

**PROPOSAL SUBMITTED BY THE NOMINATIONS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF NH HOTEL GROUP, S.A. IN RELATION TO THE APPOINTMENT OF INDEPENDENT DIRECTORS**

This Report is drawn up in compliance with the provisions of article 529 *decies*, paragraph four of Royal Legislative Decree 1/2010, of 2 July, approving the Companies Act (Consolidating Act) for the purpose of justifying the proposed appointment of certain Independent Directors.

Accordingly, the evaluation by the Nominations, Remuneration and Corporate Governance Committee of Mr Paul Daniel Johnson, Mr Fernando Lacadena Azpeitia, Ms María Grecna and Don José María Cantero de Montes-Jovellar is set out below:

**(I) MR PAUL DANIEL JOHNSON**

**(a) Description of his profile:**

Mr Paul Daniel Johnson holds a degree in Hospitality Management.

An executive with almost 30 years' experience in management, marketing and sales in the hotel sector. In 2000 he founded Kew Green Hotels chain, of which he is Chief Executive Officer (a post which he would step down from at the end of May 2016). Since its foundation and under his leadership, the hotel chain has reached a total of 44 hotels and 5,200 beds in the United Kingdom, with revenues of almost £140 million. In 2015 he managed the successful sale of Kew Green Hotels to HK CTS for £400 million.

Previously, Mr Paul Daniel Johnson had worked as Marketing and Hotels Manager in the Welcome Break Group from April 1999 to September 2000 and in the Budget Rent a Car group as Sales and Marketing Manager for Europe, Middle East and Africa from February 1997 to January 1999 and as Marketing Manager for Europe, Middle East and Africa from April 1995 and February 1997.

From 1991 and 1995 he held various posts at Radisson Edwardian Hotels and Hilton International Hotels.

**(b) Evaluation:**

The Nominations, Remuneration and Corporate Governance Committee considers that Mr Paul Daniel Johnson's CV and professional experience show that he has the suitable skills, experience and merits for the post of Independent Director of the Company and is not conditioned by relations with the Company or its group, its significant shareholders or its executives, and therefore evaluates his proposed appointment favourably.

**(c) Director Category**

Mr Paul Daniel Johnson is considered by the Nominations, Remuneration and Corporate Governance Committee and by the Board, which subscribes to the Committee's considerations, to be an Independent Director, in accordance with the provisions of article 529 *duodecies* of the Companies Act.

It is also worth noting that the main proxy advisor in the market, Institutional Shareholder Services – ISS, classifies Mr Paul Daniel Johnson as an Independent Director, as can be seen in its voting report issued for the General Shareholders' Meeting 2017 of NH Hotel held on 29 June 2017.

**(II) MR FERNANDO LACADENA AZPEITIA**

**(a) Description of his profile:**

Mr Fernando Lacadena Azpeitia holds a degree in Economics and Business Science and a degree in Law from ICADE (Major E-3) in Madrid.

An executive with more than 35 years' experience in the field of financing and very clearly focused on management. During the latest stage of his career, he has specialized in the financial area in large listed multinationals, with intense experience in the negotiation and structuring of financing operations, relations with capital markets and investment operations (M&A).

Since December 2014 he has been CEO of Testa Inmuebles en Renta SOCIMI, S.A. leading property investment in the tertiary sector, having directed the Stock Exchange listing operation which concluded with the entry of Merlin Properties as a shareholder, an operation valued at almost €2 billion.

He is the president of ASPRIMA, the association of real estate companies for rental in Spain.

Previously, he spent seven years as CFO of the Sacyr Vallehermoso Group, with top responsibility for financial management with banks and relations with analysts and investors, participating directly in investment processes and in the strategy of alliances for the development of new business, both in local and international markets.

Prior to that he worked for 13 years in similar posts in the ACS – Dragados Group, having started his career in Arthur Andersen where he spent the first 10 years of his career.

**(b) Evaluation:**

The Nominations, Remuneration and Corporate Governance Committee considers that Mr Fernando Lacadena Azpeitia's CV and professional experience meet the requisites

of commercial and professional honourability and suitable skills and experience to fulfil the duties of Director of the Company and is not conditioned by relations with the Company or its group, its significant shareholders or its executives, and therefore evaluates his proposed appointment favourably.

**(c) Director Category**

Mr Fernando Lacadena Azpeitia is considered by the Nominations, Remuneration and Corporate Governance Committee to be an Independent Director, in accordance with the provisions of article 529 *duodecies* of the Companies Act.

Finally, as mentioned above, in relation to Mr Fernando Lacadena Azpeitia, this Committee wishes to highlight the fact that the main proxy advisor in the market, Institutional Shareholder Services – ISS, also classifies Mr Fernando Lacadena Azpeitia as an Independent Director, as can be seen in its voting report issued for the General Shareholders' Meeting 2017 of NH Hotel held on 29 June 2017.

**(III) MS MARÍA GRECNA**

**(a) Description of her profile:**

Ms María Grecna holds a degree in Economics from the School of Economics of the University of Prague (Czech Republic) and a master's degree in Finances from London Business School.

Since 2013 she has managed Earlwoode Rental Properties, of which she is co-founder, a company engaged in the acquisition, refurbishment and management of housing, with a portfolio of more than 100 properties in the centre of Madrid and Barcelona and properties under construction and holiday homes in the Balearic Islands.

From 2005 to 2013 she worked with the Värde Partners group (global alternative investment manager), firstly as CEO of Värde Partners Europe (London) from 2005 to 2011 and subsequently as CEO of Värde Partners Iberia (Madrid) from 2011 to 2013.

Previously, she held various posts at Société Générale (Prague), from 2002 to 2003, Crédit Suisse First Boston (London and Prague), from 2000 to 2002, and Citigroup (Prague), from 1995 to 2000.

**(c) Evaluation:**

The Nominations, Remuneration and Corporate Governance Committee considers that Ms María Grecna's CV and professional experience meet the requisites of commercial and professional honourability and suitable skills and experience to fulfil the duties of Director of the Company.

**(c) Director Category**

Ms María Grecna is considered by the Nominations, Remuneration and Corporate Governance Committee to be an Independent Director, in accordance with the provisions of article 529 *duodecies* of the Companies Act.

Furthermore, it is to be noted that the main proxy advisor in the market, Institutional Shareholder Services – ISS, also classifies Ms María Grecna as an Independent Director, as can be seen in its voting report issued for the General Shareholders' Meeting 2017 of NH Hotel held on 29 June 2017.

**(IV) MR JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR**

**(a) Description of his profile:**

Mr José María Cantero de Montes-Jovellar holds a degree in Law and in Economics and Business Administration and Management from the Comillas Pontifical University (ICADE E-3) and has completed the Senior Business Management Programme (PADE) of the Instituto de Estudios Superiores de la Empresa (IESE).

Since September 2015 he has been founder and managing partner of Results Maximizer (consultancy firm on the execution and implementation of marketing, sales and communication projects) and Enubes (digital marketing company).

From July 2008 to August 2015, he held various posts of responsibility in the Mutua Madrileña group, first as Sales and Marketing Manager until May 2011 and then as Deputy General Manager, having also held the posts of Director of SegurCaixa Adeslas (from July 2011) and Director of Mutuactivos Inversiones (from July 2013).

From August 2003 to June 2008 Mr José María Cantero de Montes-Jovellar was Marketing and Customers Manager (sales management and promotion of the Residential Business Unit) of the Amena/Orange group in Spain.

Previously, from July 1994 to July 2003, he worked at Procter & Gamble España where he held various posts in the marketing department: Assistant Brand Manager, Brand Manager, and finally Business Team Leader of the Fabric Care division for Spain and Portugal.

**(b) Evaluation:**

The Nominations, Remuneration and Corporate Governance Committee considers that Mr José María Cantero de Montes-Jovellar's CV and professional experience meet the

requisites of commercial and professional honourability and suitable skills and experience to fulfil the duties of Director of the Company.

**(c) Director Category**

Mr José María Cantero de Montes-Jovellar is considered by the Nominations, Remuneration and Corporate Governance Committee, in light of his personal and professional characteristics, to be an Independent Director, having determined that he may carry out his duties without being conditioned by relations with the Company or its group, its significant shareholders or its executives, in accordance with the provisions of article 529 *duodecies* of the Companies Act.

Finally, it is once again to be noted that the main proxy advisor in the market, Institutional Shareholder Services – ISS, also classifies Mr José María Cantero de Montes-Jovellar as an Independent Director, as can be seen in its voting report issued for the General Shareholders' Meeting 2017 of NH Hotel held on 29 June 2017.

25 July 2017