

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A. IN RELATION TO THE PROPOSALS REFERRED TO IN ITEM FIVE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 29 JUNE 2017, ON FIRST CALL, AND ON 30 JUNE 2017, ON SECOND CALL

This Report is drawn up in compliance with the provisions of article 529 *decies* of the Companies Act, for the purpose of supporting the proposals for the ratification, re-election and appointment of Directors of NH Hotel Group, S.A. (“**NH**” or the “**Company**”) which will be submitted for the approval of the General Shareholders' Meeting under item Five of the Agenda, evaluating for such purposes the competence, experience and merits of the persons whose ratification or appointment is proposed to the Meeting.

By virtue of the above, the Board's evaluation of the competence, experience and merits of Grupo Inversor Hesperia, S.A., Mr José María Sagardoy Llonis and Mr Ramón Aragonés Marín, in light of the Reports and supported proposals submitted by the Appointments, Remuneration and Corporate Governance Committee at its meetings of 27 February, 22 March and 9 May 2017, in accordance with the above-mentioned article 529 *decies* of the Companies Act, is set out separately below.

For the purposes of article 518.e) of the Companies Act, this Report also contains complete information on the identity, curriculum vitae and director category of each of the Directors.

(i) GRUPO INVERSOR HESPERIA (represented by Mr José Antonio Linati de Puig) (item 5.1 of the Agenda)

(a) Description of his profile:

He is a Graduate in Law from the University of Barcelona. Qualification as a Tax Expert and Secretary of Companies from Fundación Universitaria San Pablo (1984-1985). Holder of a Diploma in Personnel Management from EAE Escuela de Administración de Empresas (1986-1987). Master's Degree in Management and Business Administration (MBA) from ESADE (1991 – 1994).

(a) Evaluation:

The Board subscribes to the evaluation performed by the Appointments, Remuneration and Corporate Governance Committee and considers that the curriculum vitae and business career of Mr José Antonio Linati de Puig show that he has suitable competences, experience and merits to hold the post of person

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representing the Director, GRUPO INVERSOR HESPERIA, S.A. and be proposed for ratification.

(c) Director Category

Mr José Antonio Linati de Puig is considered to be a person representing the Proprietary Director by virtue of the provisions of article 529 *duodecies* of the Companies Act, as he represents the shareholder Grupo Inversor Hesperia, which is the holder of a 9.10% stake in the Company.

(ii) Mr JOSÉ MARÍA SAGARDOY LLONIS (item 5.2 of the Agenda)

(a) Description of his profile:

Holder of a Degree in Economics and Business Sciences from ICADE and IESE Business School, University of Navarra. He started his career in Arthur Andersen, in the financial sector and has held several posts of responsibility in various banks, such as Deutsche Bank, BBVA (Global Director of Syndicated Loans) and Banco Popular, where he held the post of Risks Director from 2012 to 2016. He has been a member of the Board of Directors of entities such as Fomento de Construcciones y Contratas (2008-2009), Societé Fonciere Lyonnaise, representing Inmobiliaria Colonial (2008-2011), Globalia Corporación Empresarial (2007 -2012), Inmobiliaria Colonial (2008 – 2013) and Targobank, S.A., representing Banco Popular Español, S.A. (2013-2016).

(b) Evaluation

The Board subscribes to the evaluation performed by the Appointments, Remuneration and Corporate Governance Committee, which has proposed his appointment, and considers that the curriculum vitae and business career of Mr José María Sagardoy Llonis show that he has suitable competences, experience and merits to hold the post of Director and the ratification of his appointment is therefore evaluated favourably.

(c) Director Category

Mr José María Sagardoy Llonis is considered by the Appointments, Remuneration and Corporate Governance Committee and by the Board, which subscribes to the Committee's considerations, as an Independent Director, in accordance with the provisions of article 529 *duodecies* of the Companies Act.

(iii) Mr RAMÓN ARAGONÉS MARÍN (item 5.3 of the Agenda)

(a) Description of his profile:

Holder of a Diploma in Tourism from the University of Palma de Mallorca. Master's Degree in International Hotel Management from the International Business School Hotel and Tourism Management. Throughout his career years he has held posts of responsibility for more than 20 in companies in the tourist sector, such as Hesperia (General Director) and NH Hotel Group, S.A. (General Director of Operations). He is currently the CEO of NH Hotel Group, S.A.

(b) Evaluation:

The Board subscribes to the evaluation performed by the Appointments, Remuneration and Corporate Governance Committee and considers that the curriculum vitae and business career of Mr Ramón Aragonés Marín show that he has suitable competences, experience and merits to hold the post of Executive Director.

(c) Director Category

The appointment of Mr Ramón Aragonés Marín as Director is with the category of Executive Director in accordance with the provisions of article 529 *duodecies* of the Companies Act, as he carries out management functions in NH Hoteles Group, S.A.