

In compliance with the provisions of Article 17 of Regulation (EU) 596/2014 of 16 April 2014 on Market Abuse and Article 228 of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and its complementary regulations, NH Hotel Group, S.A. (hereinafter, “**NH Hotel Group**” or the “**Company**”) hereby notifies the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) the following

RELEVANT EVENT

Reference is made to the Relevant Facts dated 2 and 5 October 2018 (under registration numbers 270,111 and 270,236, respectively) in which the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) disclosed the authorisation and acceptance period of the mandatory takeover bid (the “**Bid**”) launched by MHG Continental Holding (Singapore) Pte. Ltd (the “**Bidder**”) (a company fully owned by Minor International Public Limited) for all the shares representing the share capital of NH Hotel Group at an initial price of 6.30 euros per share.

In accordance with article 134.4 of the restated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October and articles 24 and 31.6 of Royal Decree 1066/2007 of 27 July on the rules applicable to takeover bids for securities, the Company submits the mandatory Report from the Board of Directors of NH Hotel Group in relation to the mandatory takeover bid, approved at the meeting held on the date hereof by the majority vote of the directors in attendance. The meeting was attended by all the directors, except for Mr William Ellwood Heinecke, Mr Emmanuel Jude Dillipraj Rajakarier and Mr Stephen Andrew Chojnacki, who were not present or represented by others due to the existence of a conflict of interests situation in relation to the Bid, as proprietary directors of the Bidder.

Madrid, 8 October 2018

Carlos Ulecia
General Secretary

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REPORT OF THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A. IN RELATION TO THE TAKEOVER BID MADE BY MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD

The Board of Directors of NH Hotel Group, S.A. (the “**Board of Directors**” and “**NH Hotel Group**” or the “**Company**”, respectively), in the meeting held on 8 October 2018 at its registered address, has drawn up and approved this report in connection with the mandatory takeover bid launched by MHG Continental Holding (Singapore) Pte. Ltd. (“**MHG**” or the “**Bidder**”), a company indirectly wholly-owned by Minor International Public Limited, for all shares of NH Hotel Group (the “**Bid**”). This report is issued pursuant to article 134.4 of the restated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October (*Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre*) (“**Securities Market Act**”), and article 24 of Royal Decree 1066/2007 of July 27, on rules applicable to takeover bids for securities (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) (“**Royal Decree 1066/2007**”).

It is hereby stated that all the members of the Board of Directors attended the meeting, except for Mr William Ellwood Heinecke, Mr Emmanuel Jude Dillipraj Rajakarier and Mr Stephen Andrew Chojnacki, who were not present or represented by others due to the existence of a conflict of interests situation in relation to the Bid, as proprietary directors of the Bidder. This report has been approved with the favourable vote of all its members except for Grupo Inversor Hesperia, S.A. and Mr José Antonio Castro Sousa.

The Bid was authorised by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) on 2 October 2018, and such authorisation was disclosed by the CNMV by means of a relevant fact notice (register number 270,111). The terms and conditions of the Bid are described in detail in the explanatory prospectus prepared by the Bidder and approved by the CNMV, which has been made available to the public on the websites of the CNMV (www.cnmv.es) and the Company (<https://www.nh-hotels.com/corporate>) (the “**Prospectus**”), in accordance with article 22 of Royal Decree 1066/2007.

The Board of Directors of NH Hotel Group notes the compulsory but non-binding nature of this report and of the opinions expressed herein, and that it is up to each shareholder, according to their individual situation and interests, to decide whether or not to accept the Bid.

1. KEY FEATURES OF THE BID

According to the Prospectus, the Bid’s key features are as follows:

1.1 Bidder

The Bidder is MHG Continental Holding (Singapore) Pte. Ltd., a company incorporated under the laws of Singapore, with registered address at 80 Robinson Road # 02-00 Singapore (068898), LEI code 254900JK1HF7AJCDDO46 and registered with the Accounting and

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Corporate Regulatory Authority of Singapore under registration number 201209158D. The shares of the Bidder are not listed on any market.

In accordance with article 42 of the Commercial Code by reference of article 5 of the Securities Market Act, the Bidder represents in the Prospectus that it is controlled indirectly by Minor International Public Company Limited (“**MINT**”), a company incorporated under the laws of Thailand, with registered address at 16, Berli Jucker House, 99 Soi Rubia, Sukhumvit 42 Road, Kwaeng Phrakonong, Khet Klongtoey, Bangkok, Thailand, under registration number 0107536000919. The shares of MINT are admitted to trading on The Stock Exchange of Thailand. Likewise, the Bidder represents in the Prospectus that MINT is the indirect holder, through wholly-owned subsidiaries, of 100% of the share capital of the Bidder.

Moreover, the Bidder says in the Prospectus that no individual person or legal entity individually or concertedly controls the Bidder pursuant to article 42 of the Commercial Code by reference of article 5 of the Securities Market Act and the applicable regulation in Thailand.

1.2 Securities subject to the Bid

According to the information provided in the Prospectus, the Bid is targeted at the entire share capital of NH Hotel Group, excluding the shares of the Company held by the Bidder (181,376,226 shares, representing 46.25% of the share capital and 46.32% of the voting rights, following deduction of the treasury shares of the Company). These shares will be locked-up until the Bid is completed. Therefore, the Bid is effectively targeted at the acquisition of the remaining 210,804,017 shares of NH Hotel Group, accounting for 53.75% of its share capital (including the 600,000 own shares that the Company currently holds in treasury).

Nevertheless, as mentioned in section 4.4.3. of this report, from the date of the Prospectus, the Bidder acquired a total of 500,000 shares of NH Hotel Group, representing 0.13% of its share capital, through stock exchange transactions at a price of 6.295 euros per share. Therefore, the Bid is effectively targeted at the acquisition of the remaining 210,304,017 shares of NH Hotel Group, accounting for 53.62% of its share capital (including the 600,000 own shares that the Company currently holds in treasury).

There are no securities of the Company other than the shares subject to the Bid at which the Bid must be targeted, since NH Hotel Group has not issued any preferential subscription rights, non-voting shares, bonds that may be converted into NH Hotel Group’s shares, exchangeable securities or warrants, nor any other similar instrument which may entitle the holder directly or indirectly to acquire or subscribe for NH Hotel Group’s shares, without prejudice to the undertakings made by the Company in favour of the beneficiaries of the shares incentive plans (*Performance Shares Plan 2014-2019* and *Performance Shares Plan 2017-2022*) approved by the General Shareholders Meeting on 25 June 2013 and 29 June 2017. The incentive plans do not foresee any accelerated vesting as a result of a change of control in NH Hotel Group nor as a result of the launching of the Bid.

The Bid is made only and exclusively in the Spanish market and is addressed to all the shareholders of NH Hotel Group regardless of their nationality or place of residence. In particular, the Prospectus provides that the Bid will not be made directly or indirectly in the

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United States of America, nor in any other jurisdiction where the making of the Bid may constitute a breach of the applicable legislation in such jurisdiction or would require the distribution or registration of any document in addition to the Prospectus.

The terms of the Bid are the same for all the shares of NH Hotel Group subject to the Bid, with the Bidder offering the consideration mentioned in subsection 2.1 of Chapter II of the Prospectus.

1.3 Type of Bid

Despite being announced and filed as a voluntary bid, the Bid became mandatory according to article 13 of Royal Decree 1066/2007 and article 137 of the Securities Market Act, given that the Bidder has obtained the control of the Company on 9 August 2018, as a result of its acquisition of 22,496,064 shares of NH Hotel Group, representing 5.74% of its share capital after the execution of the share sale and purchase transaction described in section 4.4 below which, in addition to the 116,945,043 shares, representing 29.82% of the share capital of NH Hotel Group already held by the Bidder, result in a total stake of 139,441,107 shares of NH Hotel Group, representing 35.55% of the share capital of the Company.

1.4 Consideration offered

The Bid is made as a sale and purchase of shares, currently offering to the shareholders of NH Hotel Group a consideration of EUR 6.30 per share fully in cash (the “**Bid Price**”).

According to the prior announcement of the Bid published by the Bidder on 11 June 2018 and the application for authorisation of the Bid submitted to the CNMV on 10 July 2018, the consideration initially offered was EUR 6.40 per share of NH Hotel Group, which the Bidder stated would be reduced by the gross amount of any dividend or distribution which NH Hotel Group approved prior to the settlement of the Bid.

In this regard, and following the approval of the proposal for the allocation of the net income for 2017 by the ordinary General Shareholders Meeting held on 21 June 2018 (relevant fact notice dated 21 July 2018 with register number 267,058), the dividend amounting to EUR 0.10 gross per share was paid on 27 July 2018 to shareholders recorded as such on 26 July 2018, whereby the Bidder reduced the consideration initially offered by the gross amount of the aforementioned dividend, setting the consideration at EUR 6.30 per share when publishing the Prospectus.

The Bid is a mandatory bid, thus it is required that the consideration offered is deemed an equitable one. As expressed by the Bidder in the Prospectus approved by the CNMV, the Bidder acknowledges that the consideration offered is an equitable price, pursuant to article 9 of Royal Decree 1066/2007, since (i) such consideration constitutes the highest price paid or agreed to in the acquisitions of NH shares made or agreed to indirectly by MINT in the 12 months prior to the publication of the prior announcement of the Bid and from then until the publication of this Prospectus and by virtue of which MINT has obtained a controlling stake in NH; (ii) there is no additional consideration to that agreed or paid in the referred acquisitions; (iii) no deferred payment has been agreed; and (iv) none of the circumstances of Article 9 of RD 1066/2007 that requires the amendment of the equitable price have occurred.

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1.5 Acceptance period

As provided in the Prospectus, the Bid's acceptance period has been set by the Bidder at 15 calendar days starting on 8 October 2018, which is the trading day following the publication date of the first announcement of the Bid and will expire at 24:00 hours (CET) on 22 October 2018, as the CNMV informed in its release dated 5 October 2018.

1.6 Financing for the Bid

The Bidder mentions in the Prospectus that it will finance the Bid and has financed the acquisition of shares outside the Bid through bank debt. As described in section 1.4 of the Prospectus, the Bid will be financed by Bangkok Bank Public Company Limited by means of a credit facility agreement that has currently in place with MINT, which main covenant is to maintain a Debt to Equity ratio below 1.75 times, calculated on a consolidated basis.

According to the information provided by the Bidder in the Prospectus, and in accordance with article 15 of Royal Decree 1066/2007, the payment of the Bid Price is secured by a bank guarantee issued by Bangkok Bank Public Company Limited for an aggregate amount of EUR 1,387,747,182, which represents an amount greater than the maximum consideration payable under the Bid.

1.7 Conditions to which the Bid is subject

The Bidder states in the Prospectus that the effectiveness of the Bid is not subject to any condition. Prior to the approval of the Bid, the competition authorisations by the corresponding competition authorities in Spain and Portugal and the approval of the transaction by the General Shareholders Meeting of MINT have been obtained, hence the conditions to which the effectiveness of the Bid was subject at the time of its filing as a voluntary offer have been fulfilled.

1.8 Squeeze-out right

The Bidder says in the Prospectus that, even if the conditions provided in article 136 of the Securities Market Act and article 47 of Royal Decree 1066/2007 are met (i.e., if as a result of the Bid: (i) the Bidder holds shares representing at least 90% of the share capital of NH Hotel Group carrying voting rights; and (ii) the Bid has been accepted by shareholders representing at least 90% of the voting rights subject to the Bid), it will not enforce its squeeze-out rights on the shareholders of the Company. Notwithstanding this, the shareholders of NH Hotel Group that have not accepted the Bid may, in such scenario, exercise their sell-out rights and force the Bidder to purchase their shares.

In this regard, the Bidder says in the Prospectus that the consideration would be adjusted downwards in the amount of any dividends paid by NH Hotel Group between the date of settlement of the Bid and, as the case may be, the dates of execution of the different forced purchases. Any costs derived from the purchase and settlement of shares will be borne by the selling shareholders. Furthermore, the Bidder mentions that the shares of NH Hotel Group that the Bidder may acquire in the market from the date of this Prospectus to the end of the acceptance period of the Bid will be attributed to the Bidder for the purposes of calculating the

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acceptance level of the Bid mentioned in proviso (ii) of the paragraph above. Finally, with regard to the treasury shares of NH, MINT has no intention to promote the redemption of such shares and its blocking meanwhile and, in case such redemption is proposed by NH, MINT will vote against it.

Furthermore, the Bidder mentions that it intends to maintain the shares of NH Hotel Group admitted to listing on the Spanish Stock exchanges. In this regard, the Bidder represents in the Prospectus that the Bid has not been made with the purpose of delisting the shares of NH Hotel Group.

1.9 Authorisation of the Bid

The prior announcement of the Bid mentioned that the Bid is an economic concentration transaction in Spain, in accordance with Law 15/2007 of 3 July on the Defence of Competition (*Ley 15/2007, de 3 de julio, de Defensa de la Competencia*), and in Portugal, in accordance with Law 19/2012 of 8 May (*Lei n.º 19/2012 de 8 de maio*); hence it was subject to the authorisation of the competition authorities in Spain and Portugal.

Accordingly, the Bidder notified the transaction to the Spanish Competition Authority (*Comisión Nacional de los Mercados y la Competencia*), and the Portuguese Competition Authority (*Autoridade da Concorrência*) on 3 July 2018 and 22 June 2018, respectively. As reported to the market by the Bidder on 20 July 2018 (relevant fact notice dated 20 July 2018 with registry number 268,110), both competition authorities authorised through their decisions dated 19 July 2018 the concentration transaction that would result from the closing and settlement of the Bid, without such authorisations being subject to satisfaction by MINT of any conditions.

Apart from the foregoing, the Bidder also states in the Prospectus that considers that neither the Bid nor the change of control of NH Hotel Group requires any notification, authorization, non-opposition or governmental verification from any national or foreign supervisory body or authority other than the CNMV.

2. PURPOSE OF THE BID AND THE BIDDER'S PLANS AND INTENTIONS REGARDING NH HOTEL GROUP

2.1 Purpose of the Bid

The Bidder represents in the Prospectus that its purpose with the acquisition of the shares subject to the Bid is to acquire a controlling stake in NH Hotel Group in a range of between 51% and 55% of its share capital carrying voting rights and its integration into the group of companies headed by MINT, while maintaining NH Hotel Group as an independently managed lodging company, managed by its own corporate bodies, listed on the Spanish Stock Exchanges with a significant free float and with a strong corporate governance regime in compliance with the recommendations contained in the CNMV Good Governance Code for Listed Companies.

The Bidder says that it intends to reach the abovementioned threshold after the Bid expressing that, should the number of acceptances of the Bid result in (i) the Bidder holding shares above such percentage of the share capital of the Company, and (ii) the resulting debt covenant ratio

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(proportion of interest-bearing debt in relation to equity) exceeding the level of 1.75 times on a consolidated basis (during a time framework of 60 days from the communication by the financing entities of the breach of the referred obligation to remedy the breach), which is the ratio committed in the bank financing, in such case it will consider, among other alternatives, the possibility of placing the excess of such shareholding in NH Hotel Group with one or more financial investors (provided that it has not received a formal offer from nor has entered into any agreement with a third party in this regard) or, failing this, the issuance by MINT of subordinated perpetual bonds for refinancing wholly or partially the bank financing used to fund the consideration of the Bid, with the aim of strengthening the balance sheet and balancing its equity and debt structure. In case MINT could not carry out any of the above alternatives, MINT would consider the possibility of carrying out a capital increase as a fallback option. On the contrary, in case the Bidder does not reach the referred shareholding as a result of the Bid, the Bidder says in the Prospectus that it has the intention to maintain its shareholding in NH Hotel Group and continue with the implementation of the strategy and plans described in the Prospectus.

The Bidder believes that the Bid offers NH Hotel Group and MINT an opportunity to grow based on the highly complementary and limited overlap of the lodging businesses of both hotel portfolios, in terms of geography, brands, and hotel properties which will permit the cooperation between the two companies in their business development. The Bidder highlights that while NH Hotel Group brands are strong in Europe and America, MINT is a reputable company in Asia, Africa, Australia and the Middle East. Additionally, the presence of both groups along the business segments of midscale, upscale and upper-upscale favours the complementary nature of their businesses and the Bid will enable the reposition of some of NH Hotel Group's hotels to serve demand in the luxury segment. In aggregate, the portfolios of the Bidder and the Company would result in a group with 541 and 79,000 rooms owned, leased and managed hotels, in 50 countries spanning over five continents.

2.2 Strategic plans and intentions of the Bidder regarding the overall interests of NH Hotel Group, its asset portfolio, its board of directors, the managerial and employee positions and the location of its places of business and the companies belonging to its group

The objectives and plans of the Bidder in relation to NH Hotel Group are described in Chapter IV of the Prospectus. In particular, the Bidder represents that its strategic plans and intentions regarding the overall interests of NH Hotel Group, its asset portfolio, its board of directors, the managerial and employee positions and the location of its places of business and the companies belonging to its group are as follows:

- (i) As key investor of the Company, it intends to support NH Hotel Group's Board of Directors and management team in all aspects relating to the Company's shareholders' long-term value creation, with an emphasis on the execution of the Company's current strategic plan and the preparation of the next strategic plan;
- (ii) Regarding the hotels asset portfolio of the Company, MINT has no plans regarding the use or disposal of assets outside the ordinary course of its activity, other than those

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foreseen by NH Hotel Group in its strategic plan, and does not contemplate any substantial change in the ownership of the Company's properties not provided in its strategic plan other than a customary asset rotation strategy;

- (iii) In connection with the corporate governance of the Company, it intends maintain and implement a strong corporate governance in compliance with the Good Governance Code for Listed Companies approved by the Board of Directors of the CNMV on February 2015. In particular, the Bidder says in the Prospectus that it undertakes to (a) follow the recommendations included in the Good Governance Code for Listed Companies and incorporated into the internal regulations of NH Hotel Group in connection to the composition and operation of the board of directors and its commissions, (b) precisely determine relevant areas of activity of each company and govern the relationship between MINT and NH Hotel Group, and (c) adhere to and comply with a protocol regulating potential conflicts of interest between MINT and NH Hotel Group.

Moreover, the Bidder intends to form part of the Board of Directors, ensuring the appointment of such number of directors as is necessary to reflect the majority shareholding acquired after the Bid, and to replicate such majority shareholding in the composition of the Executive Committee and to nominate directors in the other committees of the Board of Directors;

- (iv) It intends to respect the current business and financial plans of the Company and maintain its dividend policy. Specifically, the Bidder mentions in the Prospectus that does not expect the NH Hotel Group's net debt to be higher than levels targeted by the management on its recent commitments to investors which is aligned with the management team of the Company on the financial targets presented by the Company and the target stabilised leverage ratio of the Company for the long-term. In addition, as regards the dividends policy in the medium and long-term, the Bidder expects to maintain a dividend pay-out objective for the shareholders of NH Hotel Group of approximately 50% of the recurring net income;
- (v) Expects that the jobs of employees and executives as well as the applicable terms and conditions of employment will be maintained with no meaningful variations over the next twelve months;
- (vi) Has no plans or intentions to issue securities of NH Hotel Group or its group companies;
- (vii) Has no plans to carry out any corporate restructurings involving NH Hotel Group or companies of its group. Notwithstanding the foregoing, the Bidder may consider any potential corporate restructuring on the basis of the benefits they may entail and in the context of the facts and circumstances prevailing at any given time, with the aim of achieving the strategic objectives described in sections IV.1 and IV.2 of the Prospectus.
- (viii) With the aim of creating a global lodging platform and accommodating to the changes in behaviours and needs of existing customers but also extending its offering to new customer groups, it intends to define and adopt in partnership with the management

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team of NH Hotel Group a number of measures to capture the potential value creation of the Company. Additionally, in relation only to Portugal and Brazil where the Bidder and the Company are commercially present, the Bidder has expressed the willingness of MINT to propose an arms-length agreement, following completion of the Bid, to enable NH Hotel Group to manage MINT's hotel portfolio in Portugal and Brazil comprised of 14 hotels with a view to converging the interests of both parties in such geographies and eliminate any overlap among their portfolios.

- (ix) Among the actions that the Company expects to implement with the objective of increasing the creation of long-term value to NH Hotel Group shareholders, it intends to (a) enter into commercial agreements between the two groups to optimise the utilisation of their brands globally, enhance the capability to serve customers' needs as well as strengthen the loyalty programmes; (b) apply economies of scale that permit higher bargaining power leading to lower costs of services and operating expenses such as marketing and IT; (c) improve the efficiency of public relations and marketing campaigns and establish sale and distribution partnership programmes, (d) exploit the customer base of each group to foster the increase of cross-demand from Asia, Africa and Oceania into Europe (and viceversa) and (e) share knowledge and best market practices across groups in terms of personnel, operations, brands and food and beverage offering expertise.

In this regard, following completion of the Bid, the Bidder intends to work with the management team of NH Hotel Group to quantify the value-creation opportunities and their potential financial benefits, and to update NH Hotel Group investors in due course.

3. ACTIONS BY THE BOARD OF DIRECTORS OF NH HOTEL GROUP

3.1 Actions following the prior announcement of the Bid

As from the prior announcement of the Bid, the Board of Directors of NH Hotel Group has duly observed the applicable regulations on takeover bids. In particular, the general duty of care of directors to protect the interests of the Company and its shareholders has been complied with at all times. Likewise, the Board of Directors has respected the rules of conduct under article 28 of Royal Decree 1066/2007. The Board of Directors is not aware of the management team of the Company not complying with the takeover bid's regulations and, in particular, the duties of passivity.

Notwithstanding the above, in view of their importance, the following actions carried out by the Board of Directors of NH Hotel Group, from the prior announcement of the Bid to the date of this report, shall be highlighted:

- a) On 12 June 2018 the Board of Directors of NH Hotel Group passed, with the favourable report of the Appointments, Remuneration and Corporate Governance Committee, the appointment by co-optation, until the General Shareholders Meeting called for 21 June 2018, of Mr Emmanuel Jude Dillipraj Rajakarier, Chief Operating Officer of MINT, as proprietary director (consejero dominical) in representation of MINT to cover one of the existing vacancies on the Board before the calling of such General Shareholders

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Meeting, and as member of the Executive Committee of the Board of Directors of the Company. Likewise, Mr José Antonio Castro Sousa resigned from his position as member of the Executive Committee. These changes in the composition of the Board of Directors and its Executive Committee were made public by relevant fact notice dated 12 June 2018 (registry number 266,717).

- b) Thereafter, prior to the NH Hotel Group ordinary General Shareholders Meeting held on 21 June 2018, the Company disclosed by relevant fact notice dated 15 June 2018 (relevant fact notice with registry number 266,866), the pooling by MINT of 98,045,061 shares held in NH Hotel Group, representing 25% of its share capital, for the purposes of exercising its right of proportional representation during such meeting and appointing three proprietary directors (consejeros dominicales), including Mr Emmanuel Jude Dillipraj Rajakarier (previously he presented his resignation as director that same day, so that the vacancy corresponding to his position was fulfilled seamlessly precisely in the General Shareholders Meeting through the exercise of the right of proportional representation mentioned above).
- c) In connection with the above, Mr Emmanuel Jude Dillipraj Rajakarier resigned on 21 June 2018 and, seamlessly, on the General Shareholders Meeting held on the same date the following three proprietary directors (consejeros dominicales) were appointed by MINT in exercise of its right of proportional representation: Mr William Ellwood Heinecke (Chairman and Chief Executive Officer of MINT), Mr Emmanuel Jude Dillipraj Rajakarier and Mr Stephen Andrew Chojnacki (Chief Commercial Officer and General Counsel of MINT). Following the General Shareholders Meeting, the Company released by relevant fact (notice of relevant fact 267,059) the resulting composition of the Board of Directors, the Executive Committee, the Audit and Control Committee and the Appointments, Remuneration and Corporate Governance Committee.
- d) The Company published by way of relevant fact notice dated 21 June 2018 (registry number 267,045) the written statement read by Mr Alfredo Fernández Agras as Chairman of the Board of Directors in such General Shareholders Meeting. In his statement, the Chairman of the Board of Directors of the Company pointed out to the shareholders, amongst others matters, that the Board of Directors was aware of the duty to maximize value for the NH Hotel Group's shareholders and he informed the shareholders that an investment bank would be appointed to advise on the Bid and prepare a fairness opinion on the reasonableness of the proposed consideration and that the Board of Directors would seek legal advice on the various legal issues relating to the Bid. Similarly, he said that the Board of Directors would observe the passivity rule, without prejudice to attempting to improve the terms of the Bid, and the general principle of "equal access to information", stating that MINT had not had access to confidential information of NH Hotel Group. Lastly, the Chairman pointed out that the Board of Directors would prepare the relevant report of the Bid in due course, in accordance with the applicable regulations.
- e) Without prejudice to the above, the Chairman of the Board of Directors made thereafter a preliminary reflection on and assessment of the Bid, without prejudice to the opinion

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to be expressed by the Board of Directors in due course, on the terms provided in the abovementioned relevant fact notice, and essentially concluded that the consideration offered by the Bidder was insufficient and that the Bid did not seem to be a better option for the shareholders than the one resulting from the Company's stand-alone strategic plan.

- f) Additionally, the Company forwarded on the same date Mr Ramón Aragonés Marín (Chief Office of the Company)'s presentation to the General Shareholders Meeting whereby he reported to the market the results and strategic initiatives undertaken by the Company during 2017 and 2018, and provided guidance regarding certain financial objectives for 2018.
- g) As was reported to the market, on 17 May 2018 (relevant fact notice with registry number 265,750), before the prior announcement of the Bid and after the approval by the ordinary General Shareholders Meeting held on 21 June 2018 in its second point of the agenda of the proposed application of the 2017 results for an amount of EUR 0.10 gross per share (as reported through a relevant fact notice on 21 June 2018, with registry number 267,058), the Board of Directors of NH Hotel Group agreed to pay such amount to the shareholders registered as such on 26 July 2018. The dividend was paid on 27 July 2018 and will have a neutral effect on the shareholder in relation to the Bid, according to the adjusting mechanism set out in section 1.4 above, since it was reduced from the consideration initially offered, setting the consideration at EUR 6.30 per share.
- h) At the time of publication of the presentation submitted to the CNMV on 26 July 2018 (registry number 268,440) in relation to the report regarding the results of the first semester of 2018 prepared by the Board of Directors of NH Hotel Group on the same date, the Company announced the engagement of Bank of America Merrill Lynch International Limited, as financial advisor, and Uría Menéndez Abogados, S.L.P., as legal counsel, in relation to the Bid and that it will draw up a report in due course, pursuant to the securities market regulation. Additionally, it informed about the timetable of the Bid as it was published by the Bidder within the presentation submitted to the CNMV concurrently with the filing of the application for the Bid's authorisation (registry number 267,715). Lastly, it announced the appointment of Mr Alfredo Fernández Agras as Chairman of the Executive Committee and of Mr Fernando Lacadena Azpeitia as Chairman of the Company's Audit and Control Committee.
- i) At the request of the CNMV as a reaction to the news appearing in different media and websites, the Company announced, before the opening of the market on 27 July 2018 and by means of a relevant fact notice of the same date (register number 268,503), the receipt of an expression of interest letter (dated 26 July 2018) to initiate a dialogue with NH Hotel Group sent by Hyatt Hotels Corporation ("**Hyatt**") in which it expressed its willingness to launch, subject to the terms and conditions described in the abovementioned letter, a tender offer with regard to the total number of shares of the Company, competing with the tender offer launched by MHG, and at a price that represented a higher value proposition than the consideration offered by the Bidder in the Bid.

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- j) Further to the aforementioned announcement and also at the request of the CNMV, the Company published on 30 July 2018 by means of a relevant fact notice (registry number 268,619) a second letter sent by Hyatt to the Company that same morning in which Hyatt said that, after the entry by the Bidder into the Third Purchase Agreement with Oceanwood, announced on that same 27 July 2018 (registry number 268,456) two hours after it sent the letter referred to in the section above, the probability of a potential tender offer for the shares of NH Hotel Group competing with the one launched by the Bidder being successful had narrowed to a point of being impracticable, and, absent a significant change in the circumstances, Hyatt had concluded that pursuing a tender offer for the shares of the Company at this time would be extremely difficult. Notwithstanding this, Hyatt stressed its interest in NH Hotel Group and its availability to explore with the Company other alternative methods of materialising such interest.
- k) On 13 August 2018, the Board of Directors of NH Hotel Group held an extraordinary meeting to acknowledge the resignation of Mr Alfredo Fernández Agras from office, given its classification as proprietary director appointed by the Oceanwood Funds, once these sold to the Bidder a shareholding representing 5.731% of the share capital of the Company that they held on such date pursuant to the Third Purchase Agreement with Oceanwood. On that same meeting, the Board of Directors, with the favourable prior report of the Appointments, Remuneration and Corporate Governance Committee resolved to appoint again Mr Alfredo Fernández Agras director of the Company by co-optation, until the holding of the first General Shareholders Meeting, being classified as other external, and Chairman of the Board of Directors.
- l) At the same time, following the instructions provided by the Board of Directors of NH Hotel Group, Bank of America Merrill Lynch International Limited has been, upon its appointment as financial advisor to the Board in connection with the Bid, identifying and approaching other industrial players and financial investors who might be interested in exploring a tender offer over the total share capital of NH Hotel Group at a higher price than the offered by the Bidder in the Bid. These approaches have, in light of the shareholding either acquired or locked-in by the Bidder ahead of the Bid, been unsuccessful. Furthermore, Bank of America Merrill Lynch International Limited contacted MINT in order to encourage them to increase the Offer price. Mint responded that they were not considering to submit a revised Offer.

3.2 Advice received by the Board of Directors

In connection with the Bid, and following customary practice, the Board of Directors engaged Bank of America Merrill Lynch International Limited (the “**Financial Advisor**”) to analyse and advise on the potential strategic options available to the Company as well as to prepare and issue its opinion as to the fairness of the Bid Price from a strictly financial point of view for the shareholders of NH Hotel Group other than the Bidder and its affiliated entities. This opinion from the Financial Advisor addressed to the Board of Directors is attached as Annex I, and must be read entirely taking into consideration the corresponding scope, assumptions and limitations, the information and experience used, the procedures, the matters considered and not considered, and the limitations of the review performed, in order to properly assess the conclusion expressed

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therein. This opinion is not addressed to the shareholders of NH Hotel Group and, as such, the fairness opinion does not contain a recommendation to the shareholders of NH Hotel Group as to whether they should tender their shares in the Offer or how they should act in respect of any other matter regarding the Offer.

Likewise, Uría Menéndez Abogados, S.L.P. has acted as legal counsel to the Company, providing the legal advice requested by the Board of Directors throughout the Bid process.

4. AGREEMENT BETWEEN NH HOTEL GROUP AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS, OR BETWEEN THE DIRECTORS OF NH HOTEL GROUP AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS

4.1 Agreements between NH Hotel Group and the Bidder in relation to the Bid

As of the date of this report, there are no agreements between NH Hotel Group and the Bidder in connection with the Bid.

4.2 Agreements between NH Hotel Group and the shareholders or directors of the Bidder in relation to the Bid

There are no agreements between NH Hotel Group and the shareholders or the directors of the Bidder in relation to the Bid as of the date of this report.

4.3 Agreements between the directors of NH Hotel Group and the Bidder, its shareholders or directors in relation to the Bid

Likewise, as of the date of this report, there are no agreements between the directors of NH Hotel Group and the Bidder, the shareholders or the directors of the Bidder in relation to the Bid.

4.4 Agreements between shareholders of NH Hotel Group and the Bidder in relation to the Bid

Finally, besides from the below, the Board of Directors of NH Hotel Group is not aware of any agreement between its shareholders and the Bidder, its shareholders or the directors of the Bidder in connection with the Bid.

4.4.1 Agreements between the Bidder and the Oceanwood Funds

As disclosed by the Bidder in the Prospectus, the Bidder acquired from funds managed by Oceanwood Capital Management Limited (the “**Oceanwood Funds**”):

- a) on 1 June 2018, 27,000,000 shares of NH Hotel Group, representing 6.88% of its share capital, at EUR 6.40 per share, in execution of the first tranche of the first share sale and purchase agreement entered into with Oceanwood Funds on 22 May 2018 (and modified on 5 and 11 June 2018) the execution of which was scheduled to take place in two tranches (the “**Oceanwood First Purchase Agreement**”);

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- b) on 12 June 2018, 3,000,000 shares of NH Hotel Group, representing 0.76% of its share capital, at EUR 6.40 per share, in execution of the second tranche of the Oceanwood First Purchase Agreement;
- c) on 15 June 2018, 14,000,000 shares of NH Hotel Group, representing 3.57% of its share capital, at EUR 6,40 per share, in execution of the second share sale and purchase agreement entered into with the Oceanwood Funds on 11 June 2018 (the “**Oceanwood Second Purchase Agreement**”); and
- d) on 9 August 2018, 22,496,064 shares of NH Hotel Group, representing 5.736% of its share capital, at EUR 6.30 per share, in execution of the third share sale and purchase agreement entered into with Oceanwood Funds on 26 July 2018 (the “**Oceanwood Third Purchase Agreement**”).

The Bidder mentions in the Prospectus that each of the contracts with the Oceanwood Funds includes provisions to the effect that the acquisition price per share would be reduced by reason of the dividend paid on 27 July 2018 (except for the Oceanwood Third Purchase Agreement, because its execution was foreseen after the dividend payment and the price per share were already reduced in the amount corresponding to the dividend), as well as any other dividends or distributions which NH Hotel Group may distribute to its shareholders before the execution of each of the respective purchases.

Additionally, on 22 May 2018, the Bidder entered into a put option agreement with the Oceanwood Funds, by means of which the Bidder granted the Oceanwood Funds a put option right over a maximum of 39,252,586 shares of NH Hotel Group (representing 10% of its share capital). On 11 June 2018, by virtue of the execution of the Oceanwood Second Purchase Agreement between the Bidder and the Oceanwood Funds agreed, the put option agreement was terminated.

4.4.2 *Agreements between the Bidder and Tangla*

As disclosed by the Bidder in the Prospectus, the Bidder acquired from Tangla Spain, S.L.U. (“**Tangla**”), a company wholly controlled by HNA Group Co., Ltd (“**HNA**”):

- a) on 15 June 2018, 65,850,000 shares of NH Hotel Group, representing 16.70% of its share capital, at EUR 6.40 per share, in execution of the first share sale and purchase agreement entered into with Tangla, as seller, on 5 June 2018 (the “**HNA First Purchase Agreement**”); and
- b) on 21 August 2018, 32,937,996 shares of NH Hotel Group, representing 8.40% of its share capital, at EUR 6.00 per share, in execution of the second share sale and purchase agreement entered into with Tangla, as seller, on 5 June 2018 (the “**HNA Second Purchase Agreement**”).

The Bidder says in the Prospectus that each of the contracts with HNA includes provisions to the effect that the acquisition price per share would be reduced by reason of the dividend paid on 27 July 2018, as well as any other dividends or distributions which NH Hotel Group may distribute to its shareholders before the execution of each of the purchases.

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4.4.3 Purchase of shares of the Company transactions undertaken by the Bidder in the stock exchanges

Additionally, as the Bidder has disclosed both via the corresponding relevant fact notices and in the Prospectus of the Bid:

- a) MHG International Holding (Mauritius) ("**MHG International**") and Primacy Investment Limited ("**Primacy**"), companies of the MINT Group, acquired between 10 May and 30 May 2018 a total of 7,095,043 shares of NH Hotel Group, representing 1.81% of its share capital through stock exchange transactions. The highest price per share paid for such shares was 6.365 euros per share. On 11 June 2018, to facilitate the processing of the Bid, MHG International and Primacy transferred its shares in NH Hotel Group to the Bidder.
- b) the Bidder acquired between 10 August and 21 September 2018 a total of 8;997,123 shares of NH Hotel Group, representing 2.29% of its share capital, through stock exchange transactions and at prices between 6.293 and 6.295 euros per share.

In this regard, the Bidder states that it has the intention to make additional acquisitions through stock exchange transactions after the authorisation of the Bid and until the date of publication of the result of the Bid, in which case the Bidder will report any such acquisitions to the CNMV by means of an appropriate relevant event notice (*hecho relevante*) in accordance with Article 32.5 of RD 1066/2007 as it has been doing until 24 September 2018. Additionally, to the extent that the acquisition is made at a price higher than that offered in the Bid, the Bid Price (or the forced acquisition price, as applicable) will be automatically increased to the amount of said acquisition price and the Bidder will, in the event of a shortfall, be obliged to provide additional guarantees within a maximum period of 3 business days from the date of the corresponding acquisition.

From the date of the Prospectus to the date of this report, the Bidder acquired a total of 500;000 shares of NH Hotel Group, representing 0.13% of its share capital, through stock exchange transactions at a price of 6.295 euros per share.

5. SECURITIES OF THE BIDDER HELD, DIRECTLY OR INDIRECTLY, BY NH HOTEL GROUP, BY THE PERSONS WITH WHOM IT ACTS IN CONCERT OR ITS DIRECTORS

5.1 Securities of the Bidder held, directly or indirectly, by NH Hotel Group and the persons with whom it acts in concert

Neither NH Hotel Group nor the companies belonging to its group hold, directly or indirectly or in concert with third parties:

- (i) any shareholding in the Bidder, MINT, or the companies part of their group; or
- (ii) any securities or other instruments conferring the right to acquire or subscribe shares of the Bidder, MINT, or the companies part of their group.

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5.2 Securities of the Bidder held directly or indirectly by the members of the Board of Directors

Except as otherwise disclosed below, none of the members of the Board of Directors, as individually reported by each of them, directly or indirectly, holds:

- (i) any shares in the Bidder, MINT, or the companies part of their group; or
- (ii) any securities or other instruments conferring the right to acquire or subscribe shares of the Bidder, MINT, or the companies part of their group

The Shares and other securities issued by the Bidder, MINT or by companies of its group, or the securities or other financial instruments conferring the right to acquire or subscribe any of the about, directly or indirectly held, as at the date of this report, by the directors of NH Hotel Group appointed by the Bidder under the proportional representation system, as individually reported by each of them, are as follows:

Director	Shares of MINT	
	Number	% of the total voting rights
William Ellwood Heinecke (1)	1,538,960.906	33.33%
Emmanuel Jude Dillipraj Rajakarier	8,800,209	0.19%
Stephen Andrew Chojnacki,	290,480	0.01%

- 1) William Ellwood Heinecke holds its shares in MINT directly (149,679,743 shares) and indirectly through the shareholding in MINT held by Kathleen Ann Heinecke (5,200 shares) and Heinecke Foundation (630,031 shares) and three entities controlled by William Ellwood Heinecke, Minor Holding (Thai) Limited (727,767,680 shares), Zall Holdings Limited (617,396,500 shares) and Minor BKH Limited (44,116,983 shares).

6. SHARES OF NH HOTEL GROUP HELD OR REPRESENTED DIRECTLY OR INDIRECTLY BY THE MEMBERS OF THE BOARD OF DIRECTORS

The following are the shares of NH Hotel Group held directly or indirectly as at the date of this report by the members of the Board of Directors of NH Hotel Group, as individually reported by each of them:

Member of the Board of Directors	Classification	Number of voting rights		% of the total voting rights
		Direct	Indirect	
Alfredo Fernández Agras	Other external	150,000	–	0.038%
Ramón Aragonés Marín	Executive	31,514	–	0.008%
José Antonio Castro Sousa ⁽¹⁾	Proprietary	1,000	32,493,188	8,285%
Maria Grecna	Independent	12,000	–	0.003%

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Member of the Board of Directors	Classification	Number of voting rights		% of the total voting rights
		Direct	Indirect	
Grupo Inversor Hesperia, S.A. (Jordi Ferrer Graupera) ⁽²⁾	Proprietary	31,887,384	–	8,131%
Paul Daniel Johnson	Independent	9,116	–	0.002%

- 1) Mr José Antonio Castro Sousa holds its indirect shareholding in the Company through Grupo Inversor Hesperia S.A. (31,870,384) and Eurofondo, S.A. (603,804).
- 2) Grupo Inversor Hesperia, S.A. is controlled by Mr José Antonio Castro Sousa.

Mr Ramón Aragonés Marín, Chief Office of NH Hotel Group has been awarded by the Company, on account of its executive position, the right to receive up to 157.251 shares of the Company under the share incentive plans for directors and officers of NH Hotel Group known as Performance Shares Plan 2014-2019 and Performance Shares Plan 2017-2022, in the event of achievement in full of the targets to which the delivery of such shares are linked.

7. CONFLICTS OF INTEREST OF THE MEMBERS OF THE BOARD OF DIRECTORS OF NH HOTEL GROUP AND INDICATION OF THEIR NATURE

The directors Mr William Ellwood Heinecke, Mr Emmanuel Jude Dillipraj Rajakarier and Mr Stephen Andrew Chojnacki are in a conflict of interests situation in relation to the Bid, as proprietary directors of the Bidder and having been appointed by it in exercise of its right of proportional representation.

Due to the existence of this conflict, the abovementioned directors have recused themselves from attending the meeting held by the Board of Directors of NH Hotel Group in which this report has been discussed and approved, as communicated by them on their respective letters dated 4 October 2018, addressed to the Board of Directors, which are attached as Annex II.

Except as noted above, it is hereby stated that the remaining members of the Board of Directors of NH Hotel Group have expressly notified that they do not find themselves in a conflict of interest situation in connection with the Bid.

8. CONSIDERATIONS AND OPINIONS FROM THE BOARD OF DIRECTORS REGARDING THE BID

8.1 Preliminary considerations

As a preliminary consideration, the Board of Directors of NH Hotel Group wishes to highlight that the acquisitions by the Bidder of shares representing in aggregate 46.38% of the share capital of NH Hotel Group from Oceanwood Funds to Tangla as well as stock exchange transactions communicated by the Bidder before the prior announcement of the Bid or during the course of the Bid, as well as the Bid itself, do not respond to any strategic initiative of the Company but to individual decisions adopted by each of the significant shareholders of NH Hotel Group to totally or partially divest their positions in the share capital of the Company and subsequently by the Bidder in the market.

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8.2 Strategic and industrial considerations

In light of the information disclosed by the Bidder in the Prospectus of the Bid, the Board of Directors wishes to make the following remarks in relation to implications of the Bid in the strategic and industrial plans of the Company:

- a) **Maintenance of NH Hotel Group's assets:** the Board of Directors records the statement of the Bidder that it has no plans regarding the use or disposal of assets outside the ordinary course of its activity, other than those foreseen by NH Hotel Group in its strategic plan, and does not contemplate any substantial change in the ownership of the Company's properties not provided in its strategic plan other than a customary asset rotation strategy. The Bidder expects to be able to take advantage of the Company's competitive edge in Europe and Latin America, having assets strategically located in premium locations in those markets, which have strong entry barriers.
- b) **Maintenance of the employees and management team:** the Board of Directors acknowledges the intention of the Bidder to maintain the jobs of employees and executives as well as the applicable terms and conditions of employment with no meaningful variations over the next twelve months.
- c) **Financial discipline:** the Board of Directors acknowledges the Bidder statement that it is aligned with the main financial targets set by the Company before the Bid and does not expect the NH Hotel Group's net debt to increase above the levels targeted by the management *vis-à-vis* investors. The Board of Directors also records that the Bidder is aligned with the long-term leverage ratio target (net financial debt no higher than 2.5 times EBITDA) defined by the Company before the Bid. The Bidder states that such leverage ratio could be reached as a result of the execution by NH Hotel Group of certain investment opportunities that allow to create value for the shareholders and that, in case those opportunities are not executed, considers that NH Hotel Group should explore alternatives to return value to shareholders;
- d) **Shareholder's remuneration policy:** The Board of Directors notes the intention expressed by the Bidder to maintain NH Hotel Group's shareholder's remuneration policy in the long-term, established before the Bid, consisting of the distribution of 50% of the annual recurring net income by way of dividend.
- e) **Impact of the Bid on agreements of the companies of the NH group which contain a change of control clause:** the Board of Directors highlights that NH Hotel Group and the companies belonging to its group are a party in various agreements which contain change of control clauses that may be triggered as a result of the Bid depending on its outcome. Among others, but not limited to them, the following are noteworthy:
 - (i) NH Hotel Group and other companies of its group are parties to a Framework Transaction Contract and Global Hotel Management Agreement (the "**Framework Management Contract**") with its shareholder and proprietary director Grupo Inversor Hesperia, S.A. relating to the management by the Company of 28 hotels of Grupo Inversor Hesperia, S.A., which was disclosed

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to the market by way of several relevant event notices (notably, a notice dated 5 December 2016, number 245,777), and has been in force since April 2017.

As reported by the Company via a relevant fact notice (number 269,306), on 4 September 2018 Grupo Inversor Hesperia, S.A. served on NH Hotel Group the “Notice of Termination for Change of Control” (term defined in the Framework Management Agreement) regarding the Bid.

Such notice is subject to the terms and procedures provided therein including, inter alia, to the “Effective Change of Control” (term defined in the Framework Management Agreement), which would occur, among others, where the Bidder acquires a stake of 50,01% or more of the voting rights in NH Hotel Group.

As a result of the foregoing, in the event that the “Effective Change of Control” occurs, Grupo Inversor Hesperia, S.A. must pay to NH Hotel Group, among other potential items, the “Net Price Reimbursement Amount” (term defined in the Framework Management Agreement) which, together with the management fees received until the effective termination, will allow NH Hotel Group to make profitable the investment made at inception.

As disclosed by the Company in its relevant event notice dated 5 December 2016, Grupo Inversor Hesperia, S.A. guaranteed the performance of its obligations with the delivery of security which may be foreclosed by NH. among others, in the event of termination by Grupo Inversor Hesperia, S.A. of the management agreements for change of control in NH, provided that Grupo Inversor Hesperia, S.A. has not paid to NH the amounts due.

- (ii) NH Hotel Group has EUR 400 million in principal amount of senior secured notes outstanding due on October 2023 issued and outstanding, admitted to trading in the Euro MTF market of the Luxembourg Stock Exchange. Such notes have an early redemption feature at the option of noteholders upon the occurrence of certain events constituting a change of control whereby the Company is required to offer to repurchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest up to the repurchase date. Accordingly, the Company must notify to noteholders within 30 days from the change of control. The notice must specify the repurchase date, which date will be no earlier than 10 days and no later than 60 days from the date of such notice (i.e., up to 90 days after the effective change of control). Notably, the last market price of the notes available, as reported by the Euro MTF market of the Luxemburg Stock Exchange on 5 October 2018, was of 104,81% of their principal amount.

In the event that noteholders exercise their right to put the notes, the Company initially intends to fund the consideration of the repurchase of all or the relevant portion of the notes tendered by noteholders with a fully available cash in excess of the operating needs of the Company and, if required, by drawing funds from the EUR 250 million syndicated credit facility mentioned below.

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- (iii) The Company entered into EUR 250 million revolving long-term credit facility with a bank syndicate on September 2016 that is currently undrawn. The credit facility has an early repayment provision upon a change of control that has been unanimously waived by the lenders on 6 September 2018 with regard to the potential change of control resulting from the Bid and it is, thus, fully available.
- f) **Support of management team's Strategic Plan:** The Board of Directors records the will expressed by the Bidder to work with the Board of Directors to enable the management team of the Company to continue executing day-to-day functions as well as to create the next long-term strategic plan to extract the maximum potential of the cooperation between NH Hotel Group and MINT, given its complementarity in terms of geographies, brands and hotel properties, and to offer the necessary support and resources for its implementation the at the same. The Bidder has identified, among others, the following areas of cooperation:
- (i) the Bidder intends to work with the Company to define a cooperation agreement among the hotels and businesses of both groups, given the high complementarity of their assets, taking into account that NH Hotel Group manages a hotel portfolio with a strong presence in Europe and Latin America, while MINT has a solid presence in Africa, Asia, Australia and the Middle East;
 - (ii) the Bidder has mentioned its intention to explore, immediately after the Bid, arms-length agreements to enable NH Hotel Group to manage the 14 hotels owned by MINT in Portugal and Brazil, taking advantage of the competitive edge that the Company has, given its current presence in the markets of southern Europe and Latin America;
 - (iii) the Bidder foresees that both MINT and the Company may benefit from the joint initiatives regarding employees, such as training programs, global job opportunities and career paths to the employees and the management team as well as leadership development programs;
- g) **Value creation opportunities:** The Board of Directors of the Company records the opinion expressed by the Bidder pursuant to which there are opportunities that could lead to the creation of value for the shareholders of NH Hotel Group through the crystallization of synergies, mainly by implementing measures for increasing sales and reducing costs. The Bidder mentions that it envisions the following value creation opportunities:
- (i) Economies of scale having a more efficient and global organization to increase Company's competitive advantage. According to the Bidder, there is a potential for significant knowledge sharing between both MINT and NH Hotel Group organizations, that would allow to companies to drive growth in the future, having access to a bigger team and talent pool, identifying cross-selling opportunities while reinforcing their competitive position against new technology-based operators;

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- (ii) Sales and distribution partnership, cooperation on loyalty programs, exchange of knowledge and experience regarding sales and distribution channels improvement in account coverage and leverage of the database and sales network;
- (iii) Leverage on the existing customer base of both companies, to expand European demand to Asia, Middle East and Oceania, and *vice-versa*, as well as promote the transfer of business travellers to leisure, and *vice-versa*;
- (iv) Branding exchange opportunities in selected assets from different markets, with certain hotels currently operated by NH Hotel Group brands adopting MINT brands and *vice-versa* in order to maximize the revenue opportunities of the assets across both portfolios;
- (v) Initiatives with a view to share best practices and knowledge across different areas of the organization, whether in terms of personnel (e.g. global job opportunities, talent programs), operations (e.g. branding expertise, supply chain management, customer service standards) and food and beverage offering (e.g. operational excellence, marketing programs, cost management).

The Board of Directors of the Company has preliminarily evaluated, assisted by its financial advisor, the potential synergies that the Bid could generate, its impact and the potential value creation for NH Hotel Group's shareholders based on information publicly available. Given the intention of the Bidder to reach a shareholding of between 51% and 55% of the Company's share capital and given that it does not intend to pursue a merger between both companies, the Company envisages limited amount of potential synergies, mainly focused on revenue expansion (including, but not limited to, those resulting from the Company foreseeable taking over the management of the 14 hotels of MINT in Portugal and Brazil). In any case, a commercial agreement on an arms-length basis between both companies will be required. The Company will have higher visibility to quantify the synergies that the potential initiatives of cooperation between MINT and NH Hotel Group could generate once the long-term strategic plan of the Company is defined.

For additional information on implications of the Bid in the strategic plan of the Company and main intentions from the Bidder in relation to these matters, NH Hotel Group shareholders are referred to Chapter IV of the Prospectus of the Bid.

8.3 Considerations in connection with the consideration offered

In relation to the Bid Price of EUR 6.30 per share of NH Hotel Group payable in cash, given that the Bid is a mandatory bid, it is required that the consideration offered is deemed equitable. As stated by the Bidder in Prospectus authorised by the CNMV, the consideration offered is considered an equitable price for the purposes of article 9 of Royal Decree 1066/2007.

Nevertheless, the Board of Directors would like to make the following remarks:

- a) The price offered corresponds to the highest price paid by the Bidder for the acquisition of minority blocks of NH Hotel Group's shares representing in aggregate 43.95% of the

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share capital of the Company to two selling shareholders completed prior to the Bid (of which the greater shareholder, Tangla, with a shareholding of close to 30%, was a subsidiary company of HNA), but it does not include any control premium in view of MINT's intentions to acquire the majority of the share capital of the Company;

- b) The Board of Directors of NH Hotel Group estimates that the Bid Price might fall below the value that would result from the application of generally accepted enterprise valuation methods. In fact, as provided in the report dated 16 July 2018 and prepared by Avantgarde Capital Company Limited (the independent financial advisor of MINT), and published by the Bidder on the Stock Exchange of Thailand for the purposes of its extraordinary General Shareholders Meeting held on 9 August 2018 in order to approve the transaction, the independent financial advisor of the Bidder considers that, according to the discounted cash flow valuation approach (and without considering potential benefits linked to synergies consequence of the Bid, which are mentioned hereafter), the fair valuation range of NH Hotel Group's shares is between 6.12 and 7.42 euros per share with a base case of EUR 6.71 per share. Therefore, the own independent financial advisor of MINT acknowledges that the Bid Price is below the fair value per NH Hotel Group share which the financial advisor of the Bidder estimates as the base case, which is the reason why Avantgarde Capital Company Limited concludes that the maximum average acquisition price of the shares of NH Hotel Group offered by MINT of EUR 6.26 per share is attractive to MINT as it represents a discount of 6.7% over the base case fair valuation.
- c) The benefits of the synergies which the Bidder expects to achieve after the acquisition of a controlling shareholding in NH Hotel Group, as per the assessment of the Bidder's independent financial advisor of such synergies, should have been reflected in a higher Bid price in consideration for the Bidder obtaining control of the Company enabling it to access such synergies.
- d) The indicative and non-binding expression of interest to initiate a dialogue leading to the acquisition of the total share capital of NH Hotel Group, received by the Company from Hyatt on 27 July 2018, indicates the existence of a potential value of the Company higher than the consideration offered in the Bid.
- e) The price of EUR 6.30 per share offered by the Bidder after the downward adjustment resulting from the EUR 0.10 gross dividend paid by NH Hotel Group to its shareholders on 27 July 2018, represents a 6.66% discount versus the average of the target prices allocated to the shares of the Company by research analysts covering the stock, excluding the 20% of the analysts whose target prices departed to the greatest extent, upwards or downwards, from such average target price, which was of EUR 6.75 per share.

Furthermore, as mentioned under section 3.2 above, the Financial Advisor has issued a fairness opinion addressed to the Board of Directors which concludes that, on its issuance date, and subject to and on the basis of the assumptions and limitations expressed therein, the Bid Price

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of EUR 6.30 per share of NH Hotel Group is not fair, from a strictly financial point of view, for NH Hotel Group's shareholders other than the Bidder and its affiliated entities.

8.4 Considerations with regard to the Bidder's intentions as to the maintenance of NH Hotel Group as an independent company

The Board of Directors of NH Hotel Group notes the following considerations with regard to the statements made by the Bidder about the maintenance of NH Hotel Group as an independent company:

- a) **Structure of the Board of Directors:** The Board of Directors notes the intention of the Bidder to procure the appointment after the Bid of a number of directors that corresponds to the majority shareholding it acquires after the Bid, and to replicate such majority shareholding in the composition of the Executive Committee. Notwithstanding this, the Board of Directors notes the Bidder's intention for the Company to maintain a Board of Directors which represents the interests of all the shareholders and, in this regard, hopes that after the Bid the number of independent directors of the Company will be proportional to its free float, and under no circumstances below one third of the directors.
- b) **Corporate Governance:** The Board of Directors acknowledges, in relation to the corporate governance of the Company after the Bid, the intention of the Bidder to continue to apply best practices and to comply with the recommendations of the Good Governance Code for Listed Companies, approved by the Board of Directors of the CNMV in February 2015. In particular, the Board of Directors records the undertaking of the Bidder to (a) determine precisely the relevant areas of activity and relationships between MINT and NH Hotel Group, and (b) implement a protocol that regulates conflicts of interest between MINT and NH Hotel Group.
- c) **Corporate restructuring and amendment of bylaws:** The Board of Directors notes the manifestation of the Bidder regarding its absence of intention to carry out a merger between both companies, without prejudice to evaluate potential partnership areas between MINT and NH Hotel Group in the future, as stated in section 8.2 above, nor to promote amendments concerning the Company's by-laws.
- d) **Maintenance of NH Hotel Group as a listed company:** the Bidder is targeting to acquire a shareholding between 51% and 55% of the share capital of the Company with the intention to maintain it as an independent listed company. If as a result of the Bid the Bidders acquires a shareholding of over 55% of the share capital, it has announced its intention to consider different alternatives to manage its financial structure, which include placing the excess of such shareholding in NH Hotel Group with one or various financial investors (provided that it has not received a formal offer from nor has entered into any agreement with a third party in this regard) or, failing which, the issuance by MINT of subordinated perpetual bonds or new shares. At this stage and without further information, the Board of Directors may not assess the implications of the future shareholder structure of the Company over the liquidity of the shares in the Stock Exchanges after the Bid, although in the case that the Bidders shareholding after the Bid

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reaches the range of between 51% and 55% or, in the event of exceeding such shareholding, the Bidder distributes it among the general public or one or more stable financial investors, the Board of Directors considers that such shareholding will line up with the stable shareholding before the Bid and shall allow to count with a sufficient and adequate liquidity for the shareholders not accepting the Bid.

8.5 Opinion of the Board of Directors

In accordance with article 24 of Royal Decree 1066/2007, the Board of Directors must issue a detailed and reasoned report on each and all of the takeover bids for the securities of the Company that have been authorised by CNMV.

Based on the considerations and opinions expressed herein, as well as on the information contained in the Prospectus, the Board of Directors, in view of all the terms and characteristics of the Bid and its effect on the Company's interests, the Board of Directors considers that the Bid Price does not properly reflect the value of the shares of NH Hotel Group and, therefore, expresses an unfavourable opinion regarding the Bid.

In any case, the shareholders are those who must ultimately decide, depending on their particular interests and situations, whether to accept the Bid.

8.6 Individual opinions of the Directors

This report has been approved by the majority vote of the directors in attendance, without any member of the Board of Directors having individually expressed any opinion dissenting from the collective opinion of the Board of Directors along this report, except for the directors Grupo Inversor Hesperia, S.A. and Mr. José Antonio Castro Sousa. Their respective verbatim opinions are attached as Annex III. Mr William Ellwood Heinecke, Mr Emmanuel Jude Dillipraj Rajakarier and Mr Stephen Andrew Chojnacki were not present or represented by others in the meeting of the Board of Directors that has approved this report for the reason discussed in section 7.

9. INTENTION TO ACCEPT OR NOT THE BID IN CONNECTION TO THE OWN SHARES WHICH NH HOTEL GROUP HOLDS IN TREASURY

With regard to the own shares that the Company holds in treasury, which as of the date of this report amount to 600,000 shares representing 0.153% of its share capital, the Board of Directors declares its intention not to accept the Bid in line with the opinion expressed by the Board of Directors in respect of the Bid.

10. INTENTION OF THE DIRECTORS TO ACCEPT THE BID

Regarding the intentions of the directors with a share in NH Hotel Group in connection with the Bid, the following is noted:

- a) Mr Alfredo Fernández Agras, who holds 150,000 shares, representing 0.038% of NH Hotel Group's share capital, has expressed his decision not to accept the Bid with all the shares he holds.

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- b) Grupo Inversor Hesperia, S.A., which holds 31,887,384 shares, representing 8.13% of NH Hotel Group's share capital, has expressed its decision to accept the Bid with all the shares it holds.
- c) Mr José Antonio Castro Sousa, who holds directly 1,000 shares and indirectly 604,804 shares are owned by his controlled entity Eurofondo, S.A., that together with the 31,887,384 shares owned by Grupo Inversor Hesperia, S.A. represent and aggregate of 8.29% of NH Hotel Group's share capital, has expressed his decision to accept the Bid with all the shares he directly and indirectly holds through Eurofondo, S.A..
- d) Mr Ramón Aragonés Marín, who holds 31,514 shares, representing 0.008% of NH Hotel Group's share capital, has expressed his decision not to accept the Bid with all the shares he holds.
- e) Ms María Grecna, who holds 12,000 shares, representing 0.003% of NH Hotel Group's share capital, has expressed her decision not to accept the Bid with all the shares she holds.
- f) Mr Paul Daniel Johnson, who holds 9,116 shares, representing 0.002% of NH Hotel Group's share capital, has expressed his decision not to accept the Bid with all the shares he holds.

11. INFORMATION TO EMPLOYEES

It is hereby stated that, pursuant to article 25.2 of Royal Decree 1066/2007, the Board of Directors and management team of NH Hotel Group informed the employee representatives about the Bid as soon as this was made public, and delivered to them the relevant Prospectus. In accordance with this article, it is noted that the Company will make available a copy of this report to all employees.

At the time of this report, the Company has not received from the employee representatives a report or note relating to the effects of the Bid at the workforce level.

* * *

Madrid, 8 October 2018

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Annex I. Opinion issued by the Financial Advisor

October 8th, 2018

The Board of Directors
NH Hotel Group, S.A
C/ Santa Engracia 120
28003 Madrid

Members of the Board of Directors:

We understand that NH Hotel Group, S.A. (“NHH”) intends to issue a report by its Board of Directors on the tender offer launched by MHG Continental Holding (Singapore) Pte. Ltd. (“Minor”) for the entire issued share capital of NHH (the “Offer”), as documented in the offer document authorized by the Spanish Comisión Nacional del Mercado de Valores on October 2nd, 2018 (the “Offer Document”), pursuant to which, among other things, shareholders of NHH accepting the Offer shall receive in consideration for each ordinary share of NHH, with a nominal value of €2.00 (“NHH Shares”), €6.30 in cash (the “Consideration”). The terms and conditions of the Offer are more fully set forth in the Offer Document.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of NHH Shares other than Minor or its affiliates of the Consideration offered under the Offer.

In connection with this opinion, we have, among other things:

- a. reviewed certain publicly available business and financial information relating to NHH;
- b. reviewed certain internal financial and operating information with respect to the business, operations and prospects of NHH furnished to or discussed with us by the management of NHH, including certain financial forecasts relating to NHH prepared by the management of NHH (such forecasts, “NHH Forecasts”);
- c. discussed the past and current business, operations, financial condition and prospects of NHH with members of the senior management of NHH;
- d. reviewed the trading history for NHH Shares and a comparison of that trading history with the trading histories of other companies we deemed relevant;
- e. compared certain financial and stock market information of NHH with similar information of other companies we deemed relevant;
- f. compared certain financial terms of the Offer to financial terms, to the extent publicly available, of other transactions we deemed relevant;
- g. considered the results of our efforts on behalf of NHH to solicit, at the direction of NHH, indications of interest from third parties with respect to a possible acquisition of all or a portion of NHH’s shares;

- h. reviewed the Offer Document; and
- i. performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the management of NHH that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the NHH Forecasts, we have been advised by NHH, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of NHH as to the future financial performance of NHH. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of NHH. We have not evaluated the solvency or fair value of NHH under any laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of NHH, that the Offer will be completed in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Offer, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on NHH or the contemplated benefits of the Offer.

We express no view or opinion as to any terms or other aspects of the Offer (other than the Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Offer. We express no view or opinion as to any such matters. Our opinion is limited to the fairness, from a financial point of view, of the Consideration offered to holders of NHH Shares other than Minor or its affiliates under the Offer and no opinion or view is expressed with respect to any other consideration received in connection with the Offer by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Offer, or class of such persons, relative to the Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Offer in comparison to other strategies or transactions that might be available to NHH or in which NHH might engage or as to the underlying business decision of the Board of Directors of NHH on whether to recommend the Offer. We are not expressing any opinion as to what the prices at which NHH Shares will trade at any time, including following announcement or consummation of the Offer. In addition, we express no opinion or recommendation as to how any shareholder should act in connection with the Offer or any related matter.

We have acted as financial advisor to the Board of Directors of NHH in connection with the Offer and will receive a fee for our services, a portion of which is payable upon the rendering of this opinion and another, more significant, portion of which is contingent upon any potential increase in the Consideration at which the offer from Minor or an alternative offer presented by a third party is completed. In addition, NHH has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of NHH, Minor and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking and other financial services to NHH and have received or in the future may receive compensation for the rendering of these services, including having acted as exclusive financial advisor to the Board of Directors of NHH in connection with the merger offer proposed by Barceló Corporación Empresarial, S.A.

In addition, we and our affiliates may provide, investment banking and other financial services to Minor, its affiliates and shareholders and other interested parties and in the future may receive compensation for the rendering of these services.

It is understood that this letter is for the benefit and use of the Board of Directors of NHH (in its capacity as such) in connection with and for purposes of its evaluation of the Offer and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of NHH.

This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance, except that (i) a complete copy of this letter may be attached to the Board of Directors' report on the Offer (if any) and may so be disclosed to NHH's shareholders alongside such report or at the request of any competent regulatory authority and (ii) references to our opinion, which are not a complete copy of this letter, may also be included in any communication sent to shareholders of NHH in connection with the Offer, subject to our prior approval, which shall not be unreasonably denied or withheld; such prior approval shall not be required to reference the fact that "BofA Merrill Lynch has issued an Opinion in connection with the Offer" and that "according thereto, and based upon and subject to the assumptions and limitations set forth therein, the Consideration offered under the Offer to holders of NHH Shares is not fair, from a financial point of view, to such holders", provided that a complete copy of this letter is included alongside the document which makes such reference.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our EMEA Fairness Opinion Review Committee.

This opinion is issued in English and this English language version shall prevail over any translation.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration offered under the Offer to holders of NHH Shares, other than Minor or its affiliates, is not fair, from a financial point of view, to such holders.

Yours faithfully,

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Annex II. MINT Director's letters

Board of Directors
of the Company **NH HOTEL GROUP, S.A.**

October 4, 2018

Dear Sirs,

Reference is made to the meeting of the Board of Directors of **NH Hotel Group, S.A.** (the "**Company**") which is to be held in Madrid, at 10:00 am CET on October 8th 2018.

I hereby inform the Board of Directors of the Company that, as a proprietary director of MHG Continental Holding (Singapore) Pte. Ltd. (the "**Bidder**"), bidder company in the mandatory takeover bid launched over all of the shares representing the share capital of the Company, authorized by the National Securities Market Commission ("**CNMV**") on October 2nd 2018 (the "**Bid**"), I am subject to a specific conflict with the interest of the Company under Section 228 of the Spanish Corporate Enterprises Act.

In light of the above, in strict compliance of the applicable legal provisions and best corporate governance practices, please be informed that I will refrain from participating in the discussion and voting of the report of the Board of Directors of the Company on the Bid (the "**Report**"), which will be discussed by the Board as item 2 of the Agenda, pursuant to Section 24 of Royal Decree 1066/2007, July 27th on take over bids ("**RD 1066/2007**") and Sections 228 and 229.3 of the Spanish Corporate Enterprises Act, and that therefore I recuse myself from attending the aforementioned Board Meeting.

Nevertheless, for the purposes of completing the Report, in compliance with Section 24.1 of RD 1066/2007, I hereby expressly state the following:

- i. As of the date hereof, I hold no shares whatsoever in the Company.
- ii. As of the date hereof, I hold no shares whatsoever in the Bidder. However, I currently own, directly or indirectly, 1,539,596,137 shares in the Bidder's indirect controlling company, this is Minor International Public Company Limited.

Yours faithfully,

By: William Ellwood Heinecke
Director of NH Hotel Group, S.A.

Board of Directors
of the Company **NH HOTEL GROUP, S.A.**

October 4, 2018

Dear Sirs,

Reference is made to the meeting of the Board of Directors of **NH Hotel Group, S.A.** (the "**Company**") which is to be held in Madrid, at 10:00 am CET on October 8th 2018.

I hereby inform the Board of Directors of the Company that, as a proprietary director of MHG Continental Holding (Singapore) Pte. Ltd. (the "**Bidder**"), bidder company in the mandatory takeover bid launched over all of the shares representing the share capital of the Company, authorized by the National Securities Market Commission ("**CNMV**") on October 2nd 2018 (the "**Bid**"), I am subject to a specific conflict with the interest of the Company under Section 228 of the Spanish Corporate Enterprises Act.

In light of the above, in strict compliance of the applicable legal provisions and best corporate governance practices, please be informed that I will refrain from participating in the discussion and voting of the report of the Board of Directors of the Company on the Bid (the "**Report**"), which will be discussed by the Board as item 2 of the Agenda, pursuant to Section 24 of Royal Decree 1066/2007, July 27th on take over bids ("**RD 1066/2007**") and Sections 228 and 229.3 of the Spanish Corporate Enterprises Act, and that therefore I recuse myself from attending the aforementioned Board Meeting.

Nevertheless, for the purposes of completing the Report, in compliance with Section 24.1 of RD 1066/2007, I hereby expressly state the following:

- i. As of the date hereof, I hold no shares whatsoever in the Company.
- ii. As of the date hereof, I hold no shares whatsoever in the Bidder. However, I currently own 8,800,209 shares in the Bidder's indirect controlling company, this is Minor International Public Company Limited.

Yours faithfully,

By: Emmanuel J. Dillipraj Rajakarier
Director of NH Hotel Group, S.A.

Board of Directors
of the Company **NH HOTEL GROUP, S.A.**

October 4, 2018

Dear Sirs,

Reference is made to the meeting of the Board of Directors of **NH Hotel Group, S.A.** (the "**Company**") which is to be held in Madrid, at 10:00 am CET on October 8th 2018.

I hereby inform the Board of Directors of the Company that, as a proprietary director of MHG Continental Holding (Singapore) Pte. Ltd. (the "**Bidder**"), bidder company in the mandatory takeover bid launched over all of the shares representing the share capital of the Company, authorized by the National Securities Market Commission ("**CNMV**") on October 2nd 2018 (the "**Bid**"), I am subject to a specific conflict with the interest of the Company under Section 228 of the Spanish Corporate Enterprises Act.

In light of the above, in strict compliance of the applicable legal provisions and best corporate governance practices, please be informed that I will refrain from participating in the discussion and voting of the report of the Board of Directors of the Company on the Bid (the "**Report**"), which will be discussed by the Board as item 2 of the Agenda, pursuant to Section 24 of Royal Decree 1066/2007, July 27th on take over bids ("**RD 1066/2007**") and Sections 228 and 229.3 of the Spanish Corporate Enterprises Act, and that therefore I recuse myself from attending the aforementioned Board Meeting.

Nevertheless, for the purposes of completing the Report, in compliance with Section 24.1 of RD 1066/2007, I hereby expressly state the following:

- i. As of the date hereof, I hold no shares whatsoever in the Company.
- ii. As of the date hereof, I hold no shares whatsoever in the Bidder. However, I currently own 290,480 shares in the Bidder's indirect controlling company, this is Minor International Public Company Limited.

Yours faithfully,

By: Stephen Andrew Chojnacki
Director of NH Hotel Group, S.A.

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Annex III. Opinions of Grupo Inversor Hesperia, S.A. and Mr. José Antonio Castro Sousa.

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OPINION FORMULATED BY THE MEMBER OF THE BOARD OF DIRECTORS GRUPO INVERSOR HESPERIA, S.A. (“GIHSA”) IN RELATION TO THE REPORT OF THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A. REGARDING THE TAKEOVER BID SUBMITTED BY MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD. OVER THE SHARES OF NH HOTEL GROUP, S.A.

Esteemed members of the Board of Directors, article 24.1 paragraph 4 of Royal Decree 1066/2007 of 27 July on the rules applicable to takeover bids for securities (the “**Takeover Bid Regulation**”) establishes in regulating the “*Report of the governing body of the affected company*” that “*if the members of the managing body hold different positions in relation to the bid, the minority opinions must be included in the report*”.

In accordance with that which is established in the regulation that I have just mentioned, I wish to at this time express the reasons as to why GIHSA, a the member of the board of directors disagrees with the Report prepared by the board of directors regarding the takeover bid submitted by MHG Continental Holding (Singapore) Pte. Ltd., a company indirectly controlled by Minor International Public Company Limited (“**MINT**”), over all of the shares of NH Hotel Group, S.A. (“**NH**”). This document must be incorporated into the aforementioned report.

In our opinion, the takeover bid constitutes, without a doubt, a very good business opportunity for MINT, but not for the shareholders of NH, and for the reasons set out below, we consider that we should participate in the takeover bid and sell our shares in the company.

The consideration that MINT offers for NH shares, this is, 6.30 Euros per share, does not reflect the current real value of the company nor does it entail the payment of any control premium to the shareholders. This has been stated by Bank of America, a financial advisor hired by NH, as well as by the financial analysts that cover the value of the company. The price of the takeover bid also does not reflect the excellent future prospects that the company had until the arrival of MINT. In fact, these prospects were based on the continuity of an independent project (such as the one that has been successfully developed over the last few years and in which GISHA has participated with a great deal of commitment) which has turned the company into a worldwide reference in the sector and that with the appearance of MINT said prospects become, at the very least, more uncertain.

If the current information of the bidder and that of NH, as well as what the integration of NH in the group of the bidder would entail is taken into account, it does not appear possible that the objectives set out in the prospectus of the takeover bid and in the report of the board of directors will be met. On the contrary, the data contained in these documents allow to intuit a structural change of course with respect to the independent project in effect until now in the company in order to start a new project in which the controlling stake of MINT in NH may serve to the objectives of the bidding shareholder.

In this context, we consider that the conditions underpinning the company's current and potential value are not guaranteed. Moreover, there are numerous factors pointing to a possible new scenario that could result in a loss of value of the NH company in the medium and long term.

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In fact, everyone is aware of the heavy financial leverage of MINT, reflected both in the prospectus of the takeover bid and in the report of the board of directors. This situation of indebtedness is likely to worsen given that it is the intention of the bidder to entirely finance the takeover bid by means of bank financing. The possible situation of indebtedness is such that in the cited documents, the possible actions that MINT shall adopt are explained in the event that the offer were to have a volume of acceptance by which MINT would be the owner of a percentage of the share capital of NH greater than 51-55% and, as a result, the financial leverage ratio would exceed 1,75 times, which is the committed value by MINT in its bank financing.

It does not seem possible that this situation of elevated financial leverage shall not affect NH. The prospectus of the takeover bid does not help to clear out any doubts that may exist in this regard; on the contrary, it contributes to generating uncertainty. In section 4.3 of Chapter II of said prospectus the “*Effects of the financing on the affected company*” are analyzed. The different paragraphs of this section are absolutely contradictory. In this sense, it is expressly stated that “*The financing of the Offer and the acquisitions of NH shares carried out by MINT outside the procedure of the Offer, do not directly affect the investment policy of NH nor do they contain commitments that either directly restrict the capacity of the Affected Company to distribute dividends or any that oblige their distribution.*” in order to then immediately afterwards state in a clearly opposite sense that “*Notwithstanding the foregoing, the decisions that MINT may need to adopt in order to comply with the obligations undertaken in relation to the financing of the offer may indirectly influence the other companies of its group including NH*”.

The reality is that the takeover bid over the shares of NH will allow MINT to improve the situation of financial leveraging that it finds itself in, insofar as it acquires (at a very low price) the shares of a company that is hardly indebted, that has been growing steadily in revenue over the course of the last three financial years, and which has assets of great value that would be easily sold.

In fact, NH has a portfolio of assets of tremendous quality situated in locations that are difficult for competitors to replicate. The contradictions contained in the aforementioned section 4.3 of Chapter II of the prospectus of the takeover bid leads us to believe that a good portion of the most valuable assets of the company may be at risk as a result of possible divestments aimed at reducing the aforementioned financial leverage of the bidder. And although it is stated in the prospectus of the takeover bid that “*MINT does not have the intention of disposing of NH assets in order to neither face payment obligations derived from the Offer nor those arising from the acquisition of NH shares carried out outside the Offer.*” (this statement is replicated very similarly in the Report of the board of directors) afterwards as we have seen, it is stated that “*the decisions that MINT may need to adopt in order to comply with the obligations undertaken in relation to the financing of the offer may indirectly influence the other companies of its group including NH*”.

But it is also additionally questionable that the bid constitutes a growth opportunity for NH and MINT as a consequence of the alleged complementarity and the limited overlap of the hotel businesses of both companies. The competitive situation between both companies in the Portuguese and Brazilian markets is a difficult fact to circumvent that may lead to divestments

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affecting NH. On the other hand, there are no relevant synergies deriving from the transaction as a consequence of, to a large extent, a very different manner of understanding the hotel business and a different culture in terms of management and investment. The prospectus of the takeover bid limits itself to stating to this effect in a scarcely credible fashion that: *“It is expected that synergies will be generated in both revenues and cost savings that have not been quantified by MINT”*.

The doubts in relation to the transaction also include the commitment of the bidder with the strategic plans of the company and the possibility that these be met successfully from a very different management and investment culture that is totally alien to the one experienced and applied in recent years in NH. The generic statements that are made on this issue in the prospectus of the takeover bid and in the report of the board of directors allow for the existence of a true industrial plan for the creation of value for NH to be brought into question.

Finally, in terms of corporate governance, the events experienced by the company since last June make us distrustful as to whether the most basic rules of good corporate governance will be respected from a substantive point of view. The structure of the board of directors guarantees the bidder the control of a governing body in which, unfortunately, experience has shown that there is no room for other sensibilities despite the fact that these may have been enriching and may have held ample experience in the hotel sector as well as a great sense of commitment.

The reasons stated herein, and in particular, the heavy financial leverage of the bidder, the lack of credibility of the synergies resulting from the transaction, the inexistence of a true industrial plan for the creation of value for NH, and the different investment and management culture of the hotel business of the bidder generate uncertainty with regards to the future of the company in the medium and long term, which is likely to have a significant impact in the stock price of its shares. For these reasons, even taking into account that the consideration offered by MINT is well below the real value of the company and does not entail the payment of any control premium, the member of the board of directors GIHSA, owner of 31.887.387 NH shares, states in accordance with that which is established in article 24.1 paragraph 1 of the Takeover Bid Regulation, its intention of accepting the takeover bid submitted by MINT and to sell all its shares.

In Barcelona, on 8 October 2018

Jordi Ferrer

CEO Grupo Inversor Hesperia, S.A.

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OPINION FORMULATED BY THE MEMBER OF THE BOARD OF DIRECTORS JOSE ANTONIO CASTRO IN RELATION TO THE REPORT OF THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A. REGARDING THE TAKEOVER BID SUBMITTED BY MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD. OVER THE SHARES OF NH HOTEL GROUP, S.A.

Esteemed members of the Board of Directors, article 24.1 paragraph 4 of Royal Decree 1066/2007 of 27 July on the rules applicable to takeover bids for securities (the “**Takeover Bid Regulation**”) establishes that in the event that the members of the governing body hold “*different positions in relation to the bid, the minority opinions must be included in the report*”.

In compliance with this provision, I wish to express my disagreement with the Report prepared by the board of directors regarding the takeover bid launched by Minor International Public Company Limited (“**MINT**”), over all of the shares of NH Hotel Group, S.A. (“**NH**”).

In my opinion, the price offered by MINT for the shares of NH does not reflect the real value of a Company in which I have been involved since the year 2010, occupying different positions within its board of directors.

With everyone’s effort, we have achieved NH becoming an independent, solvent, and successful project. This is shown by the progressive increase in revenues experienced in recent years by the company, its sound financial situation, and its leading position in the hotel sector.

Therefore, I can only regret the events that have transpired in the midst of the Company as of last June, and that have led to the disruption of the harmony that once existed in the company around a common project that benefited all shareholders.

The ultimate objective of all that has happened has been the acquisition of the company at an artificially created price per share that only benefits the bidder.

I have been expectant and impatient at the possibility of the bidder presenting us with a project for the future of the company in which all the shareholders would have a place and all of us would benefit, but this has not happened.

Given the circumstances, I cannot believe in the future of a company that is guided by the interest of a single shareholder.

Therefore, despite considering that the price per share offered by MINT is notably lower than it should be taking into account the real value of the company, this member of the board of directors states, in compliance with that which is established in article 24.1 paragraph 1 of the Takeover Bid Regulation, his intention of accepting the takeover bid submitted by MINT and to sell all the NH shares that I own through my company Eurofondo, S.A.

In Barcelona, on 8 October 2018

José Antonio Castro