

REPORT PREPARED BY THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A. IN RELATION TO THE PROPOSED RESOLUTION FOR THE SHARE CAPITAL INCREASE BY WAY OF A COMPENSATION OF CREDITS, INCLUDED AS ITEM SIX ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING, CALLED FOR JUNE 30, 2021, ON SOLE CALL

1. Introduction

This report is formulated in relation to the proposed resolution for a share capital increase by way of the compensation of the credit held by the majority shareholder of the Company against NH Hotel Group, S.A. (“**NH**” or the “**Company**”) indicated below, which will be submitted to the consideration of the General Shareholders’ Meeting of NH, convened to be held on June 30, 2021, on single call.

2. Purpose of the report. Operation Description

The proposed resolution refers to the share capital increase by an effective amount (nominal plus issue premium) of up to EUR 107,000,000, foreseeing, as indicated in section 4.6 of this report, the possibility of an incomplete subscription, through the issuance and putting into circulation of new ordinary shares of the same class, series and par value as those currently outstanding (the “**New Shares**” and the “**Capital Increase**”, respectively).

The par value and the issue premium corresponding to the New Shares will be paid entirely by offsetting the credit of the majority shareholder against the Company indicated below.

The aforementioned proposed resolution will be submitted to the approval of the Ordinary General Shareholders’ Meeting called for June 30, 2021, on single call.

This report is prepared by the Company’s Board of Directors in compliance with the provisions of the following articles of the Consolidated Text of the Spanish Companies Act, approved by Legislative Royal Decree 1/2010, of July 2 (the “**Spanish Companies Act**”):

- Article 286, in respect of the corresponding statutory amendment relating to Article 297.1 a), concerning the delegation to the Board of Directors of the power to set the date and conditions of the already agreed capital increase; and
- Article 301, in order to describe the proposal related to the Capital Increase and, specifically: (i) the nature and characteristics of the credits that would be subject to compensation in the framework of the Capital Increase (ii) the identity of the contributors of the aforementioned credits; (iii) the number of shares to be issued; (iv) the amount of the Capital Increase; and (v) the express statement of the consistency of the data relating to the credits with the Company’s accounts.

In light of the characteristics of the Capital Increase, which are detailed below, and in accordance with the provisions of article 304 of the Spanish Companies Act, there will

be no pre-emptive subscription rights in favor of the current shareholders of the Company in the Capital Increase.

Shareholders will first be offered an explanation of the transaction proposed to the General Meeting and the reasons that justify the Capital Increase. Next, the reports provided for in the Spanish Companies Act for the purposes of article 286, related to 297.1 a) and 301, will be issued jointly, although explained in different sections. Finally, the proposed Capital Increase resolution is included in the final paragraph, which will be submitted to the approval of the aforementioned Ordinary General Shareholders' Meeting.

3. Description, context of the Capital Increase and reasons for the operation

In order for the aforementioned share capital increase proposal to be validly submitted for approval of the General Shareholders' Meeting of the Company, and to the extent that the resolutions consisting of the share capital increase results in the necessary amendment of article 5 of the bylaws relating to the share capital figure, the Board of Directors must issue this report in accordance with articles 286, 296 and 297 of the Spanish Companies Act. As such, this report justifies the proposed resolution.

Likewise, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders' Meeting clearly states the items that are to be amended and the right of all shareholders to examine in the registered office, the full text of the proposed amendment and the related report, as well as the possibility of requesting the free delivery or submission of said documents.

The Capital Increase derives and is justified within the framework of a set of broader measures promoted by NH and communicated to the market by the Company on May 12, 2021 by means of communication of inside information with registration number 891, in order to strengthen the Company's capital structure and refinance its main sources of financing due in 2023, enhance the Company's liquidity and provide the Company with a stable financial position with a maturity profile that allows it to address the challenges arising from the recovery of its activity from a solid platform.

The Board of Directors of the Company submits this proposed resolution to the Ordinary General Shareholders' Meeting of the Company as part of the aforementioned plan of measures, understanding that it is in the corporate interest to raise the Company's equity in order to strengthen its capital and financial structure, in a manner that allows it to reinforce working capital, meet the immediate liquidity needs of the Company and address the challenges set forth in its business plan, while at the same time it evidences the commitment of the majority shareholder to the set of measures and the business strategy promoted by the Company to face the challenges derived from the recovery of its activity.

Additionally, in order to offer the rest of the Company's shareholders the possibility of maintaining their stake and avoid any dilution as a result of the execution of the Capital Increase, the Capital Increase will be complemented with a share capital increase by way of cash contributions with recognition of the pre-emptive subscription rights, which shall not exceed EUR 8 million, addressed exclusively to the shareholders of the Company other than the majority shareholder by virtue of which new shares of the

Company will be issued to shareholders who exercise their pre-emptive subscription rights (the “**Capital Increase with Rights**”). The resolution of the Capital Increase with Rights will be adopted by the Board of Directors of the Company, in exercise of the delegation of powers approved by the General Shareholders’ Meeting of the Company held on May 13, 2019, on the date that the Board of Directors approves the execution of the Capital Increase. The issue price of the shares issued in the Capital Increase will be equivalent to the subscription price of the shares issued in the context of the Capital Increase with Rights, which will be set by the Board of Directors of the Company in accordance with market practice in this type of transaction and will result from applying a customary discount for this type of transaction to the volume-weighted average price of the Company’s shares on the Spanish Stock Exchanges in the period immediately preceding to the launch of said Capital Increase with Rights transaction.

In this context, and in view of the convertibility feature into shares, at the discretion of the Company, of the subordinated loan granted to the Company by the majority shareholder which is indicated below, the Board of Directors, in anticipation of its intention to exercise, in the name and on behalf of the Company, the right to convert the loan into equity, proposes to the General Shareholders’ Meeting of the Company the approval of a share capital increase by way of compensation of the credit indicated below, which will take effect on the same date that the Board of Directors approves the Capital Increase with Rights.

4. Report for the purposes of Article 286 of the Spanish Companies Act

4.1. Structure of the share capital of the Company

As of the date of this report, the Company’s share capital amounts to EUR 784,360,486 euros, represented by 392,180,243 shares with a par value of EUR 2 each, fully subscribed and paid up, all of them belonging to the same class and series.

4.2. Capital Increase amount

The Board of Directors proposes to carry out a share capital increase by an effective amount (nominal plus issue premium) of up to EUR 107,000,000, through the issuance and putting into circulation new ordinary shares of the Company with a par value of EUR 2 each, foreseeing, as indicated in this report, the possibility of an incomplete subscription, with consideration of the share capital increase being the compensation of the credit indicated below.

It will correspond to the Board of Directors of the Company, or to whom it decides to substitute or delegate this power, to determine: (i) the nominal amount of the capital increase and the number of ordinary shares to be issued, which will be a maximum of EUR 107,000,000 and 53,500,000 shares, respectively; and (ii) the issue price of the New Shares and, in particular, the amount of the issue premium that, if applicable, will be determined for each New Share.

For clarification purposes, it is indicated that the maximums referred to in point (i) above assume that the amount corresponding to the issue premium that, if applicable, will be set is zero since, in any case and without prejudice to the possibility of an incomplete subscription, in accordance with article 297.1.a) of the Spanish Companies

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Act, the effective amount (nominal plus premium) of the Capital Increase whose approval is proposed to the Ordinary General Shareholders' Meeting has been set at EUR 107,000,000.

Likewise, the proposed resolution to the Ordinary General Shareholders' Meeting of the Company will include the delegation to the Company's Board of Directors of the power not to execute the Capital Increase if, in its opinion, there are circumstances that make it inadvisable or prevent the execution of the same.

The par value and the issue premium corresponding to the New Shares will be fully paid up by offsetting the credit held by the majority shareholder against the Company indicated below.

4.3. Pre-emptive subscription rights

In accordance with the provisions of article 304 of the Spanish Companies Act, in the Capital Increase there will be no pre-emptive subscription rights over the New Shares.

4.4. Representation of the New Shares

The New Shares, like the existing ones, will be represented in book-entry form and the accounting registry shall be kept by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) and its participating entities, in the terms and conditions provided for in the applicable regulation at any given time.

4.5. Rights of the New Shares

The New Shares will grant their holders the same political and economic rights as the shares of the Company currently outstanding as of the date on which the Company declares the Capital Increase subscribed and paid up and the New Shares are registered in their name in the corresponding accounting records. In particular, with regard to economic rights, the New Shares will entitle to dividends, on account or definitive, which are distributed since that date.

4.6 Incomplete subscription

In accordance with the provisions of article 507 of the Spanish Companies Act, if the Capital Increase is not entirely subscribed at the end of the subscription period, the share capital will be increased in the amount effectively subscribed, with no effect on the rest.

4.7. Execution of the Capital Increase

The Capital Increase will be executed on the same date that the Board of Directors approves the Capital Increase with Rights. The Board of Directors will complete the terms and conditions of the Capital Increase under the delegation of powers referred to in this report.

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The Board of Directors, pursuant to the provisions of article 297.1.a) of the Spanish Companies Act, may determine the date on which the Capital Increase resolution must be executed within a maximum period of one year from the date of its approval by the General Meeting. After the one year has elapsed without the Capital Increase being executed, the resolution will cease to have effect.

4.8. Modification of By Laws

Without prejudice to the provisions of article 297.2 of the Spanish Companies Act, the Board of Directors (or the person empowered to do so in accordance with the provisions of the proposed resolution included in this report) will modify the wording of article 5 of the bylaws to adjust it to the new share capital figure and the resulting number of shares after the Capital Increase.

4.9 Application for admission to trading

It will be requested the admission to trading of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the “**Stock Exchanges**”), through the Stock Exchange Interconnection System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary before the competent bodies of the Stock Exchanges, expressly stating the Company’s submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

5. Report for the purposes of article 301 of the Spanish Companies Act

The loan susceptible of being compensated in the subscription of the Capital Increase is the one referred to below, with express indication of its holder, amount and date of execution, as these data are recorded in the Company’s accounting records:

a) Credit to be compensated and identity of the creditor

The New Shares may be subscribed and fully paid up by MHG Continental Holding (Singapore) Pte Ltd, a subsidiary of Minor International Public Company Limited, as creditor of the Company under the loan listed below, or by those who have replaced it before the execution of this resolution and have notified the Company of such replacement (the “**Creditor**”), at the issue price finally determined by the Board of Directors, which will be equivalent to the issue price of the shares issued in the context of the Capital Increase with Rights.

<u>CREDIT</u>		
<u>Creditor</u>	<u>Loan</u>	<u>Amount subject to capitalization</u>
MHG Continental Holding (Singapore) Pte Ltd	Convertible unsecured subordinated loan signed by the Company and the Creditor on May 12, 2021	107,000,000 €

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The par value and the issue premium of the New Shares will be fully paid up once the compensation of the credit indicated in the previous table subject to the capitalization is executed, which will be automatically extinguished in the amount compensated as a result of the execution of the Capital Increase.

This credit will comply with the requirements for the capitalization of credits established in article 301 of the Spanish Companies Act at the time of execution by the Board of Directors of the proposed resolution that is the object of this report and, therefore, on the date the public deed documenting the Capital Increase is granted.

b) Certification of the auditor of the accounts of the Company for the purposes of article 301 of the Spanish Companies Act

The mandatory certification to be issued by PricewaterhouseCoopers Auditores, S.L., as auditor of the Company's accounts, by virtue of the provisions of article 301.3 of the Spanish Companies Act will be requested.

The aforementioned certification, which will be made available to shareholders together with this report, must confirm that:

- i. once the corporate accounts have been verified, the data offered in this report in relation to the loan susceptible of being compensated are accurate; and
- ii. in accordance with the loan specified in the previous section, this loan will comply with the requirements established for the capitalization of credits in article 301 of the Spanish Companies Act on the date of granting of the public deed documenting the Capital Increase.

Likewise, to grant the public deed documenting the execution of the Capital Increase, PricewaterhouseCoopers Auditores, SL, as auditor of the Company's accounts, will issue a new certification accrediting the liquid, due and claimable status of the entire amount of the credit subject to compensation, and confirming that the maturity date for the remaining amount does not exceed five years.

6. Delegation of powers

It is proposed to authorise the Board of Directors, with express authority to sub-delegate to the Chairman of the Board of Directors, Mr. Alfredo Fernández Agras, the Chief Executive Officer, Mr. Ramón Aragonés Marín and the non-director Secretary of the Board of Administration, Mr. Carlos Ulecia Palacios, to set any other condition of the Capital Increase that has not been foreseen in the resolution of the General Meeting, execute the Capital Increase resolution, issuing and putting into circulation the relevant shares thereof, and redraft the article of the Company Bylaws relating to share capital, leaving without effect the part of said capital increase that has not been subscribed, and request the admission to trading of the Company's New Shares on the Stock Exchanges and carry out all those actions that are detailed in the proposed resolution that is the object of this report.

It is also proposed that the Board of Directors is empowered, with express authority to sub-delegate in the Chairman of the Board of Directors, the Chief Executive Officer and the non-director Secretary of the Board of Directors, not to execute the Capital

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Increase if, in his opinion, circumstances concur that make it inadvisable or impede its execution in accordance with the corporate interest.

7. Proposed agreement

By virtue of all the foregoing, the following proposal is presented to the Ordinary General Shareholders' Meeting of the Company:

“ITEM SIX OF THE AGENDA

Share capital increase by way of a compensation of credits for an amount of EUR 107,000,000.00, through the issue of new ordinary shares of EUR 2 par value each and foreseeing the possibility of incomplete subscription. Delegation of powers to the Board of Directors, with powers to sub-delegate, to implement this resolution and to set those terms and conditions no provided for herein, as well as to amend article 5 of the Company’s Bylaws

It is resolved to increase the share capital of the Company by way of a compensation of the credit held by the majority shareholder of the Company vis-à-vis NH Hotel Group, S.A. (“NH” or the “Company”) indicated below, by an effective amount (nominal plus issue premium) of up to EUR 107,000,000, foreseeing, as indicated in section 6 of this resolution, the possibility of an incomplete subscription, through the issuance and putting into circulation of new ordinary shares of the same class, series and par value as those currently outstanding (the “New Shares” and the “Capital Increase”, respectively).

It will correspond to the Board of Directors of the Company, or to whom it decides to substitute or delegate this power, to determine: (i) the nominal amount of the capital increase and the number of ordinary shares to be issued, which will be a maximum of EUR 107,000,000 and 53,500,000 shares, respectively; and (ii) the issue price of the New Shares and, in particular, the amount of the issue premium that, if applicable, is determined for each New Share.

For clarification purposes, it is indicated that the maximums referred to in point (i) above assume that the amount corresponding to the issue premium that, if applicable, will be set is zero since, in any case and without prejudice to the possibility of an incomplete subscription, in accordance with article 297.1.a) of the Spanish Companies Act, the effective amount (nominal plus premium) of the Capital Increase that is hereby approved has been set by this Ordinary General Shareholders’ Meeting of NH at EUR 107,000,000.

Likewise, it is expressly approved to delegate to the Company’s Board of Directors the power not to execute this resolution if, in its opinion, there are circumstances that make it inadvisable or impede its execution.

The par value and the issue premium corresponding to the New Shares will be fully paid up by offsetting the credit held by the majority shareholder against the Company indicated below.

2. Subscription and payment of the New Shares

The New Shares may be subscribed and fully paid up by MHG Continental Holding (Singapore) Pte Ltd, a subsidiary of Minor International Public Company Limited, as the creditor of the Company under the loan listed below, or by those who have replaced it prior to the execution of this resolution and have notified the Company of such

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replante (the "**Creditor**"), at the issue price finally determined by the Board of Directors.

<u>CREDIT</u>		
<u>Creditor</u>	<u>Loan</u>	<u>Amount</u>
MHG Continental Holding (Singapore) Pte Ltd	Convertible unsecured subordinated loan signed by the Company and the Creditor on May 12, 2021	107,000,000 €

The par value and the issue premium of the New Shares will be fully paid up once the compensation of the credit indicated in the previous table subject to the capitalization is executed, which will be automatically extinguished in the amount compensated as a result of the execution of the Capital Increase.

This credit will comply, at the time of its compensation, with the requirements for the capitalization of credits established in article 301 of the Capital Companies Law, as established in the report of the Board of Directors prepared for this purpose. Compliance with the requirements of the aforementioned article 301 for the capitalization of credits will be confirmed in the certification issued as a special report on the occasion of the call for the General Meeting by the auditor of the Company's account, PricewaterhouseCoopers Auditores, S.L., which will be completed with an additional certification that will be issued when the aforementioned requirements are met.

Likewise, it is stated that the shares of the Company previously issued are fully paid up.

3. Absence of pre-emptive subscription rights

There will be no pre-emptive subscription right over the New Shares, in accordance with the provisions of article 304 of the Capital Companies Law.

4. Representation of the New Shares

The New Shares will be represented in book-entry form, the accounting records of which are attributed to the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities in the terms and conditions provided for in the applicable regulation at any given time.

5. Rights of the New Shares

The New Shares will grant their holders the same political and economic rights as the shares of the Company currently outstanding as of the date on which the Company declares the Capital Increase subscribed and paid up and the New Shares are registered in their name in the corresponding accounting records. In particular, with regard to economic rights, the New Shares will give the right to dividends, on account or definitive, which are distributed since that date.

6. Incomplete subscription

In accordance with the provisions of article 507 of the Spanish Companies Act, if the Capital Increase is not entirely subscribed at the end of the subscription period, the share capital will be increased in the amount effectively subscribed, with no effect on the rest.

7. Execution of the Capital Increase

Under the provisions of article 297.1.a) of the Capital Companies Law, the Board of Directors or, by substitution, the Chairman of the Board of Directors, Mr. Alfredo Fernández Agras, the Chief Executive Officer, Mr. Ramón Aragonés Marín and the non-director Secretary of the Board of Directors, Mr. Carlos Ulecia Palacios, will declare the Capital Increase to be subscribed and paid up, totally or partially, and, therefore, closed, establishing the conditions thereof as to all matter not provided for in this agreement.

Likewise, the persons referred to in the preceding paragraph must determine the date on which the resolution must be executed within a maximum period of one year from the date of approval by the General Meeting. After the one year has elapsed without the Capital Increase being executed, the resolution will cease to have effect.

Likewise, the Board of Directors is empowered, with express authority to sub-delegate to the Chairman of the Board of Directors, the Chief Executive Officer and the non-director Secretary of the Board of Directors, not to execute the Capital Increase if, in his opinion, there are circumstances that make it inadvisable or prevent its execution in accordance with the corporate interest.

8. Amendment of the Bylaws

Once the New Shares that are finally issued are paid up, in accordance with the provisions of the previous sections, the Board of Directors (or, by substitution, the person empowered to do so in accordance with this resolution) will declare the Capital Increase subscribed and paid up, totally or partially, and therefore closed.

As a result of the Capital Increase, it is resolved to amend article 5 of the Company Bylaws, delegating its final wording in favor of the persons indicated in section 10 below, which must be carried out once the subscription and disbursement of the Capital Increase have been verified..

9. Application for admission to official trading

*It is resolved to request the admission to trading of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the “**Stock Exchanges**”), through the Stock Market Interconnection System (Mercado Continuo), as well as take the steps and actions that may be necessary before the competent bodies of the Stock Exchanges, expressly stating the Company’s submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.*

10. Delegation of authority for the execution and formalization of the previous agreements

Without prejudice to any other delegation of authority that may correspond to the following persons, it is resolved to authorise the Board of Directors, as broadly as required by Law, with express authority to sub-delegate to the Chairman of the Board of Directors, Mr. Alfredo Fernández Agras, the Chief Executive Officer, Mr. Ramón Aragonés Marín and the non-director Secretary of the Board of Directors, Mr. Carlos Ulecia Palacios, so that any of them without distinction, can perform as many acts and grant as many public and private documents as appropriate in relation to this resolution, with express powers of clarification, interpretation, rectification and substitution. In particular, and for illustrative purposes only, any of the aforementioned persons may carry out the following actions:

- a) Expand and develop this resolution, setting the terms and conditions of the issuance in all matters not provided for in this resolution. In particular, by way of illustration and not limitation, allot the New Shares to be subscribed by the Creditor, determine the final amount of the Capital Increase after subscription, the term, form, conditions and procedure for the subscription and disbursement and, in general, any other circumstances necessary to carry out the increase and the issuance of shares in the context of the compensation of the aforementioned credit.*
- b) If necessary, draft, subscribe and file, in the language or languages deemed most convenient, the share registration document, the securities note on the new shares and the summary —or any other equivalent document— before the National Securities Market Commission or any other authorities, in compliance with the provisions of the applicable regulations on the securities market, developing where appropriate the provisions of this resolution, setting the terms and conditions in everything not provided in this resolution and assuming on behalf of the Company, the responsibility of the content of the aforementioned documents, as well as drafting, subscribing and filing any supplements that may be necessary or convenient, requesting their verification, approval and / or registration before the relevant administrative authorities and, in particular , before the aforementioned Commission*

Take any action, make any declaration or deal with anything before the National Securities Market Commission, the Governing Companies of the Stock Exchanges, the Stock Exchange Company, Iberclear and any other body, entity or registry, public or private, national or foreign, in order to obtain the authorization, verification and subsequent execution of the Capital Increase, as well as for the effective admission to listing of New Shares on the Stock Exchanges and on other regulated or non-regulated markets.

- c) Draft, sign and execute any public and private documents that may be necessary and carry out any action in any jurisdiction in relation to the Capital Increase; request the listing of the New Shares, and carry out any action, make any declaration or deal with anything before the competent authorities of any national or foreign jurisdictions.*

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- d) Resolve not to execute this resolution if, in its opinion, there are circumstances that make it inadvisable or prevent its execution in accordance with the corporate interest.*
- e) Negotiate, agree and, where appropriate, execute in the terms it deems most appropriate, any public or private documents that may be necessary in accordance with the usual practice of this type of operations, including contracts and agreements that are necessary or convenient for the success of the share capital increase. Any actions carried out prior to the date of this resolution in relation to the matters indicated in this paragraph, as well as the documents or contracts signed for this purpose, either by any of the persons authorised by virtue of this agreement or by other members of the Company (including, without limitation, those of the Company's Financial Department), are expressly ratified by this resolution.*
- f) Draft and publish whatever announcements may be necessary or convenient.*
- g) Set the date and declare the Capital Increase executed, issuing and putting into circulation the New Shares that have been subscribed and paid up, as well as redrafting article 5 of the Company Bylaws relating to the share capital, leaving without effect the part of said capital increase that has not been subscribed and paid up in the established terms.*
- h) Request the registration of the New Shares in Iberclear's accounting records.*
- i) Draft, subscribe, grant and, where appropriate, certify any type of document, among others, those relating to the subscription of the New Shares.*
- j) In general, carry out whatever actions are necessary or merely convenient for the successful and complete registration in the Mercantile Registry of the Capital Increase, including the execution of any public and private documents that may be required or convenient in relation to this resolutions, regardless of their nature (complementing, rectifying, amending or any other), and develop any item of the registration document, the securities note of the shares or the summary not included in this resolution, including the adjustment of the content of the aforementioned resolution to satisfy the requests, formal or informal, of the National Securities Market Commission.”*

Madrid, May 12, 2021