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Our history

Global player through organic growth and strategic acquisitions

- **2000**
  - Acquisition Krasnapolsky: 65 Hotels (€728m)
- **2001**
  - Acquisition Chartwell hotel chain: 14 hotels
- **2002**
  - Acquisition Astron: 53 hotels (€130m)
- **2007**
  - Capital increase of €250m
  - Acquisition Jolly: 45 hotels (€670m)
- **2009**
  - NH and Hesperia signing: 51 new managed hotels
- **2015**
  - Acquisition Hoteles Royal: 20 hotels (€66m net of NH Bogota P93)
NH Portfolio at a glance

- 75 Owned hotels c. €1.9 bn
- 83 Managed hotels
- 222 Leased hotels

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands
Portfolio evolution

Hotels per contact type

**January 2013**

- **Owned**: 54%
- **Leased**: 24%
- **Managed**: 22%

- **N° OF ROOMS**: 58,853
- **2013 EBITDA**: €111m

**Exits**
- **- 7.505 rooms**

**Entries**
- **+ 7.553 Rooms**

- **Managed**: 3,616
- **Leased**: 3,451
- **Owned**: 486

**NH_Collection - Olomouc**
- **- 2.141**
- **- 2.517**
- **- 2.847**

**NH City Centre Amsterdam, The Netherlands**
- **- 486**
- **- 3.451**
- **- 3.616**

**August 2017**

- **Owned**: 21%
- **Leased**: 55%
- **Managed**: 24%

- **N° OF ROOMS**: 58,901
- **2017 EBITDA**: €230m
Our vision

To create value through a balanced and continuously improved portfolio

- Long Term sustainable lease and management contracts
- Create value through repositioning
- Active Asset Management Strategy
- Growth
Our vision

To create value through a balanced and continuously improved portfolio

- Long Term sustainable lease and management contracts
- Create value through repositioning
- Active Asset Management Strategy
- Growth

Restaurant Vermeer, The Netherlands
What have we done to maximize the value of NH leased hotels?

27 lease contracts have been canceled
- 22 of them generated a negative Ebitda of €6m

109 renegotiations have been successfully signed
Fixed rent reduction and inclusion of variable components (in some cases co-investment and extension of the contracts)

27 new lease agreements have been signed and opened since 2014
Which are the results of the actions carried out since 2013?

**Evolution of nº of hotels with negative EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total negative EBITDA generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>€28m</td>
</tr>
<tr>
<td>2014</td>
<td>€18m</td>
</tr>
<tr>
<td>2015</td>
<td>€16m</td>
</tr>
<tr>
<td>2016</td>
<td>€7m</td>
</tr>
<tr>
<td>2017E</td>
<td>€5m</td>
</tr>
</tbody>
</table>

**Rent coverage ratio evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Rent Coverage Ratio (GOP/Fixed Rent)</th>
<th>Total Rent Coverage Ratio (GOP/Total Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.32</td>
<td>1.33</td>
</tr>
<tr>
<td>2014</td>
<td>1.42</td>
<td>1.44</td>
</tr>
<tr>
<td>2015</td>
<td>1.49</td>
<td>1.53</td>
</tr>
<tr>
<td>2016</td>
<td>1.64</td>
<td>1.7</td>
</tr>
<tr>
<td>2017F</td>
<td>1.75</td>
<td>1.83</td>
</tr>
</tbody>
</table>
What are the results of the actions carried out since 2013?

Contracts with Total Rent Coverage Ratio > 1.5x (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nº of contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>64</td>
</tr>
<tr>
<td>2014</td>
<td>77</td>
</tr>
<tr>
<td>2015</td>
<td>103</td>
</tr>
<tr>
<td>2016</td>
<td>143</td>
</tr>
<tr>
<td>2017</td>
<td>144</td>
</tr>
</tbody>
</table>

Fixed rent contracts (1)

<table>
<thead>
<tr>
<th>Coverage Ratio</th>
<th>Nº hotels</th>
<th>Fixed Rent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 1.5x</td>
<td>128</td>
<td>150,552,484</td>
<td>58%</td>
</tr>
<tr>
<td>1x to 1.5x</td>
<td>57</td>
<td>91,674,814</td>
<td>35%</td>
</tr>
<tr>
<td>&lt; 1x</td>
<td>17</td>
<td>18,579,206</td>
<td>7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>202</td>
<td>260,776,504</td>
<td></td>
</tr>
</tbody>
</table>

(1) Excluding allocation of centralized costs & HQ
What have we done to maximize the value of NH managed hotels?

- 28 Management contracts have been canceled or not renovated

- 28 Hesperia were negotiated with a new fee structure and 9 year duration, rebranding and repositioning the portfolio have been agreed

- 20 management contracts have been incorporated (10 in America and 10 in southern Europe)
Managed hotels

Management contract with Hesperia Hotels signed

- Performance H1 2017:

<table>
<thead>
<tr>
<th></th>
<th>HI 2016</th>
<th>HI 2017</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>€3.2m</td>
<td>€4.2m</td>
<td>+33%</td>
</tr>
</tbody>
</table>

- Former Hesperia Murcia after refurbishment and rebranding
What actions will be carried out for the coming 3 years?

13 leased contracts will not be renovated

25-30 contracts are expected to be renegotiated, including negotiations:
- to renew those contracts that are EBITDA contributors expiring in the coming 3 years (2018-2020)
- capex contribution by the owners

27 signed contracts will come into operation
- 8 management contracts
- 19 lease agreements
Our vision

To create value through a balanced and continuously improved portfolio

- Long Term sustainable lease and management contracts
- Create value through repositioning
- Active Asset Management Strategy
- Growth
Repositioning

What have we done to create value through repositioning?

Execution Phase 2014-2016

• Since the start of the plan through June 2017 refurbishment has taken place at 61 hotels
• Capex execution risk left behind with upside remaining till 2018-2019
• On top of NH Repositioning, we have obtained capex contribution by owners (leased hotels) of around €60m
• Brilliant basics and IT
  • On top of our repositioning initiative, we have invested an additional approximately €40 million in basics (TVs, mattresses, showers)
  • We invested approximately €30 million in 2014 and 2015 to overhaul our IT management systems across our entire business, developing a new website and implementing the revenue management tool

<table>
<thead>
<tr>
<th>Execution</th>
<th>H2 ’14</th>
<th>H1 ’15</th>
<th>H2 ’15</th>
<th>H1 ’16</th>
<th>H2 ’16</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42%</td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7%</td>
</tr>
<tr>
<td>Benelux</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28%</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investments 2014-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repositioning Capex</td>
</tr>
<tr>
<td>€200m (50% owned hotels, 50% leased)</td>
</tr>
<tr>
<td>Basics</td>
</tr>
<tr>
<td>€40m</td>
</tr>
<tr>
<td>IT Capex</td>
</tr>
<tr>
<td>€30m</td>
</tr>
</tbody>
</table>
Repositioning

What have we done to create a value through repositioning?

• **Leased Hotels: Execution Phase 2014-2016**
  - 43 leased hotels have been refurbished with a total Capex of €140m
    - Out of this €140m, €40m have been obtained from contribution by owners
    - In those projects with co investment (17) owners have contributed with 60% of the total investment

• **Leased Hotels: Execution Phase 2017**
  - 10 leased hotels have been refurbished with a total Capex of €24m
    - Out of this €24m, €20m have been obtained from contribution by owners
    - In those projects with co investment (6) owners have contributed with 94% of the total investment

In those projects with co-investment (23) owners have contributed with 67% of the total investment (€60m)
What have we done to create a value through reposition?

• Since the start of the plan through June 2017 refurbishment has taken place at 61 hotels

• Compound annual RevPar growth rate for hotels repositioned in 2015 and 2016, with more than 6 months of post-refurbishment operation, during the first semester of 2017 compared with the same period prior to the refurbishment is +13.2%

• Additionally taking into account 2015 refurbishments (Spain) and considering 2 years of operations after refurbishment:
  - Incremental EBITDA Forecast 17 - EBITDA 2014 +1.5% CPI 3 years: +€18m
  - Investment: €62m
  - Incremental EBITDA / Investment: 29%
Repositioning

Examples

Before

NH Nacional
(Madrid, Spain)

NH Collection
Eurobuilding
(Madrid, Spain)

After
Repositioning

Examples

NH Collection
Paseo del Prado
(Madrid, Spain)

NH Collection
Abascal (Madrid, Spain)

Before

After
Repositioning

Examples

NH Atocha
(Madrid, Spain)

NH Ventas
(Madrid, Spain)
What actions will be carried out for the coming 3 to maximize the value of NH owned and leased hotels through repositioning?

**Owned Hotels:**
- The company's strategy tends to continue to invest and improve the owned assets that have potential to improve its RevPar/EBITDA
  - In the short term, we expect to invest €20m
  - In addition, we are studying other 5 owned assets that may have a high return on investment

**Leased Hotels:**
- C. 35 additional hotels opportunities for repositioning linked to renegotiation and extension of contracts
- Committed agreements:
  - 11 contracts
  - €69m of Capex investments: €59m of co-investment from hotel owners and €10m from NH
Spaces initiative: our vision

Inefficient use of spaces at numerous hotels generates a potential for profitability

**Issue**

Certain hotel spaces generate less revenue than would be obtained by a third party at the same location.

**Strategic choice**

To increase the profitability of certain spaces during Hotel’s repositioning.

**Opportunity**

You need to change the function of spaces as consumer behavior changes and turn underutilized space into revenue.

Outsourcing of wellness centers / car parks that may continue providing their service to customers.

Spaces suitable for an alternative use which allows the increase of sales (e.g. terraces, bars, meeting rooms in ground floor).

During refurbishment, distribution of spaces can be changed and works budget can be optimized.
Spaces initiative: KPI’s

Impact of hotel spaces optimization

Incremental EBITDA

- 1.7 in 2014
- 2.5 in 2015
- 3.4 in 2016
- 4.0 in 2017E

EBITDA (2016)

- 79%
- 11%
- 4%
- 4%
- 2%

- Other spaces
- Car parks
- Spa/Gym
- Commercial/retail
- Restaurants
Spaces initiative: Success stories

BEFORE

EDIMBURGO MEETING ROOM

WOGABOO RESTAURANT

ZURICH, BUDAPEST MEETING ROOMS

AFTER

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands

NH Collection Eurobuilding, Marid
Success stories

- NH_Mendoza - Cordillera
- A la bonne heure jewelry
- Passion Chocolat: chocolaterie
- Gastronomic restaurant integrated in the lobby of Hotel
- Breakfast, RoomService and Mice outsourced under the NH Collection Standards
- Brasserie with independent Access
- NH Collection Grand Sablon, Brussels
- NH Collection Madrid Abascal, Spain
- NH City Centre Amsterdam, The Netherlands
Our vision

To create value through a balanced and continuously improved portfolio

- Long Term sustainable lease and management contracts
- Create value through repositioning
- Active Asset Management Strategy
- Growth
Overview owned assets

c.1.9bn€ hotel asset

77m€ Non-hotel asset
Net cash from previous transactions

- Debt and capex financing
- Active asset management strategy

Krasnapolsky, Sotogrande, etc

Ambasciatori, Málaga, etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>YTD Aug 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>142</td>
<td>251</td>
<td>36</td>
<td>114</td>
<td>30</td>
</tr>
</tbody>
</table>
Transactions 2013 – YTD Aug 2017

Value added:
- Reduction of the concentration of the capital employed
- Reduction of the risk exposure (S&MB)
- Repositioning of the hotel
- Additional value generation
- To monetize the participations/options on leased assets

Examples: NH Málaga in Spain and Ambasciatori in Italy

Non-strategic hotel sales:
- Poor asset
- Non-strategic location/city

Example: vacancy sale of Fribourg in Switzerland

Other transactions:
- S&LB of Amsterdam Center
- Sale of minority stake in Harrington Hall London
- Sotogrande

Net cash distributed by country:
- The Netherlands: 37.4%
- Spain: 37.6%
- Germany: 4.5%
- Colombia: 2.8%
- Italy: 3.8%
- Rep. Dom.: 1.1%
- Switzerland: 1.0%
- South Africa
- Colombia
- South Africa
- The Netherlands
- UK

Net cash distributed by country:
- Colombia: 4.5%
- Germany: 11.5%
- Italy: 3.8%
- Rep. Dom.: 1.1%
- Switzerland: 1.0%
- Spain: 37.6%

47% 9% 43%
Drivers

- Company financial targets
- Exit of non-strategic hotels
- Maximized return on capital employed
- Management of non-hotel assets
Exit of non strategic hotels
Maximized return on capital employed
Management of non-hotel assets

Company financial targets

• Commitment to do **smart asset disposal** in order to achieve the financial targets 2017/18:
  ✓ NY transaction and/or other transactions that could lead to equal or higher cash/capital gain impacts in 2017-18

• Always smart asset disposal:
  ✓ Market momentum (through different methodologies)
  ✓ Consolidated properties
  ✓ Peak performance
  ✓ Professional investors
  ✓ Market liquidity
Asset management plan (2/4)

- c.52 m€ (8 hotels) estimated market value of non-strategic hotel assets
- Exit markets in a mid-term timeframe linked to:
  ✓ Exit market
  ✓ Suburb locations
  ✓ Hotels with limited upside despite of a potential refurbishment plan
Asset management plan (3/4)

- Non-recurrent plan: to maximize the value of the shareholders through higher return on the Real Estate capital employed

- Over 1bn€ (35 hotels) estimated market value of core hotel assets
  - Market momentum (through different methodologies)
  - Consolidated properties
  - Peak performance
  - Professional investors
  - Market liquidity

Company financial targets
Exit of non-strategic hotels
Management of non-hotel assets
Maximized return on capital employed
Asset management plan (4/4)

- 77 m€ of non-hotel assets (book value)
- Disposal strategy for those assets that we would not develop for hotel use fulfilling certain level of profitability ratios
- To keep and to develop the remaining assets in the mid/long term
Our vision

To create value through a balanced and continuously improved portfolio

- Long Term sustainable lease and management contracts
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- Active Asset Management Strategy
- Growth
Signed hotels overview

62 signings from 2014 to YTD Aug 2017

Note(*): 2 hotels considered as 2014 signing although the signature happened by end 2013
Organic growth: exponential increase in the signings

![Chart showing # of contracts from 2012 to 2017 YTD]
Development: Portfolio evolution by brands

2013

Based on # rooms
- NH 88%
- NH Collection 0%
- NHOW 1%
- Hesperia 12%

2017

Including 62 signed hotels
- NH 71%
- NH Collection 21%
- NH How 4%
- Hesperia 4%

- +3,812 rooms
- +3,526 rooms
- +1,505 rooms
Development: Portfolio evolution by geography

2013

Based on # rooms

- Spain: +435 rooms, 35%
- America: +12%, 12%
- Benelux: +16%, 16%
- Germany and EE: +23%, 23%
- Italy: +14%, 14%

2017

Including 62 signed hotels

- Spain: +435 rooms, 28%
- America: +4,233 rooms, 16%
- Benelux: +1,691 rooms, 18%
- Germany and EE: +1,554 rooms, 24%
- Italy: +930 rooms, 14%

Based on # rooms
Development: Portfolio by type of contract

2017
Including 62 signed hotels

- Owned 20%
- Managed 20%
- Leased 61%

Based on # rooms

# rooms signed contract

<table>
<thead>
<tr>
<th>Type</th>
<th>Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>2837</td>
</tr>
<tr>
<td>Management</td>
<td>2283</td>
</tr>
<tr>
<td>Variable</td>
<td>2109</td>
</tr>
<tr>
<td>Var. w/MGR</td>
<td>1614</td>
</tr>
</tbody>
</table>

Lease contracts breakdown

- Fixed 24%
- Variable 34%
- Variable w/ min. Guaranteed rent 42%

Based on # rooms

Including 62 signed hotels
**M&E hotels**

**NH MEETINGS**
inspire. create. enjoy.

- **M&E hotels**
- **Other hotels**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017 incl. signed hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;E hotels</td>
<td>87%</td>
<td>78%</td>
</tr>
<tr>
<td>Other hotels</td>
<td>13%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Development: Nhow hotels in the pipeline

- **Marseille**: 150 rooms / 5 floors
- **Santiago de Chile**: 146 rooms / 1,000 sqm M&E
- **London**: 190 rooms / 8 floors
- **Amsterdam**: 650 rooms / 25 floors
- **Frankfurt**: 375 rooms / 14 floors
Example of NH Collection hotels recently signed
Example of NH hotels recently signed

NH Palazzo Moscova
NH Toulouse Airport
NH Leipzig
NH Puebla Finsa
Alignment across departmental level

Business Plan

Development
Operations
Revenue Management
Commercial
Finance

Expansion Committee

Hotel budget
Growth Strategy : Type of contract

Europe
- UK
- France
- Spain & Portugal
- Benelux
- Italy
- Germany & Austria

America
- Mexico & Caribbean
- South America

New markets
- Eastern Europe
- Nordics
- South Africa
- Middle East

Management
- Pure Management
- w/ low NOI Guarantee for a limited #years
- w/ NOI guar. & basket

Leases
- Variable with MG for a limited #years
- Variable with MG & basket
- Fixed
Growth Strategy: Future overview

2017-2018+: Growth in current markets

2019+: Entry in new markets

Restaurant Vermeer, The Netherlands
Thank you