

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

NH Hotel Group, S.A. (through its subsidiary Dutch Olofskapel Monumenten B.V. and Onroerend Goed Beheer Maatschappij Prins Hendrikkade Amsterdam B.V.) has reached a binding agreement with the German Fund Deka Immobilien GmbH for the sale and lease back of the real estate property where the Hotel NH Collection Barbizon Palace in Amsterdam is located.

The lease contract of the real estate property, with variable rent, will allow NH (through its subsidiary Dutch Palatium Amstelodamun N.V.) to maintain the hotel business of the NH Collection Barbizon Palace by an initial period of 20 years, with the option to exercise 2 extensions of 20 years each.

The agreed asset value is 155.5 million euros, with a net cash inflow of 122.4 million Euros, which implies accounting gains for the NH Group a capital gain amounting to 55 million Euros.

The closing of the transaction and the disbursement of the price will be held in the coming days, which will be communicated promptly to the markets.

Attached press release and detailed presentation of the operation.

Madrid, 28th December 2017

Carlos Ulecia Palacios
General Secretary

NH HOTEL GROUP SUCCESSFULLY DELIVERS ON ITS ASSET ROTATION COMMITMENT, REITERATES 2018 GUIDANCE FOR EBITDA GROWTH AND BRINGS ITS DELEVERAGING TARGET FORWARD

- **NH Hotel Group has reached an agreement with German asset manager Deka Immobilien for the sale and lease back of the real estate property where the NH Collection Barbizon Palace hotel is located in Amsterdam**
- **The transaction, framed by NH Hotel Group's asset rotation strategy, implies the sale of the real estate property for €155.5 million (€584.5k/room)**
- **Moreover, the sale of this real estate property enables the Group to top the guidance set in the 2017-2019 business plan and will generate an estimated gain for accounting purposes of €55 million in 2018, without any impact on the Group's EBITDA objective that year**
- **With this deal, NH Hotel Group has taken advantage of the current liquidity window to reduce its exposure to real estate, while maintaining operation of the establishment under a sustainable variable-rent lease for 20 years, extendable to 60**
- **This long-term arrangement will benefit from 2017 from the complete refurbishment undertaken last year at the hotel which has 274 rooms (95% freehold), 1,000m² of space for meetings and events and the prestigious Vermeer restaurant which boasts one Michelin star, not to mention the steady attraction and solid business performance of one of Europe's most important tourist destinations**

Madrid, 28 December 2017. NH Hotel Group, a consolidated multinational operator reference in the European hotel segment, has entered into a binding agreement with the German asset manager Deka Immobilien for the sale and lease back of the real estate property where the NH Collection Barbizon Palace hotel is located, in the heart of Amsterdam close to its Central station.

The agreed transaction, which is expected to close by the end of January 2018, implies the sale of the real estate property for €155.5 million (equivalent to €584.5k/room) and will result in the recognition of an estimated accounting gain of €55 million in 2018, without affecting the Group's EBITDA target for that year.

Thanks to the agreement, this hotel's potential and the plans being executed by the Company, NH Hotel Group is in a position to reiterate its guidance for growth in 2018, specifically its target of delivering EBITDA of an estimated €260 million. In parallel, the Group will improve its financial position by bringing its leverage ratio within an estimated range of between 1.2x* and 2.1x by year-end 2018.

Under the scope of this transaction, the parties have negotiated a leaseback agreement with a variable rent with minimum guaranteed, which will enable NH Hotel Group to continue to operate the hotel on sustainable and profitable terms for an initial period of 20 years; the Company has the option of extending the lease for two additional 20-year periods. As a result, this deal balances NH Hotel Group's ownership structure in the

For more information:

Department contact details
T: +34 91 3960506
T: +34 91 451 9718 (switchboard)
comunicacion@nh-hotels.com
www.nh-hotels.com



Netherlands, where it operates 36 hotels with 6,841 rooms, 56% of which will be operated under lease or management regimes following the transaction.

Ramón Aragonés, CEO of NH Hotel Group, said that the “*successful close of this deal is the direct consequence of the privileged positioning of the properties owned by the Group, coupled with a smart and efficient asset rotation strategy designed to maximise the value of NH Hotel Group's property portfolio*”.

The hotel, whose 274 rooms (95% freehold) occupy a historic complex which dates to the seventeenth century, has 12 rooms spanning 1,000m² for hosting events and meetings and also houses the Vermeer restaurant, with one Michelin star, which is run by the prestigious chef Chris Naylor. Following a complete refurbishment undertaken last year in order to bring the establishment within the Group's upper-upscale brand NH Collection, there is substantial scope for lifting the hotel's business volumes and profitability from 2017; indeed, this hotel's EBITDA is expected to be 30% higher in 2018 than in 2015, which would imply a compound annual growth of its average rate of 9.1%.

*Assuming the conversion of the Bond in November 2018.

About NH Hotel Group

NH Hotel Group (www.nhhotelgroup.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 31 markets across Europe, the Americas and Africa, 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 Communication Department

Tel: +34 91 451 451 9718 (switchboard)

Email: comunicacion@nh-hotels.com

Corporate website: www.nhhotelgroup.com

Social media:

www.nh-hotels.com/social-media

Twitter | LinkedIn | YouTube | Instagram



For more information:

Department contact details

T: +34 91 3960506

T: +34 91 451 9718 (switchboard)

comunicacion@nh-hotels.com

www.nh-hotels.com



ASSET MANAGEMENT TRANSACTION: NH COLLECTION AMSTERDAM BARBIZON PALACE



28th December 2017

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Key Transaction Terms

Transaction Summary	Sale of the building where the NH Collection Amsterdam Barbizon Palace hotel is located to Deka Group for €155.5m implying a valuation of €584.500 per room Leaseback agreement for 20 years with two renewals for NH of 20 years each maintaining the operation of the asset with very competitive and sustainable ratios
Transaction Price	Gross price: €155.5m / Net Cash after tax: €122.4m ⁽¹⁾ Net Capital Gain estimated: c.€55m ⁽¹⁾
Leaseback agreement	Long term variable lease of the building with minimum guaranteed Term: 20 years with two renewals for NH of 20 years each Variable rent: 28.6% over total revenues Fixed rent coverage 1.9x ⁽²⁾ / 75% CPI Index / Basket of Losses to limit downside
Timing	Signing 28 th December: SPA & Lease agreement Expected completion late January 2018: Transfer of the asset and cash in proceeds

⁽¹⁾ January 2018

⁽²⁾ EBITDAR / Fixed Rent

Hotel Description

5- star hotel with 274 rooms (95% freehold) + 1,000m2 of meeting facilities
Location just opposite Amsterdam's Central Station



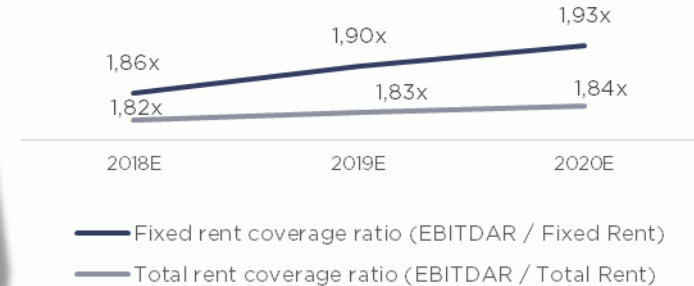
KPIs	2013	2014	2015	2016	2017E	2018E
ADR	134	136	158	173	192	205
Occupancy	82%	80%	81%	81%	81%	81%
Revenues	€15.5m	€15.2m	€17.0m	€13.1m	€20.1m	€21.4m
EBITDAR						€11.2m
EBITDA	€7.7m	€7.0m	€8.6m	€4.6m	€9.7m	€5.0m

- Hotel with strong and resilient track record
- Refurbishment Capex executed in 2016 with “ramp-up” in 2017 and 2018:
 - €12m investment
 - ADR +9.1% CAGR 2015-2018E
 - EBITDA +30% (+9.2% CAGR 2015-2018E)
 - 22% Return on investment (EBITDA increase / investment)
- Amsterdam proved to be a stable and consolidated market:
 - Most attractive European city for hotel investment
 - Stable demand in the city with limited new supply due to development restrictions in the city center
 - European Medicines Agency (EMA) will relocate to Amsterdam by 2019

Additional value: Long Term high sustainable contract

- Variable lease with minimum guaranteed
 - Variable rent: 28.6% over total revenues
 - 75% CPI Index of Fixed rent
- Tenure: 20 years with two renewals for NH of 20 years each
- Sustainable contract:
 - Fixed rent coverage 1.9x ⁽¹⁾
 - Basket of Losses to limit downside in a potential change of the cycle
- Future Capex: NH is in charge of the maintenance capex

Rent coverage ratio evolution ⁽²⁾



Significant value of the Leased Contract besides the disposal

⁽¹⁾ EBITDAR / Fixed Rent

⁽²⁾ Excluding allocation of centralized costs & HQ

NH Financial Targets preserved in 2018 despite lease impact

EBITDA

2018E EBITDA target of €260m is maintained with an action plan to cover the lease impact

Leverage

Improvement of leverage ratio (Net Financial Debt / Recurring EBITDA):

- Higher cash proceeds compared to New York expectation more than compensating the potential refurbishment of the hotel in NY
- Cash in expected late January 2018
- 2018E: 1.2x⁽¹⁾-2.1x, subject to 2018 Bond conversion

Valuation

Opportunity to crystalize value of real estate properties
Gross price: €155.5m implying a valuation of €584.500 per room
Significant estimated capital gain of c. 55m expected in 2018

⁽¹⁾ Assuming the conversion of the Bond in November 2018



⁽¹⁾ Assuming the conversion of the Bond in November 2018

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