITH THIS TRANSACTION

- On the back of continued positive performance, NHH has used the proceeds from the issuance of a Tap of the Bond due 2023 of c. €115m, alongside c. €50m cash on balance sheet, to refinance c. €150m of the existing Bond due 2019
- A “Tap” is an increase of the Bond 2023 that will benefit from the same maturity and covenants than those agreed in September 2016
- Key accomplishments of this transaction are:
 - ✓ Reduced yield by c. 4% (from 6.875% to a “yield to maturity “ of 3.17% and to a “yield to worst” of 2.94%)
 - ✓ Reduced gross debt by €35m
 - ✓ Extended maturity by c. 4 years (from 2019 to 2023)
- The Company maintains its strong liquidity position of c.€400m out of which €250m are the long term RCF (3 years + 2 years maturity)
- Corporate and issue ratings have remained unchanged and Fitch has announced the upgrading outlook from “Stable” to “Positive”

Rating	NHH	Bond 2019	Bond 2023
S&P	B	BB-	BB-
Fitch	B	BB-	BB-
Moody's	B2	n/a	Ba3

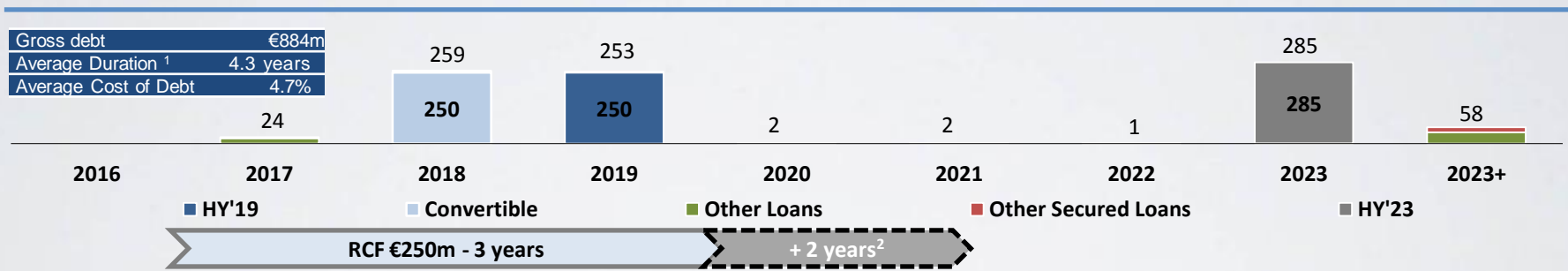
Source: Company data

SUCCESSFUL EXTENSION OF NH HOTEL GROUP MATURITY PROFILE SINCE 2015

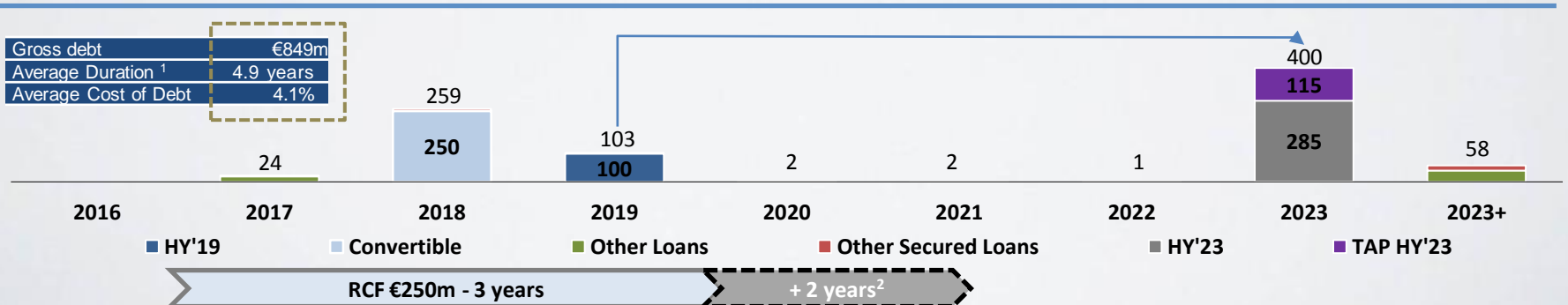
Maturity profile as of December 2015 (€m)



Maturity profile as of December 2016 (€m)



Maturity profile pro forma for the refinancing as of December 2016 (€m)



Source: Company data

¹ Excludes subordinated loan of €40m due 2037

² Automatic extension of maturity from 2019 to 2021 upon refinancing of HY 2019

CLOSING REMARKS

- 1 Leading European hotel operator with diversified portfolio base and well recognised brands
- 2 Focus on urban hotels in the upscale / upper upscale segment
- 3 Significant asset value underpinning the business
- 4 Investment phase successfully executed
- 5 Attractive market fundamentals
- 6 All this leading to improvement in cash flow generation, efficiency improvement and deleveraging

APPENDIX



SOURCES AND USES FOR THE TRANSACTION

Sources & Uses

Sources	€m	Uses	€m
2023 Senior Secured Tap proceeds	119	Repayment of the 6.875% bond ¹	166
Cash	49	Transaction costs	2
Total sources	168	Total uses	168

€115m @
103.375

€150m @ 107.9

PRO FORMA GROUP STRUCTURE CHART

Issuer and Guarantor Coverage (%) ⁵	2016
Revenues	82.9%
EBITDA	84.6%
Assets	81.8%

High yield and RCF collateral assets

As of December 2016

Mortgages (€m)	Valuation ¹
Netherlands	396
Total	396

Share pledges (€m)	Valuation ¹
Belgium - Diegem shares	159
Netherlands - NH Zandvoort	27
NH Italia (100%)	661
Total	847

Total collateral (€m)	1,243
PF LTV ⁴	40%

Secured by the same collateral and guarantors

€100 million HY 2019

€285m million HY 2023 + c.€115m New Tap

€250 million Undrawn RCF

Shareholders²
(Market capitalisation of €1.5bn³)

NH Hotel Group SA
(the 'Issuer')
(€804m⁶ of drawn debt)

€250 million unsecured convertible notes

€40 million subordinated loan

NH Finance SA
(€3m of drawn debt)

Other Guarantor subsidiaries
(€2m of drawn debt)

Non Guarantor subsidiaries
(€40m of drawn debt)

¹ Based on Duff & Phelps report as of December 2016

² The Issuer is listed on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges (Bolsas de Valores de Madrid, Bilbao, Valencia y Barcelona) with an authorized share capital of €700,543,576, consisting of 350,271,788 shares as of 31 December 2016

³ As of 21 March 2017

⁴ Revolving Credit Facility fully undrawn

⁵ Based on revenue of €1,447.9m, EBITDA of €219.2m and assets of €2,627.2m

⁶ Including €14m of other unsecured credit facilities located at the issuer

NH HOTEL GROUP SUCCESSFULLY PRICES €115M OF BONDS IN ORDER TO REFINANCE EXISTING DEBT ON MORE FAVOURABLE TERMS AND EXTEND ITS MATURITY PROFILE

- **The Group has priced €115 million of senior secured bonds on the market by upsizing the bond issued in September 2016. The new upsized bonds have a coupon of 3.75% and are due in 2023 as the ones issued in September 2016; however, they were issued at a premium to par of 3.375%, implying a yield to maturity of around 3%**
- **The rationale for this transaction is to proactively address the Group's upcoming maturities, extend the average life of its debt, reduce gross debt and lower borrowing costs**
- **Using the proceeds from this transaction, coupled with an additional cash contribution, NH Hotel Group will refinance €150 million of the bonds issued in 2013 with a coupon of 6.875% (significantly above the 3% yield to maturity of the bonds issued today), to extend its maturity profile and to reduce gross debt**
- **The new issue, whose terms are more attractive relative to the bonds issued in 2013, is subject to the same regime as the bonds due 2023 issued last year; indeed the new bonds and the 2016 bonds are fungible and have been rolled into a single €400 million tranche**
- **After the transaction announcement, the three rating agencies that cover the Company have maintained their credit ratings and Fitch has upgraded its outlook from “stable” to “positive”**

Madrid, 24 March 2017 - NH Hotel Group has successfully priced new senior secured bonds on the market with the aim of extending the Company's debt maturity profile for the coming years, increase the average life of its debt, bringing down average borrowing costs and reducing gross debt.

Taking advantage of the Group's business and earnings momentum, coupled with a strong capital markets environment, the Company has opted strategically to refinance a portion of the bonds it issued in 2013 ahead of maturity by upsizing the issue carried out in September of last year.

Specifically, the Group has priced €115 million of additional bonds today. The terms of the new bonds, which carry a coupon of 3.75% and are due in 2023, are similar to those issued in 2016; indeed the two bond issues have been rolled into a single €400 million tranche. However, today's bonds were priced at premium to par of 3.375%, implying a yield to maturity of around 3%.

Thanks to this transaction, NH Hotel Group will refinance €150 million of bonds issued in 2013 at 6.875%, a coupon that is significantly higher than the effective rate on the bonds issued today, extend its debt maturity profile and reduce gross debt, using the proceeds from this new issue, with the remainder coming from cash on balance sheet.

For further information:

Department contact details
T: +34 91 3960506
T: +34 91 4519718 (switchboard)
comunicacion@nh-hotels.com
www.nh-hotels.com



Following the deal announcement, rating agencies such as Standard & Poor's, Moody's and Fitch reiterated both their recent corporate credit ratings as well as those assigned to the senior debt, that are two notches above corporate rating.

In the case of Fitch, the agency has upgraded today its outlook from "stable" to "positive" as a result of the Company's enhanced results in 2016 and its perspectives of improvement in most markets in the upcoming years.

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.

NH Hotel Group's Communications Department

Tel: +34 91 396 0506

Tel: +34 91 451 9718 (switchboard)

Email: comunicacion@nh-hotels.com

Corporate website: www.nhhotelgroup.com

Social media:

www.nh-hotels.com/social-media

Twitter | LinkedIn | YouTube



For further information:

Department contact details

T: +34 91 3960506

T: +34 91 4519718 (switchboard)

comunicacion@nh-hotels.com

www.nh-hotels.com



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