Report on year ended December 31, 2022 for *NH Hotel Group, S.A.*

NH HOTEL GROUP PART OF MINOR HOTELS

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This Report is the report required under the indenture dated as of June 28, 2021 governing the 4.00% Senior Secured Notes due 2026 (the "Notes"). Please see "*Certain definitions*" for other defined terms used herein

Summary financial and other information

The following summary consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows as of and for the years ended December 31, 2020, 2021 and 2022, except for the footnotes included below each table and except as otherwise indicated, have been derived from the audited consolidated financial statements for such periods of the Group, which were audited by PricewaterhouseCoopers Auditores, S.L. and have been prepared in accordance with IFRS. This summary financial information is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

This "Summary financial and other information" contains certain non-IFRS financial measures including EBITDA, net indebtedness, net secured indebtedness and changes in working capital. These non-IFRS financial measures are not measurements of performance or liquidity under IFRS. Investors should not place any undue reliance on these non-IFRS measures and should not consider these measures as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measures of performance under generally accepted accounting principles. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results. These measures are used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

This *"Summary financial and other information"* should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the accompanying notes included elsewhere in this Report, and should also be read together with the information set forth in *"Information regarding forward-looking statements", " Other data",* and *"Management's discussion and analysis of financial condition and results of operations".*

For more information on the basis of preparation of this financial information, see *"Presentation of financial and other information"* and the notes to the financial statements included elsewhere in this Report.

Summary consolidated statement of profit or loss and other comprehensive income

	For the year ended December 31,		
	2020	**2021**	**2022**
		(€ in millions)	
Net turnover	536.2	746.5	1,722.4
Other operating income	7.9	86.9	38.0
Net gain (loss) on disposal of non-current assets	(0.5)	65.1	2.8
Procurements	(25.4)	(32.1)	(70.8)
Personnel expenses	(268.2)	(268.6)	(441.1)
Depreciation	(302.5)	(280.2)	(277.3)
Net losses from asset impairment	(76.3)	2.1	6.8
Other operating expenses	(249.5)	(318.6)	(719.2)
Profit (loss) from entities valued through the equity method	(7.5)	(1.4)	(0.4)
Financial income	1.7	3.4	6.5
Change in fair value of financial instruments	0.3	1.8	0.8
Financial expenses	(135.5)	(152.4)	(140.6)
Results from exposure to hyperinflation (IAS 29)	0.8	3.2	4.4
Net exchange rate differences	(3.8)	0.7	(2.1)
Gain (loss) of financial investments	6.7	(1.7)	25.6
Pre-tax profit (loss) from continuing operations	**(515.5)**	**(145.3)**	**155.6**
Corporation tax	75.2	9.3	(53.1)
Profit (loss) from continuing operations	**(440.3)**	**(135.9)**	**102.5**
Profit (loss) for the year from discontinued operations net of tax	(0.1)	—	—
Profit (loss) for the financial year	**(440.4)**	**(135.9)**	**102.5**
Non-controlling interests	(3.2)	(2.3)	2.2
Profit (loss) attributable to shareholders of the Issuer	**(437.2)**	**(133.7)**	**100.3**

Summary consolidated statement of financial position

	As of December 31,		
	2020	2021	2022
	(€ in millions)		
Assets			
Tangible fixed assets	1,615.9	1,518.9	1,478.5
Real estate investment	3.0	2.9	2.3
Intangible assets	229.2	223.1	209.8
Rights of use assets	1,693.8	1,592.3	1,583.6
Non-current investments	79.4	43.3	78.7
Other non-current assets	273.0	321.9	258.3
Total non-current assets	**3,894.3**	**3,702.3**	**3,611.3**
Inventories	8.0	9.6	12.6
Receivables	101.4	136.3	166.0
Cash and cash equivalents	320.9	243.9	301.8
Other current assets	5.4	13.2	17.6
Total current assets	**435.6**	**403.0**	**498.0**
Total assets	**4,329.9**	**4,105.3**	**4,109.3**
Shareholders' equity and liabilities			
Shareholders' equity	**798.6**	**781.1**	**900.7**
Debentures and other marketable securities	349.1	395.0	396.4
Debts with credit institutions	623.0	389.9	135.8
Non-current liabilities for operating leases	1,809.1	1,673.0	1,642.0
Non-current provisions	47.3	44.1	42.0
Deferred tax liabilities	171.5	186.4	192.0
Other non-current liabilities	11.5	21.9	22.7
Total non-current liabilities	**3,011.5**	**2,710.3**	**2,430.9**
Debentures and other marketable securities	0.1	6.8	6.6
Debts with credit institutions	25.9	21.3	71.9
Current liabilities for operating leases	250.6	252.3	253.6
Trade creditors and other accounts payable	188.5	256.7	347.4
Current provisions	6.3	3.5	7.3
Other current liabilities	48.4	73.4	90.9
Total current liabilities	**519.9**	**614.0**	**777.7**
Total shareholders' equity and liabilities	**4,329.9**	**4,105.3**	**4,109.3**

Summary consolidated statement of cash flows

	For the year ended December 31,		
	2020	2021	2022
	(€ in millions)		
Total net cash flow from operating activities	(94.1)	248.7	560.9
Total net cash flow from investing activities	(137.7)	92.1	28.8
Financial income	0.2	0.8	1.9
Investments	(169.5)	(44.3)	(42.0)
Group companies, joint ventures and associated companies	(64.1)	—	—
Tangible and intangible assets and real-estate investments	(105.5)	(36.8)	(49.4)
Non-current financial investments	—	(7.5)	7.4
Disposals	31.7	135.6	68.9
Total net cash flow used in financing activities	262.2	(418.2)	(532.1)
Gross increase/reduction of cash or equivalent assets	30.5	(77.4)	57.7
Effect of change in exchange rates on cash and equivalent assets	(1.7)	0.5	0.2
Effect of changes in scope of consolidation	2.8	—	—
Net increase/reduction of cash or equivalent assets	**31.5**	**(76.9)**	**57.8**
Cash or equivalent assets at beginning of the year	289.3	320.9	243.9
Cash or equivalent assets at the end of the year	**320.9**	**243.9**	**301.8**

Other financial data (unaudited)

We define EBITDA as profit (loss) attributable to shareholders of the Issuer plus non-controlling interests plus Profit (loss) for the year from discontinued operations net of tax minus corporation tax, gain (loss) on disposal of financial investments, net exchange rate differences, financial expenses, change in fair value of financial instruments, financial income, profit (loss) from entities valued through the equity method, variation in the provision for onerous contracts, net losses from asset impairment, depreciation and inventory impairments. EBITDA is a non-IFRS measure. The following is a calculation of EBITDA.

	For the year ended December 31,		
	2020	2021	2022
	(€ in millions)		
Profit (loss) attributable to shareholders of the Issuer	(437.2)	(133.7)	100.3
Non-controlling interests	(3.2)	(2.3)	2.2
Profit (loss) for the financial year	**(440.4)**	**(135.9)**	**102.5**
Profit (loss) for the year from discontinued operations net of tax	(0.1)	—	—
Profit (loss) from continuing operations	**(440.3)**	**(135.9)**	**102.5**
Corporation tax	75.2	9.3	(53.1)
EBT	**(515.5)**	**(145.3)**	**155.6**
Profit (loss) from entities valued through the equity method	(7.5)	(1.4)	(0.4)
Financial income	1.7	3.4	6.5
Change in fair value of financial instruments	0.3	1.8	0.8
Net exchange rate differences	(3.8)	0.7	(2.1)
Results from exposure to hyperinflation (IAS 29)	0.8	3.2	4.4
Financial expenses	(135.5)	(152.4)	(140.6)
Gain (loss) on disposal of financial investments	6.7	(1.7)	25.6
EBIT	**(378.2)**	**1.2**	**261.5**
Net losses from asset impairment	(76.3)	2.1	6.8
Depreciation	(302.5)	(280.2)	(277.3)
EBITDA	**0.5**	**279.2**	**532.0**

Geographical Breakdown

The following tables set forth certain financial and operating information of our geographical breakdown (which excludes revenues between geographies) for the periods indicated. For the purposes of the geographical breakdown of our financial performance, which is based upon the geographical breakdown of our key operating performance indicators, including RevPAR, Occupancy and ADR below, our geographical breakdown is as follows: (1) Spain, which includes Spain, Portugal, France, Andorra, Tunisia and the United States; (2) Italy; (3) Central Europe, which includes Austria, the Czech Republic, Germany, Hungary, Poland, Romania, Slovakia and Switzerland; (4) Benelux, which includes Belgium, Luxembourg, the Netherlands, Ireland, Denmark and the United Kingdom and; (5) Latin America, which includes Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico and Uruguay. See "*Other data*".

Operating information (unaudited)

We have included other operating information in this Report, some of which we refer to as "key performance indicators", including RevPAR, Occupancy, and ADR. In addition, each of Occupancy, ADR and RevPAR, are presented on an actual basis. We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures in accordance with IFRS. For a description of certain of our key performance indicators, see "*Management's discussion and analysis of financial*

condition and results of operations—Key factors affecting our financial condition and results of operations—Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR)".

Revenue per Available Room (RevPAR)

RevPAR is the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period.

The following table sets forth a geographic breakdown of consolidated RevPAR for the periods indicated.

	For the year ended December 31,				
	2020		**2021**		**2022**
	(€)	**% change(1)**	**(€)**	**% change(1)**	**(€)**
Spain	22.4	83.0	41.0	107.7	85.1
Italy	21.3	96.9	41.9	131.7	97.1
Central Europe	23.5	2.0	23.9	148.4	59.5
Benelux	21.5	15.1	24.8	219.1	79.0
Latin America	10.4	54.4	16.1	175.3	44.2
Group	**20.9**	**45.4**	**30.5**	**144.0**	**74.4**

(1) Represents the percentage change in RevPAR between 2020 and 2021, between 2021 and 2022.

Occupancy

Occupancy is the quotient of the total number of Room Nights sold during a specified period divided by the total number of hotel rooms available for each day during that period. The following table sets forth a geographic breakdown of consolidated Occupancy for the periods indicated.

	For the year ended December 31,				
	2020		**2021**		**2022**
	(%)	**Ppt change(1)**		**Ppt change(1)**	
Spain	27.9	64.7	46.0	50.9	69.4
Italy	22.2	65.0	36.6	72.3	63.1
Central Europe	28.6	3.0	29.5	87.8	55.3
Benelux	22.8	12.6	25.6	122.5	57.1
Latin America	18.2	71.3	31.2	86.7	58.3
Group	**25.0**	**37.1**	**34.3**	**77.6**	**60.9**

(1) Represents the percentage point difference in Occupancy between 2020 and 2021, between 2021 and 2022.

Average Daily Rate (ADR)

Average Daily Rate is the quotient of total room revenues for a specified period divided by total Room Nights sold during that period. The following table sets forth a geographic breakdown of consolidated ADR for the periods indicated.

	For the year ended December 31,				
	2020		**2021**		**2022**
	(€)	**% change[1]**	**(€)**	**% change[1]**	**(€)**
Spain	80.3	11.1	89.2	37.6	122.8
Italy	95.8	19.4	114.4	34.5	153.8
Central Europe	82.0	(0.9)	81.3	32.3	107.5
Benelux	94.4	2.3	96.6	43.4	138.5
Latin America	57.1	(9.8)	51.4	47.4	75.8
Group	**83.7**	**6.3**	**89.0**	**37.4**	**122.2**

(1) Represents the percentage change in ADR between 2020 and 2021, between 2021 and 2022

Geographical Information

The following table sets forth a geographic breakdown of our net turnover for the periods indicated.

	For the year ended December 31,		
	2020	**2021**	**2022**
	(€ in millions)		
Net turnover			
Spain	159.9	264.1	526.5
Italy	82.7	159.5	350.9
Central Europe	141.9	148.6	354.0
Benelux	121.7	128.8	372.3
Latin America	30.0	45.5	118.6
Total	**536.2**	**746.5**	**1,722.4**

Summary financial and other information

The following summary consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows as of and for the years ended December 31, 2020, 2021 and 2022, except for the footnotes included below each table and except as otherwise indicated, have been derived from the audited consolidated financial statements for such periods of the Group, which were audited by PricewaterhouseCoopers Auditores, S.L. and have been prepared in accordance with IFRS. This summary financial information is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

The unaudited pro forma financial information contained in this report has been derived by applying pro forma adjustments to the Group's historical consolidated financial statements included elsewhere in this report. The unaudited pro forma adjustments and the unaudited pro forma financial information set forth below are based upon available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. The pro forma financial information is for informational purposes only and does not purport to present what our results would actually have been had these transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date.

This "*Summary financial and other information*" contains certain non-IFRS financial measures including EBITDA, net indebtedness, net secured indebtedness and changes in working capital. These non-IFRS financial measures are not measurements of performance or liquidity under IFRS. Investors should not place any undue reliance on these non-IFRS measures and should not consider these measures as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measures of performance under generally accepted accounting principles. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results. These measures are used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

This *"Summary financial and other information"* should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the accompanying notes included elsewhere in this Report, and should also be read together with the information set forth in *"Information regarding forward-looking statements", " Other data",* and *"Management's discussion and analysis of financial condition and results of operations".*

For more information on the basis of preparation of this financial information, see "*Presentation of financial and other information*" and the notes to the financial statements included elsewhere in this report.

Information regarding forward-looking statements

Certain statements in this Report are not historical facts and are "forward-looking" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). This document contains certain forward-looking statements in various sections, including, without limitation, under the headings "*Recent Developments*" , "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations*", and in other sections where this Report includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and countries in which we operate. We may from time to time make written or oral forward-looking statements in other communications. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and dispositions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “expect”, “intend”, “predict”, “project”, “could”, “may”, “will”, “plan” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under “*Risk factors*”, as well as those included elsewhere in this Report. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- levels of spending in the business, travel and leisure industries, as well as consumer confidence;
- a worldwide economic downturn, especially in Europe and Latin America;
- political instability, civil unrest, violence and war;
- inflationary pressure
- the impact of any pandemic or epidemic;
- disruption in our supply chain generating scarcity of supplies
- competitive forces in the markets where we operate;
- our ability to enter into new management agreements;
- our ability to pay fixed rent commitments;
- the risk that our management agreement will not generate positive financial results;
- risks resulting from significant investments in owned and leased real estate, such as the risk of increases in interest rates and the need for capital improvements and expenditures;
- risk associated with potential acquisitions and dispositions;

- our ability to exit underperforming leases and management agreements;
- risks associated with third-party valuations;
- risks associated with our relationship with some of our current significant shareholders;
- liabilities or capital requirements associated with acquiring interests in hotel joint ventures with third parties;
- risks related to the development, redevelopment or renovation of properties that we own or lease;
- the development of new hotels and the expansion of existing hotels;
- our ability to adapt our hotels to reflect any changes in business mix;
- the ability or willingness of third-party hotel proprietors to make investments necessary to maintain or improve properties we manage;
- early termination of our management contracts;
- our relationships with third-party hotel proprietors;
- contractual or other disagreements with third-party hotel proprietors;
- our ability and the ability of third-party hotel proprietors to repay or refinance mortgages secured by hotels that we operate;
- general volatility of the capital and financial markets and our ability to access the capital and/or financial markets and therefore creating a potential liquidity and refinancing risk;
- deterioration of credit profile of clients, increasing the rate of delinquencies and overdue debt, with its subsequent impact on working capital and cash flow, and potentially compromising liquidity;
- liquidity risk as the risk of not being able to fulfil present or future obligations if we do not have sufficient funds available to meet such obligations;
- our ability to meet certain financial ratios or meet financial obligations, implying a potential default;
- relatively fixed costs associated with hotel operations;
- very material weight of lease contracts; resulting in high operational and financial leverage;
- the seasonal and cyclical nature of the hospitality business;
- hostilities, including terrorist attacks, or fear of hostilities that affect travel and other catastrophic events;
- our ability to establish and maintain distribution arrangements;
- a shift in hotel bookings from traditional to online channels;

- the introduction of new brand concepts and our ability to develop new brands, generate customer demand and incorporate innovation;
- our ability to successfully implement new initiatives;
- our ability to attract, retain, train, manage and engage our employees;
- relationships with our employees and labor unions and changes in labor law;
- our dependence on key personnel;
- fluctuations in currency exchange rates and the inability to repatriate cash and impact in profit and loss and assets valuation;
- risk related to hyperinflationary economies where we operate;
- fluctuations in interest rates and the subsequent increase in financing costs;
- our ability to comply with extensive regulatory requirements, including licensing, relating to land use and environmental, food, beverage and alcohol, tax, competition and employment;
- negative interest rates environment that lead to banks charging corporates for cash balances;
- risks relating to a change of control of the Company;
- insufficient insurance;
- changes in tax laws;
- failure to protect our trademarks and intellectual property;
- third-party claims of intellectual property infringement;
- unfavorable outcomes of legal proceedings, including those relating to our shareholders;
- interruptions or failures of our information technology systems resulting from unanticipated problems or natural disasters, such as power loss, telecommunication failures, computer viruses, hurricanes or floods;
- failure to maintain the integrity or privacy of internal or customer data, including due to cyber security breaches;
- failure to incorporate new developments in technology;
- changes in accounting standards and impact on leverage ratios; and
- risks relating to the Notes and our structure.

This list of important factors is not exhaustive. You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any

obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Presentation of financial and other information

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows as of and for the years ended December 31, 2020, 2021 and 2022, except for the footnotes included below each table and except as otherwise indicated, have been derived from the audited consolidated financial statements for such periods of the Group, which were audited by PricewaterhouseCoopers Auditores, S.L. and have been prepared in accordance with IFRS. This summary financial information is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

Certain numerical figures set out in this Report, including financial data presented in millions or in thousands, have been subject to rounding adjustments and, as a result, the totals of the data in the Report may vary slightly from the actual arithmetic totals of such information.

Use of non-IFRS financial measures

Certain parts of this Report contain non-IFRS measures and ratios, including EBITDA, net indebtedness, net secured indebtedness and changes in working capital.

We define EBITDA as profit (loss) attributable to shareholders of the Issuer plus non-controlling interests plus profit (loss) for the year from discontinued operations net of tax minus corporation tax, gain (loss) on disposal of financial investments, net exchange rate differences, financial expenses, change in fair value of financial instruments, financial income, profit (loss) from entities valued through the equity method, variation in the provision for onerous contracts, net losses from asset impairment, depreciation and inventory impairments.

We define net indebtedness as indebtedness minus cash and cash equivalents.

We define net secured indebtedness as secured indebtedness minus cash and cash equivalents.

We define RevPAR as the product of the Average Daily Rate for a specific period multiplied by the Occupancy for that period.

We define Occupancy as the quotient of the total number of Room Nights sold during a specific period divided by the total number of hotel rooms available for each day during such specific period.

We define Average Daily Rate as the quotient of total room revenues for a specified period divided by total Room Nights sold during that period.

We define changes in working capital as the sum of the movements in inventories, trade and other receivables, other current assets, trade creditors and other current liabilities and charges as derived from the cash flow statements.

EBITDA, net indebtedness, net secured indebtedness, changes in working capital, ADR, Occupancy and RevPAR are non-IFRS measures. We use these non-IFRS measures as internal measures of performance and liquidity to benchmark and compare performance and liquidity, both between our own operations and as against other companies. We use these non-IFRS measures, together with measures of performance or liquidity under IFRS, to compare the relative performance or liquidity of operations in planning, budgeting and reviewing the performance or liquidity of various businesses. We believe

these non-IFRS measures are useful and commonly used measures of financial performance or liquidity in addition to operating profit and other profitability measures, cash flow provided by operating activities and other cash flow measures and other measures of financial position under IFRS because they facilitate operating performance, cash flow and financial position comparisons from period to period, time to time and company to company. By eliminating potential differences between periods or companies caused by factors such as depreciation and amortization methods, financing and capital structures and taxation positions or regimes, we believe these non-IFRS measures can provide a useful additional basis for comparing the current performance or liquidity of the underlying operations being evaluated. For these reasons, we believe these non-IFRS measures and similar measures are regularly used by the investment community as a means of comparing companies in our industry. Different companies and analysts may calculate EBITDA, net indebtedness, net secured indebtedness ADR, Occupancy, RevPAR and changes in working capital differently, so making comparisons among companies on this basis should be done very carefully. EBITDA, net indebtedness, net secured indebtedness, and changes in working capital are not measures of performance or liquidity under IFRS and should not be considered in isolation or construed as a substitute for net operating profit or as an indicator of our cash flow from operations, investment activities or financing activities or as an indicator of financial position in accordance with IFRS. For the calculation of EBITDA, net indebtedness, net secured indebtedness ADR, Occupancy, RevPAR and changes in working capital, see "*Summary financial and other information"*.

Other data

In addition to EBITDA, net indebtedness, net secured indebtedness and changes in working capital, we have included other operating information in this Report, some of which we refer to as "key performance indicators", including RevPAR, Occupancy, Room Nights and Average Daily Rate. We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures in accordance with IFRS. For a description of certain of our key performance indicators, see "*Management's discussion and analysis of financial condition and results of operations—Key Factors affecting our financial condition and results of operations—Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR)*".

We present in this Report a geographical breakdown of our sales and our operating data as follows: (1) Spain, which includes Spain, Portugal, France, Andorra, Tunisia and the United States; (2) Italy; (3) Central Europe, which includes Austria, the Czech Republic, Germany, Hungary, Poland, Romania, Slovakia and Switzerland; (4) Benelux, which includes Belgium, Luxembourg, the Netherlands, Ireland, Denmark and the United Kingdom and; (5) Latin America, which includes Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico and Uruguay.

Market and industry data

In this Report, we rely on and refer to information regarding our business and the markets in which we operate and compete. Such market and industry data and certain industry forward-looking statements are derived from various industry and other independent sources, where available. In particular, certain information regarding the valuation of the Mortgage Properties and the Share Properties as of December 31, 2021 has been derived from the Kroll Report produced solely for our use. We have also used data obtained from IHS Inc. and other third party sources, including information regarding the valuation of our properties that are not part of the Collateral as of December 31, 2021. The aforementioned third party sources generally state that the information they contain has been obtained from sources believed to be reliable. However, these third party sources also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. The information in this Report that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Notwithstanding the foregoing, such third-party information has not been independently verified, and we do not make any representation or warranty as to the accuracy or completeness of such information set forth in this Report.

In addition, certain information in this Report for which no source is given, regarding our market position relative to our competitors in the hotel industry, is not based upon published statistical data or information obtained from independent third parties. Such information and statements reflect our best estimates based upon information obtained from trade and business organizations and associations and other contacts within the industries in which we compete, as well as information published by our competitors. To the extent that no source is given for information contained in this Report, or such information is identified as being our belief, that information is based upon the following: (i) in respect of market share, information obtained from trade and business organizations and associations and other contacts within the industries in which we compete and internal analysis of our sales data, and unless otherwise stated, market share is based upon number of hotel rooms in operation; (ii) in respect of industry trends, our senior management team’s general business experience, as well as their experience in our industry and the local markets in which we operate; and (iii) in respect of the performance of our operations, our internal analysis of our audited and unaudited financial and other information. As some of the foregoing information was compiled or provided by our management or advisors and is not publicly available, such information accordingly may not be considered to be as independent as that provided by other third-party sources.

Trademarks and trade names

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Report belongs to its holder.

Recent developments

Trading and Operational Update

Based on our results, consolidated RevPAR for the first three months ended March 31, 2023 is €68.5, representing a significant increase compared to €36.4 in the three months ended March 31, 2022. Consolidated Occupancy and ADR for the first three months ended March 31, 2023 is 59.7% and €114.8, respectively, compared to 40.4% and €90.1 in the three months ended March 31, 2022.

After the strong recovery in 2022, the good pace remains in the first months of the year despite being a low season period, being Q1 traditionally the smallest contribution period of the year. The similar operating trend observed in 2022 with strong ADRs and lower occupancy compared to pre-pandemic years has continued during the first part of the 2023.

The uncertainty regarding the severity, duration and economic consequences of the ongoing Russia-Ukraine war continues as well as the high inflation environment. This requires to continue with a strict cost control focus as increases in supplies of products and services, salary costs and rental costs of leased hotels are expected to continue during 2023. Also disruptions in the supply chain could imply upward pressure in the cost of products and services with a high dependence in energy use such as laundry.

In order to fight against inflation, ADR maximization is critical to avoid a decrease of profitability of the business and our Purchasing Platform Coperama will continue with the tender strategy implemented in 2022.

For the time being this geopolitical instability has had a limited impact on European consumer demand for our hotel rooms, but it is early to discard potential impacts in the hotel industry recovery. Additionally, the financial event related with some US and European bank institutions, may impact the credit market and global economy evolution.

Apart from that, last month we have assisted to a financial crisis due to the bankruptcy of Silicon Valley Bank and crisis of Credit Suisse that may became the start of a global economic downturn.

Debt repayment

In January 2023 the path of debt reduction has continued with the early repayment of the outstanding €50,000,000 S Term Facility Agreement maturing in 2026. With this voluntary repayment, the COVID Related ICO Facilities have been fully repaid.

Rating updrade

In March 2023 Moody´s rating agency upgraded the corporate family rating (CFR) of the Group to B2 from B3 with stable outlook, reflecting the better than expected improvement in the key credit metrics and significant debt reduction returning to similar pre-pandemic leverage. As a consequence, the Senior Secured Notes are rated B1.

The Issuer

The Issuer is a public limited company (*sociedad anónima*) incorporated under the laws of Spain and listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the "*Spanish Stock Exchanges*") with share capital of €871,491,340, consisting of 435,745,670 shares of €2.00 par value each as of December 31, 2022. All shares have been issued and are fully paid up. The Issuer is registered in the Commercial Registry of Madrid at volume 576 general 176 of section 3 of the companies' registry, page 61, sheet M-61 443. The registered office of the Issuer is located at Calle Santa Engracia 120, 28003 Madrid, Spain and its telephone number at that address is (+34) 91 451 97 18.

Currency presentation and exchange rate information

In this Report:

- $, “dollar” or “U.S. dollar” refers to the lawful currency of the United States; and
- € or “euro” refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate.

	U.S. dollar per €1.00			
Year ended December 31,	**Period end**	**Average(1)**	**High**	**Low**
2016	1.0520	1.1035	1.1532	1.0389
2017	1.2005	1.1393	1.2036	1.0406
2018	1.1469	1.1782	1.2509	1.1218
2019	1.1214	1.1179	1.1543	1.0900
2020	1.2217	1.1472	1.2298	1.0691
2021	1.1368	1.1826	1.2350	1.1185
2022	1,0705	1,0533	1,1455	0,9594

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during such year.

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Report. Our inclusion of the exchange rates is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

Risk factors

Risks relating to our business and industry

Our operations are exposed to the risk of events that adversely affect domestic or international travel.

Our results have been and will continue to be significantly affected by events beyond our control that affect the level of travel and business activity worldwide, including unforeseen public health crises, such as any pandemics and epidemics, terrorist attacks, wars and other political instabilities, such as the past protests and riots in Catalonia, Spain, as well as in Chile and Colombia and the war in Ukraine, and other catastrophic events.

The ongoing Russia-Ukraine war is having a financial impact globally which is apparent in inflation, increasing energy and food prices, and other areas. We do not operate any hotels or have any investments in Russia or Ukraine. Russian customers represented 0.8% of our 2019 revenues. However, the war has the following impacts on our Group: (i) a further slowdown of travel from Russia, (ii) increasing prices of supplies, (iii) increasing social unrest in Europe; (iv) increasing costs to comply with sanctions and (v) increasing risk of cyber-security breaches. The ongoing conflict could even spill-over to neighboring countries or give rise to energy shortages in some jurisdictions, and it is possible that further sanctions may be imposed on Russia. As a result, it would become more difficult to control and monitor full compliance of our activities in countries subject to UK, U.S., EU or UN or other sanctions, export controls and anti-corruption laws. Failure to comply with the laws could expose us to civil and criminal prosecution and penalties, the imposition of export or economic sanctions against the Group, and reputational damage, all of which could materially and adversely affect the Group's financial results.

Disruptions to our business operations during peak periods, for example, as a result of political or economic instability or other adverse conditions in our major markets, could adversely affect our profitability. In recent years, the economic slowdowns in key travel markets such as Brazil and Russia, the political and economic instability in several Latin American countries such as Argentina and Venezuela and the military actions in the Middle East, Ukraine and elsewhere, have negatively impacted global travel. The terrorist attacks in Paris in 2015 and Brussels in 2016 and the political instability in Catalonia in 2017 and 2018 also had a negative impact on the hotel industry in those cities. The occurrence and consequences of those events are unpredictable, and further attacks, political or economic instability, disease outbreaks or military actions could have an adverse effect on the travel, hospitality and leisure industries in general, affecting the locations in which we operate and our business and results of operations.

Our results are also affected by periods of abnormal, severe or unseasonal weather conditions, including natural disasters, such as hurricanes, floods, earthquakes and other adverse weather and climate conditions. While we are insured against certain losses resulting from some of these events, our insurance claims are subject to caps and deductibles, which vary depending on the hotel. See, "—*If the insurance that we carry does not sufficiently cover damage or other potential losses involving our hotels, our margins and cash flow could be reduced.*"

The hotel industry may be materially affected by general economic conditions and other factors outside our control, and declines or disruptions in the hotel industry could adversely affect our business, results of operations, financial condition or prospects.

Consumer demand for our products and services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, epidemics or pandemics, changes in travel patterns, lower consumer confidence, adverse political conditions, increasing social unrest, inflation, and adverse economic conditions stemming from governmental attempts to reduce inflation, such as the imposition of higher interest rates, as well as wage and price controls, can lower the revenues and profitability of our owned and leased properties and the amount of management fee revenues we are able to generate from our managed properties. In an inflationary environment, in particular, we may be unable to raise our prices sufficiently to keep up with the rate of inflation. Declines in hotel profitability during an economic downturn directly affect the incentive

portion of our management fee revenues, which is based upon measures of hotel profitability. In addition, to the extent that we have provided a guarantee under a management agreement to meet certain profitability measures and those measures are not met, during a specified period, typically two or three consecutive years, we have the option to compensate the hotel proprietor for the shortfall or, if we elect not to compensate the hotel proprietor, the hotel proprietor may terminate the agreement.

Inflationary pressure might impact the profitability of the business due to lower consumer demand or lower operating margins. High inflation or even disruption in our supply chain can affect regular operations of our business, due to the scarcity of supplies. Additionally, the increase in energy costs impacts the cost of supplied services, being laundry services a relevant supplied service in our operations. Also, other outsourced services such as housekeeping, general maintenance and cleaning are affected by the inflationary pressure.

The economic downturn in some of our key markets such as Spain and Italy in the period from 2009 to 2013 led to a decline in demand for hospitality products and services, lower occupancy levels and reduced room rates, all of which had a negative impact on our net turnover and negatively affected our profitability. Moreover, due the COVID-19 pandemic from 2020 to mid-2022 we faced again an economic downturn, although our ADR and Occupancy and therefore RevPAR have recovered to the same levels experienced prior to such downturn. In case of a global economic downturn, due to financial institutions´ crisis, such as Silicon Valley Bank or Credit Suisse, would likely have a further adverse effect on our results of operations, financial condition and prospects.

Furthermore, global economic conditions, particularly in Europe, have significantly affected consumer confidence and behavior and, as a result, historical performance information may be less effective as a means of predicting future demand and operating results.

A majority of our revenue is generated from operations in Europe, and an economic downturn in Europe could intensify the risks faced by the hotel industry, which could negatively affect our business, results of operations, financial condition or prospects.

Our operations are principally located in Europe, and in particular in Spain, Portugal, Italy, Central Europe and Benelux, which for the twelve months ended December 31, 2022 collectively accounted for approximately 93.1% of our net turnover, with a significant contribution from leased hotels with fixed rent commitments. Accordingly, our financial performance is particularly affected by economic and financial conditions in Europe and our results of operations may be further adversely affected due to the significant fall in demand for hotels and the geopolitical instability resulting from the ongoing Russia-Ukraine war . In these circumstances, many of the risks faced by the hotel industry and our business could intensify, which could negatively affect our business and net turnover and our access to, and cost of, capital. However, due to the uncertainty of the appearance of another eventual pandemic and the current geopolitical environment, these potential consequences are difficult to predict.

We operate in a highly competitive industry, and our business, results of operations, financial condition, prospects and market share could be adversely affected if we are unable to compete effectively.

The hotel industry is highly competitive. We face a variety of competitive challenges in attracting new guests and maintaining customer loyalty among our existing customer base, including:

- anticipating and responding to the needs of our customers;
- differentiating the quality of our hotel services and products with respect to our competitors;
- developing and maintaining a strong brand image and a reputation for consistent quality and service across our hotels;

- competitively and consistently pricing our rooms and achieving customer perception of value;
- undertaking effective and appropriate promotional activities and effectively responding to promotional activities of our competitors;
- maintaining and developing effective website designs, mobile applications and online presence; and
- attracting and retaining talented employees and management teams.

We compete with hotel operators of varying sizes, including major international chains with well-established and recognized brands offering a broad range of products, as well as specialist or independent hotel operators. Some of our competitors have greater market presence and name recognition and stronger brands than we do. Certain competitors have greater financial resources, greater purchasing economies of scale and lower cost bases than we have. Consequently, they may be able to spend more on marketing and advertising campaigns, thereby increasing market share. Our competitors may be able to react more swiftly to changes in market conditions or trends or to offer lower prices or incur higher costs for longer than we can. The adoption by competitors of aggressive pricing, intensive promotional activities and discount strategies or other actions that attract customers away from us, as well as our actions to maintain our competitiveness and reputation, could have an adverse effect on our market share and position, in turn affecting our net turnover and EBITDA.

We also compete with other hotel operators for the development of new hotel by signing management or lease agreements. The terms of any new management or lease agreements that we obtain also depend upon the terms that our competitors offer for those agreements, having increased competition and demand for higher returns by investors.

Additionally, the use and popularity of sharing economy providers, such as Airbnb, has grown rapidly in recent years. Sharing economy providers compete against traditional accommodation providers such as hotels and hostels and may disrupt or reduce customer demand for traditional accommodation or require traditional accommodation providers to alter their business model or pricing structures in order to compete effectively. Furthermore, our direct booking systems compete with bookings made by third party intermediaries, such as third-party internet travel intermediaries and online travel service providers, to whom we pay a commission, reducing our profitability from such bookings as compared to direct bookings. See, "*—If we are unable to establish and maintain key distribution arrangements for our properties, the demand for our rooms and our net turnover could decrease.*" In addition, such platforms may increase the level of competition we face from other hotels. See, "*—If the amount of sales made through third-party internet travel intermediaries increases significantly, we may experience difficulty in maintaining consumer loyalty to our brand.*" In the last years, the volume of "alternative accommodation" dropped, as many owners put their inventory up for long-term rentals. In addition, year after year, the Group has been able to lower its distribution costs (through the reduction of commissions) and the weight of web sales has been growing year after year.

Our ability to grow our business depends, in part, upon our ability to enter into new management agreements, and there is no guarantee that we will be able to enter into management agreements on terms that are favorable to us, or at all.

We also compete with other hotel operators for management agreements, based primarily on the value and quality of our management services, our brand name recognition and reputation, our experience and track record of success in certain regions, our ability and willingness to invest our capital in third-party properties or hospitality venture projects, the level of our management fee revenue, the terms of our management agreements and the economic advantages to the hotel proprietor of retaining our management services and using our brand name. Other competitive factors for management agreements include relationships with third-party hotel proprietors and investors and our previous performance with such hotel proprietors or investors, including institutional owners of multiple properties, marketing support and reservation and e-commerce system capacity and efficiency. We believe that our ability to compete for management agreements primarily depends upon the success of the properties that we currently manage. The terms of any new management agreements that we obtain also depend upon the terms that our competitors offer for those agreements.There is no guarantee that the management agreements we enter into will have favorable terms. For example, sometimes we assume, in part, the risk of business

performance under certain management agreements with costly performance guarantees based on operating metrics such as gross operating profit. In addition, if the availability of suitable locations for new properties decreases, planning or other local regulations change or the availability or affordability of financing is limited, the supply of suitable properties for our management could be diminished. We may also be required to agree to limitations on the expansion of our brand in certain geographic areas to obtain a management agreement for a property under development, which could prohibit us from managing or owning other properties in areas where further opportunities exist. If the properties that we manage perform less successfully than those of our competitors, if we are unable to offer terms as favorable as those offered by our competitors or if the availability of suitable properties is limited, our ability to compete effectively for new management agreements could be reduced.

Our current hotel management agreements have generated, and may continue to generate, and any future hotel management agreements may generate, limited net turnover and negligible EBITDA.

Our management agreements contributed 1.3%, 1.6% and 1.1% of our net turnover for the years ended December 31, 2022, 2021 and 2020, respectively. Our management agreements may continue to contribute limited net turnover and negligible or negative EBITDA. In addition, we seek to increase the proportion of our hotels operated under management agreements and, for example, in 2022 we signed five management agreements.

We are exposed to risks resulting from significant investments in owned and leased real estate, which could increase our costs, reduce our profits, limit our ability to respond to market conditions or restrict our growth strategy.

As of December 31, 2022, we owned and leased approximately 21.3% and 65.3%, respectively, of our hotels (based on the number of hotel rooms). Real estate ownership and, to a lesser extent, leasing are subject to risks not applicable to managed properties, including:

- governmental regulations relating to real estate ownership;
- real estate, insurance, zoning, tax, environmental and eminent domain laws;
- the ongoing need for capital improvements and expenditures to maintain or upgrade properties and other expenses related to owning or leasing a property, such as insurance;
- risks associated with mortgage debt, including the possibility of default, fluctuating interest rate levels and the availability of replacement financing;
- risks associated with long-term contracts with fixed terms, including continuing fixed obligations in the face of volatile or changing market conditions;
- fluctuations in real estate values or potential impairments in the value of our assets; and
- the relative liquidity and high transaction costs associated with real estate compared to other assets.

A decline in net turnover negatively affects profitability and cash flow generation to a greater extent with respect to our owned or leased properties due to their high fixed-cost structure. Moreover, we need to maintain, renovate or refurbish our owned or leased properties, which can be challenging during periods in which our cash generated from operations has declined. See "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting our financial condition and results of operations—Repositioning our brand and hotel portfolio and our refurbishment plan*". In addition, the fixed-cost nature of operating owned and leased hotels may render any cost-cutting efforts less effective compared to our managed hotels. As a result, we may not be able to offset further net turnover reductions through cost-

cutting, which could further reduce our margins. Our future growth is expected to involve significant amounts of leased real estate, and so such effects could be exacerbated in the future.

We are also susceptible to volatility in property prices during periods of economic downturn, which results in a decline in our asset value and limits our flexibility to sell properties at a profit during such periods. In an unfavorable market, we may not be able to sell properties on commercially attractive terms, or at all, in the short term. Accordingly, we may not be able to adjust our portfolio promptly in response to economic or other conditions. In addition, because our repositioning strategy depends in part upon our ability to sell properties and to use proceeds from such sales to fund operations under our leases or management agreements or to make capital expenditures, any inability to do so could impair our strategy.

Our current and future property portfolio involves a significant amount of leased property, resulting in high levels of operating leverage, reduced cost flexibility to withstand downturns and increased dependence on third parties, as well as increasing our total leverage from the perspective of banks, rating agencies and capital market investors, which may limit our ability to raise financing.

As of December 31, 2022, we operated 223 hotels under lease agreements, consisting of 35,970 rooms and representing 65.3% of our total number of hotel rooms in operation.

During periods of economic growth, leased hotels typically represent a greater proportion of our total profits. However, during periods of economic downturn, leased hotels typically represent a smaller proportion of our total profits, as the cost base for our leased hotels is mostly fixed, negatively impacting our fixed charge coverage ratios. As a result, the fixed nature of most of our cost base for leased hotels may affect our overall profitability, and even create liquidity issues to pay the fixed component of the rents. Our future growth is expected to involve significant amounts of leased real estate, and so such effects could be exacerbated in the future. We can provide no assurance that future leases will be on the same or similar terms, or as profitable, as our existing leases.

The costs we incur under our leases, such as rent expense and property costs (such as council rates, utilities, insurance and service charges) constitute our principal fixed costs. We have limited or no control over these costs, and we may not be able to adjust such costs in a timely manner in response to changes in demand for services or a reduction in our revenues. If our revenue declines and we are unable to reduce our expenses in a timely manner or are unable or unwilling to pass these costs on to our guests, there may be a material adverse effect on our results of operations and financial condition.

Following the application of IFRS 16, the vast majority of our lease liabilities are considered indebtedness, and the significant amount of our lease liabilities means that we are highly leveraged. This high level of total leverage is relevant to lenders and potential lenders, rating agencies and capital markets participants, and may negatively affect our ability to raise financing on competitive terms, or at all, in the future.

We may seek to expand through acquisitions of and investments in businesses and properties or through alliances and partnerships with third parties, and we may also seek to divest some of our properties and other assets, any of which may be unsuccessful or divert our management’s attention.

Our growth has been, in part, attributable to acquisitions of other businesses and operations in regions in which we already operate, such as Spain, Italy, the Netherlands and Latin America. From time to time, we consider and engage in negotiations with respect to acquisitions. In many cases, we will be competing for opportunities with third parties that may have substantially greater financial resources than we do or we may enter into partnership or joint venture agreements in which we hold a minority stake and therefore exercise less influence over operational decisions. Acquisitions or investments in businesses, properties or assets and entry into alliances or partnerships are subject to risks that could affect our business and the success of our acquisition strategy depends upon our ability to identify suitable acquisition targets, to assess the value, strengths, weaknesses, liabilities and potential profitability of such acquisition targets and to negotiate acceptable purchase terms.

We may not be able to identify opportunities or complete transactions on commercially reasonable terms, or at all, and our failure to do so may limit our ability to grow our business. If we are unable to continue to make suitable acquisitions, our ability to increase our revenues may be adversely affected. We may pursue acquisitions and other strategic opportunities that are different from those we have sought in the past, including in new international markets.

If we make acquisitions, we may not be able to generate expected margins or cash flows, or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. Similarly, we may not be able to obtain financing for acquisitions or investments on attractive terms or at all, and our ability to obtain financing may be restricted by the terms of the Indenture, the Senior Secured RCF or our other existing and future indebtedness. Additionally, the pursuit of any acquisition, investment, disposition or strategic relationship may demand significant attention from our management that would otherwise be available for our regular business operations, which may have an adverse effect on our business.

From time to time, we consider and engage in negotiations with respect to disposals of assets. For example, in November 2014, we sold our 97% stake in Sotogrande, retaining ownership of certain international assets. In 2018, we engaged in a sale and leaseback transaction with respect to the NHC Barbizon Palace in Amsterdam, generating a net cash inflow of €121.8 million. More recently, on 30 June 2021 the sale and leaseback transaction on NHC Barcelona Calderon generating a cash inflow of €125.5 million, leading to an estimated net book capital gain of around EUR 46.7 million for NH Group. Finally, in 2022 we sold three hotels (NH Brussels Louise, NH Naarden and NH Wiesbaden) leading to a net capital gain 0f €11.5 million. Divestment of some of our properties or assets may yield returns below our investment criteria or include some fixed lease obligations. In some circumstances, sales of our properties may result in investment losses. Our asset disposals may be made at prices that are below market or book values, resulting in capital losses coupled with tax payment obligations. Further, we typically enter into sale agreements that contain representations, warranties and indemnification provisions and we have received certain claims for indemnification pursuant to these provisions and may receive such claims in the future.

Acquisitions may disrupt our ongoing business, increase our expenses and may adversely affect our operating results if we cannot effectively integrate these new operations. In addition, certain acquisitions may be structured such that we do not have sole control or ownership over the acquired assets.

The success of our acquisitions and investments will depend, in part, on our ability to integrate the acquisition or investment with our existing operations and to effect any required changes in operations or personnel. Such integration may require more investment than we expect, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or other parties, which may impact our operating results. Furthermore, there can be no assurance that our assessments of and assumptions regarding acquisition targets will prove correct, and actual developments may differ significantly from our expectations, which may hamper our integration efforts.

The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in our results of operations as a result of difficulties or risks, including:

- unforeseen legal, regulatory, contractual and other issues;
- difficulty in standardizing information and other systems;
- difficulty in realizing operating synergies;
- diversion of management’s attention from our day-to-day business; and
- failure to maintain the quality of services that we have historically provided.

Any failure to properly integrate an acquired business could have a material adverse effect on our business, results of operations, financial condition or prospects. Additionally, we may face difficulty integrating acquisitions that operate under business models distinct from our own. For example, as a result of our acquisition of the share capital of Hoteles Royal in March 2015, we operate hotels which we also own together with several co-proprietors, under lease and management agreements. These lease and management agreements include various branding and operating requirements which could prevent us from successfully implementing our rebranding and operating strategies in respect of these hotels. See "*—We own, and may acquire, interests in hotels and in other assets; such as real estate owning companies; under co-ownership, partnership agreements, joint ventures or similar arrangements with third parties that may expose us to additional liabilities or capital requirements.*"

If our management agreements terminate at the option of the hotel proprietor due to our failure to satisfy certain performance metrics or upon the occurrence of other specified events, our net turnover could decrease and our costs could increase.

Certain of our management agreements allow the hotel proprietor to terminate the agreement early for under performance or if we fail to compensate the hotel proprietor for any shortfall in applicable profitability metrics, such as certain levels of RevPar or gross operating profit, determined by comparison with a minimum threshold established in the management agreement. In addition, in certain jurisdictions, if a hotel proprietor files for bankruptcy, our management agreement with the hotel proprietor may be terminated under applicable law. The hotel proprietor may also terminate the management agreement early following a payment default. If a management agreement is terminated at the option of the hotel proprietor, we would no longer receive the net turnover derived under the agreement, and we could incur costs related to terminating the agreement with the third party and exiting the related property. In addition, upon termination of the management agreement, we would lose a NH branded hotel in the area where the hotel was located, and we may not be able to replace the hotel with another hotel in the same location, which could result in a loss of customers and net turnover.

We may not be successful in executing our strategy of exiting underperforming leases and management agreements and of disposing of selected assets, which could hinder our ability to expand our presence in markets that would enhance and expand our brand preference.

We regularly review our business to identify underperforming hotels and assets. Upon identifying a market or type of property that is underperforming, we evaluate the terms of the agreements governing the underperforming hotels, the market conditions and the location of the hotel to determine if we can renegotiate the terms on a more favorable basis or if we should terminate the arrangements or otherwise dispose of the assets to ensure that our assets are aligned with our strategy. From time to time, we may decide to exit unprofitable leases or management agreements or to selectively dispose of hotel properties to generate proceeds that can be used to repay debt and fund our growth in markets that will enhance and expand our brand presence. However, our lease agreements generally do not provide for early termination at our option without cause (some of them even establish a penalty in case of early termination), and we may not be able to agree on terms for the early termination of our leases with the owners of those properties on favorable terms, or at all. Hotel owners may bring claims against us for breach of contract or loss of income, and we may suffer reputational harm. We may experience difficulty in terminating certain unprofitable leases and management agreements during periods of economic downturn, due to the difficulty of finding replacement tenants and service providers that are willing to enter into new agreements on terms acceptable to the hotel owners. In addition, we may not be able to consummate sales of our hotels on commercially reasonable terms at the time we choose or at all, and we may not actually realize anticipated profits from such sales. In addition, our real estate assets are subject to market volatility in each region, which may decrease the market value of those assets. During periods of challenging economic conditions, potential real estate buyers may experience difficulty obtaining the financing required to purchase a real estate asset from us. Our inability to exit underperforming hotels, to sell assets at all or to sell assets at attractive prices could have an adverse effect on our ability to realize proceeds for reinvestment or may lead to a potential breach of certain financial covenants applicable to us under the terms of our various debt instruments and have a negative impact on our financing arrangements.

We may incur significant costs in connection with exiting or renegotiating the terms of underperforming leases, or we may incur further losses if we are unable to exit or renegotiate such underperforming leases.

From time to time, we may decide to exit or renegotiate the terms of unprofitable leases. In such circumstances we will enter into private negotiations with the relevant landlord in order to agree terms for early termination or new terms, including rent or duration of the lease. We may incur significant costs in connection with the termination or renegotiation of such leases, and we cannot guarantee that the new lease terms will reflect current market conditions. In some cases, we may not be able to terminate the lease on favorable terms, or at all.

Typically, our lease agreements include a minimum rent payment obligation that is independent of the revenue generated by the hotel. In the event that we are unable to exit or renegotiate the terms of an unprofitable lease, we may incur ongoing losses for the remaining term of the lease. In addition, under a few of our lease agreements, we are required to invest an agreed percentage of the relevant hotel revenue or a predetermined fixed sum in the maintenance of the hotel with respect to furniture, fixtures and equipment and interior of the hotel, excluding the façade and external structure. If the investment requirements are based on a fixed sum, we will be required to make the investments regardless of whether the leased hotel generates profits or losses. As a result, the required investments and capital expenditures may exceed the amount of revenue generated from operating the hotel or may increase the amount of the loss incurred.

The value of our properties reflected on our balance sheet and in this Report and the book value of our hotels and assets included in this Report is based in part upon the results of third-party valuations, and because property and asset valuation is inherently subjective and uncertain, the projections or assumptions used, estimates made or procedures followed in the third-party valuation of our properties and assets may not be correct, accurate or complete and may suffer severe devaluations due to external impacts .

To report the value of our properties and assets, we rely in part upon third-party valuations. These third-party valuations are reflected in, and form a large part of, the value of our properties recorded on our balance sheet and the book value of our hotels and assets included in this Report.

The basis of the valuation carried out by Kroll in the Kroll Report varies according to the type of asset being valued and, therefore, the aggregate value of the Collateral as of December 31, 2021 of €1,405 million, may not reflect the total market value of such properties and assets or the amount that could be realized upon the sale of such properties and assets.

Each valuation in the Kroll Report was prepared by Kroll on the basis of market value in accordance with the International Valuation Standards Committee. "Market value" is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Kroll´s' valuation of the Collateral was based upon the income approach using the DCF method, which according to Kroll, is the generally accepted approach for the valuation of a business or assets on a going-concern basis. For a detailed discussion of the valuation methodology, see "Business—Valuation of the Collateral—Basis of valuation and assumptions".

In preparing the valuations of the Kroll Report, Kroll made certain assumptions, and relied on estimates and projected information provided by us. For the Mortgage Properties and the Share Collateral, Kroll based its valuation of the appraised hotel properties on historical financial information of the appraised hotel properties from 2008 through 2020, the book value of non-current fixed assets of the appraised hotel properties as of December 31, 2021, prospective financial information for the appraised hotel properties for 2022 through 2026, which reflect our estimates of the future performance of the assets included in the valuation, and industry reports published by third parties. For the NH Italia Shares valued, Kroll based its valuation on the balance sheet of NH Italia as of December 31, 2021, prospective financial information for NH Italia for 2022 through 2026, which reflects our estimates of the future performance of the business of NH Italia, and industry reports published by third parties. In addition, Kroll analyzed published information concerning the economy and the industry in which the assets operate to assess the ability of the assets to generate future investment returns.

The assumptions or projections used, estimates made or procedures followed in preparing the valuations of our properties and assets may not be correct, accurate or complete and may suffer severe devaluation due to the impact of unexpected, unavoidable, or underestimated events or circumstances that may affect the performance of the hotels. Other appraisers may reach different valuations of our properties and assets. In addition, each valuation speaks only as of the valuation date and actual results may differ materially from the assumptions and projections used and estimates made in the valuations. For example, our results could differ from the projections made in the valuations as a result of a new economic downturn, renewed financial turmoil or market volatility, our inability to attract and retain qualified personnel or greater than expected environmental liabilities or planning requirements, among other factors. This is particularly relevant in periods of volatility or when there is limited real estate transactional data against which such a property or asset valuation can be benchmarked. If valuations of our properties and assets prove to be unfounded, our balance sheet results could be significantly adversely affected.

Furthermore, there can be no assurance that any valuation will be reflected in any actual transaction prices. The amount obtained from the actual sale of our property portfolio and assets may be significantly lower than any valuation thereof, even where any such transaction occurs shortly after the relevant valuation date, and the estimated cash flows projected in the valuation may not be attainable, especially in a distressed or liquidation scenario. Failure to achieve successful sales of properties and assets in the future at commercially reasonable prices could have an adverse effect on our business, results of operations, financial condition or prospects.

The realizable value of our property portfolio and assets at any given time will depend upon various factors, including:

- market, macroeconomic and hotel industry conditions, including demand and capacity for hotels;
- whether any additional property sales are anticipated;
- the effect any sale may have on the remaining portfolio;
- the availability of buyers;
- the availability of financing;
- the impact of foreign exchange;
- the time period in which the properties or assets are to be sold;
- the supply of similar properties;
- the condition of the properties;
- the impact of any pandemic or epidemic;
- regulatory and political risks, including obtaining any necessary consents or acquiring permits required to operate the properties as hotels; and
- other operational cost risks.

The appraised value of our properties and assets has changed in the past and we anticipate that it will continue to change over time, possibly materially. Accordingly, any valuation should not be considered as a guarantee of present or future value. After the issuance of the Notes, we will not provide holders of Notes with revised valuations of our properties,

except as shown in our consolidated financial statements and we expressly disclaim any duty to update any valuation under any other circumstances

We own, and may acquire, interests in hotels or in other assets, such as real estate owning companies, under co-ownership, partnership agreements, joint ventures or similar arrangements with third parties that may expose us to additional liabilities or capital requirements.

In some markets, we operate through co-ownership, partnerships, joint ventures or similar structures with third parties. Although we seek to minimize risks associated with such structures before investing with other partners, the actions of our partners could cause additional risks, such as project delays, increased costs or operational difficulties after project completion, or not receiving a return on investment. In addition, our partners could have financial difficulties and conflicts with us, which may affect the activities of our joint undertakings.

We are unable to unilaterally control material decisions with respect to operations conducted pursuant to these co-ownership, partnership or joint venture agreements, and we may have little influence over such decisions if we hold a minority stake. For example, as a result of our acquisition of Hoteles Royal in March 2015, we operate hotels, which we own together with several co-proprietors, under lease and management agreements that provide us with exclusive management rights. Because we do not own a majority stake in these hotels, in the case of underperformance, our co-proprietors may try to terminate our exclusive lease and management agreements. We cannot provide assurance that there will not be disagreements with our co-proprietors or that several of our co-proprietors holding a sufficient aggregate stake in such acquired hotels will not terminate the lease and management agreements. See "*—Acquisitions may disrupt our ongoing business, increase our expenses and may adversely affect our operating results if we cannot effectively integrate these new operations. In addition, certain acquisitions may be structured such that we do not have sole control or ownership over the acquired assets.*"

Some of our joint venture agreements provide that significant decisions regarding joint venture strategy will be made by super majorities, which can hinder and delay the adoption of measures and the securing of agreements and even cause deadlocks. Such delays or deadlocks could trigger additional liabilities for us. Some of our agreements also provide exit clauses for the minority shareholders, whereby preset formulae are used to calculate the value of the relevant interest and the terms of payment. However, the formulae may require valuations or other assessments by valuation experts or advisors before amounts payable or receivable by us are determined, which may result in uncertainty. In the past, minority shareholders of one of our subsidiaries exercised a put option in respect of their shares pursuant to certain contractual arrangements with us. We contested the exercise price in respect of the put option, as determined by a third-party valuation expert, which led to a litigation proceeding which ended in 2015. In addition, a minority shareholder of another one of our subsidiaries filed a claim for damages in respect of an alleged breach of our obligations under a call option agreement in respect of part of our shareholding interest. This has led to a litigation that is still ongoing. There is no assurance that similar occurrences will not happen in the future.

We may invest in other co-ownership schemes, partnerships, joint ventures or similar arrangements in the future that own hotels and have recourse or non-recourse debt financing. If a joint undertaking defaults under a secured loan, the lender may accelerate the loan and demand payment in full before taking action to foreclose on the hotel. A joint undertaking may not have sufficient assets or insurance to discharge its liability, and as a partner or member in the venture, we may be exposed to liability for claims asserted against it, which could have a material adverse effect on us.

If we fail to identify and enter into attractive markets, to find suitable business partners with whom we can operate the business effectively and on reasonable terms, to identify and lease hotels in popular locations on acceptable terms or to raise the required funds, our expansion plans may be jeopardized. In addition, our hotels that are operated pursuant to such arrangements may perform at levels below expectations, resulting in potential insolvency unless our partners provide additional funds. In some cases, our partners may elect not to make additional capital contributions, in which case we would be required to invest additional capital with no guarantee of a return on our investment or risk losing our investment.

Timing, budgeting and other risks could delay our efforts to develop, redevelop or renovate our owned and leased properties, or make these activities more expensive, which could reduce our profits or impair our ability to compete effectively.

We must maintain and renovate our owned and leased properties to remain competitive, maintain our value and brand proposition as presented by our new architecture and design concepts, and comply with applicable laws and regulations and certain contractual obligations under our leases. These efforts are subject to a number of risks, including:

- construction delays or cost overruns, including labor and materials, that may increase project costs;
- obtaining zoning, occupancy and other required permits or authorizations to operate;
- governmental restrictions on the size or kind of development;
- force majeure events, including earthquakes, hurricanes, floods or tsunamis, epidemics or pandemics; and
- construction or design defects that could increase costs; and
- the impact of any epidemic or pandemic.

Developing new properties typically involves lengthy development periods during which significant amounts of capital must be funded before the properties can begin to operate. If the cost of funding the developments or renovations exceeds budgeted amounts, profits could be reduced. Moreover, we may not be able to satisfy our capital commitments under certain of our agreements, and we may be subject to monetary penalties or other losses as a result.

Similarly, the timing of capital improvements can affect property performance, including Occupancy and Average Daily Rate, particularly if we need to close a significant number of hotel rooms or other facilities, such as ballrooms, meeting spaces or restaurants. Moreover, the investments that we make, either directly or indirectly through arrangements with a project management company, may fail to improve the performance of the properties in the manner that we expect.

If we are not able to begin operating properties as scheduled, or if investments adversely affect or fail to improve performance or our ability to compete effectively, our net turnover and cash flow could be reduced.

We may not be able to generate sufficient cash to fund new investments or capital expenditures required to maintain or improve our properties.

As of December 31, 2022, we have completed the execution of the approximately €410 million of investments (€385 million as of December 31, 2021) under our repositioning program since the plan was launched in 2014. As of December 31, 2022, a total of 135 hotels have been refurbished, representing approximately 39% of our hotel portfolio. These hotels were selected as we believe they are the most likely to yield higher Occupancy and ADR and to enhance the value of our owned and long term leased assets. Out of the hotels that are Mortgage Properties or properties that are owned or leased by entities whose shares form part of the Share Collateral (excluding NH Italia), we have refurbished five hotels. Regarding the assets which are owned or leased by NH Italia, twenty four refurbishments have been completed and we intend to refurbish additional hotels that are owned or leased by NH Italia.

Our refurbishment program involves modernizing rooms and common areas by refreshing paint and floor coverings and replacing furnishings and finishings. In certain hotels, we intend to complete a refurbishment of the entire building, including all mechanical, electrical and plumbing systems. Our ability to execute new investments or capital intensive refurbishment program will depend on our ability to generate cash, being that cash available or obtain external financing, which could be adversely affected during economic downturns. In addition, certain of our hotel assets are currently

underinvested and require more prompt attention and higher levels of expenditure than others. Our inability to generate sufficient cash to carry out work necessary to maintain such properties could have a material adverse effect on our operations in these hotels and ultimately the value of these assets. Our failure to complete our refurbishment program to the extent or in the timeframe contemplated could adversely affect our business, results of operations, financial condition or prospects.

If we are not able to develop and implement new initiatives successfully, our business and profitability could be harmed.

As part of our planned repositioning of our hotels, we intend to launch new initiatives, including new marketing programs as part of our plan to redefine, develop and promote our brands, which can be a time-consuming and expensive process. We also plan to invest capital and resources in refurbishing certain of our owned and leased properties as part of our repositioning initiative. If our initiatives are not well received by our employees, guests and hotel proprietors, they may not have the intended effect of yielding higher Occupancy and ADR in the future. We may not be able to recover the costs incurred in developing our brands or other development projects and initiatives or to realize their intended or projected benefits, which could adversely affect our margins and cash flow.

The development of new hotels and the expansion of existing hotels are subject to a number of risks beyond our control, including insufficient growth in demand for hotel rooms.

In order to remain competitive, we incur significant capital investment to increase our hotel room portfolio. It typically takes several months or years from the commencement of a project to completion of a new hotel, and demand for hotel rooms in particular locations may change significantly between the time we make the decision to enter a particular market or region and the time at which a hotel commences operations. If future demand for our hotels does not match the growth in our hotel room portfolio, we may experience lower Occupancy than expected or be required to lower our room rates in a particular hotel to attract customers, which could have an adverse effect on the profitability of our investments and our results of operations.

We may not be able to adapt our hotels to reflect any changes in business mix.

Any change in the business mix, for example decreases in the number of business travelers as opposed to leisure travelers or in the number of international travelers as opposed to domestic travelers, could negatively impact the results of our hotels which are not adapted for such changes. For example, during COVID-19 pandemic, business travel has been particularly affected and remote working and virtual meetings and events have increased and have come to stay, there is uncertainty as how business travel may be impacted. Such a shift in business mix could negatively impact our hotels that cater to business travelers and we may not be able to adapt such hotels to cater to leisure travelers in a cost efficient or timely manner, or at all. Such changes in business mix, or any other changes in business mix, could adversely affect our profitability and results of operations.

If third-party proprietors of the properties we manage fail to make investments necessary to maintain or improve their properties, preference for our brand and our reputation could suffer or our management agreements with those parties could terminate.

As of December 31, 2022, approximately 16.3% of our hotels (based on number of hotel rooms) were owned by third parties and managed by us under the terms of management agreements. Substantially all our management agreements require third-party hotel proprietors to comply with standards that are essential to maintaining our brand integrity and reputation. We depend upon third-party hotel proprietors to comply with the requirements by maintaining and improving properties through investments, including investments in furniture, fixtures, amenities and personnel.

Third-party hotel proprietors may be unable to access capital or unwilling to spend available capital when necessary, particularly during periods of economic downturn, even if required by the terms of our management agreements. Moreover, although the standards with which hotel proprietors must comply are generally consistent across our management agreements

and aligned with industry standards, hotel proprietors may interpret and apply these standards differently, and as a result, there may be significant differences in quality and appearance among the hotels we manage. If third-party hotel proprietors fail to make investments necessary to maintain or improve the properties we manage, or to make improvements in accordance with the standard of quality we expect, our brand preference and reputation could suffer. In addition, if third-party hotel proprietors breach the terms of our agreements with them, we may be required to take remedial action, including electing to exercise our termination rights, which would eliminate our net turnover from these properties and cause us to incur expenses related to terminating these agreements.

If we are unable to maintain relationships with third-party hotel proprietors, our net turnover could decrease and we may be unable to expand our presence.

We earn fees for managing hotels and other properties. Our management agreements typically provide a two-tiered fee structure that compensates us both for the volume of business we generate for the property as well as for the profitability of hotel operations. Our base compensation is a base fee that is usually an agreed upon percentage of gross net turnover from hotel operations. We also earn an incentive fee that is typically calculated as a percentage of a hotel profitability measure, such as gross operating profit, adjusted profit or the amount by which gross operating profit or adjusted profit exceeds a fixed threshold.

The viability of our management business depends upon our ability to establish and maintain relationships with third-party hotel proprietors. Third- party hotel proprietors are focused on maximizing the value of their investment and working with a management company that can help them be successful. The effectiveness of our management, the value of our brands and the rapport that we maintain with third-party hotel proprietors affect renewals and the success of our tenders for new management agreements and are all important factors for new third-party hotel proprietors considering doing business with us. Continued relationships with these third parties are likely to generate additional property development opportunities that support our growth. If we are unable to maintain good working relationships with third-party hotel proprietors or if we do not meet or exceed their expectations, the hotel proprietors may be unwilling to renew existing agreements or expand our relationships with them and our opportunities for developing new relationships with additional third parties may be adversely affected.

Contractual and other disagreements with third-party hotel proprietors could make us liable to them or result in litigation costs or other expenses, which could lower our profits.

Our management agreements require us and third-party hotel proprietors to comply with operational and performance conditions that are subject to interpretation and could result in disagreements. Additionally, some courts have applied principles of agency law and related fiduciary standards to managers of third- party hotel properties such as us, which means, among other things, that hotel proprietors may assert the right to terminate management agreements even where the agreements do not expressly provide for termination. In the event of any such termination, we may need to negotiate or enforce our right to a termination payment and even if we are successful, a termination payment is unlikely to equal the expected net turnover we would have achieved over the term of the agreement. Such disagreements are more likely to occur during periods of challenging economic conditions. Moreover, third-party hotel proprietors may claim that we do not satisfy our obligations under our management agreements and may not pay us fees in the full amounts due under the terms of the management agreements. For example, in 2019 we filed a claim against a hotel proprietor for undue use of our brand; and in 2020 we filed a separate claim against the same hotel proprietor for payment default.

We generally seek to resolve any disagreements directly with third-party hotel proprietors. However, to the extent that we cannot resolve matters directly with the hotel proprietor, we may pursue remedies through arbitration, if provided under the applicable management agreement, or through litigation, which can be costly and time consuming. We cannot predict the outcome of any such arbitration or litigation, the effect of any adverse judgment of a court or arbitrator against us or the amount of any settlement that we may be forced to enter into with any third party.

If we or third-party hotel proprietors are unable to repay or refinance mortgages secured by the hotel properties, our net turnover could be reduced and our business could be harmed.

Many of our properties owned by third-party hotel proprietors and certain properties that we own are pledged as collateral for secured loans entered into when these properties were purchased or refinanced. If we or third-party hotel proprietors are unable to repay or refinance maturing indebtedness, lenders could declare a default, accelerate the related debt and repossess the related property. During an economic downturn, a substantial number of hotel proprietors may experience financial difficulties and the properties they own could be or become increasingly vulnerable to financial stress. Debt defaults could lead third-party hotel proprietors to sell the property on unfavorable terms or, in the case of secured debt, to convey the mortgaged property to the lender. Any sales or repossessions could, in certain cases, result in the termination of our management agreements or eliminate any anticipated income and cash flows from, and, if applicable, our invested capital in, such property, which could significantly harm our business.

Any pandemic or epidemic could have a significant negative impact on our industry and business.

In case of the appearance of a new pandemic or epidemic, or an outbreak of any existing pandemic or epidemic and the various measures taken by governments and other local authorities to contain the spread of any disease may have a significant adverse impact on our industry, business and operations. More specifically, travel restrictions, lockdowns and social distancing measures may impact severely our industry, business and operations and may imply temporary closures of our hotels under local laws, regulations or recommendations. For example, during COVID 19 pandemic, we had in 2020 approximately 95% of our hotels temporarily closed.

Any future outbreak of any other highly infectious or contagious disease could have a similar impact.

Factors that may negatively impact our ability to successfully operate during any pandemic or epidemic include:

- our ability to keep our hotels open;
- the willingness or ability of our guests to travel to our hotels due to outbreaks, and the cost and availability of travel options and changing consumer preferences;
- our ability to attract and retain guests given the risks, or perceived risks, of gathering in public places;
- current or future restrictions imposed by governmental authorities, including quarantine requirements, social distancing, capacity, indoor dining or other restrictions that may affect our operations or the ability of our guests to access and enjoy our facilities;
- the shift from in-person business meetings, conferences, trade fairs and other events towards remote working and virtual or smaller events;
- actual or perceived deterioration or weakness in economic conditions, unemployment levels, the job or housing markets, consumer debt levels or consumer confidence, as well as other adverse economic or market conditions, and their collective impact on demand for travel and leisure;
- our ability to adjust capital spending and maintain sufficient liquidity to remain positioned for long-term success;
- our ability to incentivize and retain our current employees;
- the risk of lawsuits related to the measures adopted in response to the pandemic, including cost-control measures;

- the efficacy and timing of distribution of vaccines and the ability of vaccination programs to curtail the pandemic;
- the impact of the pandemicor epidemic on the financial condition of third-party partners, hotel proprietors, distributors, suppliers and other counterparties and their ability to perform their obligations under their agreements with us;
- our ability to access debt and equity capital on attractive terms, or at all;
- the impact of disruption and instability in the global financial markets or deterioration in credit and financing conditions on our access to capital necessary to fund operating costs, including maintenance capital expenditure, or to address maturing liabilities; and
- our ability to meet the financial ratio covenants under our existing and future debt documentation, given the impact of the pandemic on our financial performance.

We may not meet certain financial ratios and levels imposed on us under the Senior Secured RCF.

While we have met financial ratios imposed on us under the Senior Secured RCF in the past, we may not meet such ratios, or similar ratios applicable under other debt. For instance, during 2020 and 2021 due to the significant impact of the COVID-19 pandemic on our industry and business the Company did not comply with the financial ratios and obtained a waiver of financial covenant testing until December 2022 (inclusive).

Any default under the Senior Secured RCF could lead to an event of default under other debt instruments that contain cross-default or cross-acceleration provisions, including, without limitation, the Indenture and the Senior Secured RCF,. If our creditors, including creditors under such agreements, accelerate the payment of outstanding amounts, our assets and the assets of our subsidiaries may not be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. If we are unable to repay those amounts, our creditors could enforce any collateral granted to them to secure repayment of those amounts, including the Collateral.

If we or third-party hotel proprietors are unable to access the capital necessary to fund current operations or implement our growth plans, our profits could be reduced and our ability to compete effectively could be diminished.

The hotel industry is a capital-intensive business that requires significant capital expenditures to develop, operate, maintain and renovate properties. Access to the capital that we or third-party hotel proprietors need to finance the construction of new properties or to maintain and renovate existing properties is critical to the continued growth of our business and our net turnover.

The COVID-19 pandemic during the period 2020-2022, the current geopolitical environment and its economic consequences may continue to have a significant impact on the credit markets, and the financial services industry may experience a period of significant disruption, increased volatility in securities prices and diminished liquidity and credit availability. As a result of these market conditions, the cost and availability of capital may continue to be adversely affected by illiquid credit markets and wider credit spreads. The availability of capital or the conditions under which we or third-party hotel proprietors can obtain capital can have a significant effect on the overall level and pace of future development and, therefore, the ability to grow our net turnover. The recent disruptions to the capital markets has diminished the ability and desire of existing and potential development partners to access capital necessary to actively develop properties. These disruptions could also result in downgrades to our credit ratings or the credit ratings of our partners. Such downgrades could limit our access to capital and increase the cost of our access to capital, and any such downgrades in respect of our partners or potential partners could have a similar impact.

If we are forced to spend more cash from operating activities than anticipated to operate, maintain or renovate existing properties, then our ability to use cash for other purposes, including acquisition or development of properties, could be limited and our profits could be reduced. If we cannot access the capital we need to fund our operations or implement our growth strategy, we may need to postpone or cancel planned renovations or developments, which could impair our ability to compete effectively and harm our business.

In any particular period in which we experience a decrease in our net turnover, our operating expenses may not decrease at the same rate, which could have an adverse effect on our net cash flows, margins and profits.

Many of the expenses associated with operating hotels are relatively fixed. These expenses include personnel expenses, interest, rent, property taxes, insurance and utilities. If we are unable to decrease our costs significantly or rapidly when demand for our hotels and other properties decreases, the decline in our net turnover can have a particularly adverse effect on our net cash flows and profits, potentially creating liquidity constraints in a context when refinancing debt or raising new financing facilities may be compromised due to disrupted financial markets. This effect can be especially pronounced during periods of economic contraction or slow economic growth. Since the outbreak of the pandemic, we have brought a number of claims against third parties, including hotel proprietors, in order to obtain rent reductions and challenge the amount of fixed expenses that such parties claim are owed to them under the applicable contracts; however, such efforts may not be successful and may prove costly and time-consuming and negatively impact our relationships with such parties. Economic downturns generally affect the results derived from owned or leased properties more significantly than those derived from managed properties given the greater exposure that owners or lessees have to the properties' performance. If future cost-cutting efforts are insufficient to offset any future declines in net turnover, we could experience a material decline in margins and potentially negative cash flows.

Demand for our hotel rooms and our other products and services is subject to seasonal fluctuations in customer demand.

Our net turnover and cash flows depend upon numerous factors, such as bookings and RevPAR. In the hotel industry, these factors are affected by seasonality, depending upon the location and category of hotels. For example, the number of tourist arrivals in Europe changes significantly depending upon the season, and the majority of hotel stays in the region is concentrated in the second and third quarters of the calendar year.

The level of demand for our hotel rooms and our other products and services fluctuates over the course of the calendar year and, while there are variations among the geographies in which we operate, our Occupancy and net turnover is generally highest from April through June and from September through October. However, a significant proportion of our expenses is incurred more evenly throughout the year. Therefore, our profitability fluctuates during the year and we typically record losses during the first quarter of the year and tend to generate profits for the remainder of the year. Accordingly, our liquidity is typically at its highest during our peak periods from April through June and from September through October, and at its lowest during the first quarter of the year.

If we are unable to establish and maintain key distribution arrangements for our properties, the demand for our rooms and our net turnover could decrease.

A portion of the rooms at our hotels are booked through third-party internet travel intermediaries and online travel service providers, such as Booking.com, Expedia and Trivago. We also engage third-party intermediaries who collect fees by charging our hotels a commission on room revenues, including travel agencies and meeting and event management companies. A failure by our distributors to attract or retain their customer bases would lower demand for our hotel rooms and, in turn, reduce our net turnover.

If bookings by third-party intermediaries increase, the intermediaries may be able to obtain higher commissions or other significant contract concessions from us, increasing the overall cost of the third-party distribution channels. Some of our distribution agreements are not exclusive, have a short term, are terminable at will, or are subject to early termination

provisions. The loss of distributors, increased distribution costs or the renewal of distribution agreements on significantly less favorable terms could adversely affect our results of operations**.**

If the amount of sales made through third-party internet travel intermediaries increases significantly, we may experience difficulty in maintaining consumer loyalty to our brand.

We have seen a shift in hotel bookings from traditional to online channels. Accordingly, we derive a significant portion of our business from internet travel intermediaries, most of which devote equal space and attention to all the hotel operators listed on their websites. In addition, various websites publish user reviews based upon personal testimonies, including photos, that have not been vetted or verified. Although we actively monitor online reviews of our hotels through our "Quality Focus On Line" tool, we have little control over the way in which our hotels and our offering of services and products are portrayed through these third-party sites. Our hotels may be categorized according to the search criteria deemed appropriate by the travel intermediaries and may be grouped together with other hotels that are made to look more desirable, for example due to proximity to tourist sites or based upon user reviews. Some internet travel intermediaries may emphasize factors such as price or general indicators of quality (for example, "four-star downtown hotel") at the expense of brand identification. Such measures are aimed at developing customer loyalty with respect to the reservation system used rather than to our brands. If sales made through internet travel intermediaries increase significantly and consumers develop stronger loyalties to these intermediaries rather than to our brands, we may experience a decline in customer loyalty and repeat business and consequently, our business and net turnover could be harmed.

We rely on the value of our brand, and any failure to maintain or enhance customer awareness of our brand could adversely affect our business, results of operations, financial condition or prospects.

As a chain hotel operator, our brand, image and reputation constitute a significant part of our value proposition and serve to enhance our recognition among customers. We depend on our ability to develop our brand and our image as a leading hotel operator across Europe, and we leverage this reputation in other markets where we have a growing presence. Travelers expect that we will provide a consistent level of quality and value, and this reputation has strengthened our image and brand across our hotels worldwide. Any event, such as the poor quality of products and services, whether as a result of the actions of our employees or financial limitations, that leads to customer complaints or negative publicity or reviews by customers could damage our image, reputation or brand, which could negatively affect our business. Our reputation could also be damaged if customer complaints or negative reviews of us or our activities were to be published on travel websites, social media or other public platforms.

In addition, we have reorganized our hotels into three core brands and, through a reciprocal master licensing agreement with MINT signed on February 7, 2019, have a license to use MINT's corresponding commercial brands (Anantara, Avani, Oaks and Tivoli) in geographical areas where we operate. This agreement was amended on June 21, 2021 in order to allow the use of the NH brands by MINT in certain terrritories (China, Hong-Kong, Macao, Taiwan) through a joint venture. Currently, we operate six hotels in Europe under the luxury Anantara brand and 10 hotels under the upper upscale Tivoli brand. We believe that developing and expanding our brands are important aspects of our efforts to attract and expand our customer base, but our efforts may not be successful or our results of operations may not improve to the extent anticipated. Our expenditures to develop and promote our brands will increase due to a variety of factors, including increased spending from our competitors, the increased costs of supporting multiple brands and inflation in media pricing. We intend to spend considerable financial and human resources on developing and promoting our brands, and we will continue to invest in, and devote resources to, advertising and marketing, as well as other brand-building efforts to preserve and enhance consumer awareness of our brands, which will require attention from management.There is no assurance that we will be able to successfully maintain or enhance consumer awareness of our brands or that our initiative to reposition our brands will be successful or cost-effective. If we are unable to maintain or enhance consumer awareness of our brands and generate demand in a cost-effective manner, it would negatively affect our ability to compete in the hotel industry and would negatively affect our business. As media and technology, such as social media and smart phones, continue to develop, we will need to spend

more time and resources to develop new means to promote our brand awareness through such media outlets. If we are unable to adapt to new media forms, we may lose market share, which would negatively affect our business.

Labor shortages could restrict our ability to operate our properties or grow our business or result in increased labor costs that could reduce our margins and cash flow, which may result in a weaker control framework.

Our success depends in large part upon our ability to attract, retain, train, manage and engage our employees. If we are unable to attract, retain, train and engage skilled employees, our ability to manage and staff our properties adequately could be impaired, which could reduce customer satisfaction. Staffing shortages could also hinder our ability to grow and expand our business. Because personnel expenses are a major component of the operating expenses at our properties, a shortage of skilled labor could also require higher wages, which would increase our personnel expenses, and could reduce our profits and the profits of third-party hotel proprietors. Wage inflation also adversely affects our margins, and we are experiencing higher than usual increases in wages in some countries in which we operate.

Additionally, employee layoffs and consultancy cost savings, including the collective dismissal procedure at our central and corporate services in Spain which was implemented at the end of April 2021, may result in less resources focusing on certain corporate and control areas. We may not be able to meet in full and/or on time the increasing demands of compliance or control requirements (financial and non-financial) and as such may be exposed to higher risks of breaching internal procedures, key performance indicators, and even to potential penalties.

Our business depends on our relationships with our third-party suppliers and outsourcing partners, and adverse changes in these relationships, our inability to enter into new relationships or performance failure by such third-party suppliers and outsourcing partners, could have a material adverse effect on our business, results or operations, financial condition or prospects.

We depend on the provision of products and services by third-party suppliers, such as janitorial and laundry service providers, maintenance service providers, technical and IT service providers and payment service providers. If any third-party supplier on which we rely in conducting our business does not satisfactorily deliver their products or perform their services, we in turn may not be able to provide adequate hotel facilities and services to our customers. The use of third-party suppliers also increases the demands on our quality control personnel. Any adverse changes to our relationships with our suppliers or outsourcing partners or quality issues caused by them could have a material adverse effect on our business, results of operations or financial condition and prospects, including on our image, brand and reputation.

In recent months, we have seen increasing pressure on our supply chain due to several factors, including labour availability and global logistics, that are in part due to the impact of the COVID-19 pandemic on the global economy, the general inflation and more recently due to the ongoing Russia-Ukraine war. If our suppliers are negatively affected by events beyond our control, including unforeseen public health crises, terrorist attacks, wars and other political instabilities, they could become unable to provide products and services as agreed, leading to follow-on consequences in terms of the Group's relationships with clients, subcontractors and other third-parties.

Adverse changes in any of our relationships with outsourcing partners and third-party suppliers or the inability to enter into new relationships with these parties, on commercially favorable terms, or at all, could adversely affect our operations or otherwise cause disruption. Our arrangements with outsourcing partners and third-party suppliers may not remain in effect on current or similar terms, and the net impact of future pricing options may adversely affect our financial position and results of operations. In particular, we depend on a limited number of third-party maintenance service, IT service and payment service providers. On January 13, 2014, we entered into a framework outsourcing agreement with Accenture Outsourcing Services, S.A.U., under which we have outsourced our accounts payable and accounts receivable management and general accounting ledger functions that were previously performed internally by our employees to Accenture's shared service centers located in the Philippines. The loss or expiration of any of our contracts with these service providers and the inability to negotiate replacement contracts with alternative service providers at comparable rates or to enter into such

contracts in any of our markets could have a material adverse effect on our business, results or operations, financial condition or prospects.

Our loyalty program will be operated by a third party and failure of such third party to effectively run the program or a change in control of the third party could result in reputational damage and adversely affect our business results.

Our loyalty program is a key aspect of our customer relationship management strategy. During 2022, we migrated our loyalty program "NH Rewards" to Global Hotel Alliance ("GHA"). For this purpose, on February 28, 2021, we signed an agreement with GHA, operator of the multi-brand hotel loyalty program DISCOVERY, whereby, we join the alliance and outsource our loyalty program and its loyalty platform operation to GHA. The resulting loyalty program has been renamed NH DISCOVERY and we retain ownership of the database and the information on NH DISCOVERY and its participants.

This migration seeks to increase the visibility of our loyalty program, attract new and repeat customers and strengthen our guest database. However, our new loyalty program may not achieve these objectives or meet our expectations and the underlying business plan. Additionally, as a result of the multi-brand nature of the hotel loyalty program DISCOVERY, we may suffer reputational harm as a result of actions, circumstances or events related to GHA or to other members of the alliance. In addition, all members of the alliance have a shared value proposition, which may lead our customers to choose, to our detriment, other hotel brands that are also part of the loyalty program.

Moreover, our agreement with GHA includes a change of control provision whereby both GHA and NH are entitled to terminate the GHA´s membership and outsourcing relationship based on the occurrence of a change of control. In this case we would be forced to relaunch our previous loyalty program or join an alternative multi-brand loyalty platform and the process may damage our reputation and weaken our guest database.

In addition, under our agreement with GHA, we rely on GHA to manage our guest database. Theft, loss, fraudulent or unlawful use of customer data could harm our reputation and result in remedial and other costs, fines and lawsuits, which may be material. In particular, cybersecurity breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. See "Risks relating to our business and industry—Information technology system failures, delays in the operation of our information technology systems or system enhancement failures could reduce our net turnover and profits and harm the reputation of our brand and our business" and "Risks relating to our business and industry—Failure to maintain the integrity or privacy of internal or customer data, including as a result of cyber security breaches, could result in faulty business decisions, harm to our reputation and subject us to costs, fines and lawsuits".

Negotiations of collective bargaining agreements, regular or statutory consultation processes with employee representatives such as works councils, collective dismissals or changes in labor legislation could disrupt our operations, increase our personnel expenses or interfere with the ability of our management to focus on executing our business strategies.

Certain of our hotels or the hotels we manage are subject to collective bargaining agreements and similar agreements or regulations enforced by governmental authorities. We are also required to consult with our employee representatives, such as works councils, with respect to certain matters. If relationships with our employees or employees employed by the hotel proprietor of a hotel we manage, other field personnel or the unions that represent them become adverse, we could experience labor disruptions, such as strikes, lockouts and public demonstrations in our hotels. Labor disruptions, which are generally more likely when collective bargaining agreements are being renegotiated, could harm our relationship with our employees or cause us to lose guests if we are unable to provide adequate services. Additionally, labor regulation could lead to higher wage and benefit costs, changes in work rules that raise operating expenses, legal costs and limitations on our ability or the ability of third- party hotel proprietors to take cost saving measures during economic downturns. We do not have the ability to control the negotiations of collective bargaining agreements covering unionized labor employed by third-party hotel proprietors.In addition, it is possible that, because of the application of collective bargaining or negotiations with employee representatives, an increase in labor costs linked to inflation may be negotiated.

We may also experience difficulty or be liable to pay employees additional amounts in connection with their termination if the employees are covered by a collective bargaining agreement or are represented by a works council or union. As a result, this may reduce our flexibility to terminate employment arrangements with our employees on terms that are favorable to us, or without additional termination costs. In addition, from time to time, the terms of a collective dismissal that we have agreed directly with employee representatives may be challenged by employees. During an economic downturn, we may be forced to implement a collective dismissal which could adversely affect us. For example, we announced in February 2021 our intention to initiate a collective dismissal procedure in our central and corporate services in Spain, as the first step of our global cost-savings plan. On March 25, 2021, the agreement reached was announced in the framework of the collective dismissal procedure and ratified after the Workers' Assembly on March 29, 2021. As of March 31, 2021, in connection with this collective dismissal procedure, the Company has accrued severance costs of €3.1 million and NH Hoteles España, S.A. has accrued severance costs of €2.3 million (excluding severance payments without retention awards and other training payments). This collective dismissal was implemented at the end of April 2021. While we are continuing to negotiate with certain contractual counterparts, there is no guarantee that such negotiations will be successful or, if successful, will be sufficient to avoid negatively affecting our business, results of operations, financial condition or prospects.

In addition, certain amendments in local labor legislation could have a negative impact on our business (for example, any limitations on dismissals during or after the pandemic to the extent that those dismissals were not adjusted by the exceptions stated in the local labor legislation we may have to reimbursed subsidies related to COVID-19 pandemic.).

We depend upon our senior executives and key field personnel to manage our business, and the departure of such personnel or the failure to recruit and retain additional personnel could adversely affect our business.

Our ability to maintain our competitive position depends to a large degree on the efforts and skills of our senior executives who have extensive experience and knowledge of the hotel industry. We have entered into employment agreements with certain of our senior executives. However, we cannot guarantee that our senior executives will remain with us. Finding suitable replacements for our senior executives could be difficult. Losing the services of one or more of these senior executives could adversely affect our strategic relationships, including relationships with third-party hotel proprietors and vendors, and limit our ability to execute our business strategies. We do not have non-compete agreements with any of our senior executives.

We also rely on the general managers at each of our owned, leased and managed properties to run daily operations and oversee our employees. Our general managers are trained professionals in the hospitality industry and have extensive experience in many markets worldwide. Competition for personnel is intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future. The failure to retain, train or successfully manage the general managers for our properties could negatively affect our operations.

Currency exchange rate fluctuations could result in significant foreign currency gains and losses and impact our profit and loss statement and we may be unable to repatriate cash and affect asset valuation and profit and loss.

We are subject to foreign exchange risk because our net turnover in each region is generated in the local currencies of the region. Conducting business in currencies other than the euro subjects us to fluctuations in currency exchange rates that could have a negative effect on our financial results. We translate the value of foreign currency denominated amounts into euro and we report our consolidated financial results of operations in euro. Our net turnover and expenses in other currencies could significantly increase or decrease as the value of the euro fluctuates relative to other currencies. Our exposure to foreign currency exchange rate fluctuations will continue to grow if the relative contribution of our operations outside the Eurozone increases. In particular, the results of our Latin America business unit in 2017 were negatively affected by the depreciation of the Argentine Peso and the Mexican Peso against the euro. Should we continue to incur foreign currency losses and/or decide to exit from certain countries in Latin America, we may face difficulties in repatriating cash as a result of restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions or foreign currency exchange regulations which may have an impact on net profit. As an example, the Central Bank of Argentina

("BCRA") has imposed measures to favor stability of the Argentinean peso ("ARS"), where companies will need to request the BCRA's permission to have access to the currency market, and remit dividends and other sorts of payments abroad, so that may limit the repatriation of our cash from Argentina, and the protection of our cash against depreciation and inflation.

If an economy in which we operate, becomes hyperinflationary, our results could be negatively affected.

If we operated in a hyperinflationary economy, according to IAS 29, we should restate the financial statements of those companies with the affected functional currency. This process of restatement could result on a gain or loss on net monetary position. This gain or loss on the net monetary position may be derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income items and the adjustment of index linked assets and liabilities. Restatement of fixed asset could lead to a potential asset impairment as a consequence of the increase of the assets value. If we held an excess of monetary assets over monetary liabilities during this situation, we could have a loss on the net monetary position. Argentina became a hyperinflationary economy during 2018. Subsequently, the financial statements as of and for the period ended September 30, 2018 onwards are prepared applying IAS 29 to Argentinian subsidiaries. The application of this standard has not had a significant impact on our financial statements, but may have such an impact in the years ahead due to the macroeconomic situation in Argentina.

The extensive regulatory requirements to which we are subject could increase our costs and give rise to liabilities, reduce our margins and cash flow and impact our ability to run our business.

We are subject to numerous laws and regulations, as well as licensing requirements, in the jurisdictions in which we operate, including those relating to liquor and alcohol licenses, construction permits and authorizations, land use and zoning permits, food and beverage regulations, tax, competition and employment laws and regulations. In addition, we may be required to maintain or renew existing licenses or permits, or acquire new licenses or permits, for our business or operations. Compliance with applicable rules and regulations and related dialogue with regulatory authorities may involve significant costs and management resources.

Our operations and the properties we own, lease, manage and develop are also subject to extensive environmental, health and safety laws and regulations of various governments, including requirements addressing:

- air and drinking water quality;
- fire protection;
- the use, management and disposal of hazardous substances and wastes, such as heating fuels, cleaning products, batteries and refrigerants;
- the disposal of solid waste materials, such as refuse or sewage; and
- air emissions, including greenhouse gases.

Complying with environmental or other laws and regulations, including any permits or licenses required under those laws, or addressing liabilities or violations arising under them, could increase our environmental costs, require us to incur capital expenditures, reduce our profits or limit our ability to run our business. Existing environmental laws and regulations may be revised, or new laws and regulations adopted, related to global climate change, air quality or other environmental, health and safety concerns that increase our costs of compliance or subject us to new liability risks. We could also be subject to liability for the costs of investigating or remediating hazardous substances or wastes on, under or in real property we currently or formerly manage, own, lease or develop, or third-party sites where we sent hazardous substances or waste for disposal, regardless of whether we knew of, or were at fault in connection with, the presence or release of any hazardous or toxic substances or waste. The presence or release of hazardous or toxic substances or waste, or the failure to properly clean

up such materials, could cause us to incur significant costs, jeopardize our ability to develop, use, sell or rent real property we own or operate or to borrow using such property as collateral and/or result in claims for personal injury or property damages.

In addition, we may be required to manage, abate or remove materials containing hazardous substances such as mold, lead or asbestos during demolitions, renovations or remodeling at properties that we manage, own, lease or develop. The costs related to such management, abatement, removal or related permitting could be substantial.

We may review our financial policy or commercial strategy in the context of our integration with MINT

As a result of the acquisition by MINT of a controlling interest in the Issuer, the Issuer and its subsidiaries have become part of a wider group. In the context of the continuing integration process, MINT could influence the financial policy of the Issuer by increasing its leverage, changing its dividend policy and/or asset disposals or growth strategy. While the Issuer has been operating fully independent financially since the acquisition, the Issuer and MINT have taken advantage of certain commercial opportunities. For example, we entered into an agreement with Covivio for the operation of eight hotels which are being operated by us under the Anantara (being a Minor Hotels brand which we are licensed to use under our master licensing agreement with agreement with Minor Hotels, a MINT affiliate), NH Collection and NH brands. In connection with this agreement, the Group signed a long term sustainable lease contract with Covivio and acquired from Covivio the operating companies that operate the eight hotels with an investment of €50 million. Such commercial opportunities may not be successful and, if unsuccessful, or if disagreements arise between the Group and Minor Hotels, this may negatively impact our relationship with MINT, any of which could have a material adverse effect on our business, results of operations, financial condition or prospects.

A change of control of the Issuer could result in disruption of certain of our contractual arrangements.

Certain of our contractual agreements, including agreements relating to the operation of hotels and financing agreements, contain change-of-control, anti-assignment and other provisions that may be triggered by a change of control of the Issuer, and such an event may trigger the payment of penalties, early amortization, termination rights, indemnity obligations under these contracts and potential tax losses in certain regions. In addition, our agreement with Global Hotel Alliance ("GHA") includes a change of control provision whereby GHA is entitled to terminate the existing membership and outsourcing relationship of our loyalty program based on the occurrence of a change of control. Moreover, upon the occurrence of certain change of control events as described in the Indenture, we will be required to offer to repurchase all the Notes, at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, and additional amounts, if any, to the date of repurchase. Likewise, upon such change of control events, we would be required to repay or offer to repay certain of our other indebtedness, including the Senior Secured RCF. See "*Risks relating to the Notes and our structure—We may not be able to raise the funds necessary to finance and offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events"*.

A change of control might take place, for example, if MINT decided to partially or totally dispose of its interest in the Issuer, or in the framework of certain liquidation or dissolution proceedings involving the Issuer.

We are subject to changes in tax laws and tax rates in the markets in which we operate, and we may be subject to significant claims related to future tax disputes and audits. In addition, any change in the business performance could have a potential impact on the recoverability of tax assets.

Our hotels that are profitable are subject to profit and income tax and other applicable taxes, such as property tax. There is no guarantee that tax laws or tax rates may not be changed in the future.

There are a number of factors that may adversely impact the our future effective tax rates, such as: (i) the jurisdictions in which our profits are determined to be earned and taxed; (ii) changes in the valuation of our deferred tax assets and liabilities; (iii) adjustments to provisional taxes upon finalization of various tax returns; (iv) adjustments to the interpretation of transfer pricing standards; (v) changes in available tax credits; (vi) changes in IFRS; and (vii) changes in tax laws or the interpretation of tax laws.

We have recorded in our financial statements tax assets of approximately €132 million in connection with certain tax losses and credits pending to be refunded or applied. Such value has been determined in compliance with the applicable accounting rules. As of December 31, 2022, the registration is supported by, among other things, our estimates of future taxable income. Should our future results materially deviate from such estimates, accounting rules will require us to register an impairment of such tax assets, which could have a material adverse effect on our financial condition, business and results of operations.

We are subject to various judicial tax proceedings and tax audits in respect of our operations in Italy, Germany, the Netherlands, Switzerland and Colombia.

As of December 31, 2022, we estimate the total potential tax liability related to the judicial proceedings, including penalties and interest, to be approximately €11.9 million (including potential tax liabilities of approximately, €0.4 million in Italy, €6 million in The Netherlands, €4.0 million in Germany, and €1.4 million in Colombia). In connection with these proceedings, we have made provisions in our financial statements of approximately €6.4 million. Furthermore, we may be subject to additional tax related claims in the future. Tax proceedings pose a significant amount of unpredictability and, as a result, we cannot forecast the outcome of any of these proceedings, when they may be resolved or the final amounts that may be payable in connection therewith. As of December 31, 2022, other than the provisions specified above, we have not recorded any additional reserves in relation to such disputes. If all or a significant portion of the current actions are decided against us or in the future a significant number of similar actions were decided against us, it could have a material adverse effect on our business, results of operations, financial condition or prospects.

Regarding the proceeding in the Netherlands, in the last quarter of 2022 the Group reached an agreement with the relevant Dutch Authorities to put end to the claim. On January 2023 the Group paid €6 million, this amount was fully provisioned in the financial statements of 2022.

If the insurance that we carry does not sufficiently cover damage or other potential losses involving our hotels, our margins and cash flow could be reduced.

We currently carry insurance that we believe is adequate for foreseeable losses and with terms and conditions that are reasonable and customary. Nevertheless, market forces beyond our control (such as the ongoing Russia-Ukraine war or any eventual pandemic) could limit the scope of the insurance coverage that we can obtain in the future or restrict our ability to continue to buy insurance coverage at reasonable rates. Insurance premiums may increase substantially in the future and may be affected by natural catastrophes, geopolitical unrest, fear of terrorism, epidemics or pandemics, intervention by the government or a decrease in the number of insurance carriers. In addition, insurance providers may raise the insurance premiums we pay if our paid claims are high, as compared to the premiums we pay. The recent disruption in the financial markets makes it more difficult to evaluate the stability of insurance companies or their ability to meet their payment obligations. In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to pay the full value of our financial obligations or the replacement cost of any lost investment.

Certain types of losses that are significantly uncertain can be uninsurable or too expensive to insure or can only be insured with limited coverage. If an uninsured loss were to occur, we could experience significant disruption to our operations, suffer significant losses and be required to make significant payments for which we would not be compensated, any of which in turn could have a material adverse effect on our business, results of operations, financial condition or

prospects. Alternatively, we could lose some or all the capital we have invested in a property, as well as the anticipated future net turnover from the property. We could also remain obligated for performance guarantees in favor of third-party hotel proprietors. We may not have sufficient insurance to cover awards of damages resulting from our liabilities. If the insurance that we carry does not sufficiently cover damages or other losses, our profits could be adversely affected. In addition, in the event of any significant claims by us, our insurance premiums may increase significantly.

Any failure to protect our trademarks and intellectual property could reduce the value of our brand and harm our business.

The reputation and perception of our brand is critical to our success in the hotel industry. If our trademarks, intellectual property or know-how are copied or used without authorization, the value of our brand, our reputation, our competitive advantage and our goodwill could be harmed. We regularly apply to register our trademarks in the countries in which we operate. However, those trademark registrations may not be granted or the steps we take to protect our trademarks, intellectual property or know-how in these countries may not be adequate to prevent others, including third parties or former employees, from copying or using our trademarks, intellectual property or know-how without authorization. Our intellectual property and know-how are also vulnerable to unauthorized use in some countries where local law may not adequately protect it.

Monitoring the unauthorized use of our intellectual property and know-how is difficult. As we have in the past, we may need to resort to litigation to enforce our intellectual property rights. Litigation of this type could be costly, force us to divert our resources, lead to counterclaims or other claims against us or otherwise harm our business. Any failure to maintain and protect our trademarks and other intellectual property and know-how could reduce the value of our brand and harm our business.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our cash flow, harm our financial position and limit our ability to operate our business.

In the normal course of our business, we and our directors, employees and other related parties are often involved in various legal proceedings, arbitration proceedings, investigations, or administrative proceedings, which may involve substantial claims for damages or other payments. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or a settlement involving a payment of a material sum of money were to occur, there could be a material adverse effect on our financial condition and results of operations. Additionally, we could become the subject of future claims by third parties, including current or former third-party hotel owners, guests who use our properties, employees, investors, other contractual parties or regulators. In particular, third-party hotel proprietors may bring claims against us (or we may initiate such claims) in connection with the implementation of our exit from underperforming leases and undesirable management agreements or in connection with certain strategies implemented during and following COVID-19 pandemic, which could harm our reputation and impede our ability to enter into lease and management agreements in the future. Such claims have increased during the pandemic. Any adverse litigation judgments or settlements may distract management from our business activities, require us to change the way we conduct our operational or investment activities and may make it necessary to use substantial resources to settle claims, pay fines or other penalties, any of which may reduce our cash flow and harm our financial position and could limit our ability to operate our business. In addition, costs related to such proceedings may be significant and, even if there is a positive outcome, we may have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other parties.

Our former significant shareholder has brought a claim before the courts, which could be decided in a manner unfavorable to our interests and could affect the composition of our corporate bodies.

Hesperia filed a claim against us before the Commercial Court of Madrid no. 8 (the “Hesperia Claim”), pursuant to which Hesperia seeks the annulment of certain of the resolutions passed by the meeting of the board of directors of the Issuer

held on June 12, 2018, including the appointment of Dillipraj Rajakarier as proprietary member of the board of directors and the dismissal of José Antonio Castro Sousa as member and chairman of the executive committee of the board of directors. On October 10, 2018, the Commercial Court of Madrid no. 8 admitted the Hesperia Claim, and on November 12, 2018, we filed the relevant writ of defense arguing against, and requesting the full dismissal of, the Hesperia Claim.

The claim has been entirely dismissed by the Court, and the procedure is currently in the appeal phase.

Changes in U.S. or other countries' foreign policy could subject us to increased compliance costs and may otherwise affect our results of operations

The implementation of unfavorable regulations or unfavorable interpretations of existing regulations by judicial or regulatory bodies could require us to incur significant compliance costs. For example, the U.S. Government announced in May 2019 that it will no longer suspend the right of private parties to bring litigation under Title III of the Cuban Liberty and Solidarity (Libertad) Act of 1996, otherwise known as the Helms-Burton Act, which allows certain individuals whose property was confiscated by the Cuban government beginning in 1959 to bring claims against anyone who "traffics" in the property in question in U.S. courts. On September 27, 2019, a lawsuit was filed against the Company and NH Hotels, USA, Inc. in the U.S. District Court for the Southern District of New York under the Helms-Burton Act. The complaint, filed by a family trust, alleges an interest in the Hotel Capri, located in Havana, Cuba, which was expropriated by the Cuban Government. The complaint further alleges that NH Hotel Group "trafficked" in that property by generating revenues and obtaining profits and other financial benefits. The plaintiff sought $2,033,959.17 in damages and requested that such damages be trebled, plus 6% interest from January 1, 1959, as well as attorneys' fees and costs as determined by the court. While the claim was ultimately dropped in February 2020, we believe that we had a meritorious defense to the claim and that, in any case, should the claim have succeeded, the results of the litigation would not have been material to our business, financial condition or results of operations. However, litigation is uncertain and there is little case law or interpretation of the relevant claims and defenses. As a result, there can be no assurance that there will not be an adverse outcome to any such similar litigation in the future or that such an outcome would not result in an adverse impact on our business, financial condition or results of operations.

Information technology system failures, delays in the operation of our information technology systems or system enhancement failures could reduce our net turnover and profits and harm the reputation of our brand and our business.

Our success depends on the efficient and uninterrupted operation of our information technology systems. For example, we depend on technology for our central reservation system, which facilitates bookings by hotels directly, by telephone through our call centers, by travel agents, online through our website, and through our online reservations partners. In addition, we depend on information technology to run our day-to-day operations, including hotel services and amenities such as guest check-in and check-out, housekeeping and room service and to track and report financial results of our hotels and the Group.

As we migrated our systems to SAP and other IT tools, we could have experienced delays and disruptions, as well as other operational difficulties that are inherent in such a transition, and we may be exposed to similar difficulties in the event we implement other technology updates. Our information technology systems are vulnerable to damage or interruption from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins and similar events. In particular, cyber-security attacks have increased significantly in recent years. For example, in February 2021, our operations in Portugal were the subject of a cybersecurity attack and certain files were encrypted; while we successfully decrypted the affected files, there is no assurance that we will be able to do so if we affected by similar cybersecurity attacks in the future, especially given the increasing sophistication of such attacks. The occurrence of any such natural disasters or unanticipated problems at any of our information technology facilities or any of our call centers could cause interruptions or delays in our business or loss of data, or render us unable to process reservations and, depending on the nature of the incident, it could take time to restart our information technology systems.

In addition, if our information technology systems are unable to provide the information communications capacity that we need, or if our information technology systems suffer problems caused by installing system enhancements, we could experience similar failures or interruptions. If our information technology systems fail and our redundant systems or disaster recovery plans are not adequate to address such failures, the reputation of our brand and our business could be harmed. If our property and business interruption insurance does not sufficiently compensate us for any losses that we may incur, our net turnover and cash flow could be reduced. As we increase the digitization of our operations, our exposure to such risks could increase.

While we have certain security measures in place (including back-up systems and an emergency recovery plan), such measures may not be sufficient to protect us against risks to our technology systems, especially given the fast-evolving nature of information technology systems and the increasing sophistication of threats to information security. Our exposure to such risks may increase as we continue the digitalization of our business.

Failure to maintain the integrity or privacy of internal or customer data, including as a result of cyber security breaches, could result in faulty business decisions, harm to our reputation and subject us to costs, fines and lawsuits.

We collect and retain large volumes of internal and customer data, including credit card numbers and other personally identifiable information during the normal course of business. Using our various information technology systems, we enter, process, summarize and report such data. We also collect and retain information about our customers who participate in our NH Hotel Group Rewards loyalty program, including their names, telephone numbers, e-mail addresses, nationality and country of residence. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, employee and company data is critical to our business. Our customers and employees expect that we will adequately protect their personal information according to the applicable data protection regulations, and the regulations applicable to security and privacy is increasingly demanding in certain jurisdictions where we operate. In this regard, on May 25, 2018, the new general data protection regulation (the "GDPR") came into force in the European Union. The regulation provides for a harmonized regime of data protection and privacy for all individuals throughout the European Union with the aim of giving back control to citizens and residents over their personal data. The GDPR includes a new strict penalty regime. In this regard, should the competent authority consider that we do not comply with the new regulation, it may impose penalties of up to 4% of the worldwide turnover or €20 million, whichever is higher, and such determination would harm our reputation, our financial position and could result in legal claims or proceedings being brought against us.

Theft, loss, fraudulent or unlawful use of customer, employee or company data could harm our reputation and result in remedial and other costs, fines and lawsuits, which may be material. In particular, cyber security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings and regulatory penalties, could disrupt our operations and could damage our reputation, which could adversely affect our business, operating margins, revenues and competitive position. Cyber-security attacks have increased significantly in recent years, and may escalate in the context of the ongoing Russia-Ukraine war. Such attacks may involve data breaches. For example, in February 2021, our operations in Portugal were the subject of a cybersecurity attack and certain files were encrypted; while we successfully decrypted the affected files, there is no assurance that we will be able to do so if we affected by similar cybersecurity attacks in the future, and that such attacks may lead to internal or customer data being compromised, especially given the increasing sophistication of such attacks.

As an organization that handles credit cards and debit cards from major card schemes such as Visa, MasterCard and American Express, we are required by these card schemes to comply with the Payment Card Industry Data Security Standard ("PCI DSS"), a security standard aimed at increasing controls around cardholder data to reduce credit card fraud. If we are found not to be compliant with PCI DSS in the event of a security breach, we may be subject to penalties such as fines or restrictions or bans from using such card schemes for our operations.

Additionally, we rely on a variety of direct marketing techniques, including email marketing, online advertising and postal mailings. Restrictions regarding marketing and solicitation or new and more restrictive data protection laws that govern these activities could adversely affect the continuing effectiveness of our marketing strategy.

In addition, while we believe we have integrated client personal data bases belonging to MINT and the Group in compliance with all applicable personal data regulation, should the systems and technical applications supporting this integration not meet applicable legal requirements, we could be exposed to the penalties described above.

An adverse outcome of certain investigations by competition authorities regarding "parity clauses" could affect our business.

We are subject to laws and regulations regarding competition in the markets where we operate. In particular, in the past few years, competition authorities of certain EU Member States, have been investigating online travel agencies ("OTAs") for their pricing practices in the hotel industry, with a particular focus on clauses in contractual arrangements with hotel operators providing for "parity". Pursuant to such parity clauses, which are sometimes included in our contractual arrangements with OTAs, hotel operators are generally required, with certain flexibility which may vary on a case by case basis, not to offer either in their web site or through other distributors hotel rates lower than those offered to the relevant OTA. Some of the mentioned authorities have maintained that certain parity clauses have a negative impact on competition, and have requested certain OTAs to remove them from their contractual arrangements with hotel operators. In the last few years, the EU Commission and several national competition authorities within the EU have been monitoring the potential impact on competition of parity rates provisions in the online booking sector. Such monitoring process continues at the present time and a potential unfavorable outcome of current investigations or future ones could have a material adverse effect on our business and financial condition.

If we fail to stay current with developments in technology necessary for our business, our operations could be harmed and our ability to compete effectively could be diminished.

Sophisticated information technology and other systems, including systems used for our central reservations, revenue management, property management and our NH Hotel Group Rewards loyalty program, as well as technology systems that we make available to our guests, are integral to our business. Our information technology and other systems must be refined, updated or replaced with more advanced systems on a regular basis. Developing and maintaining our systems may require significant capital. If we are unable to replace or introduce information technology and other systems as quickly as our competitors or within budgeted costs or schedules when these systems become outdated or need replacing, or if we are unable to achieve the intended benefits of any new information technology or other systems, our operations could be harmed and our ability to compete effectively could be diminished.

Third-party claims that we infringe third-party intellectual property rights could subject us to damages and other costs and expenses.

Third parties may make claims against us for infringing their intellectual property rights. Any such claims, even those without merit, could:

- be expensive and time consuming to defend;
- force us to stop providing products or services that use the intellectual property that is being challenged;
- divert our management's attention and resources;
- force us to enter into royalty or licensing agreements to obtain the right to use a third party's intellectual property; or

- force us to pay significant damages.

In addition, we may be required to indemnify third-party proprietors of the hotels we manage and intellectual property societies for any losses they incur as a result of any such infringement claims. Any necessary royalty or licensing agreements may not be available to us on acceptable terms. Any costs, lost net turnover, changes to our business or diversion of management attention related to intellectual property claims against us, whether successful or not, could adversely affect our business and financial results.

Potential future changes in accounting standards may impact reporting of our performance and our financial position.

Our consolidated financial statements are prepared in accordance with IFRS, as adopted by the European Union. Future changes in accounting standards or practices and related legal and regulatory interpretations of those changes, may adversely impact our business and industry. For example, IFRS 16 “Leases” has replaced the IAS 17 standard, which imposes significant changes to lease accounting practice. IFRS 16 states that, from January 1, 2019, companies must generally record operating leases in their consolidated statement of financial position. The implementation of this new standard led to an increase of the consolidated statement of financial position (assets and liabilities) due to the recognition of the right to use the leased asset and any future payment commitments related thereto affecting gross indebtedness and, therefore, the calculation of all the financial ratios relating to indebtedness. However, it does not have any effect on cash flows. Given that we have a significant number of operating leases, the changes in lease accounting have had a material impact on our financial results, including our rental expense, depreciation, interest expense, indebtedness and balance sheet. Another example is the amendment to IFRS 16 that was approved by the IASB on May 28, 2020 to help accounting for changes in leases resulting from the COVID-19 pandemic, allowing rent concessions related to the pandemic to be recorded as less rent expense instead of as a lease amendment. However, there can be no assurance that IASB will adopt amendments to IFRS in the future in a timely manner, or at all, to address any new situations which may arise, or that any such amendments will be practical for the Group. Any failure to do so could adversely affect our accounting and financial results.

Risks relating to the Notes and our structure

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees.

As of December31, 2022, we had €609.4 million of indebtedness outstanding (excluding operating lease liabilities of €1,925 million), of which €400.0 million were represented by the Notes. We anticipate that our substantial indebtedness will continue for the foreseeable future. Our substantial indebtedness may have important negative consequences for you, including:

- making it more difficult for us and our subsidiaries to satisfy our obligations with respect to our debt, including the Notes, the Notes Guarantees and other liabilities;

- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, reducing the availability of cash flow to fund working capital and capital expenditures and for other general corporate purposes;

- increasing our vulnerability to, and reducing our flexibility to respond to, economic downturns affecting our industry;

- exposing us to interest rate increases;

- placing us at a competitive disadvantage compared to our competitors, to the extent that they are not as highly leveraged;

- limiting our flexibility in planning for or reacting to changes in our business, the competitive environment and our industry;
- restricting us from pursuing strategic acquisitions, joint ventures, expansion projects or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

The terms of the Indenture and the terms and conditions governing the Senior Secured RCF place restrictions on us and certain of our subsidiaries, reducing our operational flexibility.

The terms of the Indenture and the terms and conditions governing the Senior Secured RCF contain covenants that place restrictions on us and certain of our subsidiaries. The covenants under our financing arrangements restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain other restricted payments and investments;
- pay dividends or make other distributions;
- create or incur liens;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or its restricted subsidiaries;
- transfer or sell assets;
- impair the security interest in the Collateral;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

For a detailed description of the covenants and restrictions imposed by the documents governing our indebtedness, see "*Description of certain financing arrangements*" and "*Description of the Notes*".

A breach of any of the covenants, ratios, tests or restrictions in the Indenture, or the Senior Secured RCF could result in an event of default thereunder. In the context of a severe cash flow deterioration due to unexpected business interruptions (such as a pandemic), we may breach these covenants if the cash flow deterioration is sustained for a time. See "*—We may not meet certain financial ratios and levels imposed on us under the Senior Secured RCF"*.

Any default under the Indenture or the Senior Secured RCF could lead to an event of default under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture or the Senior Secured RCF. If our creditors, including the creditors under the Indenture and the Senior Secured RCF, accelerate the payment of amounts

outstanding under such agreements, our assets and the assets of our subsidiaries may not be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. If we are unable to repay those amounts, our creditors could enforce any collateral granted to them to secure repayment of those amounts, including the Collateral.

We require a significant amount of cash to service our debt and for other general corporate purposes, and our ability to generate sufficient cash depends upon many factors beyond our control.

Our ability to make principal or interest payments when due on our debt, including the Notes and the Senior Secured RCF, and to fund working capital and capital expenditures, will depend on our future operating performance and our ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, legal, regulatory and other factors, as well as the other factors discussed in these *"Risk factors"* and elsewhere in this Report, many of which are beyond our control.

Our business may not generate sufficient cash flows from operations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. This could mean a refinancing risk that in the context of disrupted financial markets (including as a result of a pandemic), that may end up resulting in a default. For a discussion of our cash flows and liquidity, see *"Management's discussion and analysis of financial condition and results of operations—Liquidity"*.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing will depend upon our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the Notes and the terms and conditions governing the Senior Secured RCF and the Term Facility Agreement, and any future debt that we may incur, may limit our ability to pursue any of these alternatives.

Despite our current substantial indebtedness, we may be able to incur substantially more debt in the future, including on a secured basis over the Collateral or otherwise, which could further exacerbate the risks of our indebtedness.

We may incur substantially more debt in the future. Although each of the Indenture, the Senior Secured RCF and the Term Facility Agreement contain restrictions on the incurrence of additional indebtedness and on the granting of security in respect thereof, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, the Indenture, the Senior Secured RCF and the Term Facility Agreement do not prevent us from incurring obligations that do not constitute indebtedness under those agreements. We may incur additional debt in the future, secured by the Collateral or otherwise, which could mature prior to the Notes, and such debt could be secured on an equal, ratable and *pari passu* basis with the Notes and the Notes Guarantees. Any additional debt incurred by a non-Guarantor subsidiary would

be structurally senior to the Notes. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase.

The Senior Secured RCF and other bilateral facilities bear interest at floating rates. A rise in interest rates would increase interest costs on the amounts drawn under the Senior Secured RCF and any other variable rate debt that we may incur in the future, which could adversely affect our cash flow and our ability to refinance existing debt and acquire assets.

Borrowings under the Senior Secured RCF will bear interest at floating rates equal to EURIBOR plus an additional margin. These interest rates could rise significantly as a result of a significant rise of EURIBOR. Moreover, a floor of 0% applies to EURIBOR, which means that, should EURIBOR decrease below 0%, we would not benefit from such decrease. Any increase in the interest rate applicable to borrowings under the Senior Secured RCF will reduce our cash flows available for other corporate purposes including investments in our hotel portfolio. Further, rising interest rates could limit our ability to refinance existing debt when it matures and increase interest costs on any refinancing indebtedness. Although we may from time to time enter into agreements such as interest rate swaps or other interest rate hedging agreements designed to fix all or part of any such floating interest expense payment, such agreements may not continue to be available on commercially reasonable terms. While these agreements may reduce the effect of rising floating interest benchmark rates, they also expose us to the risk that other parties to the agreements will not perform or that the agreements will be unenforceable. If one or more of our counterparties falls into bankruptcy, claims we may have under such interest rate hedging agreements may become worthless. In addition, in the event that we refinance our debt or terminate hedging agreements, we may be required to make termination payments, which would result in a cash outflow. An increase in floating interest rates could also decrease the amount third parties are willing to pay for our assets, thereby limiting our ability to dispose of assets as part of our business strategy. For a detailed description of the interest margin and fees imposed by the documents governing our indebtedness, see "*Description of certain financing arrangements*".

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and on March 5, 2021 it further confirmed that it intends to cease providing all LIBOR settings for all currencies, subject to any rights that it has to compel continuation of such publication (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have a material adverse impact on our ability to service debt that bears interest at floating rates of interest.

Any elimination of the EURIBOR benchmark, or changes in the manner of administration of EURIBOR, could require an adjustment to the terms and conditions of our floating rate debt. Any such adjustment could have a material adverse effect on the value of and return on any such floating rate debt. If EURIBOR were discontinued or otherwise

unavailable, the interest rate on our floating rate debt will be determined for the relevant period by the fallback provisions applicable to such debt.

The Issuer is dependent upon payments from its subsidiaries to make payments on the Notes, and the Issuer's subsidiaries may not be permitted or otherwise able to make payments to the Issuer.

The Issuer is a publicly listed parent company that depends upon receipt of sufficient funds from its subsidiaries to meet its obligations. Even if the Issuer's subsidiaries generate sufficient cash from their operations, their ability to provide funds to the Issuer are subject to, among other things, local tax restrictions and local corporate law restrictions related to earnings, the level of legal or statutory reserves, losses from previous years, capitalization requirements for the Issuer's subsidiaries and contractual restrictions. As a result, although the Group may have sufficient resources, on a consolidated basis, to make the necessary payments to the Issuer in order for the Issuer to meet its obligations, the Issuer's subsidiaries may not be able to make the necessary transfers to it to permit the Issuer to satisfy its obligations under the Notes or otherwise. In particular, the Issuer's subsidiaries may be restricted from providing funds to it under some circumstances. These circumstances include:

- restrictions under the corporate law of the jurisdictions in which the Issuer's subsidiaries are based, which could require, among other things, that its subsidiaries retain a certain percentage of annual net income in a legal reserve, that its subsidiaries maintain the share capital of a limited liability company and that, after payment of any dividend, the relevant subsidiary's shareholders' equity exceed its share capital. For example, Spanish law sets out certain capital requirements which limits our subsidiaries' ability to provide funds to the Issuer due to restrictions that require, among other things, each of our Spanish subsidiaries (i) to allocate an amount at least equal to 10% of its annual net income to the legal reserve until such reserve represents at least 20% of such company's share capital and (ii) to maintain its equity in an amount not lower than its share capital once the profit distribution is deducted and the corresponding goodwill reserves are allocated. Moreover, the by-laws of each of our Spanish subsidiaries may provide for additional reserves that must be retained prior to providing funds to us;

- restrictions under foreign exchange laws and regulations that could limit or tax the remittance of dividends or transfer payments abroad; and

- existing and future contractual restrictions, including restrictions in joint venture agreements, credit facilities, cash pooling arrangements and other indebtedness that affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to it in the future.

Not all our subsidiaries guarantee the Notes, and each of the Notes and the Notes Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries.

Not all our existing and future subsidiaries will guarantee the Notes. As of December 31, 2022, we had total assets of €4,109.3 million, and we have an aggregate amount of €609.4 million of total outstanding debt. In addition, the non-Guarantor subsidiaries of the Issuer have €23.6 million of debt outstanding as of December 31, 2022 on a consolidated basis. See "Description of certain financing arrangements".

Our non-Guarantor subsidiaries have no obligation to make payments with respect to the Notes or to make funds available for that purpose. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of preference shareholders, if any, of our subsidiaries, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of the Issuer, including claims under any intercompany loans and by holders of the

Notes under the Notes Guarantees. In the event that any of our non-Guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves, enters examinership or otherwise winds up other than as part of a solvent transaction:

- the creditors of the Issuer, including the holders of the Notes, and the Guarantors will have no right to proceed against the assets of the non-Guarantor subsidiary; and
- creditors of the non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of the non-Guarantor subsidiary before any Guarantor or the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions from the non-Guarantor subsidiary.

Consequently, any claim by us or our creditors against a non-Guarantor subsidiary will be structurally subordinated to all the claims of the creditors of the non-Guarantor subsidiary.

The Notes and the Notes Guarantees are secured only to the extent of the value of the Collateral, which may not be sufficient to satisfy the obligations under the Notes and the Notes Guarantees.

The Collateral over the shares of capital stock of the Diegem Entities will secure the Notes and the Notes Guarantees are secured by the Collateral, which also secures, on a first-ranking basis and the Collateral over the Zandvoort Shares, the NH Italia Shares and the Mortgage Properties will secure the Notes and the Notes Guarantees on a second ranking basis, but deemed and treated as first-ranking security interests under the Intercreditor Agreement and will also secure, on a first-ranking basis, the Senior Secured RCF. Subject to certain limits, the Senior Secured RCF and the Indenture permit additional debt to be secured by the Collateral, and such additional secured debt may be substantial. The rights of a holder of Notes to the Collateral may be diluted by any increase in the debt secured by the Collateral or a reduction of the Collateral securing the Notes.

If there is an Event of Default, as defined in the Indenture, on the Notes, there is no guarantee that the proceeds of any sale of the Collateral will be sufficient to satisfy, and may be substantially less than, amounts due under the Notes as well as other debt benefiting from a *pari passu* security interest in the Collateral, including indebtedness under the Senior Secured RCF. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Notes Guarantees, holders, to the extent not repaid from the proceeds of the sale of the Collateral, would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement could reduce the proceeds realized upon enforcement of the Collateral. The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. Furthermore, there may not be any buyer willing and able to purchase our business or pledged subsidiaries, either individually or collectively. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Moreover, all or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. There may not be a market for the sale of the Collateral, or, if such a market exists, there may be a substantial delay in its liquidation. The Share Collateral may be of no value if our subsidiary whose shares have been pledged is subject to an insolvency or bankruptcy proceeding.

The companies for which Share Collateral has been granted may have outstanding indebtedness or may have granted security over their assets to secure other debt. For example, as of December 31, 2022, Jolly Hotels USA has an unsecured $50 million loan and NH Italia S.p.A. has an unsecured €15.0 million loan which was signed in October 2020 and is guaranteed by the Italian government (SACE guarantee).

In addition, our business requires a variety of permits and licenses. The continued operation of properties that comprise part of the Collateral and that depend upon the maintenance of the permits and licenses may be prohibited or restricted. In the event of foreclosure, the grant of permits and licenses may be revoked, the transfer of the permits and

licenses may be prohibited or may require us to incur significant cost and expense. Further, the applicable governmental authorities may not consent to the transfer of all permits and licenses. If the regulatory approvals required for the transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the Collateral may be significantly decreased.

In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary as a restricted subsidiary or otherwise, is subject to certain agreed security principles and the Intercreditor Agreement. The agreed security principles set out a number of limitations on the rights of the holders of the Notes to require granting of, or payment or enforcement under, a guarantee or security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any guarantee or security provided by any subsidiary being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the Notes Guarantees and Collateral provided by us and our subsidiaries. The validity and enforceability of the Notes Guarantees and Collateral may also be affected by local law limitations. See *"—The Notes Guarantees and security interests in the Collateral are significantly limited by applicable laws and are subject to certain limitations on enforcement or defenses"*.

The Mortgage Properties are located in the Netherlands, and the Share Collateral includes a pledge of shares in subsidiaries incorporated in Belgium, Italy and the Netherlands. The multi-jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. For example, the bankruptcy, insolvency, administrative, examinership and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

Our compliance with certain of the covenants under the Indenture may be tested a substantial period of time after the last valuation of the Collateral and thus our compliance with the covenants under the Indenture may be based on a valuation that does not reflect the current actual value of the Collateral.

We will furnish to the Trustee, within 180 days after the end of each fiscal year, a valuation report prepared by an independent appraisal firm setting forth the market value of the Collateral as of the end of the applicable fiscal year. We may also provide the Trustee with additional valuation reports from time to time throughout the year. The valuations, together with certain other financial information of the Company, will be used to determine if we can release the Collateral from time to time. Our compliance with this provision may be tested long after the most recent valuation was conducted, and accordingly, the value reflected in the last valuation of the Collateral might be substantially different than the actual value of the Collateral when verifying the compliance with certain covenants. Liens on the Collateral may be released if, among other things, the loan to value ratio of the Issuer (calculated as the ratio of the aggregate principal amount of debt secured by the Collateral to the value of the Collateral as determined in accordance with the terms of the Indenture) as of the date of release is no more than 55%. Under the Indenture, this percentage may increase up to 100% under certain circumstances. The value for purposes of determining this ratio is the valuation reflected in the most recent available valuation report, which might be materially different than the actual value of the Collateral as of the date of release.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Senior Secured RCF, the Indenture and the Intercreditor Agreement. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on the Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens, certain statutory preferences or recharacterization under the laws of certain jurisdictions.

To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Guarantors whose shares form part of the Collateral, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, acting on behalf of the Trustee or investors as holders of the Notes, to realize or enforce that Collateral. In particular, the Share Collateral includes a pledge over the shares of the capital stock of NH Italia. Certain properties owned by NH Italia have been granted as security in favor of the relevant lenders under the outstanding debt of NH Italia. Moreover, the security interests securing the Notes over the NH Italia Shares and the Zandvoort Shares will be second-ranking security interests and holders of the Notes will have to rely on the provisions of the Intercreditor Agreement for the treatment of such second-ranking security interests as security interests ranking *pari passu* with other first-ranking security interests securing the Notes. Likewise, the mortgages securing the Notes over the Mortgage Properties will be second-ranking mortgages and holders of the Notes will have to rely on the provisions of the Intercreditor Agreement for the treatment of such second-ranking mortgages as first-ranking mortgages securing the Notes.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral and there can be no assurance that the Collateral will be saleable. For example, the enforcement of the Share Collateral, whether by means of a sale, public auction, or judicial or private appropriation, may be subject to certain specific requirements and the Security Agent may need to obtain the consent of a third party to enforce a security interest or to appoint an independent expert to assess the value of the Collateral. The Security Agent may not be able to obtain the consent of a third party, and the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Holders of the Notes will not control certain decisions regarding the Collateral.

The Notes are secured by the same Collateral securing the obligations under the Senior Secured RCF. In addition, under the terms of the Indenture, we are permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

The Intercreditor Agreement provides that a common security agent serves as the Security Agent for the secured parties under the Notes and the Senior Secured RCF with respect to the shared Collateral. Subject to certain limited exceptions, the Security Agent will act with respect to such Collateral only at the direction of an “Instructing Group”, which means those creditors whose senior secured credit participations at that time aggregate to more than $66^{2}/_{3}$% of the total senior secured credit participations. The senior secured credit participations include among others, the aggregate liabilities owed to the lenders under the Senior Secured RCF and the aggregate outstanding principal amounts held by the holders of the Notes, with each lender, holder or other creditor holder exercising its own vote.

The security interests in the Collateral are not directly granted to the holders of the Notes.

The security interests in the Collateral that secure, among other obligations, the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Notes Guarantees are not granted directly to the holders of the Notes but are granted only in favor of the Security Agent on behalf of the Trustee and the holders of the Notes in accordance with the Indenture, the Intercreditor Agreement and the Security Documents related to the Collateral. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will, subject to the provisions of the Indenture and the Intercreditor Agreement, provide instructions to the Security Agent in respect of the Collateral.

In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless the holders of the Notes comprise an Instructing Group. Disputes may occur among the holders of the Notes, or among the holders of the Notes and creditors under the Senior Secured RCF, regarding enforcement remedies and strategies with respect to the

Collateral. In such an event, the holders of the Notes will be bound by any decisions of the Instructing Group, which may result in enforcement action in respect of the Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to the holders of the Notes. The creditors under the Senior Secured RCF may have interests that are different from the interests of holders of the Notes, and they may elect to pursue their remedies under the Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells any of the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees and the liens over any other assets securing the Notes and the Notes Guarantees may be released. See "*Description of certain financing arrangements—Intercreditor Agreement*" .

The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income, dividends and other distributions from the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things and subject to the terms of the Indenture, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral. Additionally, as part of our day-to-day operations, we actively manage our hotel portfolio with the aim of exiting from or selling underperforming hotels. As a result, subject to certain limitations set forth in the Indenture including the requirement that we do not exceed a specified ratio of *pari passu* debt secured by the Collateral to the aggregate value of the Collateral determined in accordance with the terms of the Indenture, certain properties or shares constituting part of the Collateral may be sold or otherwise disposed of and the liens with respect to such assets would be released such that the Collateral in place may be diluted over time. Your ability to recover on the Notes could be materially impaired in such circumstances.

There are circumstances other than repayment or discharge of the Notes under which the security interest in the Collateral securing the Notes and the Notes Guarantees will be released automatically, without the consent of the holders of the Notes or the consent of the Trustee.

The security interest in the Collateral securing the Notes and the Notes Guarantees may be released in certain circumstances, including in the event the Collateral is sold pursuant to an enforcement sale in accordance with the Intercreditor Agreement. Upon any such enforcement sale in accordance with the Intercreditor Agreement, the Guarantor's Notes Guarantee may also be released. In addition, we may release the security over that Collateral if, among other things, we sell or dispose of the Collateral from time to time or subject to the requirement that, among other things, the loan to value ratio of the Issuer (calculated as the ratio of the aggregate principal amount of debt secured by the Collateral to the value of the Collateral as determined in accordance with the terms of the Indenture) as of the date of release is no more than 55%. Under the Indenture, upon redemption of the Notes, this percentage might increase up to 100% under certain circumstances. Moreover, under certain circumstances, the security interests over the Mortgage Properties may be replaced by security interests over the share capital of the relevant wholly owned subsidiaries of the Issuer that own the Mortgage Property being released. Any such replacement might negatively affect the value of the Collateral. See *"Description of the Notes—Release of Notes Guarantees"* and *"Description of the Notes—Security—Release of Security Interests"*.

The Notes and the Notes Guarantees may not be secured by the Collateral on the Issue Date.

The Security Documents will be entered into on the Issue Date or within five business days thereafter, and the Notes and the Notes Guarantees may not be secured by the Collateral on the Issue Date. The Issuer has agreed to take all necessary actions to perfect and make effective the security interest to be granted in favor of the Security Agent (for the benefit of the holders of the Notes, among others) in the Collateral pursuant to the Security Documents executed on the Issue Date or within five business days thereafter, subject, in each case, to the terms of the Intercreditor Agreement and such Security

Documents, as soon as practicable. In addition, the Collateral may be subject to certain perfection requirements in order to be enforced. Accordingly, although we will endeavor to complete all steps necessary to perfect the security over the Collateral as soon as practicable, we cannot provide any assurances as to when the security to be granted over the Collateral to secure the Notes and the Notes Guarantees will be perfected, if at all. See "*—Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral or by being second-ranking security interests*" and *"Description of the Notes—Security—The Collateral"*.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral or by being second-ranking security interests.

The security interests to be granted in respect of the Collateral will not be perfected on the Issue Date. Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we fail or are unable to take the actions required to perfect any of the liens.

Absent perfection, the holders of the Notes may have difficulty enforcing their rights in the Collateral with respect to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the secured party over the claims the secured party, as creditor, has against the debtor. Finally, since the ranking of pledges is generally determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same asset constituting the Collateral, but which come into force for third parties earlier, by way of registration in the appropriate register or by notification, may have priority. In particular, the Collateral over the NH Italia Shares and the Zandvoort Shares will be second-ranking and will only be deemed and treated as security interests ranking *pari passu* with the security interests securing the Senior Secured RCF under the Intercreditor Agreement. Likewise, the mortgages securing the Notes over the Mortgage Properties will be second-ranking mortgages and holders of the Notes will have to rely on the provisions of the Intercreditor Agreement for the treatment of such second-ranking mortgages as first-ranking mortgages securing the Notes. If the Intercreditor Agreement or the relevant provisions thereof were avoided or held to be unenforceable for any reason, holders of the Notes would not benefit from such first-priority treatment and be subordinated, with respect to such security interests, to senior security interests over the same Collateral securing the Senior Secured RCF. Neither the Trustee nor the Security Agent has any obligation to monitor the acquisition of additional assets that constitute the Collateral or the perfection of, or to take steps to perfect, any security interest in the Notes against third parties.

Under Dutch law, perfection of mortgages over real estate provided by the Dutch Guarantors requires registration in the relevant public registers. Perfection of pledges over shares in a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid)* requires that the relevant company is a party to the deed creating the pledge or that certain other requirements are satisfied. In addition, the pledges over shares must be registered in the company's shareholders register.

The enforcement of the Notes Guarantees may be restricted by Spanish insolvency law.

The Spanish Insolvency Law imposes a moratorium on the enforcement of creditors' rights in the event of insolvency of the debtor, to the extent the collateral can be deemed by the insolvency court as an asset necessary for the continuity of the business.

In addition, Article 583 et. seq. of the Spanish Insolvency Law also provides that if a debtor notifies the court that, being in actual or imminent insolvency, it has started negotiations with its creditors to seek support for either (i) a collective refinancing agreement (*acuerdo de refinanciación*) in the terms of Article 596 et. seq. of the Spanish Insolvency Law, (ii) an early composition agreement (*convenio anticipado*), or (iv) an out-of-court repayment agreement (*acuerdo extrajudicial de*

pagos) under Article 631 et seq. of the Spanish Insolvency Law, it will have a three-month additional grace period in which the obligation to file for insolvency is suspended, and one more month to file for insolvency, provided that it files the notice before the court within two months of becoming insolvent and has not been already declared in insolvency. From the moment this pre-insolvency notice is submitted and during the three months pre-insolvency period, enforcement proceedings may not be initiated for the enforcement of assets necessary for the continuation of the debtor's professional or business activity, and proceedings already initiated will be stayed, in the event the debtor is pursuing a collective refinancing agreement, or an early composition agreement. This prohibition extends to any debtor's asset or right in the event the debtor is pursuing an out-of-court repayment agreement. On the contrary, enforcement of claims subject to public law are not affected by the submission of this pre-insolvency notice.

Furthermore, individual enforcements sought by holders of financial liabilities cannot be initiated (or, if they have already been initiated, will be stayed) when it is justified that a percentage no lower than 51% of creditors (determined by value) holding financial liabilities have supported the start of negotiations of a refinancing agreement, undertaking not to initiate enforcements in the meantime, irrespective of whether the asset is necessary for the continuation of the business.

Enforcements of *in rem* securities can be commenced after the aforementioned pre-insolvency notice is submitted, but such enforcement becomes suspended for the time explained above as long as the collateral is an asset deemed necessary for the continuation of the debtor's business activity. Financial collateral (*garantías financieras*) are not affected by the effects of this pre-insolvency notice. The effect of the pre-insolvency notice over security interests over collateral located outside of Spain will depend on the applicable international private law. For instance, foreclosure of security interests located in another Member State (other than Denmark) will not be affected pursuant to the EU Recast Insolvency Regulation.

Non-commenced or suspended enforcement actions may be commenced and restated as long as the court who would rule on the debtor's insolvency decides the asset or right is not necessary for the continuation of the debtor's business activity, or three months have elapsed since the pre-insolvency notice was filed.

Enforcement is also suspended in case a refinancing agreement submitted for homologation is admitted to process by the Court, until the time the Court decides to homologate it or not.

The Spanish Insolvency Law expressly establishes that the shares or quotas of companies exclusively destined to hold assets and the liabilities necessary for their financing will not be consider necessary for the continuation of the debtor's business, unless the enforcement of the security over the shares or quotas constitutes a cause of termination or modification of those contractual relationships of the company that allow the debtor to continue exploiting such assets.

Applicable law requires that a security interest in certain assets can only be properly perfected, registered or its equivalent in other jurisdictions and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the Notes from time to time may not be perfected, or registered or other equivalent in other jurisdictions, which may result in the loss of the priority, or a defect in the perfection, registration or other equivalent in other jurisdictions of the security interest for the benefit of the Trustee and holders of the Notes to which they would have been otherwise entitled. Neither the Security Agent nor the Trustee will be obligated to create or perfect any of the security interests in the Collateral.

Holders of the Notes will not have any independent power to enforce the Notes Guarantees and the Collateral securing the Notes, except through the Security Agent following the instructions of the Instructing Group. Since Spanish law does not contemplate the concept of "security agent", there is some uncertainty as to whether a Spanish court would recognize the authority of the Security Agent and whether this would cause delays in the enforcement and the consequences of not being able to enforce the Notes Guarantees. Although this by itself does not prohibit appointing the Security Agent, the absence of regulation creates uncertainty as to how a Spanish court would recognize the Security Agent's actions in an enforcement situation. Some legal scholars argue that a security agent would only be entitled to enforce its portion of the

guaranteed obligation but not that of the other guaranteed parties. Therefore, the validity and enforceability of guarantees or security interests granted in favor of the holders of the Notes through the Security Agent may be subject to certain limitations.

The enforcement of the Collateral may be restricted by Polish insolvency law.

According to Polish Insolvency Law, in the case of the declaration of the bankruptcy, the judge-commissioner (who manages the course of the bankruptcy proceedings), at the request of the trustee, deems ineffective the burden of the bankrupt's assets with a mortgage, lien, registered pledge or sea mortgage, if the bankrupt was not a personal debtor of the secured creditor, and this burden was established within one year before the date of submitting the application for announcement bankruptcy and in connection with its establishment, the bankrupt did not receive any benefits. The same applies if an encumbrance was created in exchange for a performance incommensurately low in relation to the value of the security given. In the event the bankrupt entity's estate was encumbered to secure the debts of the bankrupt entity's relatives or associated companies, such encumbrance is legally ineffective regardless of the value of the consideration received by the bankrupt entity, unless the other party shows that no damage has been inflicted thus on the creditors.

The Polish Insolvency Law also provides that following actions performed with respect to the bankrupt entity's assets are legally ineffective against the bankrupt entity: (i) acts in law whereby the bankrupt exercised control of his assets, performed by the bankrupt within one year before the filing of the bankruptcy petition, provided that such acts were performed gratuitously, or for a consideration but with the value of the bankrupt's performance being drastically in excess of that received by the bankrupt, or of that reserved for the bankrupt or for a third party; or (ii) security and the payment of an unenforceable debt, given or made by the bankrupt within six months before the filing of the bankruptcy petition; however, one who received the payment or the security may, by bringing an action or charge, seek the recognition of such acts as effective if at the time when the same were performed he was unaware of the existence of grounds for the declaration of bankruptcy.

As a result, in case where the Guarantor or the Collateral provider is deemed bankrupt, the Guarantor's liability under its Notes Guarantees and/or the Collateral could be eliminated upon applicable laws.

The enforcement of the Collateral may be restricted by Spanish law.

Spanish insolvency law imposes a moratorium on the enforcement of secured creditors' rights (*in rem* security) in the event of insolvency of the debtor, to the extent the collateral can be deemed by the Insolvency Court as an asset necessary for the continuity of the business. The moratorium would take effect following the declaration of insolvency until the earlier to occur of: (a) approval of a creditors' composition agreement (to the extent that it does not affect the exercise of that right)or (b) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated. Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. In determining which assets of the debtor are necessary for its professional or business activities, courts have generally adopted a broad interpretation and will likely include most of the debtor's assets. Finally, enforcement of the Collateral will be subject to the provisions of Spanish procedural law and Spanish insolvency law, where applicable, and this may entail delays in the enforcement.

Even when the moratorium elapses, in case liquidation is declared and the creditor did not commence the enforcement either before the insolvency declaration or after a year since the declaration of insolvency, it could lose its right to enforce separately within the insolvency proceeding, and thus its right to control the sale of the asset by the insolvency administrator. During the moratorium, the insolvency administrator is also entitled to repay the claim as a claim against the insolvency estate, up to the value of the collateral as determined under the Spanish Insolvency Law rules, as to avoid the enforcement.

In addition, there are certain rules applying to the assets securing claims in case they are sold in liquidation as part of the debtor's business. Depending on the manner in which the asset is sold (i.e. with or without the security), such rules could

result in a sale that does not require the creditor's consent if, among others, the asset is individually sold at an upfront price which is higher than the minimum price agreed when the security was perfected, or when the asset is sold as part of a business unit on a going concern, and the secured creditor either lost its right to enforce separately within the insolvency proceeding, or 75% of the special privileged creditors belonging to the same class with right to enforce consent the asset is sold at a price implying the amount to the paid to such special privileged creditors, as determined by the Spanish Insolvency Law, is lower than the value of the collateral.

The effects of insolvency proceedings on a creditor's in rem rights attached to property or rights –of any kind– of the debt or which, at the time of the declaration of the insolvency proceedings, are located in a state (other than a EU Member State bound by the EU Insolvency Regulation) must be exclusively governed by the law of that state.

Moreover, the enforcement of a security interest could be delayed or even denied if the relevant court or, in the case of a notarial enforcement, the relevant notary, deems the secured obligation contains abusive provisions.

In the case of real estate mortgages, it may be required for purposes of enforcement that at least three installments remain unpaid or that the debtor has been in breach of its payment obligations for a period of at least three months.

Applicable law requires that a security interest in certain assets can only be properly perfected, registered or its equivalent in other jurisdictions and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the Notes from time to time may not be perfected, or registered or other equivalent in other jurisdictions, which may result in the loss of the priority, or a defect in the perfection, registration or other equivalent in other jurisdictions of the security interest for the benefit of the Trustee and holders of the Notes to which they would have been otherwise entitled. Neither the Security Agent nor the Trustee will be obligated to create or perfect any of the security interests in the Collateral.

Holders of the Notes will not have any independent power to enforce the Collateral securing the Notes, except through the Security Agent following the instructions of the Instructing Group. Since Spanish law does not contemplate the concept of "security agent", there is some uncertainty as to whether a Spanish court would recognize the authority of the Security Agent and whether this would cause delays in the enforcement and the consequences of not being able to enforce the Collateral as provided in the Security Documents. Although this by itself does not prohibit appointing the Security Agent, the absence of regulation creates uncertainty as to how a Spanish court would recognize the Security Agent's actions in an enforcement situation. Some legal scholars argue that a security agent would only be entitled to enforce its portion of the secured obligation but not that of the other secured parties. Therefore, the validity and enforceability of guarantees or security interests granted in favor of the holders of the Notes through the Security Agent may be subject to certain limitations. For more information, see "*Limitations on validity and enforceability of the Notes Guarantees and the security interests and certain insolvency law considerations*".

The enforcement of the Collateral may be restricted by Dutch law.

In the case of a bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*) declared in the Netherlands in respect of a person holding title to assets that constitute Collateral, the Security Agent will be entitled to exercise the rights afforded to a person having a Dutch law security right (being a pledge (*pandrecht*) or a mortgage (*hypotheek*)) over those assets as if there were no bankruptcy or suspension of payment. However, such a bankruptcy or suspension of payments would affect the position of the Security Agent as a secured party in some respects, the most important of which are: (i) the competent court may as a general rule set a period of up to four months during which the Security Agent may not, without the court's consent, (a) claim the asset constituting Collateral if it is under the control of (*in de macht van*) the person holding title to the asset or, in the case of a bankruptcy, the trustee in bankruptcy (*curator*) or (b) seek recourse against the asset, and (ii) a trustee in bankruptcy may (x) give the Security Agent a reasonable period to exercise his rights and (y) if the Security Agent fails to sell the asset within that period, claim the asset and sell it, without

prejudice to the Security Agent's entitlement to the proceeds after deduction of a contribution to the bankruptcy costs and taking into account the Security Agent's rank.

Enforcement of a Dutch law security right (including allocation of the proceeds) is subject to Dutch law. Under Dutch law, in principle, a security right is enforced through a public auction of the asset subject to the security right in accordance with Dutch law. Shares in a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) may be transferred only upon enforcement in accordance with Dutch law and the articles of association of the company that has issued the shares, as they read at the time of enforcement.

The Security Agent or, in case the security right is a mortgage (*hypotheek*), the relevant security interest provider may request the competent court to approve a private sale of the asset subject to the security right. In case of pledged assets (but not mortgaged assets), the Security Agent and the security interest provider may agree to an alternative method of sale of the asset once the pledge has become enforceable. The Security Agent may also request the competent court to determine that a pledged asset shall accrue to it for a price determined by the court. For more information, see "*Limitations on validity and enforceability of the Notes Guarantees and the security interests and certain insolvency law considerations*".

The enforcement of the Collateral may be restricted by Belgian law.

Holders of the Notes will not have any independent power to enforce the Collateral securing the Notes, except through the Security Agent following the instructions of the Instructing Group. The Belgian Financial Collateral Act of December 15, 2004, expressly recognizes the validity and enforceability with respect to third parties of pledges on financial instruments entered into by a security agent acting for one or more beneficiaries when the identity of the beneficiaries can be ascertained in the security agreement.

The enforcement of any Collateral is subject to any limitations arising from bankruptcy, insolvency, liquidation, moratorium, reorganization and other laws of general application relating to or affecting the rights of creditors. In particular, any provision providing for an event of default, an acceleration or an early termination of the contract by reason of the debtor being subject to judicial reorganization proceedings is not enforceable. For more information, see "*Limitations on validity and enforceability of the Notes Guarantees and the security interests and certain insolvency law considerations*".

The enforcement of the Collateral may be restricted by Italian law.

Under Italian law, in the event that an entity is placed under bankruptcy proceedings *(fallimento) or, if the relevant conditions are met, under extraordinary administration (amministrazione straordinaria) or under compulsory administrative winding-up (liquidazione coatta amministrativa)*, security interests given by it during a certain legally specified period (the "suspect period") could be subject to potential challenges by the appointed bankruptcy receiver / extraordinary commissioner / judicial liquidator under the rules of ineffectiveness or avoidance or clawback of Royal Decree No. 267 of March 16, 1942, as reformed and currently in force (the "Italian Bankruptcy Law"), and of Legislative Decree no. 270 of July 8, 1999 ("Prodi bis Law") and Legislative Decree no. 347 of December 23, 2003 ("Marzano Law"). In particular, the grant of the Notes Guarantees or the Collateral to secure the Notes may be voidable by the grantor or by a bankruptcy trustee or by the extraordinary commissioner or by the judicial liquidator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant.

If challenged successfully, the guarantee and/or security interest may become unenforceable and any amounts received must be refunded to the receiver. To the extent that the grant of any guarantee and/or security interest is voided, holders of the Notes could lose the benefit of the guarantee and/or security interest and may not be able to recover any amounts under the related security documents.

Clawback rules under Italian law are normally considered to be particularly favourable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions. In a bankruptcy proceeding, depending on the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months in certain circumstances (please note that in the context of extraordinary administration procedures in relation to certain transactions, the clawback period can be extended to five and three years, respectively) and a two year ineffectiveness period for certain other transactions. The Italian Bankruptcy Law distinguishes between acts or transactions, which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner by means of a bankruptcy clawback action (*azione revocatoria fallimentare*). The limitation period for initiating clawback action is three years from the declaration of bankruptcy or, if earlier, five years from the act or transaction to be clawed-back.

In addition, under Italian law, in certain circumstances also in the ordinary course of business (*i.e.* when the entity is not placed under the insolvency procedures mentioned above), an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a security, agreement and any other act by which it disposes of any of its assets, in order to revoke and declare ineffective pursuant to Article 2901 of the Italian Civil Code (*azione revocatoria ordinaria*) the said security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit.

An Italian court could revoke the said security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

a. that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and

b. that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

If a court decided that a security interest was unenforceable, the beneficiary of the security interest may cease to have any claim with respect to the relevant grantor of security.

The Notes Guarantees and security interests in the Collateral are significantly limited by applicable laws and are subject to certain limitations on enforcement or defenses.

The Guarantors guarantee the payment of the Notes and the Collateral secures the Notes and the Notes Guarantees. The Notes Guarantees provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the obligations of each Guarantor under its Notes Guarantee and the amount secured by, or enforcement of, the Collateral will be limited under the Indenture to an amount that has been determined so as to ensure that amounts payable will not result in violations of laws relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, capitalization, capital preservation (under which, among other requirements, the risks associated with a guarantee or grant of security on account of a parent company's or an affiliate company's debt must be reasonable and economically and operationally justified from the Guarantor's or grantor's perspective or must be covered by its available net assets on the balance sheet), thin capitalization, corporate purpose, financial assistance or transactions under value, or otherwise cause the Guarantor or grantor of Collateral to be deemed insolvent under applicable law or such Notes Guarantee or Collateral to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Notes Guarantee or Collateral. If these limitations are not observed, the Notes Guarantees and the grant of security interests by the Guarantors could be subject to legal challenge. The Indenture and the security agreements may include language limiting the amount or the enforcement of the Note Guarantee and the Collateral to account for such legal constraints.

Enforcement of any of the Notes Guarantees and Collateral against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among jurisdictions, in general, under bankruptcy, insolvency, fraudulent conveyance and other laws, a court could subordinate, void or invalidate all or a portion of a Guarantor's obligation under the Notes Guarantees or the security interest granted under the Security Documents and, if payment had already been made under a Notes Guarantee or enforcement proceeds applied under a Security Document, require that the recipient return the payment to the relevant Guarantor or security provider, or take other action that is detrimental to you, typically if the court found, *inter alia*, that:

- the amount paid or payable under the relevant Notes Guarantee or the enforcement proceeds under the relevant Security Document was in excess of the maximum amount permitted under applicable law;
- the relevant Notes Guarantee or security interest under a Security Document was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or security provider or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or security provider was insolvent when it granted the relevant Notes Guarantee or security interest;
- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Notes Guarantee or security interest and the Guarantor or security provider was: (i) insolvent or rendered insolvent because of the relevant Notes Guarantee or security interest; (ii) undercapitalized or became undercapitalized because of the relevant Notes Guarantee or Security Document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; or
- the relevant Notes Guarantees or Security Documents were held to exceed the corporate objects or corporate purposes of the Guarantor or security provider or not to be in the best interests or for the corporate benefit of or to promote the success of the Guarantor or security provider.

Furthermore, the enforcement of any claims arising under the Notes Guarantees and/or the Security Documents may become barred under the provisions of law applicable in the relevant jurisdiction concerning prescriptions and limitations by the lapse of time or may be or become subject to a defense of set-off or counterclaim, fraud or negligence. In addition, the enforcement of legal obligations may be prevented or invalidated in the case of fraudulent enforcement.

As a result, a Guarantor's liability under its Notes Guarantees could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in that company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Notes Guarantee and that the applicable court may determine that the Notes Guarantee should be limited or voided. In the event that any Notes Guarantee is deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Notes Guarantee apply, the Notes would not be guaranteed by such Notes Guarantee.

Spanish law

The laws of Spain may limit the ability of the Guarantors to guarantee the Notes or grant security on the Collateral. Any guarantee, pledge or mortgage generally must guarantee or secure a primary obligation to which it is ancillary. This implies that the primary obligation must be clearly identified in the guarantee or security agreement and the nullity or termination of the primary obligation entails the nullity or termination of the ancillary guarantee or security. Consequently, if the primary obligation is deemed null and void, the ancillary guarantee or security interest will also be deemed null and void, and may be also affected by any amendment, supplement, waiver, repayment, novation or extinction of the Issuer's obligations under the Notes.

The interpretations of the laws of Spain by the courts may limit the ability of Spanish Guarantors to guarantee the Notes. Although the law does not establish any limit, certain judgments indicate (and certain scholars understand) that risks associated with a guarantee or a security interest provided by a company to secure the indebtedness held by other companies within its corporate group shall be reasonable and economically and operationally justified from the guarantor's own perspective and justified under the corporate interest of such guarantor and all this must be evidenced to the judge.

In addition, the obligations and liabilities of any Guarantor entity granting a security interest in favor of the holders of the Notes cannot extend to any obligation which, if incurred, would constitute a breach of Spanish financial assistance rules. Pursuant to these rules, a Spanish company may not generally advance funds, grant loans, guarantees or security interests or provide any other type of financial assistance in connection with the acquisition of its own shares or those of its parent company, in the case of public limited liability companies, or other companies within the same group, in the case of private limited liability companies. Any guarantee or security granted in breach of these provisions may be deemed null and void. There are no whitewash procedures available in Spain.

Under Spanish law, claims may become time-barred (a general term of five years is set forth in the Spanish Civil Code for personal obligations) or may be or become subject to the defense of set-off or counterclaim. In addition, an extension of maturity granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee.

A Spanish court may not accept acceleration (*vencimiento anticipado*) of an agreement if the default were of minimal importance. To be recognized by the Spanish courts as giving rise to the remedy of acceleration, a default must be material. The decision to accelerate an agreement must be based on objective facts and cannot be left to the sole discretion of one party as this would not be permitted by Article 1,256 of the Spanish Civil Code.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" or any combination thereof mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before courts will in any event be subject to:

- the nature of the remedies available in the courts;
- Spanish public policy; and
- the availability of defenses such as, without limitation, set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, abatement and counterclaim.

The validity and enforceability of the Notes Guarantees is also subject to the laws regulating insolvency or liquidation proceedings and to other laws of general application relating to or affecting the enforcement of creditors rights and remedies.

In addition, there are certain Guarantors which are assignees of an administrative concession. The enforcement of such administrative concessions as a result of the enforcement of any of the Notes Guarantees against any of the referred Guarantors shall require the prior consent of the relevant authorities. If such consent is not obtained, the creditor will not be able to enforce its credit against such administrative concession and the Guarantor will continue being the owner of the administrative concession and having to comply with the obligations arising from such administrative concession.

Lastly, under Spanish law, the valid creation of an in rem right of security requires at least the formalization of the relevant security document as a public deed (*escritura o póliza*), without prejudice to any additional formalities or perfection requirements that may be required depending on the type of secured asset. Without notarization of the security documents, the secured parties (i) will not have access to the executive summary proceedings (*juicio ejecutivo*) in case of judicial

enforcement of the security documents in Spain, having the secured parties to follow necessarily the ordinary judicial proceedings (*juicio ordinario*) and (ii) will not be considered as secured creditors having a special privilege over the assets part of the security package in case of insolvency of the relevant Spanish security provider.

Dutch law

Dutch law may limit the ability of a Dutch Guarantor to guarantee the Notes or grant security on the Collateral. The validity and enforceability of a Notes Guarantee of, or a security interest granted by or in, the Dutch Guarantors may be successfully contested by the relevant Dutch Guarantor, or its trustee in bankruptcy if it is subject to bankruptcy proceedings, on the basis of an ultra vires claim, which will be successful if both (i) the granting of the security right or guarantee does not fall within the scope of the objects of the company (*doeloverschrijding*) and (ii) the company's counterparty under the relevant security right or guarantee knew or ought to have known, without inquiry, of this fact. In determining whether the granting of a security right or guarantee falls within the scope of the objects and purposes of a Dutch company, a court will consider all relevant circumstances, in particular (i) the text of the objects clause in the company's articles of association, (ii) whether the granting of such security right or guarantee is in the company's corporate interests (*vennootschappelijk belang*) and to its benefit and (iii) whether the company's subsistence is jeopardized by the granting of such security right or guarantee. The mere fact that a certain legal act (*rechtshandeling*) is explicitly reflected in a Dutch company's objects clause may not be sufficient to conclude that such legal act is not ultra vires.

The validity and enforceability of such a Notes Guarantee or security interest may also be successfully contested by any creditor of the relevant Dutch Guarantor, or by trustee in bankruptcy if it is subject to bankruptcy proceedings, if the Notes Guarantee or security interest is prejudicial to the interests of that creditor or, in the case of bankruptcy proceedings, any other creditor and the other requirements for fraudulent transfers under the Dutch Civil Code and Dutch Bankruptcy Act are satisfied.

Under Dutch law, it is uncertain whether a Dutch law security interest (in the form of a pledge (*pandrecht*) or a mortgage (*hypotheek*)) can be granted to a party other than the creditor of the claim to be secured by the security interest. For that reason, the security documents pursuant to which Dutch law security interests will be granted over the assets of the Dutch Guarantors use a parallel debt structure. However, such a parallel debt structure has never been tested before a Dutch court, and it may not mitigate or eliminate the risk of unenforceability posed by Dutch law.

Under Dutch law, receipt of any payment made by any Dutch Guarantor under a Notes Guarantee or security interest may be adversely affected by specific or general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such Notes Guarantee or security interest.

Belgian law

The laws of Belgium may limit the ability of a Belgian company (i.e. a Belgian Guarantor or a Belgian Collateral provider) to guarantee the Notes or grant security on the Collateral. These limitations arise from the interpretation of various provisions and from certain general principles of corporate law which include rules governing corporate interest (*intérêt social/vennootschapsbelang*) under which, among others, the risk associated with a guarantee or grant of security on account of a parent or sister company's debt must be reasonable and economically and operationally justified from the guarantor's or grantor's perspective. In addition, the granting of a guarantee or collateral by a Belgian company must be within grantor's corporate purpose. If the granting of a guarantee or the creation of a security interest does not fall within the grantor's corporate purpose, it could, upon certain conditions, be held null and void. Under Belgian law, any guarantee, pledge or mortgage generally must guarantee or secure a primary obligation to which it is ancillary. The primary obligation must be clearly identified in the guarantee or security agreement, and the nullification or termination of the primary obligation entails the nullification or termination of the ancillary guarantee or security. Consequently, if the primary obligation is deemed null and void, the ancillary guarantee or security interest will also be deemed null and void. In the case of a share pledge, the ranking of a given pledge will depend on the date of registration of such pledge in the shareholders' register.

Under Belgian law, claims may become time-barred (a general term of 10 years is set forth in the Belgian Civil Code for personal obligations) or may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" or any combination thereof mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Belgian courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before courts will in any event be subject to:

- the nature of the remedies available in the courts; and
- the availability of defenses such as, without limitation, set-off (unless validly waived), circumvention of law (*fraude à la loi/wetsontduiking*), abuse in the exercise of rights (*abus de droit/rechtsmisbruik*), force majeure, error (*erreur/dwaling*), misrepresentation (*dol/bedrog*), duress (*violence/geweld*) and counterclaim.

The Issuer reorganized the business of Jolly Hotels Belgio, SA to avoid future losses and the gains derived from the reorganization restored the company's balance sheet above €2.5 million, the minimum threshold set forth by Belgian law (*i.e.* €61,500), so nobody may demand that the court orders the dissolution of Jolly Hotel Belgio, SA.

Italian law

Under Italian Law the guarantee obligations under the Indenture of an Italian Guarantor are subject to compliance with, *inter alia*, the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a guarantee or a security interest is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company granting a guarantee must receive a real and adequate benefit in exchange for the guarantee. Such principle on corporate benefit applies equally to down-stream, cross-stream and up-stream guarantees issued by Italian companies. While the existence of a corporate benefit in relation to a downstream guarantee is usually self-evident (i.e., a guarantee guaranteeing financial obligations of direct or indirect subsidiaries of the relevant guarantor), the existence of a corporate benefit in relation to a cross-stream or an up-stream guarantee (i.e., a guarantee guaranteeing financial obligations of direct or indirect parent companies or sister companies of the relevant guarantor) may be challenged unless it can be proved that the guarantor may derive some benefits or advantages from the granting of the guarantee, therefore it should be carefully considered on a case-by-case basis (such as in the case of subsidiary guarantors which are providing the Guarantees in connection with the Notes offered hereby). The concept of real and adequate corporate benefit is not expressly defined in under Italian law and is assessed by and determined on a case- by-case basis, further its existence is purely a business decision of the directors and the statutory auditors. As a general rule, corporate benefit is assessed at the level of the relevant company on a standalone basis, although in certain circumstances, and subject to specific rules, the interest of the group to which such company belongs may also be taken into consideration. In particular, in case of upstream and cross-stream guarantees for the financial obligations of group companies, examples may include financial consideration in the form of a guarantee fee or access to cash flows in the form of intercompany loans from other members of the Group, while transactions featuring debt financing of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest.

The general rule is that the risk assumed by the Italian Guarantor must not be disproportionate to the direct or indirect economic benefit to the guarantor. To this extent, customary "limitation language" is usually inserted in indentures, credit agreements and guarantees for the purpose of limiting the amount guaranteed by the guarantor to an amount that is proportionate for the direct or indirect economic benefit to the guarantor derived from the transaction.

In principle, absence of a real and adequate benefit could render the guarantee or the collateral *ultra vires* and potentially affected by conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be subject matter of challenges and annulment.

Thus, civil liabilities may be imposed on the directors of the guarantor if it is assessed that they did not act in the best interest of the guarantor and that the acts they carried out do not fall within the corporate purpose of the guarantor or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over the guarantor or having knowingly received an advantage or profit from such improper control. However, no liability can be attributed where no prejudice or actual damage is suffered by the Italian Guarantor because of the determination of the controlling shareholder as provided under Article 2497 of the Italian Civil Code having regard to the overall result of the controlling activity. Moreover, the guarantee could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interests of the guarantor.

The rules on corporate benefit apply equally to security provided by subsidiaries in relation to the financial obligations of their parent or sister companies.

As to corporate authorizations and financial assistance, the granting of a guarantee or security by an Italian company must be permitted by the articles of association (*statuto*) of the Italian company providing such guarantee. In addition, the granting of a guarantee by an Italian company cannot include any liability that would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) for the acquisition or subscription of its own shares or quotas by a third party or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness in originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interest of the company.

In the light of the above, in no event shall the obligations and liabilities of the Italian Guarantor under a guarantee include the obligation to guarantee financial indebtedness which was incurred, in full or in part, to purchase the shares of such Italian Guarantor (or of any of its direct or indirect holding company) and which would therefore constitute the provision of financial assistance within the meaning of Article 2358 and/or 2474, as the case may be, of the Italian Civil Code whereas, in the latter case, an authorization proceeding in the shareholders' meeting is not implemented. To this extent, the total value of the guarantee cannot exceed the profits and the distributable reserves as resulting from the approved financial statements.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of the Legislative Decree No. 385 of 1 September 1993 (the "Italian *Banking Act"),* whose exercise is exclusively demanded to banks and authorised financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, *inter alia,* cause the Guarantees to be considered null and void. In this respect, the Ministerial Decree No. 53 of 2 April 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group*"* includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies, which are under the control of the same entity. As a result of the above described rules, subject to the Italian Guarantor and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

In addition, under Article 1938 of the Italian Civil Code, if a personal guarantee is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as

the Indenture). It has been held, that such determination must be proportionate to the relevant guarantor's assets. It is uncertain, however, whether courts are entitled to debate and to rule over such determination.

Italian Law No. 108 of 7 March 1996, as amended, implemented or supplemented from time to time (the "Italian *Usury Law*"), prevents lenders from applying interests higher than certain rates, as set forth in accordance with the Italian Usury Law (the "Usury *Rates*"). In addition, even where the Usury Rates are not exceeded, the interest rate applicable may be held usurious if: (i) it is considered to be disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate applicable to similar transactions in the market) and (ii) the debtor is deemed to have been in financial and economic difficulties at the time the indebtedness was incurred. In order to comply with (i) the Italian Usury Law and Article 1815 of the Italian Civil Code) and (ii) the mandatory provisions of Italian law in relation to capitalization of interests (including Article 1283 of the Italian Civil Code), the obligations of any Italian Guarantor under a guarantee shall not include and shall not extend to (x) Usury Rates and (y) any interest on overdue amounts compounded in violation of the provisions set forth by Article 1283 of the Italian Civil Code, respectively.

In any event, pursuant to Article 1938 of the Italian Civil Code, a guarantee granted by an Italian Guarantor must be capped at a maximum guaranteed amount.

The guarantees created through pledges on unlisted securities cannot be immediately liquidated.

Under Article 2352 of the Italian Civil Code, in the case of a pledge on shares, the voting rights, unless agreed otherwise, belong to the holder of the pledge and in the case of capital increase pursuant to Article 2442 of the Italian Civil Code, the pledge is extended to the newly issued shares.

German law

German law may limit the ability of a German Guarantor to guarantee the Notes. The granting of guarantees by a German limited liability company (GmbH) or a partnership with a limited liability company as liable partner (e.g. a GmbH & Co. KG) is subject to certain capital maintenance rules under German law. Payment under guarantees may be regarded as disbursements to a parent company if guaranteeing or securing debt of a parent company or an affiliate of the parent company. Such disbursements are only allowed as long as the stated share capital of the guarantor is not affected, i.e. may only be made out of the freely available net assets on the balance sheet. The Indenture contains language limiting the Note Guarantee accordingly. Furthermore, the German Limited Liability Companies Act restricts payments if and to the extent such payments under any Note Guarantee would deprive the German Guarantor of the liquidity necessary to fulfill its financial liabilities to its creditors. This limitation could, to the extent applicable, restrict the enforcement of the relevant Note Guarantee.

German insolvency proceedings may limit the enforcement of guarantees. The insolvency court may prohibit or suspend any measures taken to enforce individual claims against an insolvent company's assets during preliminary proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Any judicial enforcement action brought against the insolvent company by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened (and, if so ordered by a court, with respect to assets other than real estate also between the time when an insolvency petition is filed and the time when insolvency proceedings commence).

Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so called destructive interference (*existenzvernichtender Eingriff*) (i.e., a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of the Notes Guarantees. In such case, the amount of proceeds to be realized may be reduced, even to zero.

In addition, under German law, a creditor who is the beneficiary of a transaction effecting the repayment of the stated share capital of a debtor in the form of a GmbH or a GmbH & Co. KG or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's impending insolvency or of circumstances indicating such debtor's impending insolvency at the time such funding was provided or extended and/or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that such liability may arise if, for example, the creditor acted with the intent to detrimentally influence the position of the other creditors of the debtor in violation of the legal principle of bonos mores (*Sittenwidrigkeit*). Such intention could be presumed if the beneficiary of the transaction was aware of any circumstances indicating that the debtor was close to insolvency (*Zusammenbruch*) or had reason to enquire further with respect thereto.

Under German law, in the event that an entity becomes subject to insolvency proceedings, guarantees given by it during a certain legally specified period (the "hardening period") could be subject to potential challenges by an appointed insolvency administrator, preliminary insolvency administrator or, in certain cases, other creditors under the German Insolvency Act. In the absence of insolvency proceedings, creditors may challenge guarantees under the Act of Avoidance. If challenged successfully, the guarantee may become unenforceable. To the extent that the grant of any Note Guarantee is voided, holders of the Notes would lose the benefit of the Note Guarantee and may not be able to recover any amounts under the related Note Guarantee. The holders of the Notes may also be required to repay any amounts received with respect to such Note Guarantee.

Under German law, claims may become time barred (a general term of three years is set forth in the German Civil Code which may be altered by special provisions) or may be or become subject to the defense of set off or counterclaim.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" or any combination thereof mean that all of the obligations assumed by the relevant party under the relevant documents are of a type which can be enforced in accordance with the rules of civil procedure as applied by German courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement will in any event be subject to:

- the obligations being of a type and kind for which an enforcement procedure does exist under German law; and
- the availability of defenses such as, without limitation, set off (unless validly waived), violation of the principle of loyalty and good faith (*Treu und Glauben*), violation of the principle of bonos mores (*Verstoß gegen die guten Sitten*), circumvention of law, violation of a legal prohibition (*Verstoß gegen ein gesetzliches Verbot*), abuse in the exercise of rights (*Rechtsmissbrauch/Schikaneverbot*), force majeure, unforeseen circumstances, undue influence, and duress.

Luxembourg laws

Under Luxembourg law, guarantees granted by Luxembourg companies are subject to certain limitations. The conditions to be satisfied by the granting of guarantees relate to (i) corporate power, (ii) corporate authority, and (iii) corporate benefit. These rules are derived from general principles and must be applied to specific circumstances, which have to be analyzed on a case by case basis. See "Limitations on validity and enforceability of Notes Guarantees granted by any Luxembourg subsidiaries".

Fraudulent conveyance laws may limit your rights as a holder of Notes.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or void a Notes Guarantee if it found that:

- the Notes Guarantee was incurred with an actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor;
- the Notes Guarantee was granted within a specified timeframe prior to the insolvency declaration of the Guarantor and it is detrimental for the Guarantor's state;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Notes Guarantee and the Guarantor (1) was insolvent, became insolvent within a specified timeframe or was rendered insolvent because of the Notes Guarantee; (2) was undercapitalized or became undercapitalized because of the Notes Guarantee; or (3) intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending upon the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its debts as they become due. If a court decided that any Notes Guarantee was a fraudulent conveyance and voided the Notes Guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the Guarantor of the Notes Guarantee and would be a creditor solely of the Issuer and the remaining Guarantors.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Notes Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, (i) to avoid or invalidate all or a portion of a Guarantor's obligations under its Notes Guarantee; (ii) to direct that holders of the Notes return any amounts paid under a Notes Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and (iii) to take other action that is detrimental to you.

Spanish law

In accordance with Spanish Insolvency Law, any action carried out or agreement entered into by the debtor in the two years preceding its declaration of insolvency can be clawed back (rescinded) by the court if the action or agreement is considered detrimental to the insolvency estate. This may arise even in the absence of fraudulent intent or link to the insolvency. As a general rule, the insolvency administrator or the creditors who exercise the claw back action have to prove that the act was detrimental. This notwithstanding, the following acts are presumed detrimental without there being any possibility to provide evidence to the contrary: (a) acts where no consideration is received for a disposed asset and (b) acts that result in the early repayment or settlement of obligations which would have become due after the declaration of insolvency (unless such obligations were secured by means of an *in rem* security). In the following cases, the presumption is rebuttable: (a) disposals made in favor of "specially related parties" to the debtor (including, *inter alia*, shareholders that meet certain requirements, group companies and legal or *de facto* directors), (b) the creation of a security interest securing a pre-existing obligation or a new obligation that replaces an existing one and (c) those payments or other acts extinguishing obligations that would have become due after the declaration of insolvency and which are secured by means of an *in rem* security. Claims arising in favor of a creditor as a result of a claw back action will be subordinated (*i.e.*, paid last) if the court has determined that the creditor acted in bad faith.

In respect to such claw back claims, recent Spanish case law indicates, and certain scholars understand that, intragroup guarantees and security are deemed such as a transaction entered into in favor to parties that have a special relationship with the debtor (although the creditor is not a related party), so that the abovementioned rebuttable presumption

of detriment applies. In such a case, Spanish case law considers that such presumption may be rebutted when the group company providing the intragroup guarantee or security has received an equivalent compensation in exchange.

Other claims may also be subordinated including, *inter alia*, (a) claims by legal or natural persons who are "specially related parties" to the debtor (including, *de facto* directors) and (b) claims arising from reciprocal obligations if the court rules, based on the insolvency administrator's report, that the creditor repeatedly obstructed compliance with the agreement against the interest of the insolvency estate. Security interests granted by the debtor to secure subordinated claims will be cancelled by the court.

Furthermore, under Spanish law, any creditor (as well as the insolvency administrator (*administrador concursal*) may bring an action to rescind a contract or agreement (*acción pauliana*) against its debtor and the third party which is a party to such contract or agreement, provided they were performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- that such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed. Pursuant to Article 1,297 of the Spanish Civil Code: (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is a *iuris et de iure* presumption (cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *iuris tantum* presumption (a rebuttable presumption). Pursuant to Article 1,292 of the Spanish Civil Code, payments of non-due debts made in insolvency may also be rescinded.

According to scholars, if the rescission action were to be upheld the third party would be liable to return the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

The legal term to bring a civil rescission claim is four years.

Dutch law

Dutch law contains specific provisions dealing with fraudulent transfer both in and outside of bankruptcy. Under these provisions, a legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the trustee in bankruptcy

(*curator*) in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if (i) the person performed such acts without an obligation to do so (*onverplicht*), (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced as a consequence of the act, and (iii) at the time the act was or the acts were performed both the person and the counterparty to the transaction knew or should have known that its creditors (existing or future) would be prejudiced. In addition, in the case of a bankruptcy, the trustee in bankruptcy may nullify the debtor's performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

If a Dutch court found that the granting of the Notes Guarantees or the Collateral or any other transaction entered into by the Dutch Guarantors at any time in connection with the Notes, including the transactions contemplated by the Intercreditor Agreement, involved a fraudulent transfer as set out above, then the granting of the Notes Guarantees or the Collateral or any other transaction entered into by the Dutch Guarantors in connection with the Notes could be nullified. In the case of a successful challenge, holders of the Notes would not enjoy the benefit of the Notes Guarantees, the Collateral or other transactions. The value of any consideration that holders of the Notes received with respect to the Notes whether upon enforcement of the Collateral or otherwise, could also be subject to recovery from such holders of the Notes, and possibly from subsequent transferees, by prejudiced creditors of the Dutch Guarantors as a result of any fraudulent transfer. In addition, holders of the Notes might be held liable for any damages incurred by such prejudiced creditors.

Belgian law

Regardless of any declaration by the commercial court of a suspect period, transactions of which it can be demonstrated that they have been entered into with the fraudulent intention to cause a prejudice to a third creditor, meaning that the parties knew or should have known that this would aggrieve the interests of the third party creditor, may be declared ineffective against third parties and the receiver will be authorized to disregard the transaction.

Italian law

Under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of a guarantee or of a security interest under the relevant deed of guarantee or security agreement and, if enforcement and sale of the Collateral had already been completed, require the recipients of that sale to return the proceeds to the relevant grantor, if the court found that, *inter alia*:

(i) the relevant grantor gave such security interest/guarantee with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others, or when the beneficiary of the security interest/guarantee was aware that the relevant grantor was insolvent when it gave the relevant security interest/guarantee;

(ii) the relevant grantor did not receive fair consideration or reasonably equivalent value for its security interest/guarantee or the relevant grantor was insolvent at the time the security interest/guarantee was given;

(iii) the relevant grantor was held to exceed the corporate objects of the relevant grantor or not to be in the best interest or for the corporate benefit of the relevant grantor; or

(iv) the grantor giving such security interest/guarantee was aware, or should have been aware, that the transaction was to the detriment of the creditors.

If a court decided that a security interest or a guarantee was a fraudulent conveyance and voided such security interest or guarantee, the beneficiary of the security interest or of the guarantee may cease to have any claim with respect to the relevant grantor of a security interest/guarantee.

In any case, it should be noted that: (i) under article 64 of the Italian Bankruptcy Law, all transactions for no consideration, depending on certain circumstances, are ineffective *vis-à-vis* creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration; and (ii) under article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors (and could therefore be clawed back), if performed by the bankrupt entity in the two-year period prior to the declaration of insolvency.

Payments or grants of securities and/or other transactions are exempted from claw back or avoidance provisions in the event of subsequent bankruptcy (or *amministrazione straordinaria* or *liquidazione coatta amministrativa*) *inter alia* when executed and/or performed in accordance with (a) out-of-court debt restructuring plans pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law, (b) validated debt restructuring agreements with creditors ("*accordi di ristrutturazione dei debiti*") under Article 182-*bis* of the Italian Bankruptcy Law or (c) composition with creditors under Articles 160 et seq. of Italian Bankruptcy Law ("*concordato preventivo*"), including composition with creditors with continuity of the going-concern (*concordato con continuità aziendale*) and composition with creditors preceded by the filing of a preliminary and simplified petition (*concordato con riserva* under Article 161, Paragraph 6, of the Italian Bankruptcy Law).

In addition, it should be noted that the EU Regulation no. 848/2015 of European Parliament and Council, of May 20, 2015, contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

German law

Under German law, in the event that an entity becomes subject to insolvency proceedings, guarantees given by it during a certain legally specified period (the "hardening period") could be subject to potential challenges by an appointed insolvency administrator, preliminary insolvency administrator or, in certain cases, other creditors under the German Insolvency Act. In the absence of insolvency proceedings, creditors may challenge guarantees under the Act of Avoidance.

If challenged successfully, the guarantee may become unenforceable. To the extent that the grant of any Note Guarantee is voided, holders of the Notes would lose the benefit of the Note Guarantee and may not be able to recover any amounts under the related Note Guarantee. The holders of the Notes may also be required to repay any amounts received with respect to such Note Guarantee.

Luxembourg law

Under Luxembourg law, for transactions entered into or payments made by a Luxembourg company during the period before the opening of the insolvency proceedings, if the liquidator or administrator (including, without limitation, in relation to a Luxembourg company, any commissaire, juge-commissaire, liquidateur or curateur or similar official) can show that the Luxembourg company has given "preference" to any person by defrauding the rights of creditors generally, regardless of when this fraud occurred, a Luxembourg court has the power to void the "abnormal" transaction. See "*Limitations on validity and enforceability of Notes Guarantees granted by any Luxembourg subsidiaries*".

Local insolvency laws may not be as favorable to you as the U.S. bankruptcy laws and insolvency laws of another jurisdiction with which you may be more familiar.

The Issuer is incorporated in Spain and the Guarantors are organized under the laws of multiple jurisdictions, including Belgium, Spain, Italy, the Netherlands, Portugal, Romania, the Czech Republic, Poland, Mexico, France, Argentina, the United States, Chile, Uruguay, Austria, Luxembourg, Germany and Switzerland. The insolvency laws of these jurisdictions may not be as favorable to holders of the Notes as the laws of some other jurisdictions with which you may be more familiar. Certain provisions of the insolvency laws in these jurisdictions could affect, *inter alia*, the ranking of the Notes and the Notes Guarantees or claims relating to the Notes and the Notes Guarantees on an insolvency of the Issuer or the Guarantors, as the case may be. In particular, the insolvency law of such jurisdictions may be less favorable in terms of, *inter*

alia, priority of creditors, the ability to obtain post-petition interest and the ability to influence proceedings and the duration thereof, and this may limit ability of the holders of the Notes to receive payments due on the Notes.

Spanish law

Under Spanish Insolvency Law, the enforcement of *in rem* security interests could be restricted upon the filing by the debtor of a pre-insolvency notice in accordance with Article 588 et. seq. of the Spanish Insolvency Law. Moreover, once a debtor is declared insolvent, the enforcement of *in rem* security interests over assets owned by the debtor will be stayed until the first of the following circumstances occur: (a) approval of a creditors' composition agreement, unless the composition agreement does not affect such right, (b) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated. The stay may be lifted if the insolvency court considers that the relevant asset is not necessary for the continuation of the debtor's professional or business activities. The secured creditor could also lose its right to enforce separately within the insolvency proceedings if liquidation is declared and the creditor did not commence the enforcement prior to either the insolvency declaration or after one year since the declaration of insolvency. See "*The enforcement of the Collateral may be restricted by Spanish law*".

Furthermore, in accordance with Spanish Insolvency Law, any action carried out or agreement entered into by the debtor in the two years preceding its declaration of insolvency can be clawed back (rescinded) by the court if the action or agreement is considered detrimental to the insolvency estate. This may arise even in the absence of fraudulent intent or link to the insolvency. As a general rule, the insolvency administrator or the creditors who exercise the claw back action have to prove that the act was detrimental. This notwithstanding, the following acts are presumed detrimental without there being any possibility to provide evidence to the contrary: (a) acts where no consideration is received for a disposed asset and (b) acts that result in the early repayment or settlement of obligations which would have become due after the declaration of insolvency (unless such obligations were secured by means of an *in rem* security). In the following cases, the presumption is rebuttable: (a) disposals made in favor of "specially related parties" to the debtor (including, *inter alia*, shareholders that meet certain requirements, group companies and legal or *de facto* directors), (b) the creation of a security interest securing a pre-existing obligation or a new obligation that replaces an existing one and (c) those payments or other acts extinguishing obligations that would have become due after the declaration of insolvency and which are secured by means of an *in rem* security. Claims arising in favor of a creditor as a result of a claw back action will be subordinated (*i.e.*, paid last) if the court has determined that the creditor acted in bad faith. Other claims may also be subordinated including, *inter alia*, (a) claims by legal or natural persons who are "specially related parties" to the debtor (including, *de facto* directors) and (b) claims arising from reciprocal obligations if the court rules, based on the insolvency administrator's report, that the creditor repeatedly obstructed compliance with the agreement against the interest of the insolvency estate. Security interests granted by the debtor to secure subordinated claims will be cancelled by the court.

Dutch law

To the extent that Dutch law applies, a legal act performed by a person, can be challenged in or outside bankruptcy of the relevant person and may be nullified by the trustee in bankruptcy (*curator*) in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if (i) the person performed such acts without an obligation to do so (*onverplicht*), (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced as a consequence of the act, and (iii) at the time the act was or the acts were performed both the person and the counterparty to the transaction knew or should have known that its creditors (existing or future) would be prejudiced. In addition, in the case of a bankruptcy, the trustee in bankruptcy may nullify the debtor's performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

In the case of a bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*) declared in the Netherlands in respect of a person holding title to assets that constitute Collateral, the Security Agent will be entitled to

exercise the rights afforded to a person having a Dutch law security right (being a pledge (*pandrecht*) or a mortgage (*hypotheek*)) over those assets as if there were no bankruptcy or suspension of payment. However, such a bankruptcy or suspension of payments would affect the position of the Security Agent as a secured party in some respects, the most important of which are: (i) the competent court may as a general rule set a period of up to four months during which the Security Agent may not, without the court's consent, (a) claim the asset constituting Collateral if it is under the control of (*in de macht van*) the person holding title to the asset or, in the case of a bankruptcy, the trustee in bankruptcy (*curator*) or (b) seek recourse against the asset, and (ii) a trustee in bankruptcy may (x) give the Security Agent a reasonable period to exercise his rights and (y) if the Security Agent fails to sell the asset within that period, claim the asset and sell it, without prejudice to the Security Agent's entitlement to the proceeds after deduction of a contribution to the bankruptcy costs and taking into account the Security Agent's rank.

Belgian law

In the case of a judicial reorganization of a Belgian collateral provider, the Security Agent will, with a few exceptions, not be entitled, during the suspension period, to enforce its rights as a secured party. The judicial reorganization by way of transfer under court supervision could also be detrimental to the Security Agent because the court can approve; provided the price offered is reasonable, a sale of the Belgian collateral provider's activities, including the pledged assets, without the Security Agent's authorization.

In the case of a bankruptcy of a Belgian collateral provider, the Security Agent may not enforce its rights in respect of the secured asset during a period during which creditors' claims are verified. The verification process takes place within a period between 5 and 30 days from the deadline for the declaration of claims, as determined by the court.

As an exception to the above rules, the Belgian Financial Collateral Act of December 15, 2004 ("*Loi relative aux sûretés financières*"/"*Wet Financiële Zekerheden*"), implementing the Financial Collateral Directive (2002/47/EC), provides that the enforcement rights of the creditors benefiting from certain types of financial collateral (including a pledge over the financial instrument, e.g., a share pledge), such as the Security Agent, are not suspended if the agreement creating the financial collateral was signed before the opening of the judicial reorganization or bankruptcy or, if after, only to the extent that the creditor could not legitimately know that the company has filed for bankruptcy. However, a court has decided to suspend the rights of a pledgee during judicial reorganization, arguing that the enforcement of a pledge during the moratorium would be abusive.

Moreover, to the extent that the Belgian bankruptcy law applies, a legal act, as listed below, performed by the collateral provider during the "suspect period", which can span up to six months before a bankruptcy judgment and in specific cases more than six months, can be challenged and declared void after a bankruptcy declaration:

- any transfer of movable or immovable property without consideration and any transaction where the consideration paid by the bankrupt company significantly exceeds what it received in return;
- security interests granted if they were intended to secure a debt which existed prior to the date on which the security interested was granted;
- any payments, in whatever form, (*i.e.*, cash, in-kind or by way of set-off) of any debt not yet due and any payments other than in cash or in monetary instruments (e.g., checks, promissory notes, etc.); and
- any payment of matured debts or a transaction entered into by the bankrupt company when the counterparty was aware of the cessation of payments of the company and the transaction proves detrimental to the company's estate.

Whenever the Collateral provider enters into a transaction or makes a payment that proves fraudulent towards its creditors, such transaction or payment will be declared void, even if the transaction or payment took place before the suspect period.

Luxembourg law

NH Finance S.A. is formed and existing under the laws of Luxembourg, and as such any insolvency proceedings applicable to such a company are in principle governed by Luxembourg law to the extent that the **COMI** as defined in the EU Insolvency Regulation is located in Luxembourg. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

Italian law

NH Italia S.p.A. is incorporated in the Republic of Italy and, in case of an insolvency event affecting this entity, it may be declared bankrupt by the Bankruptcy Court of the district where it has its "*main place of business*" in Italy (such is the place of the management and administrative center of the business, which in turn coincides - unless proven otherwise - with the registered office of the company). Any transfer of the main place of business in the year prior the filing of the bankruptcy petition is disregarded for the purpose of determining the venue and jurisdiction of the bankruptcy proceedings. Furthermore, according to Article 9, paragraph 3, of Italian Bankruptcy Law, if NH Italia S.p.A. has its main place of business abroad can be declared bankrupt in Italy, even if a declaration of bankruptcy has been rendered abroad. Furthermore, the relocation of the business to a foreign country does not exclude the jurisdiction of Italian courts, if it occurred after the filing of a petition for bankruptcy or the request of the Public Prosecutor.

In Italy, the courts play an important role in the insolvency process and in-court procedures may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and restructure its business protecting, where possible, the goodwill of the going concern (if any) for the satisfaction of creditors' claims. In case of the extraordinary administration procedure (governed by Legislative Decree No. 270 of July 8, 1999, or, upon certain eligibility criteria of the debtor, Legislative Decree No. 347 of December 23, 2003, converted, with modifications, into Law No. 39 of February 18, 2004), an additional primary aim is to maintain employment. These aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, and a focus on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status of insolvency in order for a court to hold that a company is insolvent.

In cases where a company is in distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

The restructuring and bankruptcy alternatives set forth are available under Italian Bankruptcy Law to companies which are (i) facing financial difficulties, (ii) in a state of temporary crisis or (iii) insolvent.

German law

NH Central Europe GmbH & Co. KG, NH Hotelbetriebs- und Dienstleistungs GmbH, NH Hotelbetriebs- und Entwicklungs GmbH, NH Hoteles Deutschland GmbH and JOLLY HOTELS DEUTSCHLAND GmbH are incorporated in the Federal Republic of Germany and, in case of an insolvency event affecting any of these entities, insolvency or restructuring proceedings may be initiated in Germany to the extent that the centre of main interests ("COMI") of the companies provided for under EU Regulation 1346/2000 is located in Germany.

German insolvency proceedings may limit the enforcement of guarantees. The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the insolvent companies' assets during preliminary proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Any judicial enforcement action brought against the insolvent company by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened (and, if so ordered by a court, with respect to assets other than real estate also between the time when an insolvency petition is filed and the time when insolvency proceedings commence).

Under German law, in the event that an entity becomes subject to insolvency proceedings, guarantees given by it during a certain legally specified period (the "hardening period") that can span from one month to ten years could be subject to potential challenges by an appointed insolvency administrator, preliminary insolvency administrator or, in certain cases, other creditors under the German Insolvency Act. In the absence of insolvency proceedings, creditors may challenge guarantees under the Act of Avoidance. If challenged successfully, the guarantee may become unenforceable. To the extent that the grant of any Note Guarantee is voided, holders of the Notes would lose the benefit of the Note Guarantee and may not be able to recover any amounts under the related Note Guarantee. The holders of the Notes may also be required to repay any amounts received with respect to such Note Guarantee.

We may not be able to raise the funds necessary to finance and offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain change of control events as described in the Indenture, we will be required to offer to repurchase all the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of repurchase. The requirement that we offer to repurchase the Notes upon a change of control is limited only to the transactions specified in the definition of *"Change of Control"* within the Indenture. If a change of control were to occur requiring such offer, we cannot assure you that we would have sufficient funds at the time of any such event, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the Indenture, the Senior Secured RCF Agreement, the Term Facility Agreement, the Intercreditor Agreement or our other then existing contractual obligations would allow us to make the required repurchases. Sufficient funds may not be available when necessary to make any required repurchases. Additionally, certain change of control events would entitle any lender under the Senior Secured RCF Agreement to cancel its commitment thereunder and to declare any amounts owed to it due and payable. Following a change of control, any lender under the Senior Secured RCF Agreement may declare the amounts owed to it due and payable, which could in turn trigger an event of default under the Indenture. See "*Description of certain financing arrangements—Senior Secured RCF Agreement*". The repurchase of the Notes pursuant to a change of control offer could cause a default under our outstanding indebtedness, even if the change of control itself does not. If an event constituting a change of control occurs at a time when we are prohibited from repurchasing the Notes, we may seek the consent of the lenders under or holders of such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, or if we are unable to refinance such borrowings, we will remain prohibited from repurchasing any Notes.

The source of funds for any repurchase required as a result of any such event may be available cash or cash generated from operating activities or other sources, including borrowings, third-party financing, sales of assets and sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered, and we cannot assure you that we would be able to obtain third-party financing.

Any failure by us to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute an event of default under the Senior Secured RCF, and may constitute a default under certain other indebtedness.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Subject to certain exceptions, the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

You may be unable to enforce judgments against us, the Guarantors or our respective directors and officers.

The Issuer is not, and the Guarantors (other than Jolly Hotels USA, Inc.) are not, incorporated in the United States. In addition, most of our assets are outside the United States and all the Group's directors and officers live outside the United States, primarily in Spain. The Issuer's and the Guarantors' auditors are also organized outside the United States. Although we and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers or the auditors. Furthermore, because all or substantially all the assets of these persons are located outside the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in many foreign jurisdictions, including Spain and Luxembourg, of civil liabilities based upon the civil liability provisions of the federal or state securities laws of the United States against the Issuer, the Guarantors, the directors and management and any experts named in this Report who are not residents of the United States.

The projections or assumptions used, estimates made or procedures followed in the Kroll Report for the valuation of the Collateral may not be correct, accurate or complete, and investors in the Notes will have limited recourse against the third-party property valuation provider.

This Report refers to the Kroll Report, a valuation report provided by a third party with respect to the Collateral. Property and asset valuations, including those used in the Kroll Report, are prepared on the basis of various assumptions, estimates and projections. In particular, the Kroll Report is based upon, in part, information provided by management and certain assumptions, including but not limited to the assumptions that (i) the information provided by us is a fair representation of the appraised properties and assets as of December 31, 2020 for the Mortgage Properties and the Share Collateral, (ii) we, or the entity of which we are a shareholder, have valid title to the appraised properties and assets, (iii) the property rights in the appraised properties and assets is good and marketable, (iv) there are no encumbrances on the appraised properties and assets that cannot be cleared through normal processes and (v) the relevant appraised property and asset is a

going concern. The valuations are also based upon our financial forecasts which reflect our judgment, based upon present circumstances and assuming certain conditions and actions by us. The assumptions or projections used, estimates made or procedures followed in the Kroll Report may not be correct, accurate or complete. Actual results may differ materially from the assumptions and projections used and estimates made in the Kroll Report, including changes in the demand for our hotel rooms, changes to our commercial plan and changes in the global economy. In addition, the valuation of our properties may suffer severe devaluation due to the impact of any unexpected or underestimated events or circumstances that may affect the performance of the hotels.

Other appraisers may reach different valuations of our property portfolio and assets. Moreover, the value determined in the Kroll Report could be significantly higher than the amount that would be obtained from the actual sale of the Collateral, especially in a distressed or liquidation scenario or if the properties are sold on an individual basis. For more information, see "*—Risks relating to our business and industry—The value of our properties reflected on our balance sheet and in this Report and the book value of our hotels and assets included in this Report is based in part upon the results of third-party valuations, and because property and asset valuation is inherently subjective and uncertain, the projections or assumptions used, estimates made or procedures followed in the third-party valuation of our properties and assets may not be correct, accurate or complete and may suffer severe devaluations due external impacts*".

Furthermore, Kroll based its valuation of the NH Italia Shares upon the income approach using the DCF method and weighting the market and income approaches in the estimation of terminal value. The range of valuation of the NH Italia Shares contained in the Kroll Report may not be complete or accurate, and such valuation should not be relied on as a measure of realizable value for the NH Italia Shares.

In delivering the Kroll Report to us, Kroll has stated that it does not accept or assume any liability to any investors in the Notes with respect to either the contents of such report or any statements or conclusions derived from such report. Kroll has limited assets and limited professional indemnity insurance. Furthermore, no parent or affiliated entity of Kroll, nor any director, officer, employee or consultant of Kroll, assumes responsibility for the conclusions or contents of the Kroll Report. If a U.S. court, or any other court, were to give effect to these limitations on liability, then the investors in the Notes may have limited recourse against Kroll or any other person in the event that the valuations included in the Kroll Report are incorrect, inaccurate, incomplete or misleading.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. Since 2015, the stability of the Eurozone has been further undermined by the refugee crisis, as EU member states and adjacent countries have struggled to cope with the significant flows of migrants trying to access the Eurozone. In addition, On June 23, 2016, the United Kingdom held an in or out referendum on the United Kingdom's membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union (''Brexit''). On January 31, 2020, Brexit became effective and the United Kingdom entered into a transition period from January 31, 2020 to December 31, 2020 during which the European Union treated the United Kingdom as if it were still a member of the European Union (the ''Transition Period''). Following the expiry of the Transition Period, the United Kingdom ceased to be treated as a member of European Union at 23:00 on December 31, 2020. The implications of the United Kingdom withdrawing from the European Union and the impact this will have on our business are similarly unclear. Brexit has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom. It is also possible that other members of the European Union could hold a similar referendum regarding their membership within the European Union in the future. The uncertainty that has been created by the British referendum and the exit of the United Kingdom from the European Union could adversely affect European and worldwide economic and market conditions and could contribute to further instability in global financial markets. Such volatility and negative economic impact could, in turn, have a material adverse effect on our business,

financial condition and results of operations and could adversely affect the value and trading of the Notes. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, including Spain or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

There is no existing public trading market for the Notes and the ability to transfer them is limited, which may adversely affect the value of the Notes.

The Notes are a new issue. There is no existing trading market for the Notes and there can be no assurance that a trading market for the Notes will develop. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that trading market might become. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may stop at any time. The market price of our Notes may be influenced by many factors, some of which are beyond our control, including:

- prevailing interest rates;
- the market for similar securities;
- changes in demand, the supply or pricing of our hotel rooms and other services and products;
- general economic conditions;
- the activities of competitors;
- our quarterly or annual earnings or those of our competitors;
- investors' perceptions of us and the hotel industry;
- the failure of securities analysts to cover our Notes after this Offering or changes in financial estimates by analysts;
- the public's reaction to our press releases or our other public announcements;
- future sales of Notes; and
- other factors described under these *"Risk factors"*.

As a result of these factors, you may not be able to resell your Notes at or above the initial offering price, or at all. In addition, securities trading markets experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the price of securities similar to the Notes. These broad market fluctuations and industry factors may materially reduce the market price of our Notes, regardless of our operating performance. If an active trading market does not develop, you may not be able to resell your holding of the Notes at a fair value, or at all.

Although an application has been or will be made for the Notes to be listed on the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF, failure to be

approved for listing or the delisting of the Notes from the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely affect the liquidity of the Notes.

There are risks related to withholding tax in Spain, including in connection with the delivery of certain documentation by the Paying Agent.

Under Spanish tax regulations established by Royal Decree 1065/2007, of July 27, as amended by Royal Decree 1145/2011, of July 29 (“Royal Decree 1065/2007”) and the First Additional Provision of Law 10/2014, of June 26 (“Law 10/2014”), the Issuer will not be required to levy any withholding tax in Spain on interest payments and income derived from the redemption or repayment paid by Issuer in respect of the Notes only if certain requirements are met, including that the Issuer receives from the Paying Agent, in a timely manner, a duly executed and completed statement providing certain details relating to the Notes (the “Payment Statement”).

This information must be provided by the Paying Agent to the Issuer, before the close of business on the business day immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each a “Payment Date”) is due.

It is expected that the Paying Agent and the Issuer will follow certain procedures to facilitate and ensure the timely reception by the Issuer of a duly executed and completed Payment Statement in connection with each payment under the Notes. If such procedures are not followed, however, income paid by the Issuer in respect of the Notes will be subject to withholding tax in Spain, at the current rate of 19%, and the payments the Issuer makes in respect of the Notes will be net of such withholding tax.

However, if such Spanish withholding tax is made because of the failure by the Paying Agent to deliver a duly executed and completed Payment Statement to the Issuer, affected beneficial owners of the Notes will receive a refund of the amount withheld directly from the Paying Agent, with no need for action on their part, if the Paying Agent submits a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant Payment Date.

The paying agency agreement provides that the Paying Agent will, to the extent applicable, comply with the relevant procedures to deliver the required information concerning the Notes to the Issuer in a timely manner.

These procedures may be modified, amended or supplemented, among other reasons, to reflect a change in applicable Spanish law, regulation, ruling or an administrative interpretation thereof. The Issuer does not assume any responsibility therefor.

Accordingly, while the Notes are represented by one or more global notes, are admitted to trading on the Euro MTF of the Luxembourg Stock Exchange, and deposited with a common depositary for Euroclear and/or Clearstream, holders of the Notes must rely on such procedures in order to receive payments under the Notes free of any Spanish withholding tax, to the extent applicable. Prospective investors should note that the Issuer does not accept any responsibility relating to compliance by the Paying Agent with the procedures established for the timely provision by the Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income under the Notes. Accordingly, the Issuer is not liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax because of the Paying Agent's failure to comply with these procedures or because of these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. Therefore, to the extent a payment of income in respect of the Notes is not exempt from Spanish withholding tax, including due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement, beneficial owners may

have to apply directly to the Spanish tax authorities for any refund to which they may be entitled (with no responsibility for the Issuer or the initial purchasers that were involved in the offerings of the Notes).

Accordingly, to the extent a payment of income in respect of the Notes is not exempt from Spanish withholding tax, holders (that are beneficial owners) of the Notes may have to apply directly to the Spanish tax authorities for any refund to which they may be entitled. Noteholders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes.

Potential impact by the German interest barrier rules.

A significant amount of the annual refinancing expenses (interest payments and further expenses which may qualify as interest expenses within the meaning of the interest barrier rules) may not be (immediately) deductible for German tax purposes under the German interest barrier rules (*Zinsschranke*). The interest barrier rules generally provide for a limitation on the deduction of a business' net interest expenses in a financial year to an amount equal to 30% of its tax adjusted EBITDA in the respective financial year. This may have an adverse effect on our financial situation and thus on our ability to fulfill our obligations under the Notes and could cause the market price of the Notes to decline.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on such Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. Holders may also have important tax consequences as a result of foreign exchange gains or losses, if any.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Notes Guarantees have not been registered under, and we are not obliged to register the Notes or the Notes Guarantees under, the U.S. Securities Act or the securities laws of any other jurisdiction. We have not agreed to or otherwise undertaken to register any of the Notes or the Notes Guarantees, and do not have any intention to do so. You may not offer the Notes for sale in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions under the U.S. Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. In addition, by its acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an amount less than €100,000 and integral multiples of €1,000 thereafter.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

Any credit ratings assigned to the Notes by credit agencies may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the

rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. For example, since the outbreak of the COVID-19 pandemic, both Fitch and Moody' downgraded our credit ratings. Any suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes are initially held in book-entry form, and therefore you must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

Unless and until Notes are issued in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests, which may occur only in very limited circumstances, owners of book-entry interests will not be considered owners or holders of Notes. The common depositary of Euroclear or Clearstream, or its nominee, is the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to the Paying Agent for further credit to Euroclear or Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book- entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary of Euroclear or Clearstream, or its nominee, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the relevant Notes, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted from acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

Management's discussion and analysis of financial condition and results of operations

The following summary consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows as of and for the years ended December 31, 2020, 2021 and 2022, except for the footnotes included below each table and except as otherwise indicated, have been derived from the audited consolidated financial statements for such periods of the Group, which were audited by PricewaterhouseCoopers Auditores, S.L. and have been prepared in accordance with IFRS.

The following discussion includes a geographical breakdown of our financial performance, which is based upon our consolidated financial statements, and a geographical breakdown of our key operating performance indicators, including RevPAR, Occupancy and ADR. Our geographical breakdown is as follows: (1) Spain, which includes Spain, Portugal, France, Andorra, Tunisia and the United States; (2) Italy; (3) Central Europe, which includes Austria, the Czech Republic, Germany, Hungary, Poland, Romania, Slovakia and Switzerland; (4) Benelux, which includes Belgium, Luxembourg, the Netherlands, Ireland, Denmark and the United Kingdom and; (5) Latin America, which includes Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico and Uruguay. See *"Other data"*.

You should read this discussion in conjunction with the sections entitled *"Information regarding forward looking statements""* and *"Summary financial and other information",* which are included elsewhere in this Report.

This discussion includes forward-looking statements, which although based upon assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See *"Information regarding forward-looking statements"* and, for a discussion of the risks and uncertainties which we face, see *"Risk factors"*.

Overview

We are a leading international hotel operator and we are ranked among the top ten largest hotel chains in Europe by number of hotel rooms, according to the latest available Hospitality On report. As of December 31, 2022, we operated 350 hotels consisting of 54,820 hotel rooms in 30 countries.

Based on independent market research reports from 2019 to 2022, and measured by number of hotel rooms in operation, we were the third largest hotel chain in the Netherlands, the fourth largest in Italy and Belgium, the fifth largest in Portugal, the seventh largest in Spain and the tenth largest in Germany. Of the 350 hotels we operated as of December 31, 2022, we owned 69 (or 21% by number of hotel rooms), we leased 224 (or 65% by number of hotel rooms) and we managed 57 hotels (or 14% by number of hotel rooms) owned or leased by third parties pursuant to management agreements. We believe that our versatile operating structure and our geographic diversity enhance our resilience to industry cycles while also providing us with flexibility to take advantage of future growth opportunities.

For the period ended December 31, 2022, our net turnover and other operating income was €1,760.4 million, while our Occupancy, ADR and RevPAR were 60.9%, €122.2 and €74.4, respectively. For further information on these performance measures, see "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting our financial condition and results of operation—Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR)*".

We have a centralized business model that allows us to provide a consistent level of service to customers across hotels in different regions and to achieve economies of scale. Our central corporate and regional offices provide our hotels with a wide variety of key functions, including sales, reservations, marketing, administrative and IT systems.

We have strengthened our brand proposition by reorganizing our hotels into an upper-upscale segment, an upscale segment and a mid-tier segment and we have developed the following core dedicated brands, each tailored to represent a clearly defined level of service, quality and value:

- NH COLLECTION HOTELS & RESORTS: Feel the extraordinary

Upper-upscale eclectic elegant hotels and resorts housed in unique iconic properties in key locations across Europe, Latin America, Middle East and soon in Asia and China. NH Collection pays great attention to authentic and stimulating details, creating memorable experiences, where small, unexpected touches make the difference. Singular venues coupled with bespoke expertise guarantees the success of memorable meetings and events.

- nhow HOTELS & RESORTS: Elevate your stay

Bold and distinctive upper-upscale lifestyle hotels, each property is daringly diff-erent, featuring a design concept inspired by the destination vibe in Europe and coming soon in Americas. Thought-provoking, awakening and stimulating senses in spectacular avant-garde surroundings. nhow hotels blend art and technology with a creative flair, showcasing empowering spaces and making dream events a reality.

- NH HOTELS & RESORTS: Always a pleasure

Upscale & midscale hotels and resorts in Europe, Americas, Asia and coming soon to China. They stand out for their quality of service and facilities, both for business and leisure travelers. NH Hotels & Resorts offers trustworthy experiences and memorable events based on three main brand pillars: value for money comfort, the best location to connect with the destination, and service with a human touch, always enhanced by the latest innovations.

Since their public tender offer in 2018, we have benefited from the industry knowledge and support of MINT, which has over 180 hotels and resorts across Asia, Australia, Africa, the Middle East and South America. As a result of the integration of the Group into Minor Hotels (an affiliate of MINT), the parties have agreed to a joint brand positioning for all markets and segments, on the basis of the reciprocal master licensing agreement signed between the parties on April 7, 2019 allowing each party to use the other party's corresponding commercial brands in the geographical areas where each party operates. The brands covered by this master licensing agreement comprise Anantara, Avani, Tivoli and Oaks Brands (in each case with Minor Hotels as licensor) and the brands NH Collection, NH Hotels and NHOW (in each case with the Group as licensor). As a result of this master licensing agreement, we have increased the number of brands we offer in the luxury and upscale segment and currently operate eight hotels in Europe under the luxury Anantara brand, 10 hotels under the upper-upscale Tivoli brand and 1 hotel under the upper-upscale Avani brand:

- ANANTARA HOTELS, RESORTS & SPAS: Life is a journey

Thoughtfully designed luxury hotels infused with local charm, connecting guests to places, people, and stories in the world's most exciting destinations. Anantara combines indigenous character with local expertise and absolute luxury standards to crate bespoke experiences and make events remarkable. The brand instills guests with a sense of excitement, while delighting them with unexpected discoveries.

- TIVOLI HOTELS & RESORTS: Stay in the moment since

Tivoli Hotels & Resorts is a collection of upper-upscale and deluxe properties, a unique brand encompassing idyllic beaches, cosmopolitan locations, and luxurious destinations in Europe, Brazil, Middle East and China. Tivoli's philosophy and long-lasting heritage crafts experiences inspired by timeless hospitality, inviting guests to live in the moment. Events encompass exceptional F&B in superb surroundings, off-ering guests insider destination knowledge, to make every stay, meeting or event uniquely personal.

- AVANI HOTELS & RESORTS: Details that matter

A youthful, contemporary, and exciting upscale brand with solid footprint in Asia and Middle East, arriving soon to Europe and Americas. The brand pairs sleek design with service, putting extra e-ffort into the details that matter for the modern traveler. Avani hotels are perfecting the balance between work and play, design and function, service and privacy, coolness and kindness turning events into one of the kind experiences.

Since 2013, we have implemented various upgrades and refined our brands across our operations. This has included investing in upgraded basic facilities, such as flat screen televisions and rain showers, and refining our dining and beverage options. We have worked to align our hotels with particular brand aesthetics to create a comfortable and standardized experience for our customers. We have also implemented a centralized pricing strategy which organizes price by destination, allowing us to structure relative prices among various NH hotels in each destination, and by room type. Through this pricing mechanism, guests may choose to upgrade for more desirable features, such as a better view. We have refurbished several of our leased and owned hotels, which have generally shown improved Occupancy, RevPAR and ADR as a result, and have overhauled our IT systems, launching a new website and completing the migration of our back office systems to SAP, an enterprise software system which integrates our front and back office and computer reservation systems, in all business units ("*BUs*").

In the year ended December 31, 2022 as compared to the prior year, all regions reported an increase in RevPAR, which is principally due to the increased levels of occupancy beginning in March 2021 across all regions due to the recovery of the business after the Omicron variant. In particular, for our hotels in Spain, RevPAR, ADR and Occupancy grew by 107.7%, 37.6% and 50.9%, respectively, in 2022 compared with 2021. For our hotels in Central Europe, RevPAR, ADR and Occupancy increased by 148.4%, 32.3% and 87.8% in 2022 compared with 2021. For our hotels in Italy, RevPAR, ADR and Occupancy grew by 131.7%, 34.5% and 72.3%, respectively, in 2022 compared with 2021. For our hotels in Benelux, RevPAR, ADR and Occupancy increased by 219.1%, 43.4% and 122.5%, respectively, in 2022 compared with 2021 and, in Latin America, RevPAR, ADR and Occupancy grew by 175.3%, 47.4% and 86.7% in 2022 compared with 2021.

We actively manage our asset portfolio, including our owned hotels, which had a book value of €1.2 billion as of December 31, 2022, although we believe that the actual market value of such assets is higher, due to the fact that prices at which we have been able to sell our assets in the recent years have been typically higher than their respective book values. We regularly evaluate the performance of individual hotels to identify underperforming properties, and aim to terminate, or not renew, lease agreements and management agreements for underperforming hotels, in particular if they contain undesirable terms (such as management agreements with costly performance guarantees), as well as to sell certain of our underperforming owned hotels and redirect our resources to markets and hotels where our operations have been successful. One of the ways in which we actively redirect our resources is to increase the proportion of our operations conducted under management arrangements in order to take advantage of the less capital intensive nature of management arrangements.

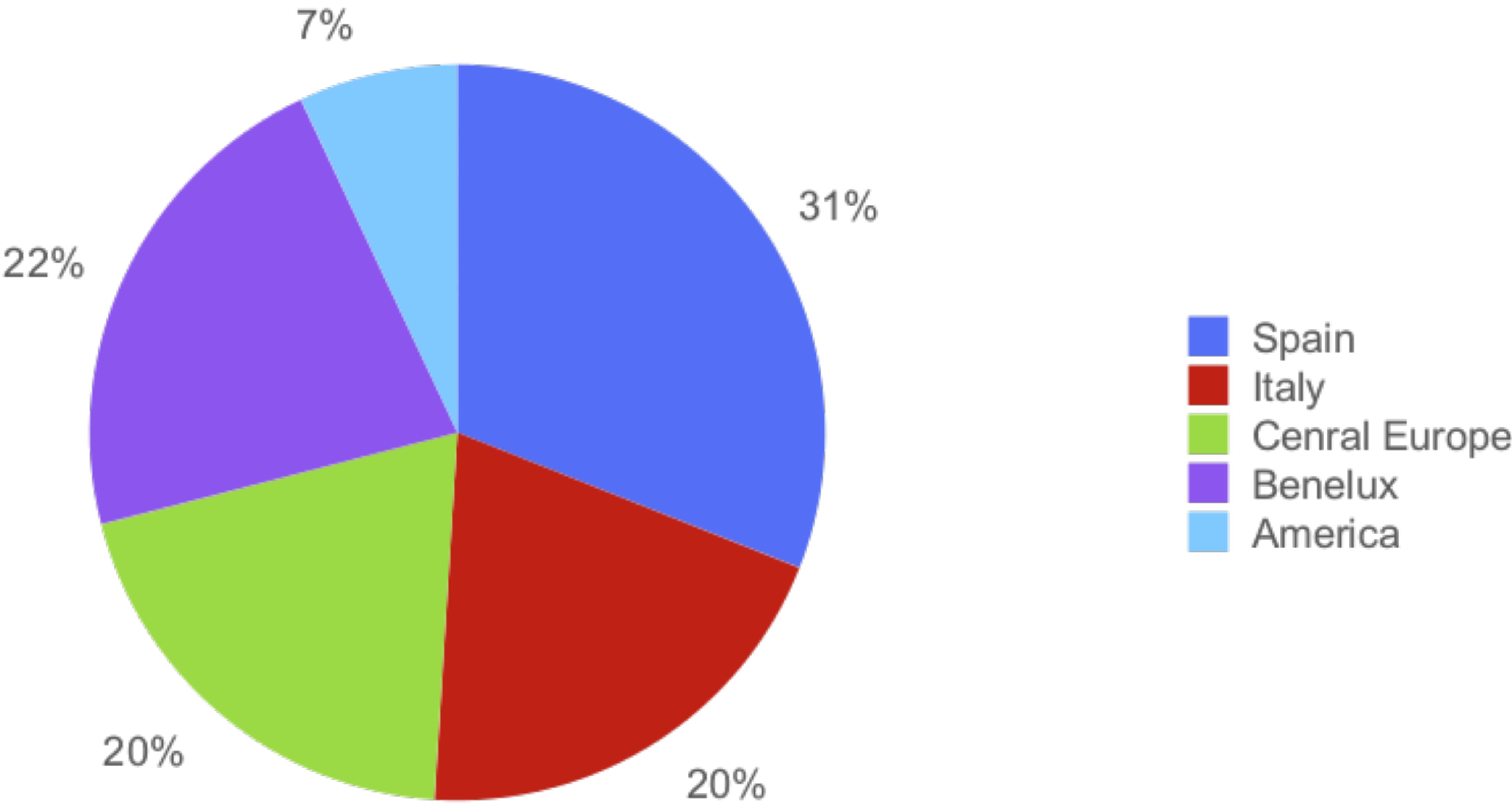
In addition, we are actively working to continue to increase Occupancy and Average Daily Rates through selective investments, including refurbishment of existing hotels and opening new hotels. We also intend to complete the streamlining of our operating platforms to increase efficiency. To date, we have migrated most of our back office systems to SAP, and we have invested in the development of our website (with a focus on a mobile-friendly interface as our customers increasingly access our website through their mobile devices) with increased functionality in order to increase the proportion of direct bookings. In the year ended December 31, 2022 compared to the prior year, the proportion of revenue generated from our website fell from 15.6% to 13.6%. We also seek to reallocate our resources to grow in the markets where we believe there is increasing demand for hotel rooms and where we currently have limited presence. During 2022, we opened 8 hotels with 1,125 rooms in markets where we believe there is increasing demand for hotel rooms and we closed 11 hotels with 1,441 rooms.

As of December 31, 2022, we have entered into agreements to operate 16 new hotels with 2,765 rooms (our "committed pipeline hotels"), which are expected to commence operations mainly between 2023 and 2025. We will operate our committed pipeline hotels under lease and management agreements with third-party hotel owners. We estimate that we will invest a total of approximately €7 million into our committed pipeline hotels between 2023 and 2025.

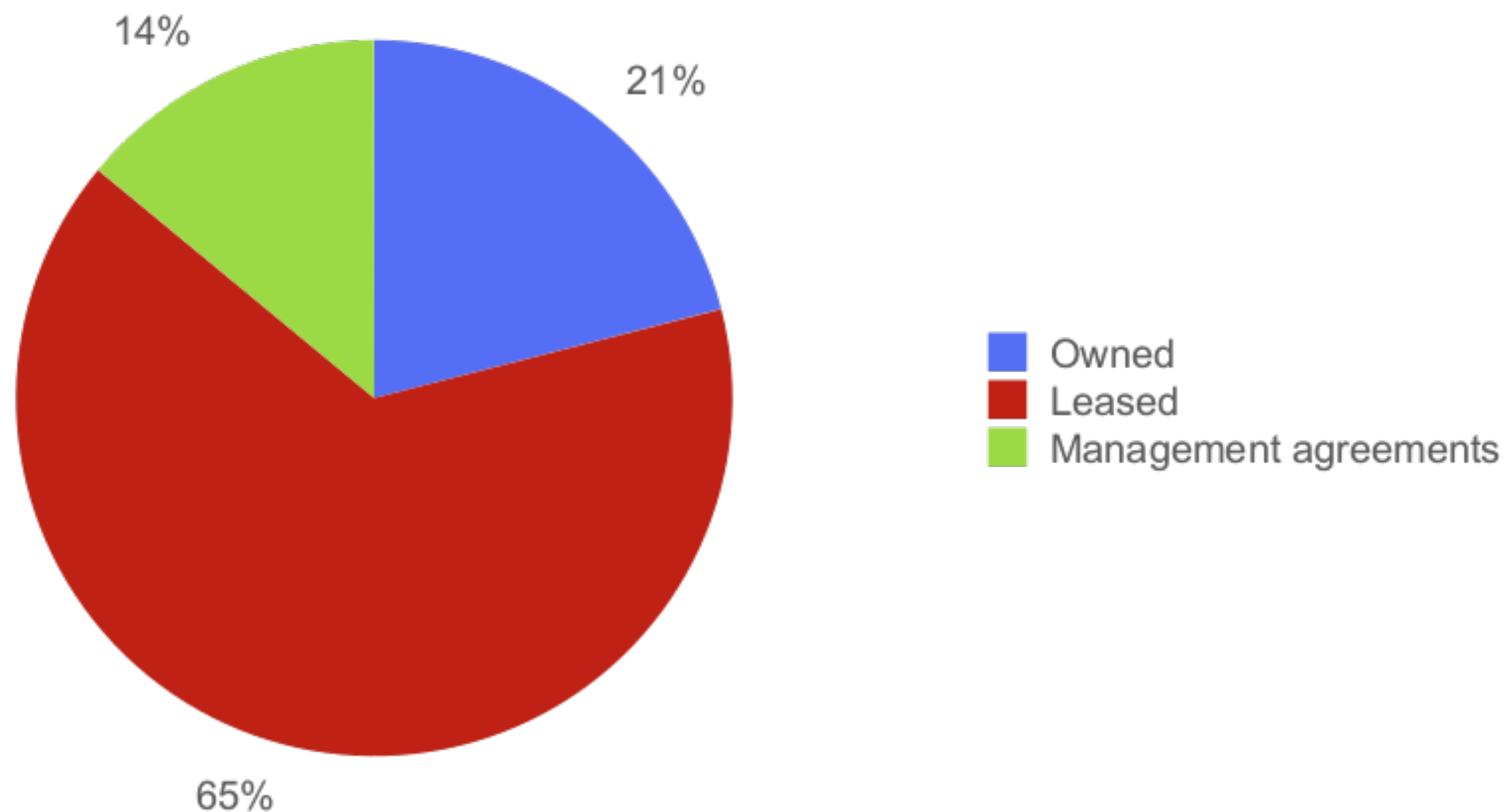
We are a public limited company (*sociedad anónima*) incorporated under the laws of Spain and listed on the Spanish Stock Exchanges with an authorized share capital of €871,491,340 consisting of 435,745,670 shares as of December 31, 2022. Our market capitalization was €1.3 billion as of December 31, 2022.

The following diagram sets forth the geographic breakdown of our net turnover for the twelve months ended December 31, 2022 and a breakdown of our hotel rooms by owned, leased and managed hotels as of December 31, 2022.

Net Turnover geographic breakdown



Number of Hotel Rooms by Type of Ownership



***Recovery strategy after* the COVID-19 pandemic**

The Group is levering on its strong market positioning in the European countries, with excellent locations and high brand awareness, in addition to increased domestic demand. The recovery in 2021 and in the first part of 2022 has been initially driven by domestic and intra-European leisure domestic demand as internationally mobility remained low during the first part of 2022. In 2022, intra-European demand represented between 70 and 75% of our revenues, while domestic demand represented 67% in Germany, 58% in Spain, 42% in Italy and 40% in the Netherlands during the same period. In addition, the business-to-business segment took longer to reactivate due to broader socio-economic factors relating to the pandemic.

Various initiatives were launched during the pandemic to adapt to new travel trends:

- *Extended stay:* Discounts of up to 35% on stays from seven days, in order to incentivize guests to work away from home during a longer period or enjoy a longer holiday vacation;

- *Smart spaces:* New innovative business-to-business proposal with exclusive spaces to work and organize small business meetings, while taking advantage of all of the amenities at our hotels (such as a day-use room, a fitness center and restaurants); and

- *Hybrid meetings:* Combining in person and virtual attendees to enhance the value of events, reaching a greater audience from a number of different locations.

- In 2021 a new business program called NH + has been launched towards small and medium enterprises within the corporate segment

Since June 2022, the new NH DISCOVERY loyalty program is part of GLOBAL HOTEL ALLIANCE (GHA) and its GHA DISCOVERY loyalty program, one of the ten biggest hotel loyalty programs worldwide, which brings together 40 luxury hotel brands, with 800 hotels distributed over 100 countries in the world and more than 23 million members. With the support of GHA DISCOVERY, access is provided to a new customer base and cross brand revenue opportunities, while at the same time we offer new travel experiences to program members. The integration in GHA will also help the Company's positioning in the upper-upscale and luxury segment.

Key factors affecting our financial condition and results of operations

We consider the following factors, which are discussed further below, as the key business drivers affecting our results of operations:

- economic conditions;
- portfolio and asset management;
- Occupancy, Average Daily Rate ("ADR") and Revenue per Available Room ("RevPar");
- repositioning our brand and hotel portfolio and our refurbishment plan;
- expenses;
- cost savings initiative;
- food and beverage sales;
- seasonality and weather;
- currency translation; and
- repeat visitors and guest loyalty.

Economic Conditions

Our results of operations are affected by the level of consumer travel. The outbreak of the COVID-19 pandemic disrupted our business in 2020 and 2021 and caused an immediate economic downturn. The uncertainty regarding the severity, duration and economic consequences of the ongoing Russia-Ukraine disruption continues as well as the high inflationary environment. As a result, the economies of many jurisdictions in which we operate continue to be affected. Given these economic uncertainties, we cannot predict what the impact will be on overall travel and leisure spending, or more specifically, on our guest visitation, guest spending, or other related trends.

Portfolio and asset management

Our business incorporates three hotel operating models: we own hotels, we lease hotels from the owners and we manage hotels owned or leased by third parties (including our franchise hotels). Our revenue mix and our risks and results of operations are affected by the types of hotel contracts into which we enter. We seek to optimize the structure of our hotel portfolio by monitoring the performance of our existing hotels and the expiry of our agreements relating to the hotels that we lease or manage. As our portfolio matures, we seek to extract more value from our existing hotels by renewing profitable agreements on more favorable terms, and we seek to exit hotel properties that fail to meet financial targets or other criteria we have set. In the past, we have achieved significant long-term rent savings by renegotiating or terminating unprofitable leases,

primarily in Spain and Italy. We also seek to increase the proportion of our hotels operated under "asset-light" management agreements and increase the weight of variable leases enhancing resilience to industry cycles.

We also have sold certain of our hotels from time to time, and we may continue to sell, or sell and leaseback, hotels as part of our asset management strategy. We have a strong record of opportunistically selling assets and achieving capital gains on those assets. The following table summarizes our asset sales since 2010.

Hotel	Date	Location	Number of hotel rooms	Sale price	Sale price/ book value	Ratio of sale price to EBITDA[1]	Net capital gain
				(in millions)			(in millions)
Hilton portfolio[2]	2010	Mexico	720	$57	108%	9.6x	€3.0
NH Jolly St. Ermin's	2010	United Kingdom	275	£65	100%	17.1x	€(12.0)
NH Ischia	2010	Italy	194	€36	114%	23.7x	€4.3
NH Luzern	2010	Switzerland	110	€15	142%	13.7x	Fr.4.4
Other non-hotel assets[3]	2011	The Netherlands	N/A	€9	101%	N/A	€0.1
NH Ligure	2011	Italy	169	€22	103%	18.1x	€0.6
Artos transaction	2011	Germany and Austria	1,149	€168[4]	124%	9.5x	€32.3
Jolly Lotti Hotel	2011	France	159	€106	112%	21.6x	€11.5
NH Molenvijver Genk Hotel	2011	Belgium	82	€4	129%	13.1x	€0.9
NH Grand Hotel Krasnapolsky	2013	The Netherlands	468	€157	137%	10.8x	€42.2
NH Amsterdam Centre	2014	The Netherlands	232	€52	108%	15.8x	€4.0
Sotogrande	2014	Spain	N/A	€225	125%	N/A	€45.1
Harrington Hall[5]	2014	United Kingdom	200	€13	N/A	N/A	€13.3
NH Bogotá 93	2015	Colombia	137	€23	120%	15.9x	€3.9
Plettenberg	2015	South Africa	44	€1	179%	28.9x	€0.4
Eurobuilding Apartments	2015	Spain	12	€4	798%	N/A	€3.4
5 Flies	2015	The Netherlands	N/A	€6	214%	N/A	€3.4
NH Tenerife	2016	Spain	64	€4	100%	9.0x	€0.0
NH Belagua	2016	Spain	72	€8	100%	35.6x	€(0.3)
Varallo and other non-hotel assets[6]	2016	Dominican Republic	N/A	€7	N/A	N/A	€3.0
LHI Option	2016	Spain	N/A	€48	N/A	N/A	€34.7
Eurobuilding Apartment	2016	Spain	N/A	€0.7	N/A	N/A	€0.6
NH Ambasciatori	2016	Italy	199	€20	116%	11.6x	€2.7
NH Fribourg	2016	Switzerland	122	Fr.12	110%	11.8x	€1.0
Minority interests[7]	2016	Germany	N/A	€2.6	N/A	N/A	€2.6
Minority interests[8]	2016	Italy	N/A	€3.0	N/A	N/A	€0.5
NH Málaga	2017	Spain	133	€23.0	170%	8.8x	€7.2
Eurobuilding Apartment	2017	Spain	N/A	€2.0	N/A	N/A	€1.6
LHI Option	2017	Spain	N/A	€38.2	N/A	N/A	€27.1
NH Collection Barbizon Palace[9]	2018	The Netherlands	274	€155.5	155%	15.8x	€55.4
NH Heemskerk Marquette	2018	The Netherlands	65	€3.4	92%	N/A	€(0.3)
Other assets	2019	Spain	N/A	€16.0	123%	N/A	€2.2
Varallo and minority interests[6]	2019	Dominican Republic	N/A	€17.1	N/A	N/A	€8.4
NH Gent Sint Pieters	2020	The Netherlands	49	€5.2	112%	14.5x	€(0.3)
NH Best	2020	The Netherlands	68	€3.3	101%	12.5x	N/A
NH Geldrop	2020	The Netherlands	131	€6.4	101%	8.2x	N/A
NHC Barcelona Calderon [9]	2021	Spain	255	€125.5	219%	N/A	€46.7
NH Brussels Louise	2022	Belgium	246	€34.3	187%	N/A	€15.6
NH Naarden	2022	The Netherlands	128	€10.6	100%	N/A	€(3.6)
NH Wiesbaden	2022	Germany	130	€8.3	107%	N/A	€(0.5)
Minority interests[10]	2022	United Kingdom	121	€11.9	N/A	N/A	€8.7

(1) The ratio of sale price to EBITDA in each case does not take into account corporate costs and is calculated on the basis of EBITDA for the full fiscal year preceding the disposal, except in the case of the NH Grand Hotel Krasnapolsky, which is calculated based upon EBITDA for the twelve months ended June 30, 2013.

(2) The Hilton portfolio consisted of three subsidiaries that each owned a hotel in Mexico, all of which were operated under the Hilton brand. Additionally, the cancellation of three management agreements was included in this transaction, which is taken into account in the calculations presented in this table.

(3) Other non-hotel assets consisted of the shops in the NH Grand Hotel Krasnapolsky.

(4) Represents the sale price with respect to the sale and leaseback of five hotels. In connection with this sale, we exercised our option to purchase ten hotels we previously leased.

(5) Reflects the disposal of the Group's 25% interest in a joint venture that owns the Harrington Hotel.

(6) Minority interests consisted of a minority investment in a resort hotel in the Dominican Republic.

(7) Minority interests consisted of a minority investment in three hotels in Germany.

(8) Minority interests consisted of a minority investment in a managed hotel in Italy.

(9) Sale and lease back transaction.

(10) Minority interests consisted of a minority investment in a lease hotel in United Kingdom.

Sales of certain of our hotels facilitate the repositioning of our business and also allow us to invest in our other owned and leased properties.

We regularly evaluate opportunities to expand, refurbish and upgrade our existing hotels to enhance our revenue base and profitability and increase the value of our owned assets. On average, we expect to spend approximately 4% to 5% of our annual revenue from leased and owned hotels on the maintenance of our existing long-term leased hotels and owned hotels, which amounts are capitalized and depreciated over the life of the asset. In addition to capitalized maintenance expenditure, each hotel has its own ongoing maintenance budget. Moreover, as part of our repositioning initiative, we intend to more intensively invest in certain of our owned assets to increase their value, and in certain of the hotels we operate under long-term leases, which we believe will result in higher Occupancy and Average Daily Rates ("ADR").

Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR)

Revenue from our existing hotels is primarily affected by Occupancy and ADR. Both Occupancy and ADR are strongly correlated to general economic conditions, the strength of the travel industry and the supply and demand of hotel accommodation in a specific market. We believe that our brand positioning across a variety of our hotel segments, the geographic distribution of our hotel portfolio and the different arrangements under which we operate our hotels allow us to diversify risks related to specific hotels in our portfolio.

In order to react appropriately to developments in our local markets, we regularly monitor ADR, Occupancy and RevPAR of our hotels. We believe that generally maintaining consistent pricing across hotel rooms in each category but also taking into account regional economic conditions in our room rates has allowed us to gain market share and has stabilized our RevPAR in the periods presented.

RevPAR

RevPAR is the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. RevPAR does not include non-room revenues, which consist of ancillary revenues generated by a hotel property, such as food and beverage, renting out conference rooms for meetings, conventions and other events as well as telephone, parking and other guest services. Our management uses RevPAR to identify trend information with respect to room revenues of comparable properties and to evaluate hotel performance on a regional and segment basis. RevPAR is a commonly used performance measure in the hotel industry.

We believe that a change in RevPAR is a reliable indicator of a change in revenue from our hotels because RevPAR takes into account both ADR and Occupancy. However, RevPAR changes that are driven predominately by changes in Occupancy have different implications for overall revenue levels and incremental profitability than do changes that are driven predominately by changes in ADR. For example, assuming the same room rates and variable operating costs, including housekeeping services, utilities and room amenity costs, increases in Occupancy at a hotel would lead to increases in room revenues compared to lower levels of Occupancy and such increased Occupancy may also result in increased ancillary revenues, including food and beverage. In contrast, changes in ADR typically have a greater effect on margins and profitability, because rates increase while variable operating costs remain relatively stable.

The following table sets forth the geographical breakdown of consolidated RevPAR for our hotels:

	For the year ended December 31,				
	2020		**2021**		**2022**
	€	**% change[(1)]**	**€**	**% change[(1)]**	**€**
Spain	22.4	83.0	41.0	107.7	85.1
Italy	21.3	96.9	41.9	131.7	97.1
Central Europe	23.5	2.0	23.9	148.4	59.5
Benelux	21.5	15.1	24.8	219.1	79.0
Latin America	10.4	54.4	16.1	175.3	44.2
Group	**20.9**	**45.4**	**30.5**	**144.0**	**74.4**

(1) Represents the percentage change in RevPAR between 2020 and 2021, between 2021 and 2022.

Occupancy

Occupancy is the quotient of the total number of Room Nights sold during a specified period divided by the total number of hotel rooms available for each day during that period. Occupancy measures the utilization of our hotels' available room capacity. Management uses Occupancy to gauge demand at a specific hotel or group of hotels in a given period, which is mainly driven by conferences, trade fairs and other events in the hotel's proximity. Occupancy is also affected by the supply of hotel rooms in the area surrounding each of our hotels, and increases in hotel room supply, which can increase competition and make it more difficult to achieve high Occupancy. Occupancy also helps us determine achievable ADR levels, based upon hotel category and hotel facilities, as demand for our hotel rooms increases or decreases.

The following table sets forth the geographical breakdown of consolidated Occupancy for our hotels:

	For the year ended December 31,				
	2020		2021		2022
	(%)	Ppt change[(1)]		Ppt change[(1)]	
Spain	27.9	64.7	46.0	50.9	69.4
Italy	22.2	65.0	36.6	72.3	63.1
Central Europe	28.6	3.0	29.5	87.8	55.3
Benelux	22.8	12.6	25.6	122.5	57.1
Latin America	18.2	71.3	31.2	86.7	58.3
Group	**25.0**	**37.1**	**34.3**	**77.6**	**60.9**

(1) Represents the percentage point difference in Occupancy between 2020 and 2021, between 2021 and 2022.

Average Daily Rate (ADR)

Average Daily Rate is the quotient of total room revenues for a specified period divided by total Room Nights sold during that period. ADR trends indicate how much customers are willing to pay for accommodation in a particular region and a specific hotel. It also provides insights regarding the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry. We use ADR to assess the pricing levels that we are able to generate by customer group, as changes in rates have a different effect on overall revenues and incremental profitability than changes in Occupancy, as described above.

The following table sets forth the geographical breakdown of consolidated ADR for our hotels:

	For the year ended December 31,				
	2020		2021		2022
	(€)	% change[(1)]	(€)	% change[(1)]	(€)
Spain	80.3	11.1	89.2	37.6	122.8
Italy	95.8	19.4	114.4	34.5	153.8
Central Europe	82.0	(0.9)	81.3	32.3	107.5
Benelux	94.4	2.3	96.6	43.4	138.5
Latin America	57.1	(9.8)	51.4	47.4	75.8
Group	**83.7**	**6.3**	**89.0**	**37.4**	**122.2**

(1) Represents the percentage change in ADR between 2020 and 2021, between 2021 and 2022.

Repositioning our brand and hotel portfolio and our refurbishment plan

We reorganized our hotels into three core brands to ensure that our marketing and service levels are consistent across each brand. Each core brand has been tailored to represent a clearly defined level of service, quality and value for our upper-upscale, upscale and mid-tier hotels. To aid the distinction among our brands and to maintain the position of each of these brands, all aspects of all our brands, including design, technical services, graphics, promotions and training have been carefully planned. In addition, we plan to carry out quality assurance inspections, including through in-person reviews, on all our hotels to monitor quality and performance according to our predefined services and standards criteria.

As a result of the public tender offer and the integration of the Group into Minor Hotels in 2018 (an affiliate of MINT), the parties have agreed to joint brand positioning for all markets and segments, on the basis of the reciprocal master licensing agreement signed between the parties on April 7, 2019 by means of which each party licenses to the other party the use of its corresponding commercial brands in the geographical areas where the other party operates.

The brands covered by the licensing agreement are Anantara, Avani, Tivoli and Oaks Brands (with MINT as Licensor) and NH Collection, NH Hotels and NHOW (with the Group as Licensor). In accordance with this master licensing agreement, we currently operate eight hotels in Europe under the luxury Anantara brand, 10 hotels under the upper upscale Tivoli brand and 1 hotel under the upper-upscale Avani brand.

As of December 31, 2022, we have completed the execution of the approximately €410 million of investments (€385 million as of December 31, 2021) under our repositioning program since the plan was launched in 2014. As of December 31, 2022, a total of 135 hotels have been refurbished, representing approximately 39% of our hotel portfolio. These hotels were selected as we believe they are the most likely to yield higher Occupancy and ADR and to enhance the value of our owned and long term leased assets. Out of the hotels that are Mortgage Properties or properties that are owned or leased by entities whose shares form part of the Share Collateral (excluding NH Italia), we have refurbished five hotels. Regarding the assets which are owned or leased by NH Italia, twenty four refurbishments have been completed and we intend to refurbish additional hotels that are owned or leased by NH Italia.

Our refurbishment program involves modernizing rooms and common areas by refreshing paint and floor coverings and replacing furnishings and finishings. In certain hotels, we have completed or intend to complete a refurbishment of the entire building, including all mechanical, electrical and plumbing systems. The hotels we have refurbished have generally experienced increased RevPAR.

In 2022, we opened 8 hotels: four management agreements (one NH in Iquique, one in Cali, one in Santiago del Estero and a NH Collection in Andorra) and four lease agreements (one NH Collection and one NH in Milan, one nhow in Frankfurt and one Anantara in Nice) with a total of 1,125 rooms. In the first quarter of 2023, we have opened one NH in Bern and one NH in Coimbra.

In addition, we will continue to actively manage our asset portfolio. We have terminated lease agreements for underperforming hotels with negative or lower than expected EBITDA with respect to one hotel in each of 2018 and 2019. In 2022, we sold three hotels (NH Brussels Louise, NH Naarden and NH Wiesbaden) for a total amount of €53.2 million. In 2021 we agreed the sale & leaseback of NH Collecion Barcelona Gran Hotel Calderón for a total amount of €125.5 million. In 2020, we sold three hotels in Benelux (NH Gent Sint Pieters, NH Best and NH Geldrop) for €14.8 million. In 2019, there were no relevant asset disposals while, in 2018, the sale and leaseback of NH Collection Barbizon Palace in Amsterdam generated net cash inflow of €121.8 million and two leased contracts were also restructured (one cancellation and one acquisition). We intend to continue implementing this strategy in the future.

We are strengthening our presence in strategic markets in Europe and Latin America by entering into new management and lease agreements with variable components. As of December 31, 2022, we have entered into agreements to operate 16 new hotels with 2,768 rooms (our "committed pipeline hotels"), which are expected to commence operations mainly between 2023 and 2025. We will operate our committed pipeline hotels under lease and management agreements with third-party hotel owners and most of our committed pipeline hotels will be operated under our NH Hotels and NH Collection brands. We estimate that we will invest a total of approximately €7 million on our committed pipeline hotels between 2023 and 2025.

Expenses

One of the largest components of our operating expenses is personnel expenses. Our personnel expenses represented approximately 26% of our net turnover in 2019, while they represented approximately 50% in 2020 and approximately 40%

in 2021 due to the lower revenues generated as a consequence of the COVID-19 pandemic. In 2022 they accounted for around 32% of revenues. Our personnel expenses include salaries, training, development and other benefits. We seek to control our personnel expenses by forecasting our temporary personnel needs based upon anticipated business volume, including Occupancy, and food and beverage sales from restaurants, bars, conference facilities and in-room dining. We also seek to reduce personnel expenses by outsourcing certain functions, such as housekeeping and janitorial services, to third party vendors, which are recorded as other operating expenses.

A significant portion of our other operating expenses is rent expense, which is primarily determined by our ability to negotiate favorable terms under our lease agreements and the general economic conditions in the region in which the hotel is located. In addition, the variable portion of our rent expense is affected by the revenue level at our leased hotels. In recent years, we have renegotiated directly with the lessor lease payments and other terms and conditions in leases for certain of our hotels, primarily for hotels with negative EBITDA, which has reduced our long-term costs. Since we cannot generally terminate or cancel our leases before their expiry, we enter into private negotiations with the third-party owner on a case by case basis. We typically incur certain costs in connection with the early termination or cancellation of our leases, which vary in each jurisdiction. In connection with the termination and renegotiation of leases, we paid €2.1 million in 2020 and we have not incurred any costs in connection with the early termination of leases in 2021 and 2022.

Other operating expenses include fees paid for professional and other services; commissions payable to third parties; energy costs; repair and maintenance costs; laundry expenses; sales and distribution costs; advertising costs; expenses related to information technology and telecommunication; allowances for contingency provisions; operational taxes, including real estate and property taxes; and property insurance payments and are described further under "*—Description of key line items —Other operating expenses*".

Acquisitions and disposals

We have acquired and disposed of assets, the proceeds of which have facilitated the repositioning of our business and the repayment of debt and have also allowed us to make strategic investments, refurbish and upgrade our existing hotels to enhance our revenue base and profitability and to increase the value of our owned assets. We intend to continue replacing certain of the hotels we close by opportunistically opening hotels, including through leases and management agreements, where we determine the financial return and strategic rationale are sound. We intend to strengthen our presence in strategic markets by entering into management, franchise and variable lease agreement. During this time, we expect our three core brands, NH Collection, NH Hotels and NHOW, to be fully developed and our hotel portfolio to be stronger.

Cost savings initiative

Since 2013, we have been implementing a cost savings initiative to reduce our fixed costs. To date, we have already consolidated our janitorial and maintenance services on a regional basis, rather than hotel by hotel and have outsourced our janitorial services where it is more efficient to do so. This restructuring of our janitorial personnel makes our cost structure more flexible by allowing us to increase or decrease our services in accordance with changes in Occupancy levels. During 2014 and 2015, we also completed the centralization of our administrative staff in most of the countries where we operate through the implementation of a shared services center with Accenture.

Since 2013, the cost saving initiative has been a key driver underlying the increase in our EBITDA. Once most of the repositioning initiative, IT investment phase and revenue management strategy have been implemented, we improved the efficiency of the Group by introducing a new operating model aimed at continuing to implement a further series of cost savings initiatives to reduce our fixed costs, with the goal of increasing EBITDA going forward.

During 2017, we achieved savings from: (i) further efficiency improvements in our administrative functions as a result of our shared services center with Accenture; (ii) better invoicing capabilities due to the migration of our back office and front office systems to SAP and the use of other relevant IT tools; (iii) the integration of Commercial and Revenue

Management (“CRM”), enabling faster check in and check out; and (iv) optimization of CRM functions through Duetto, a revenue management software that automatizes pricing and related capabilities and provides insights on pricing and demand. Additionally, we will continue focusing on reducing sales commissions payable to third parties by implementing a global approach to accounts and customers and developing an optimized channel mix which includes direct sales channels through our website and our booking offices. Our channel mix will also include sales through online travel agencies (“OTAs”). OTAs provide us a higher net ADR than other channels and allow us to gain access to long distance markets.

We have invested approximately €60 million since 2014 to overhaul our IT management systems across our entire business, including centralizing our data collection, increasing automation of certain processes and developing a new website, which we expect will further reduce our costs and positively affect our net turnover. The migration to SAP provide us with more efficient access to data across our business, enabling us to enhance the customer experience we can offer and implement economies of scale which, we believe, will improve our competitiveness. We are also in the process of implementing new M&E management tools in all our BUs, including: (i) the virtual planner, which allows our teams and customers to virtually design meetings in 3D and enables them to anticipate the appearance of the selected meeting room; (ii) the voice management tool, implemented at our Group Sales Offices to manage calls more efficiently; and (iii) the M&E online store, which allows our customers to book M&E services online, freeing up time for our hotel reservation agents. With our M&E management tools, we aim to improve our operational efficiency and productivity, which we believe will lead to improved customer satisfaction and competitiveness.

The Group continues to be at the forefront of innovation. Our digital transformation has allowed processes and systems to be made more efficient, improving basic processes, leading to further differentiation from competition. One of our greatest achievements has been to centralize all our properties and functions into a single integrated system. This allows us to have a fully-integrated digital platform: NH Digital Core Platform, which is a pioneering technological solution in our sector that has allowed the integration of all our hotels’ systems which has become the basis for the NH Hotel Group to expand customer knowledge, maximize efficiency and innovate on a larger scale in all value areas.

Additionally, during 2020 and 2021 we have implemented a contingency plan to adapt operations and safeguard business continuity in an environment where COVID-19 has created unprecedented challenges and uncertainties in the hotel industry such as, in many cases, temporary closures which have been mandatory under local laws and regulations. See “*The COVID-19 pandemic and related measures*” for more details.

Other operating expenses excluding rent

We are focusing on increasing the net ADR through an optimized channel mix. On the one hand, we are working on reducing our brokering costs by trying to increase our direct sales channels and boosting the customer loyalty through increased investments in marketing and IT. On the other hand, increased cooperation with online travel agencies (OTAs), at the expense of other cheaper channels, provides a higher net ADR and allows us to gain access to long distance markets. We have been working with primary global OTAs as we believe they may bring added value to our chain as they invest in brand recognition, reduce the search cost for clients and give us access to markets where the NH brand is not recognized by consumers. OTAs have become an important distribution channel also in connection with our more mature markets, especially as younger generations’ reliance on the internet tends to increase, enhancing NH brand visibility. We are also cooperating with smaller OTAs specialized in niche markets or businesses (e.g. OTAs focused on high-end clients) which we believe allows us to diversify our product with a lower cost. OTAs represent a flexible channel that, in periods of need, we are able to promptly revise, for instance by offering promotions aligned with the strategy followed in our direct channel. Between 2013 and 2018, we overhauled our IT management systems across our entire business, including centralizing our data collection, increasing integration and automation of certain critical processes, increasing our efficiency and developing new budget and planning systems, which we expect will further reduce our costs in the long term. After the completion of our IT transformation plan, we began our digital evolution roadmap in 2019 in order to increase our digitalization. Since 2019, we have launched various digital solutions to improve the client experience, increase revenues and reduce costs, while improving efficiencies and sustainability. Some examples are: “Fastpass”, a tool which allows customers to check in online,

choose their room and checkout online; a guest mobile service which allows our customers to request any services needed during their stay through their mobile device; tablets at reception which digitize the registration process at the front desk and facilitate GDPR compliance; artificial intelligence at our central reservation office to assist us in responding to customer queries; robotics and additional automations to gain efficiencies and also reduce paper printing; CRM tools for our commercial teams which provide a 360 degree view of our clients, M&E management tools to improve revenue in quotations and to optimize the processes; and added mobility for our employees (through housekeeping mobile, HUB for maintenance and tablets at points of sale). We believe that our digitalization plan has allowed us to improve our business functionality and we will continue to implement new initiatives to continue this trend.

Food and beverage sales

Food and beverage sales through restaurants, bars, conference facilities and in room dining in the hotels we operate contribute significantly to our revenue. In the years ended December 31, 2020, 2021 and 2022, food and beverage revenue was €111.2 million, or 20.7%, of our total net turnover, €146.7 million, or 19.6%, of our total net turnover, and €302.5 million, or 17.6%, of our total net turnover, respectively.

During 2014, we refined our adapted food and beverage offering in selected hotels to align menus and service with our new brand architecture and experience and to further increase the profitability of our food and beverage offering and the associated restaurants and other food service areas in our hotels. To this end, we sought to introduce a consistent food and beverage experience for our meetings and events services, to explore the development of a distinctive bar concept, and to revise our breakfast pricing at the BU level. We also implemented best practices from successful refinements across a broader selection of hotels and made other select enhancements based on customer feedback. For example, we introduced various new food options, such as vending machines, healthy, antioxidant options and 24-hour room service in certain of our hotels.

During 2015, we developed our global food and beverage service operations by offering new concepts, such as new items in our minibars, fresh corners, open bars and coffee breaks specifically tailored to our customers' preferences. This has enabled us to improve our results from our food and beverage operations, having improved our revenue per customer ratio in the main food and beverage services we provide (breakfast, minibar and restaurant) through a healthier and more attractive offer. Moreover, we continue to optimize spaces through external collaborations or own developments in order to maximize the productivity of our restaurants.

Since 2016, we have been continuously developing our global food and beverage service operations by tailoring our services for each brand, for example, by offering gastronomic experiences for our NH Collection Brand. In addition, we have sought to optimize the use of our space by collaborating with external restaurateurs, particularly in the Spain, Benelux and Italy BUs.

For our NH Collection brand, we have collaborated with gastronomic leaders, such as David Muñoz and Diego Cabrera, to develop a cuisine that corresponds to that brand's values of excellence and service.

Seasonality and weather

Our business is seasonal in nature, and because the majority of our customers are typically business travelers we generally experience higher Occupancy and net turnover from April through June and from September through October when there are more business travelers in our primary markets compared to the rest of the year. In contrast, our Occupancy is at its lowest, and we may incur a loss, during the first quarter of each year. In recent years, our first quarter EBITDA only made a limited contribution to our full-year EBITDA due to generally low demand for hotel accommodation following the holiday season in December and lower levels of demand by business travelers. Our first quarter EBITDA is also negatively affected when Easter occurs in the first quarter of the year due to fewer business travelers, though this is partially offset by an increase in leisure travelers. In the second, third and fourth quarters, EBITDA generally makes greater contributions to our full-year EBITDA.

Our results are also affected by periods of abnormal, severe or unseasonal weather conditions, including natural disasters such as hurricanes, floods, earthquakes and other adverse weather and climate conditions. Mild weather may increase Occupancy levels in leisure destinations, particularly during peak travel season. Weather also typically affects our energy costs, which increase when there is an abnormally severe or prolonged winter or summer.

Currency translation

We report our financial results in euro, but we make investments and engage in transactions in countries whose currency is not the euro. Accordingly, a significant portion of our operations is conducted in functional currencies other than the euro. For the twelve months ended December 31, 2022, approximately 11.4% of our net turnover was recorded in currencies other than the euro, mainly U.S. dollars, Swiss francs, Argentine pesos, Mexican pesos, Colombian pesos, Czech Koruna, Hungarian forint and Danish krone. As a result, we are required to translate those results from the functional currency into Euro at the market based average exchange rates during the period reported. When comparing our results of operations between periods, there may be material portions of the changes in our revenues or expenses that are derived from fluctuations in exchange rates experienced between those periods. We manage our exposure to currency translation risk by incurring indebtedness, if needed, in the same currency as certain of our investments. See "*—Quantitative and qualitative disclosures about market risk—Foreign currency exchange risk*".

Repeat visitors and guest loyalty

As a chain brand with an international presence, we rely on repeat visits by our customers to sustain our business model. We strive to attract repeat customers, particularly business customers, that will visit the same hotel on multiple occasions. In addition, we aim to leverage our brand name and reputation for consistent quality across our international locations to attract our existing customers to our other locations. Guest loyalty is an important factor affecting our Occupancy. We have initiated various campaigns to promote awareness of our brands, and we have developed new service concepts to improve guest satisfaction. We believe that these activities and concepts contribute to our brand reputation and awareness, which are key factors in our ability to attract and retain guests. We monitor customer satisfaction through our "Quality Focus On Line" tool, which analyzes results for both individual hotels and for our Group in the aggregate. Loyalty programs are also an important tool in increasing guest loyalty.

Since June 2022, the new NH DISCOVERY loyalty program is part of GLOBAL HOTEL ALLIANCE (GHA) and its GHA DISCOVERY loyalty program, one of the ten biggest hotel loyalty programs worldwide, which brings together 40 luxury hotel brands, with 800 hotels distributed over 100 countries in the world and more than 23 million members. With the support of GHA DISCOVERY, access is provided to a new customer base and cross brand revenue opportunities, while at the same time we offer new travel experiences to program members. The integration in GHA will also help the Company's positioning in the upper-upscale and luxury segment.

Perimeter changes

From time to time, we may acquire or dispose of hotels, enter into or terminate certain management and lease agreements (especially underperforming agreements), refurbish our hotels, or change the type of contract under which we operate our hotels (such as from an owned or leased hotel to a managed hotel). Such activities affect our perimeter and results of operations. In addition, perimeter changes reduce the comparability of our financial results from one period to the next. For example, in 2019, we integrated the Tivoli portfolio in Portugal, adding 2,452 hotel rooms to our portfolio (adding 3 hotels operated under lease contract (20 years lease term) and 10 hotels operated under management contract. In 2020, the Boscolo portfolio with 8 hotels and 1,115 rooms under lease contract was acquired with prime locations in Rome, Florence, Venice, Nice, Prague and Budapest.

Description of key line items

Net turnover

Our net turnover includes hotel revenue from owned and leased hotels, fee revenue from our management agreements, real estate revenues and other non-hotel revenue. Revenue from owned and leased hotels consists of room sales and food and beverage sales through restaurants, bars, conference facilities and in-room dining. Additionally, we obtain revenue from renting out conference rooms for meetings, conventions and other events as well as telephone, parking and all other guest services. Fee revenue from our management agreements consists of base fees as a percentage of total hotel revenue and incentive fees as a percentage of the gross operating profit or adjusted gross operating profit of the hotels included in our management agreements. In addition, we may collect marketing fees for global marketing efforts based upon total hotel room revenue, and, under some management agreements, we receive a technical assistance fee for providing advice to the hotel owner regarding hotel construction.

Other operating income

Other operating income includes extraordinary income not allocable within our regular operations, including operating subsidies, compensation paid to us in connection with termination of contracts, indemnities and the capitalization of expenses related to work we have completed with respect to our own hotels.

Net gain (loss) on disposal of non-current assets

Net gain (loss) on disposal of non-current assets includes gains and losses from the disposal of assets, including the disposal of owned hotels, and the early termination of lease agreements.

Procurements

Procurements consist of purchases and inventory impairments. Purchases include expenses for supplies acquired from third parties for our operations. Purchases generally increase or decrease when our net turnover increases or decreases. Inventory impairments includes variation on the valuation of our real estate inventories based upon expert appraisal opinions.

Personnel expenses

Personnel expenses include wages, salaries and similar costs, social security contributions, termination or redundancy costs, contributions to pension plans, similar costs and expenses and provisions made for similar costs and expenses in the future. The allowances for termination or redundancy costs includes the amounts that can be reasonably quantified and recognized as an expense in the year in which the decision to terminate the employment relationship is taken.

Depreciation

Depreciation mainly includes the expense for the depreciation of our tangible fixed assets, consisting primarily of our buildings, technical installations, machinery, fittings, furniture and equipment, the costs for which are distributed over their estimated useful lives, in accordance with the following table:

	Estimated years of useful life
Buildings	33-50
Plant and machinery	10-30
Other fixtures, tools and furniture	5-10
Other fixed assets	4-5

Depreciation also includes the amortization of our right of use assets resulting from the application of IFRS 16.

Net losses from asset impairment

Net losses from asset impairment includes the difference between the estimated recoverable value and the book value of our tangible, intangible and right of use fixed assets. Fixed assets are initially valued at their original cost and such values are subsequently evaluated each year for any appropriate impairment losses. The recoverable amount is either the net sale value or the value in use, whichever is higher. The value in use is calculated on the basis of estimated future cash flows discounted at an after tax discount rate that reflects the current market valuation with respect to the cost of money and the specific risks associated with the asset.

Other operating expenses

Other operating expenses includes rent expense; fees paid for professional and other services; commissions payable to third parties; outside labor; energy costs; repair and maintenance costs; laundry expenses; sales and distribution costs; advertising costs; expenses related to information technology and telecommunication; allowances for contingency provisions; operational taxes, including real estate and property taxes; and property insurance payments.

Fees paid for professional and other services are fixed and variable and include fees paid for yearly auditing services; remuneration and expenses for directors, executive committee members and audit committee members; fees for advisory services, including legal, tax, labor and food and beverage advisory services; and administrative, notary, trial and litigation expenses. Commissions payable to third parties include amounts paid to third-party sales intermediaries, such as Expedia, Trivago and Booking.com. Outside labor includes costs associated with outsourced housekeeping, janitorial and other services. Energy costs are fixed and variable and include the cost of water, electricity, gas, oil and energy service costs and installations. Repair and maintenance costs are fixed and variable and include all costs related to replacing and repairing furniture, fixtures, textiles, walls, floors, finishings such as painting and fire safety materials and costs incurred for maintenance contracts and external cleaning services such as window maintenance, waste disposal, municipal cleaning services and vehicle maintenance. Under our leases, we are generally required to set aside a minimum amount for maintenance capital expenditures on an annual basis. Laundry expenses relate to laundry services supplied by third-party service providers. Sales and distribution costs include both a fixed and variable component and include agency fees and costs in connection with public relations and communications services, including photography, graphics production and merchandising and client gifts during promotional events. Advertising costs include all costs related to marketing. Expenses related to information technology and telecommunication include both a fixed and variable component and consist of expenses for software maintenance, including support and applications, hardware maintenance, hardware renting, server maintenance, data communication lines and external IT and telecommunications support. Allowances for contingency provisions include unrecovered receivables and litigation expenses. Operational taxes are fixed and include local taxes on any owned real estate. Property insurance payments are fixed and include insurance premiums paid for buildings and business interruption coverage and claims expenses.

Profit (loss) from entities valued through the equity method

Profit (loss) from entities valued through the equity method includes the results of companies included in our consolidated results and over which we have significant influence but that we do not control jointly with a third party. For the purposes of the preparation of our financial statements, significant influence is deemed to exist in investments in which we, directly or indirectly, hold over 20% of the voting power, and in certain instances where our holding is less than 20%, but significant influence can be clearly demonstrated. Companies in which our direct or indirect holding is between 20% and 50%, but in which we do not hold majority voting rights or in which we do not have effective control or joint control with another third-party entity, are consolidated using the equity method.

Financial income

Financial income primarily consists of interest income from cash deposits as well as interest income from loans, evolution of discounted values and dividends. Evolution of discounted values represents the evolution of certain financial assets, such as guarantee deposits for rent, which are recorded at present value in accordance with IFRS. As these financial assets approach maturity, their present value increases.

Change in fair value of financial instruments

Change in fair value of financial instruments includes the gains and losses derived from changes in the fair value of financial instruments related to hedging arrangements.

Financial expenses

Financial expenses include interest incurred on our indebtedness, financial expenses for means of payment, which includes commissions and costs for our point of sales transactions, and costs related to factoring and confirming lines of credit entered into in the ordinary course of business.

Results from exposure to hyperinflation (IAS 29)

Results from exposure to hyperinflation (IAS 29) relate to the application of IAS 29 standard to the Group's companies allocated in hyperinflationary economies. Results from exposure to hyperinflation (IAS 29) include gains or losses derived from the effect of the hyperinflation on the net monetary position of the affected companies.

Net exchange rate differences

Net exchange rate differences include any gains or losses derived from exchange rate differences related to assets and liabilities denominated in currencies other than the euro, which is our functional currency. Net exchange rate differences mainly relate to transactions in U.S. dollars, Swiss francs, Argentine pesos, Mexican pesos and Colombian pesos.

Gain (loss) of financial investments

Gain (loss) of financial investments includes the difference between the estimated recoverable value and the book value of our financial investments. The recoverable amount is the market value of the investment. Gain (loss) of financial investments also includes disposals of our financial assets and disposals of shares we own in our hotel operating companies, except when such shares are sold in a leaseback arrangement, in which case the gain or loss resulting from the sale is included in the gain (loss) on disposal of non-current assets line item.

Results of operations

	For the year ended December 31,		
	2020	2021	2022
	(€ in millions)		
Net turnover	536.2	746.5	1,722.4
Other operating income	7.9	86.9	38.0
Net gain (loss) on disposal of non-current assets	(0.5)	65.1	2.8
Procurements	(25.4)	(32.1)	(70.8)
Personnel expenses	(268.2)	(268.6)	(441.1)
Depreciation	(302.5)	(280.2)	(277.3)
Net losses from asset impairment	(76.3)	2.1	6.8
Other operating expenses	(249.5)	(318.6)	(719.2)
Profit (loss) from entities valued through the equity method	(7.5)	(1.4)	(0.4)
Financial income	1.7	3.4	6.5
Change in fair value of financial instruments	0.3	1.8	0.8
Financial expenses	(135.5)	(152.4)	(140.6)
Results from exposure to hyperinflation (IAS 29)	0.8	3.2	4.4
Net exchange rate differences	(3.8)	0.7	(2.1)
Gain (loss) of financial investments	6.7	(1.7)	25.6
Pre-tax profit (loss) from continuing operations	**(515.5)**	**(145.3)**	**155.6**
Corporation tax	75.2	9.3	(53.1)
Profit (loss) from continuing operations	**(440.3)**	**(135.9)**	**102.5**
Profit (loss) for the year from discontinued operations net of tax	(0.1)	—	—
Profit (loss) for the financial year	**(440.4)**	**(135.9)**	**102.5**
Non-controlling interests	(3.2)	(2.3)	2.2
Profit (loss) attributable to shareholders of the Issuer	**(437.2)**	**(133.7)**	**100.3**

The following table sets forth a geographic breakdown of our net turnover for the periods indicated:

	For the year ended December 31,		
	2020	2021	2022
	(€ in millions)		
Net turnover			
Spain	159.9	265.7	529.1
Italy	82.7	159.1	350.1
Central Europe	142.0	147.9	353.1
Benelux	121.6	128.1	371.0
Latin America	30.0	45.7	119.1
Total	**536.2**	**746.5**	**1,722.4**

Comparison of the twelve months ended December 31, 2022 and 2021

Net turnover

In the twelve months ended December 31, 2022, our net turnover was €1722.4 million, an increase of €975.9 million, or 130.7%, from €746.5 million in the twelve months ended December 31, 2021. This increase was primarily explained by the remarkable performance in the last nine months fully offsetting Omicron impact in Q1, which lead to a 77.6 percentage point increase in Occupancy and a 37.4% increase in ADR.

Other operating income

In the twelve months ended December 31, 2022, other operating income was €38.0 million, a decrease of €48.9 million from €86.9 million in the twelve months ended December 31, 2021. This decrease was mainly related to the reduction in Government grants to mitigate Covid impacts received in 2022 in comparison with the Goverment grants received in 2021.

Net gain (loss) on disposal of non-current assets

In the twelve months ended December 31, 2022, our net gain on disposal of non-current assets was €2.8 million, a decrease of €62.3 million, compared to a gain of €65.1 million in the twelve months ended December 31, 2021. This decrease was mainly explained by the sale and lease back of NHC Barcelona Calderon which generated a gain of €56.9. (net of taxes gain of 46.7) million in 2021 and the cancellation and modifications of lease contracts in 2021 which under the IFRS 16 application had a positive effect due to the cancellation of lease liabilities.

Procurements

In the twelve months ended December 31, 2022, procurements were €70.8 million, an increase of €38.7 million, or 96.7%, from €32.1 million in the twelve months ended December 31, 2021. This increase was primarily due to the increase of business activity during the last nine months of the year.

Personnel expenses

In the twelve months ended December 31, 2022, personnel expenses were €441.1 million, an increase of €172.5 million, or 64.2%, from €268.6 million in the twelve months ended December 31, 2021. This increase was mainly explained by the reactivation of the business activity since March.

Depreciation

In the twelve months ended December 31, 2022, depreciation was €277.3 million, a decrease of €2.9 million, or 1.0%, from €280.2 million in the twelve months ended December 31, 2021. This decrease was primarily due to the lower capital expenditure investments since 2020.

Net losses from asset impairment

In the twelve months ended December 31, 2022, we recorded net losses from asset impairment of €6.8 million positive, compared to net losses from asset impairment of €2.1 million positive in the twelve months ended December 31, 2021, due to a reversal of impairment related to the disposal of NH Naarden.

Other operating expenses

In the twelve months ended December 31, 2022, other operating expenses were €719.2 million, an increase of €400.6 million, or 125.7%, from €318.6 million in the twelve months ended December 31, 2021. This increase was primarily due to the increase of business activity during the last nine months of the year.

Profit (loss) from entities valued through the equity method

In the twelve months ended December 31, 2022 and 2021, there was not a significant result in this line.

Financial income

In the twelve months ended December 31, 2022, financial income were €6.5 million, an increase of €3.1 million, or 91.2%, from €3.4 million in the twelve months ended December 31, 2021. This increase was mainly due to the IFRS 9 impact as a consequence of the voluntary early repayment of the ICO Covid related Loan in 2022 and the income obtained for the remuneration on bank deposits.

Change in fair value of financial instruments

In the twelve months ended December 31, 2022 and 2021, there was not a significant result in this line.

Financial expenses

In the twelve months ended December 31, 2022, financial expenses were €140.6 million, a decrease of €11.8 million, or 7.7%, from €152.4 million in the twelve months ended December 31, 2021. This decrease was primarily explained by all refinancing transactions achieved in 2021 (Senior Secured RCF, ICO Covid related Loan and new Notes) and due to the repayment of debt during 2021 (Senior Secured RCF fully undrawn in 2022) and 2022 (partial voluntary repayment of ICO Covid related Loan). This decreased in financial expenses has been partially offset by the higher volume of means of payment in 2022.

Results from exposure to hyperinflation (IAS 29)

In the twelve months ended December 31, 2022 and 2021, there was not a significant result in this line.

Net exchange rate differences

In the twelve months ended December 31, 2022 and 2021, there was not a significant result in this line.

Gain (loss) of financial investments

In the twelve months ended December 31, 2022, gain of financial investments were €25.6 million, an increase of €27.3 million, from a €1.7 million loss in the twelve months ended December 31, 2021. This increase was primarily explained by the disposals of Brusssels Louise hotel investment (€15.5 million) and Kensington Hotel Value Added, Ltd investment disposal (€11 million).

Corporation tax

In the twelve months ended December31, 2022 corporation tax was €53.1 million negative, a decrease of €62.4 million, from €9.3 million positive in the twelve months ended December 31, 2021. This decrease was primarily attributable to a better earning before tax ("EBT") compared to last year.

Profit (loss)for the year from discontinued operations net of tax

In the twelve months ended December31, 2022 and 2021, there was not a significant result in this line

Profit (loss) for the financial year

In the twelve months ended December 31, 2022 we incurred a loss of €102.5 million positive, an increase of €238.4 million, from €135.9 million negative in the twelve months ended December 31, 2021. This increase was primarily attributable to the activity reactivation in the last nine months of 2022.

Comparison of the twelve months ended December 31, 2021 and 2020

Net turnover

In the twelve months ended December 31, 2021, our net turnover was €746.5 million, an increase of €210.3 million, or 39.2%, from €536.2 million in the twelve months ended December 31, 2020. This increase was primarily explained by the activity reactivation in the second half of 2021 and the gradual return of business traveler since September , which lead to a 37.1 percentage point increase in Occupancy and a 6.3% increase in ADR.

Other operating income

In the twelve months ended December 31, 2021, other operating income was €86.9 million, an increase of €79.0 million from €7.9 million in the twelve months ended December 31, 2020. This increase was mainly related to the €82.7 million subsidies received from the German government to offset the drop in sales caused by COVID-19, amounting

Net gain (loss) on disposal of non-current assets

In the twelve months ended December 31, 2021, our net gain on disposal of non-current assets was €65.1 million, an increase of €65.6 million, compared to a loss of €0.5 million in the twelve months ended December 31, 2020. This increase was primarily due to the sale and lease back of NHC Barcelona Calderon which generated again of €56.9. (net of taxez gain of 46.7) million and the cancellation and modifications of lease contracts which under the IFRS 16 application had a positive effect due to the cancellation of lease liabilities.

Procurements

In the twelve months ended December 31, 2021, procurements were €32.1 million, an increase of €6.7 million, or 26.3%, from €25.4 million in the twelve months ended December 31, 2020. This was primarily due to the increase of business activity during the second half of the year.

Personnel expenses

In the twelve months ended December 31, 2021, personnel expenses were €268.6 million, an increase of €0.4 million, or 0.2%, from €268.2 million in the twelve months ended December 31, 2020. The increase of business activity mainly offset by the implementation of the contingency plan to minimize the effect of the COVID-19 pandemic as temporary layoffs (due to force majeure or production reasons) and voluntary reductions in working days and wages, were in placed during the first half of 2021. In addition, the Group received €69.2 million in subsidies from governments to offset personnel expenses.

Depreciation

In the twelve months ended December 31, 2021, depreciation was €280.2 million, a decrease of €22.3 million, or 7.4%, from €302.5 million in the twelve months ended December 31, 2020. This decrease was primarily due to the lower capital expenditure investments.

Net losses from asset impairment

In the twelve months ended December 31, 2021, we recorded net losses from asset impairment of €2.1 million positive, compared to net losses from asset impairment of €76.3 million negative in the twelve months ended December 31, 2020, due to an net improvement of the cash generating units projections explained by the activity reactivation in the second half of 2021.

Other operating expenses

In the twelve months ended December 31, 2021, other operating expenses were €318.6 million, an increase of €69.1 million, or 27.7%, from €249.5 million in the twelve months ended December 31, 2020. This was primarily due to the increase of business activity mainly offset by the implementation of the contingency plan to minimize the effect of the COVID-19 pandemic on the business.

Profit (loss) from entities valued through the equity method

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Financial income

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Change in fair value of financial instruments

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Financial expenses

In the twelve months ended December 31, 2021, financial expenses were €152.4 million, an increase of €16.9 million, or 12.5%, from €135.5 million in the twelve months ended December 31, 2020. This increase was primarily explained by all refinancing transactions achieved in 2021 (Senior Secured RCF, ICO Covid related loan and new Notes).

Results from exposure to hyperinflation (IAS 29)

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Net exchange rate differences

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Gain (loss) of financial investments

In the twelve months ended December 31, 2021 and 2020, there was not a significant result in this line.

Corporation tax

In the twelve months ended December31, 2021 corporation tax was €9.3 million positive, a decrease of €65.9 million, from €75.2 million positive in the twelve months ended December 31, 2020. This decrease was primarily attributable to a better earning before tax ("EBT") compared to last year.

Profit (loss)for the year from discontinued operations net of tax

In the twelve months ended December31, 2021 and 2020, there was not a significant result in this line

Profit (loss) for the financial year

In the twelve months ended December 31, 2021 we incurred a loss of €135.9 million negative, an increase of €303.4 million, from €404.4 million negative in the twelve months ended December 31, 2020. This increase was primarily attributable to the activity reactivation in the second half of 2021 and the gradual return of business traveler since September.

Liquidity

Our primary sources of liquidity are cash flows from operations and cash proceeds and drawings available from our financing activities. Our ongoing asset rotation strategy through sale and leasebacks provide additional liquidity. As of December 31, 2022, our cash and cash equivalents were €301.8 million, with additional available undrawn credit lines of €267 million, which is comprised of €242 million from the Senior Secured RCF and €25 million from bilateral credit lines.

Cash flows from our financing activities include, among others, borrowings under our credit facilities, including the Senior Secured RCF. Our liquidity requirements arise primarily from our capital expenditures and our need to meet debt service requirements and to fund. Our cash flows generated from operating activities together with our cash flows generated from financing activities have historically been sufficient to meet our liquidity requirements.

Throughout 2020 and 2021 and due to the COVID-19 pandemic, we have taken several pro-active steps to strengthen our liquidity.

This includes drawing the Senior Secured RCF in March 2020 and amending it in October 2020 and June 2021 with a committed limit amount of €242 million, pursuant to which the existing lenders extended availability from September 2021 to March 2026 and waived the financial covenants stipulated in the Senior Secured RCF agreement up to and including December 31, 2022, with the next covenant testing at the original ratio levels not due until June 2023. This RCF was paid down in 2021 and since then is fully available.

On April 29, 2020, we entered into a €225 million Term Facility Agreement, guaranteed up to 70% by the ,Instituto de Crédito Oficial (the "*ICO*"). In addition, on May 18, 2020 we also entered into a €25 million Sabadell Bilateral Facility Agreement also guaranteed by the ICO. To further mitigate the impact of the COVID-19 pandemic, in 2021, we obtained a waiver of financial covenant testing until December 2022 (inclusive), as well as an extension of the maturity of these COVID Related ICO Facilities from 2023 to 2026. In 2022, €200 million of this Term Facility was voluntary repaid and the remainder of €50 million has been paid in January 2023.

We also drew different unsecured bilateral loans in different countries during 2020. See "*Description of certain financing arrangements—Other bilateral loans*".

In May 2021 a €100 million capital investment was agreed by Minor International (94% shareholding) through an unsecured subordinated loan that was drawn down in May and capitalized in September 2021 through a capital increase process directed towards all shareholders. This agreement provided immediate liquidity and demonstrated the support of the main shareholder in the recovery. The capital increase was approved at the Shareholders' meeting held on 30 June. At the

same time as the capital increase, the Board started up the cash capital increase under the same economic conditions and with preferential subscription rights for the other shareholders to prevent diffusive effects in the shareholdings.

On June 28, 2022 the Company issued €400 million of Senior Secured Notes due on July 2, 2026, applied mainly to redeem in full the 2023 Notes amounting to €357million.

Also our asset rotation strategy has reinforced our liquidity during these years, as we have done in June 2021 with the sale & leaseback transaction on the NH Collection Barcelona Gran Hotel Calderón for €125 million and in 2022 we sold three hotels (NH Brussels Louise, NH Naarden and NH Wiesbaden) for a total amount of €53.2 million .

As of December 31, 2022, our total liquidity was €569 million, including cash and cash equivalents of €301.8 million and €242 million undrawn amount from the Senior Secured RCF and €25 million of available bilateral credit lines. Debt optimization and liquidity reinforcement achieved in 2020 and 2021 will provide stability and sustainability for the Group during the recovery phase.

Cash flows

The table below sets forth our consolidated statement of cash flows for the periods indicated.

	For the year ended December 31		
	2020	2021	2022
	(€ in millions)		
Operating activities			
Consolidated profit (loss) before tax[(1)]	(515.5)	(145.3)	155.6
Adjustments to profit (loss)	469.4	310.7	414.7
Adjusted result	**(46.1)**	**165.4**	**570.3**
Net change in assets / liabilities	(55.8)	82.8	0.2
Tax on profits paid	7.8	0.4	(9.5)
Total net cash flow from operating activities	**(94.1)**	**248.7**	**560.9**
Investing activities			
Financial income	0.2	0.8	1.9
Investments	(169.5)	(44.4)	(42.0)
Disposals	31.7	135.6	68.9
Total net cash flow from (used in) investing activities	**(137.7)**	**92.0**	**28.8**
Financing activities			
Dividends paid out	(1.2)	(0.1)	—
Interest paid for debts	(34.3)	(55.9)	(53.6)
Changes in:			
Equity instruments	(0.3)	5.5	(1.1)
Liability instruments	297.9	(367.7)	(477.4)
Total net cash flow used in financing activities	**262.2**	**(418.2)**	**(532.1)**
Gross increase/reduction of cash or equivalent assets	30.5	(77.4)	57.7
Effect of changes in exchange rates on cash and equivalent assets	(1.7)	0.5	0.2
Effect of changes in scope of consolidation	2.8	—	—
Net increase/reduction of cash or equivalent assets	**31.5**	**(76.9)**	**57.9**
Cash or equivalent assets at beginning of the period	289.3	320.9	243.9
Cash or equivalent assets at the end of the period	**320.9**	**243.9**	**301.8**

(1) Represents pre-tax profit (loss) from continuing operations attributable to shareholders of the Issuer and to non-controlling interests.

Cash flows from operating activities

Year ended December 31, 2022 as compared to year ended December 31, 2021

Net cash flow from operating activities increased by €312.4 million from a €248.7 million inflow for the year ended December 31, 2021 to a €561.1 million inflow for the year ended December 31, 2022. This was mainly due to a consolidated loss before tax and discontinued operation of €145.3 million in 2021 due to the COVID-19 pandemic, compared to a consolidated gain before tax and discontinued operations of €155.6 million in 2022, explained by the business reactivation in the last nine months of 2022.

Net variation in assets and liabilities resulted in a decrease of €82.6 million in 2022, compared to a increase of €138.6 million in 2021. This was mainly explained by the business growth, the return of the B2B segment and regularization on supply chain processes, partially offset by subsidies registered in Q4 2021 and collected in 2022.

Additionally, tax on profit paid decreased €10.1 million from a €0.4 million income for the year ended December 31, 2021 to a €9.5 million expense for the year ended December 31, 2022. This was mainly due to the higher EBT performance.

Year ended December 31, 2021 as compared to year ended December 31, 2020

Net cash flow from operating activities increased by €342.8 million from a €94.1 million outflow for the year ended December 31, 2020 to a €248.7 million inflow for the year ended December 31, 2021. This was mainly due to a consolidated loss before tax and discontinued operation of €515.5 million in 2020 due to the COVID-19 pandemic, compared to a consolidated loss before tax and discontinued operations of €145.3 million in 2021, explained by the business reactivation in the second half of 2021 and direct state aid subsidies totaling €82.7 million in 2021.

Net variation in assets and liabilities resulted in a increase of €138.6 million in 2021, compared to a decrease of €43.5 million in 2020. This was mainly explained by the improvement in receivables and subsidies to be received in 2022.

Additionally, tax on profit paid decreased €7.4 million from a €7.8 million income for the year ended December 31, 2020 to a €0.7 million income for the year ended December 31, 2021. This was mainly due to the higher EBT performance.

Cash flows from (used in) investing activities

Year ended December 31, 2022 as compared to year ended December 31, 2021

Net cash flow from (used in) investing activities decreased by €63.2 million to an inflow of €28.8 million for the year ended December 31, 2022 compared to €92.2 million inflow for the year ended December 31, 2021. This was mainly due to the sale and leaseback of NHC Barcelona Calderon (contributing €125.5 million) in the year ended December 31, 2021 compared to the disposal of a hotel in Brussels, other two non core assets and a minority stake of a leassed hotel in the year ended December 31, 2022.

Year ended December 31, 2021 as compared to year ended December 31, 2020

Net cash flow from (used in) investing activities increased by €229.7 million to an inflow of €92.0 million for the year ended December 31, 2021 compared to €137.7 million outflow for the year ended December 31, 2020. This was mainly due to the sale and leaseback of NHC Barcelona Calderon (contributing €125.5 million) and the sale of other not strategic assets offset by the less capital expenditure in the year ended December 31, 2021.

Cash flows from (used in) financing activities

Year ended December 31, 2022 as compared to year ended December 31, 2021

Net cash flow from (used in) in financing activities decreased by €113.9 million to a €532.1 million outflow for the year ended December 31, 2022 from a €418.2 million outflow for the year ended December 31, 2021. This variation is explained by the debt decrease in 2022 (mainly repayment of the €200 million ICO Covid Loan) partially offset by the loan received from the main shareholder that was converted into equity in 2022.

Year ended December 31, 2021 as compared to year ended December 31, 2020

Net cash flow from (used in) in financing activities decreased by €680.4 million to a €418.2 million outflow for the year ended December 31, 2021 from a €262.2 million inflow for the year ended December 31, 2020. This variation is explained by the debt increase in 2020 (mainly the drawn down of the Senior Secured RCF and the COVID Related ICO Term Facility) compared to the debt decrease in 2021(mainly repayment of the €236 million drawn amount of the Senior Secured RCF).

Capital resources

Our main sources of financing are the Notes, the Senior Secured RCF, the COVID Related ICO Facilities and various lines of credit. We currently have a significant amount of outstanding debt with substantial debt service requirements. As of December 31, 2022, a the aggregate amount of our outstanding debt is €609.4 million (excluding operating lease liabilities).

In 2021, the lenders under the COVID Related ICO Facilities and lenders under the Senior Secured RCF granted a financial covenants waiver until and including December 31, 2022. In addition, all lenders agreed an extension of the term of the COVID Related ICO Facilities and the Senior Secured RCF, from 2023 to 2026. Due to the good performance of the business and the cash generation during 2022, the COVID related ICO Facility has been voluntary repaid (€200m in 2022 and €50m in January 2023).

Senior Secured RCF

On September 22, 2016, the Issuer entered into the Senior Secured RCF. The Senior Secured RCF is secured by the same Collateral as the Notes on a *pari passu* basis. For a description of the Senior Secured RCF, see "*Description of certain financing arrangements—Senior Secured RCF Agreement*".

Term Facility Agreement

On April 29, 2020, the Issuer entered into the Term Facility Agreement. This facility is unsecured. For a description of this agreement see "*Description of certain financing arrangements—COVID Related ICO Facilities "*.

Secured loans

For a description of our secured loans, see "*Description of certain financing arrangements—Secured loans*".

Subordinated loans

For a description of our subordinated loans, see "*Description of certain financing arrangements—Subordinated loans*".

Unsecured loans

For a description of our unsecured loans, see "*Description of certain financing arrangements—Unsecured loans*".

Contractual obligations

The following table sets forth our contractual obligations owed to third parties by period as of December 31, 2022:

	As of December 31, 2022					
	Less than 1 Year	**1 - 2 Years**	**2 - 3 Years**	**3 - 4 Years**	**After 4 Years**	**Total**
			unaudited (€ in millions)			
Notes due in 2026	—	—	—	400.0		**400.0**
Senior Secured RCF[1]	—	—	—	—	—	**—**
Unsecured ICO facilities[2]	—	—	—	50.0		**50.0**
Other financial liabilities:						
Other secured debt[3]	2.3	6.0	1.3	0.9	12.1	**22.6**
Unsecured debt[4]	58.0	9.7	7.9	4.2	—	**79.8**
Subordinated loans[5]	—	—	—	—	40.0	**40.0**
Credit lines and other debt	11.0	5.0	1.0		—	**17.0**
Total	**71.3**	**20.7**	**10.2**	**455.1**	**52.1**	**609.4**

(1) Remains undrawn as of December 31, 2021. See "*Description of certain financing arrangements—Senior Secured RCF Agreement*".

(2) Represents the COVID Related ICO Facilities

(3) Represents multiple secured loans as described under "*Description of certain financing arrangements—Secured loans*".

(4) Represents multiple various unsecured working capital facilities as described under "*Description of certain financing arrangements—Unsecured loans*".

(5) Represents an outstanding unsecured and subordinated loan of €40 million as of December 31, 2021. See "*Description of certain financing arrangements—Subordinated loans*".

Off-balance sheet arrangements

We do not currently have any significant off-balance sheet arrangements.

Operating lease agreements

Contractual obligations under operating lease agreements are no longer off-balance sheet arrangements, as they have been included on our financial statements from January 1, 2019 due to the application of IFRS 16.

Quantitative and qualitative disclosures about market risk

Our activities expose us to a variety of financial risks, including credit risk, interest rate risk, foreign currency exchange risk, liquidity risk and market risks. Our risk management policy, which is managed centrally by our senior management, focuses on minimizing the potential adverse effects on our financial performance. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks that we are exposed to in the normal course of business, such as operational risks. See "*Risk factors*".

Credit risk

We have adopted risk management procedures to both reduce and monitor credit risk. Our main financial assets include cash and cash equivalents, as well as trade and other accounts receivables. We have no significant concentration of third-party credit risk due to the diversification of our financial investments, as well as to the distribution of trade risks with short collection periods among a large number of customers. Part of our trade and other accounts receivable are guaranteed through guarantees, sureties and advance payments by tour operators.

We evaluate our bad debt provision on a regular basis for each debtor. We record a provision for any trade and other accounts receivable overdue more than 180 days. The outstanding provision of non-recoverable bad debt was €4.4 million as of December 31, 2022 compared to €7.3 million as of December 31, 2021, €9.0 million as of December 31, 2020.

Credit risk relating to cash and cash equivalents arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds as a result of the insolvency. To mitigate this risk, we seek to transact and deposit funds with financial institutions we deem credit worthy, and we monitor transaction volumes in order to reduce the risk of concentration of our transactions with any single party.

Interest rate risk

We have floating rate borrowings, and thus we are exposed to risks related to fluctuations in the levels of interest rates. As of 31 December 2022 approximately 30% of our total gross borrowings is floating rate debt. We estimate that an increase in interest rates of 25 basis points, or 0.25%, on our floating rate debt as of December 31, 2022, would result in an increase in finance expense of approximately €0.457 million. As of December 31, 2022, we have two interest rate swaps on the mortgages of our Wilan Ander and Wilan Huel hotels.

Foreign currency exchange risk

We are exposed to exchange rate fluctuations that may affect our sales, results, equity and cash flows. This exposure mainly arises from investment in foreign countries and transactions by Group companies operating in countries whose currency is not the euro, including Argentina, Chile, Colombia, the Czech Republic, Hungary, Mexico, Switzerland and the United States. To mitigate these risks, we seek to align the composition of our financial debt with cash flows in the different countries in which we operate.

In this sense, we have local debt facilities denominated in currencies other than the euro. In Chile, we have a secured loan denominated in Chilean Peso; the outstanding balance of this loan as of December 31, 2022 was equivalent to €14.9 million. In Chile, we have also unsecured debt facilities denominated in Chilean Peso, which have an outstanding balance as of December 31, 2022 of €0.332 million. In Colombia, we have unsecured debt facilities denominated in Colombian Pesos; the outstanding balance on these loans as of December 31, 2022 was equivalent to €0.602 million. In the United States, we have an unsecured loan denominated in USD; the outstanding balance on this loan as of December 31, 2022 was equivalent to €46.878 million.

Liquidity & Refinancing risk

Liquidity risk is the risk of not being able to fulfil present or future obligations if we do not have sufficient funds available to meet such obligations. Liquidity risk arises mostly in relation to cash flows generated and used in financing activities, and particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of net income from our operations, which could be due to downturns in our performance or the industry as a whole;

- adverse working capital developments;
- exposure to increased interest rates in relation to our borrowings that bear interest at a variable rate; and
- higher capital expenditures, including in connection with our repositioning initiative.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- reduce or delay our planned acquisitions;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, the Senior Secured RCF and the Term Facility Agreement on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the Notes, the Senior Secured RCF and the Term Facility Agreement, limit our ability to pursue these alternatives, as may the terms of any future debt.

We manage liquidity risk by monitoring the maturity schedule of our financial debt, as well as managing and maintaining credit lines to allow any forecast cash needs to be met. Although we believe that our expected cash flows from operations, together with available borrowings, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due ("Refinancing Risk"), including the Notes, or to fund our other liquidity needs. We anticipate that our high leverage will continue for the foreseeable future. Our high level of debt may have important negative consequences for you. For more information, see "*Risk factors—Risks relating to the Notes and our structure—Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees*". See also "*Description of certain financing arrangements*".

Critical accounting estimates

The preparation of our consolidated financial statements requires that management apply accounting standards and methods which, under certain circumstances, are based upon difficult subjective measurements and estimates based upon past experience and on assumptions considered, at various times, to be reasonable and realistic in terms of the respective circumstances. The use of such estimates and assumptions affects the amounts reported in the consolidated financial statements as of and for each of the years ended December 31, 2020, 2021 and 2022, the interim unaudited financial statements, as well as other financial information disclosed therein. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The primary areas applicable to our Group that require greater subjectivity of management in making estimates and where a change in the conditions underlying the assumptions could have a significant impact on our consolidated financial statements include:

Asset impairment

Non-current assets (including right of use arising from the application of IFRS 16) are annually, or whenever there are indicators of a loss of value, tested for impairment, and whenever there are indicators of difficulty in recovery an impairment loss is recorded. The annual test of impairment is performed at the end of each fiscal year, not at half year closing. The existence of such indicators can be verified through subjective valuations, based upon information available within the Group or externally and based upon historical experience. Moreover, in the presence of a potential impairment, this is determined with appropriate valuation techniques. The correct identification of the factors, indicating a potential impairment and the estimates to determine the loss, may depend on conditions which vary over time, affecting the assessments and estimates. Similar considerations regarding the existence of indicators and the use of estimates in the application of valuation techniques can be found in the valuations to be made in the event of the reversal of impairment losses charged in previous periods.

Useful life of tangible and intangible assets

The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight-line basis over the estimated useful life of the asset. The economic useful life of the asset is determined at the time of purchase, based upon historical experience for similar assets, market conditions and expected future events which may affect them, such as technological changes. The effective economic useful life may, therefore, be different from the estimated useful life. Each year developments in technology and the business, any contractual and legislative changes related to the utilization of the assets and their recoverable value are reviewed to update the residual useful life. Such updating may modify the period of depreciation and consequently the annual rate and charge for the current and future periods.

Goodwill

Goodwill is, annually or whenever there are indicators of a loss of value, tested for impairment, and any impairment losses arising as a result of the impairment test are recognized in the statement of comprehensive income. Generally, the impairment test is performed at the end of the year, but if there are any indicators of loss of value an impairment test is performed before the end of the year. The impairment test involves allocating goodwill to “cash generating units” (“CGU”) and the determination of the relative fair value. Our primary CGUs relate to hotels. When the fair value is lower than the carrying amount of the CGU, an impairment loss is recognized on the goodwill allocated to the CGU. The allocation of goodwill to a CGU and the determination of fair value require assumptions and estimates based upon factors which may change over time, with consequent effects, which may be significant, on the assessments.

Asset valuation

We evaluate, annually or whenever there are indicators of a loss of value, possible losses of asset value, which would require us to reduce the book value of our tangible and intangible assets. A loss is deemed to occur when the recoverable value of an asset is less than its book value. The recoverable amount is either the net sale value or the value in use, whichever is higher. The value in use is calculated on the basis of estimated future cash flows discounted at an after tax discount rate that reflects the current market valuation with respect to the cost of money and the specific risks associated with the asset. Future estimates have been established over a period of five financial years, except in cases in which the remaining term of a lease agreement is less, plus a residual value.

The after-tax discount rates used by the Group for these purposes range in Europe from 3.75% to 15.75% (4.50% and 10.25% in 2021) and in Latin America from 9.25% to 17.00% (9.00% and 14.50% in 2021) without taking into account Argentina, whose after-tax discount rate has been calculated taking into account its hyperinflationary economic situation and varies between 91.75% in 2023 and 35.50% in 2027.

Onerous contracts

Onerous agreements are those which we have determined the costs of fulfilling the obligations exceed the economic benefits expected therefrom. We evaluate the benefits expected on the basis of estimated future cash flows discounted at an after-tax discount rate that reflects the current market valuation with respect to the cost of money and the specific risks associated with the asset. We follow the principle of recording a provision at the present value of the difference between the costs and benefits of the contract, or the compensation expected to be paid for abandonment of the contract, if applicable. The pre-tax discount rates used reflect the current market value of money, as well as the specific risks associated with these agreements. With the application of IFRS 16 as of January 1, 2019, the existing onerous provision was allocated to the right of use line item.

Provisions for and evaluation of contingencies

We accrue a provision for probable liabilities relating to contingencies. The quantification of this provision is based upon assumptions and estimates, which in turn are based upon information and knowledge that may vary over time. Therefore, the final outcome of such contingencies may be significantly different from those considered during the preparation of the financial statements.

Changes to accounting policies and new accounting standards

The accounting standards (IFRS) are subject to change from time to time. For a discussion of recent and pending changes to the accounting standards (IFRS), please see Note 2 of our consolidated financial statements.

Business

Overview

We are a leading international hotel operator and we are ranked among the ten largest hotel chains in Europe by number of rooms, according to the latest available Hospitality On report. As of December 31, 2022, we operated 350 hotels consisting of 54,820 rooms in 30 countries.

Based on independent market research reports from 2019 to 2022, and measured by number of hotel rooms in operation, we were the third largest hotel chain in the Netherlands, the fourth largest in Italy and Belgium, the fifth largest in Portugal, the seventh largest in Spain and the tenth largest in Germany. Of the 350 hotels we operated as of December 31, 2022, we owned 69 (or 21% by number of hotel rooms), we leased 224 (or 65% by number of hotel rooms) and we managed 57 hotels (or 14% by number of hotel rooms) owned or leased by third parties pursuant to management agreements. We believe that our versatile operating structure and our geographic diversity enhance our resilience to industry cycles while also providing us with flexibility to take advantage of future growth opportunities.

For the period ended December 31, 2022, our net turnover and other operating income was €1,760.4 million, while our Occupancy, ADR and RevPAR were 60.9%, €122.2 and €74.4, respectively. For further information on these performance measures, see "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting our financial condition and results of operation—Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR)*".

We have a centralized business model that allows us to provide a consistent level of service to customers across hotels in different regions and to achieve economies of scale. Our central corporate and regional offices provide our hotels with a wide array of key functions, including sales, reservations, marketing, administrative and IT systems.

We have strengthened our brand proposition by reorganizing our hotels into an upper-upscale segment, an upscale segment and mid-tier segment, and we have developed the following core dedicated brands, each tailored to represent a clearly defined level of service, quality and value:

- NH COLLECTION HOTELS & RESORTS: Feel the extraordinary

Upper-upscale eclectic elegant hotels and resorts housed in unique iconic properties in key locations across Europe, Latin America, Middle East and soon in Asia and China. NH Collection pays great attention to authentic and stimulating details, creating memorable experiences, where small, unexpected touches make the difference. Singular venues coupled with bespoke expertise guarantees the success of memorable meetings and events.

- nhow HOTELS & RESORTS: Elevate your stay

Bold and distinctive upper-upscale lifestyle hotels, each property is daringly diff-erent, featuring a design concept inspired by the destination vibe in Europe and coming soon in Americas. Thought-provoking, awakening and stimulating senses in spectacular avant-garde surroundings. nhow hotels blend art and technology with a creative flair, showcasing empowering spaces and making dream events a reality.

- NH HOTELS & RESORTS: Always a pleasure

Upscale & midscale hotels and resorts in Europe, Americas, Asia and coming soon to China. They stand out for their quality of service and facilities, both for business and leisure travelers. NH Hotels & Resorts offers trustworthy experiences and memorable events based on three main brand pillars: value for money comfort, the best location to connect with the destination, and service with a human touch, always enhanced by the latest innovations

Since their public tender offer in 2018, we have benefited from the industry knowledge and support of MINT, which has over 180 hotels and resorts across Asia, Australia, Africa, the Middle East and South America. As a result of the integration of the Group into Minor Hotels (an affiliate of MINT), the parties have agreed to a joint brand positioning for all markets and segments, on the basis of the reciprocal master licensing agreement signed between the parties on April 7, 2019 allowing each party to use the other party's corresponding commercial brands in the geographical areas where each party operates. The brands covered by this master licensing agreement comprise Anantara, Avani, Tivoli and Oaks Brands (in each case with Minor Hotels as licensor) and the brands NH Collection, NH Hotels and NHOW (in each case with the Group as licensor). As a result of this master licensing agreement, we have increased the number of brands we offer in the luxury and upscale segment and currently operate eight hotels in Europe under the luxury Anantara brand, 10 hotels under the upper-upscale Tivoli brand and 1 hotel under the upper-upscale Avani brand:

- ANANTARA HOTELS, RESORTS & SPAS: Life is a journey

Thoughtfully designed luxury hotels infused with local charm, connecting guests to places, people, and stories in the world's most exciting destinations. Anantara combines indigenous character with local expertise and absolute luxury standards to crate bespoke experiences and make events remarkable. The brand instills guests with a sense of excitement, while delighting them with unexpected discoveries.

- TIVOLI HOTELS & RESORTS: Stay in the moment since

Tivoli Hotels & Resorts is a collection of upper-upscale and deluxe properties, a unique brand encompassing idyllic beaches, cosmopolitan locations, and luxurious destinations in Europe, Brazil, Middle East and China. Tivoli's philosophy and long-lasting heritage crafts experiences inspired by timeless hospitality, inviting guests to live in the moment. Events encompass exceptional F&B in superb surroundings, off-ering guests insider destination knowledge, to make every stay, meeting or event uniquely personal.

- AVANI HOTELS & RESORTS: Details that matter

A youthful, contemporary, and exciting upscale brand with solid footprint in Asia and Middle East, arriving soon to Europe and Americas. The brand pairs sleek design with service, putting extra e-ffort into the details that matter for the modern traveler. Avani hotels are perfecting the balance between work and play, design and function, service and privacy, coolness and kindness turning events into one of the kind experiences.

Since 2013, we have implemented various upgrades and refined our brands across our operations. This has included investing in upgraded basic facilities, such as flat screen televisions and rain showers, and refining our dining and beverage options. We have worked to align our hotels with particular brand aesthetics to create a comfortable and standardized experience for our customers. We have also implemented a centralized pricing strategy which organizes price by destination, allowing us to structure relative prices among our various hotels in each destination, and by room type. Through this pricing mechanism, guests may choose to upgrade for more desirable features, such as a better view. We have refurbished several of our leased and owned hotels, which have generally shown improved Occupancy, RevPAR and ADR as a result, and have overhauled our IT systems, launching a new website and completing the migration of our back office systems to SAP, an enterprise software system which integrates our front and back office and computer reservation systems, in all business units ("*BUs*").

In the year ended December 31, 2022 as compared to the prior year, all regions reported an increase in RevPAR, which is principally due to the sustained recovery of the occupancy and high ADRs across all regions due to the impact of the COVID-19 pandemic in 2020 and 2021. In particular, for our hotels in Spain, RevPAR, ADR and Occupancy grew by 107.7%, 37.6% and 50.9%, respectively, in 2022 compared with 2021. For our hotels in Central Europe, RevPAR, ADR and

Occupancy increased by 148.4%, 32.3% and 87.8% in 2022 compared with 2021. For our hotels in Italy, RevPAR, ADR and Occupancy grew by 131.7%, 34.5% and 72.3%, respectively, in 2022 compared with 2021. For our hotels in Benelux, RevPAR, ADR and Occupancy increased by 219.1%, 43.4% and 122.5%, respectively, in 2022 compared with 2021 and, in Latin America, RevPAR, ADR and Occupancy grew by 175.3%, 47.4% and 86.7% in 2022 compared with 2021.

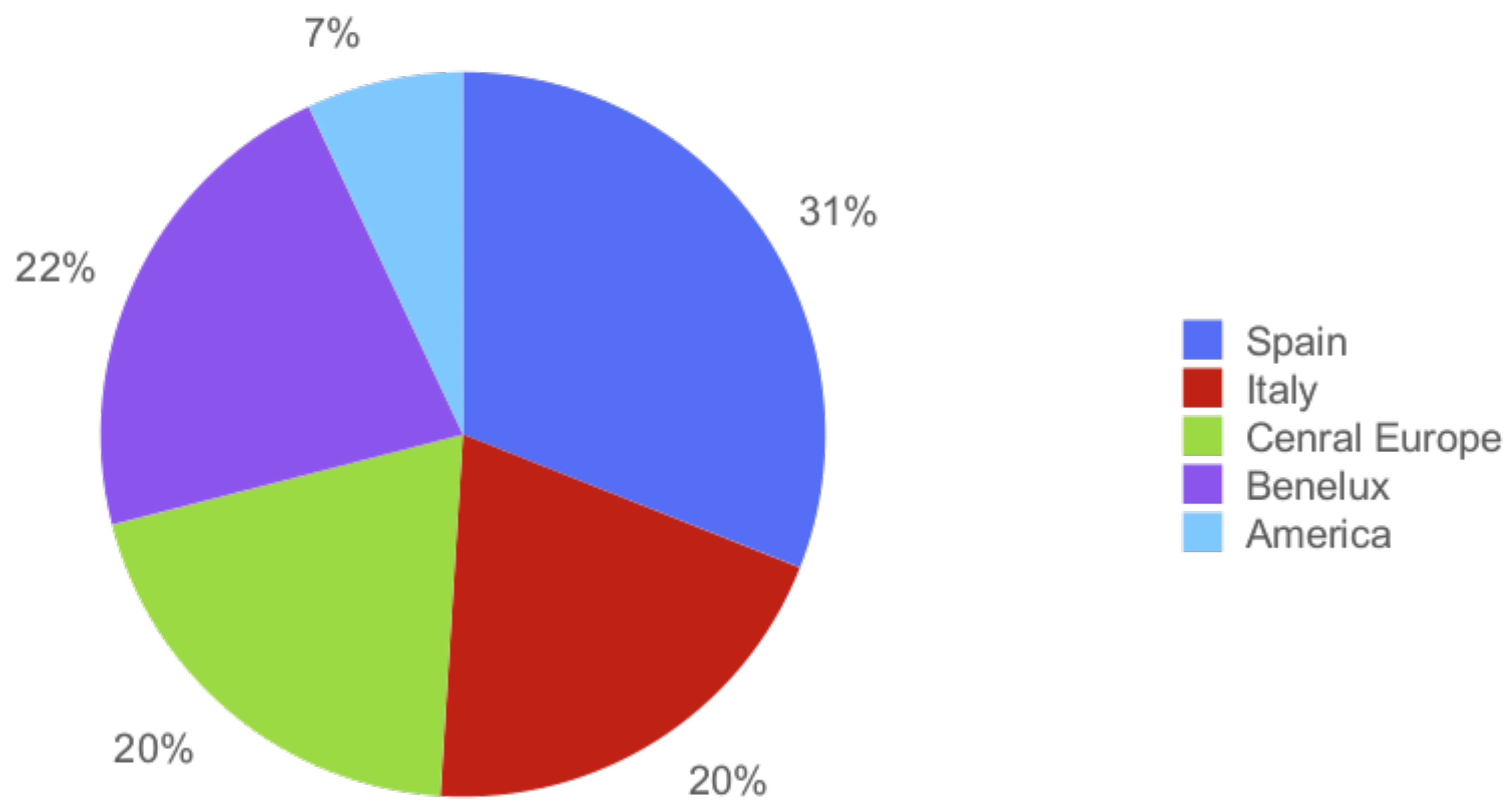
We actively manage our asset portfolio, including our owned hotels, which had a book value of €1.2 billion as of December 31, 2022, although we believe that the actual market value of such assets is higher, due to the fact that prices at which we have been able to sell our assets in recent years have been typically higher than their respective book values. We regularly evaluate the performance of individual hotels to identify underperforming properties, and aim to terminate, or not renew, lease agreements and management agreements for underperforming hotels, in particular if they contain undesirable terms (such as management agreements with costly performance guarantees), as well as to sell certain of our underperforming owned hotels and redirect our resources to markets and hotels where our operations have been successful. One of the ways in which we actively redirect our resources is to increase the proportion of our operations conducted under management arrangements in order to take advantage of the less capital intensive nature of management arrangements.

In addition, we are actively working to continue to increase Occupancy and Average Daily Rates through selective investments, including refurbishment of existing hotels and opening new hotels. We also intend to complete the streamlining of our operating platforms to increase efficiency. To date, we have migrated most of our back office systems to SAP, and we have invested in the development of our website (with a focus on a mobile-friendly interface as our customers increasingly access our website through their mobile devices) with increased functionality in order to increase the proportion of direct bookings. In the year ended December 31, 2022 compared to the prior year, the proportion of revenue generated from our website fell from 15.6% to 13.6%. We also seek to reallocate our resources to grow in the markets where we believe there is increasing demand for hotel rooms and where we currently have limited presence. During 2022, we opened 8 hotels with 1,125 rooms in markets where we believe there is increasing demand for hotel rooms and we closed 11 hotels with 1,441 rooms.

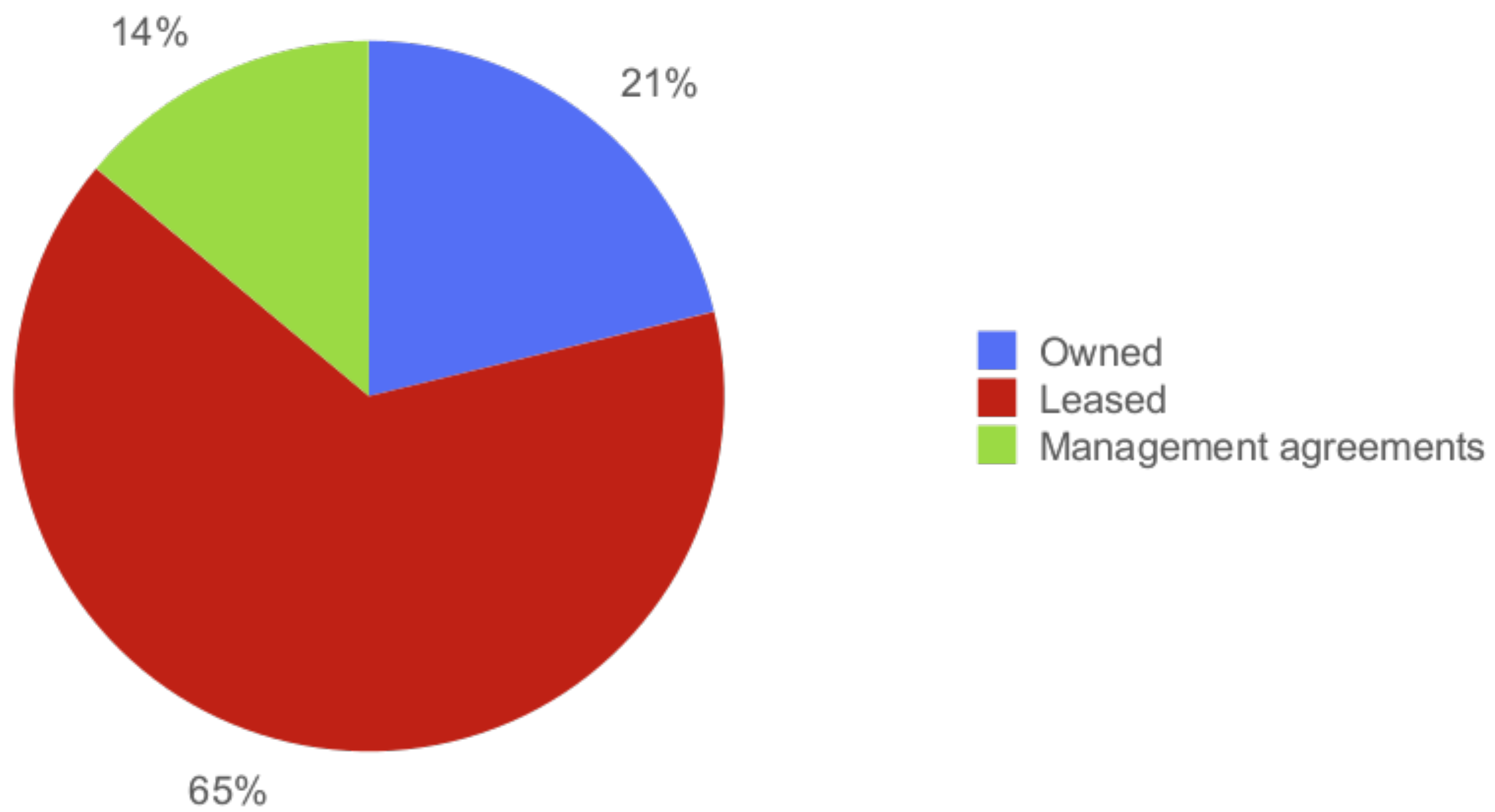
As of December 31, 2022, we have entered into agreements to operate 16 new hotels with 2,768 rooms (our "committed pipeline hotels"), which are expected to commence operations mainly between 2023 and 2025. We will operate our committed pipeline hotels under lease and management agreements with third-party hotel owners and most of our committed pipeline hotels will be operated under our core NH Hotels and NH Collection brands. We estimate that we will invest a total of approximately €7 million into our committed pipeline hotels between 2023 and 2025.

We are a public limited company (*sociedad anónima*) incorporated under the laws of Spain and listed on the Madrid Stock Exchange (*Bolsas de Valores de Madrid*) with an authorized share capital of €871,491,340 consisting of 435,745,670 shares as of December 31, 2022. Our market capitalization was €1.3 billion as of December 31, 2022.

The following diagram sets forth the geographic breakdown of our net turnover for the year ended December 31, 2022.



The following diagram sets forth the geographic breakdown of our rooms in our owned, leased and managed hotels as of December 31, 2022.



History of the group

Our first hotel, the Ciudad de Pamplona Hotel, opened in 1978. Four years later, we expanded our operations with the incorporation of NH Calderón in Barcelona. Within the next decade we became one of the first hotel chains in Spain. In 1997, our shares were first listed on the Madrid Stock Exchange (*Bolsa de Valores de Madrid*). By 1998, we owned 88 hotels in Spain, we were listed on the IBEX 35 index and we had expanded our operations into Latin America and Europe.

In 2000, we initiated a European expansion strategy aimed at creating a strong global brand in the urban hotel segment. We acquired the Dutch hotel company Krasnapolsky Hotels and Restaurants N.V., and we added 14 hotels in Mexico, with the acquisition of the Chartwell chain in June 2001. In 2002, 46 hotels in Germany, six hotels in Austria and one hotel in Switzerland were added to our portfolio with the acquisition of Astron Hotels.

Between 2003 and 2005, our organic growth allowed us to enter new European markets, such as Italy and Romania, as well as new cities such as London. We continued our international expansion strategy in 2007 and 2008 through the acquisition of the Italian Framon hotel chain and the remaining ownership interests in the Jolly Hotels chain, in which we acquired an initial interest in 1999. In 2009, we entered into an agreement with Hesperia, a shareholder of the Issuer, pursuant to which we agreed to manage several hotels owned or operated by Hesperia. In 2018 as a consequence of the exit of Hesperia from NH's shareholding we finished operating the hotels owned by Hesperia.

In 2014, we acquired Intesa Sanpaolo's 44.5% shareholding in our joint venture NH Italia, which became a wholly-owned subsidiary as a result of this acquisition, in exchange for an issuance of our shares.

In 2015, the acquisition of Hoteles Royal with 20 hotels in Colombia and Chile took place. More than 80% of the portfolio acquired had an asset light component under pure operating variable leases.

In 2018, MINT launched a public tender offer for the share capital of the Issuer, which enabled it to reach a shareholding of 94.13%. As a result of such tender offer and the integration of our businesses, the parties agreed to a joint brand positioning for all markets and segments, on the basis of a reciprocal master licensing agreement, by means of which each party licenses to the other party the use of its corresponding commercial brands in the geographical areas where the other party operates. We operate a number of hotels in Europe under this agreement.

As of December 31, 2022, we operated 350 hotels consisting of a total of 54,820 rooms in 30 countries.

Our strengths

We believe we benefit from the following key strengths:

We are a leading European hotel operator with a large and diversified hotel presence and strongly recognized brand

We are a leading international hotel operator, ranked among the top ten hotel chains by number of hotel rooms in Europe (as of December 31, 2020) and the top 30 globally (as of December 31, 2021), with 350 hotels offering 54,820 rooms across 30 countries as of December 31, 2022. Based on independent market research reports from 2019 to 2022, and measured by number of hotel rooms in operation, we were the third largest hotel chain in the Netherlands, the fourth largest in Italy and Belgium, the fifth largest in Portugal, the seventh largest in Spain and the tenth largest in Germany. Moreover, 95% of our hotels are located in urban markets, including Madrid, Barcelona, Amsterdam, Milan, Berlin, Frankfurt, Rome, Munich, Brussels, and Mexico City. Through our geographically diversified footprint, we are well positioned to take advantage of favorable economic and travel trends in our various local markets, reducing our reliance on particular localities, supported by a greater contribution from domestic demand, which was as follows in certain of our core countries (based on 2022 figures): 67% in Germany; 58% in Spain; 42% in Italy; and 40% in the Netherlands.

In the first part of 2022, the hospitality sector continued to be impacted by the consequences of COVID-19.

The UNWTO Panel of Experts survey indicates that 72% of respondents expect better performance in 2023. However, most experts (65%) also believe international tourism will not return to 2019 levels until 2024 or later.

Based on UNWTO's scenarios for 2023, international tourist arrivals could reach 80% to 95% of pre-pandemic levels this year, with Europe and the Middle East expected to reach those levels. However, important risks remain ahead, especially economic and geopolitical.

The last UNWTO confidence index shows a cautious optimism for January-April that is higher than for the same period in 2022. The optimism is backed up by Asia opening and the strong 2022 figures for expenditure in the traditional and emerging source markets, with good results being seen in France, Germany and Italy, as well as Qatar, India and Saudi Arabia.

Our core brands include NH Collection, NHOW and NH Hotels, and we aim to deliver a consistent customer experience across all our hotels:

- NH COLLECTION HOTELS & RESORTS: Feel the extraordinary

Upper-upscale eclectic elegant hotels and resorts housed in unique iconic properties in key locations across Europe, Latin America, Middle East and soon in Asia and China. NH Collection pays great attention to authentic and stimulating details, creating memorable experiences, where small, unexpected touches make the difference. Singular venues coupled with bespoke expertise guarantees the success of memorable meetings and events.

- nhow HOTELS & RESORTS: Elevate your stay

Bold and distinctive upper-upscale lifestyle hotels, each property is daringly diff-erent, featuring a design concept inspired by the destination vibe in Europe and coming soon in Americas. Thought-provoking, awakening and stimulating senses in spectacular avant-garde surroundings. nhow hotels blend art and technology with a creative flair, showcasing empowering spaces and making dream events a reality.

- NH HOTELS & RESORTS: Always a pleasure

Upscale & midscale hotels and resorts in Europe, Americas, Asia and coming soon to China. They stand out for their quality of service and facilities, both for business and leisure travelers. NH Hotels & Resorts offers trustworthy experiences and memorable events based on three main brand pillars: value for money comfort, the best location to connect with the destination, and service with a human touch, always enhanced by the latest innovations.

Since their public tender offer in 2018, we have benefited from the industry knowledge and support of MINT, which has over 180 hotels and resorts across Asia, Australia, Africa, the Middle East and South America. As a result of the integration of the Group into Minor Hotels (an affiliate of MINT), the parties have agreed to a joint brand positioning for all markets and segments, on the basis of the reciprocal master licensing agreement signed between the parties on April 7, 2019 allowing each party to use the other party's corresponding commercial brands in the geographical areas where each party operates. The brands covered by this master licensing agreement comprise Anantara, Avani, Tivoli and Oaks Brands (in each case with Minor Hotels as licensor) and the brands NH Collection, NH Hotels and NHOW (in each case with the Group as licensor). As a result of this master licensing agreement, we have increased the number of brands we offer in the luxury and upscale segment and currently operate eight hotels in Europe under the luxury Anantara brand, 10 hotels under the upper-upscale Tivoli brand and 1 hotel under the upper-upscale Avani brand:

- ANANTARA HOTELS, RESORTS & SPAS: Life is a journey

Thoughtfully designed luxury hotels infused with local charm, connecting guests to places, people, and stories in the world's most exciting destinations. Anantara combines indigenous character with local expertise and absolute luxury standards to crate bespoke experiences and make events remarkable. The brand instills guests with a sense of excitement, while delighting them with unexpected discoveries.

- TIVOLI HOTELS & RESORTS: Stay in the moment since

Tivoli Hotels & Resorts is a collection of upper-upscale and deluxe properties, a unique brand encompassing idyllic beaches, cosmopolitan locations, and luxurious destinations in Europe, Brazil, Middle East and China. Tivoli's philosophy and long-lasting heritage crafts experiences inspired by timeless hospitality, inviting guests to live in the moment. Events encompass exceptional F&B in superb surroundings, off-ering guests insider destination knowledge, to make every stay, meeting or event uniquely personal.

- AVANI HOTELS & RESORTS: Details that matter

A youthful, contemporary, and exciting upscale brand with solid footprint in Asia and Middle East, arriving soon to Europe and Americas. The brand pairs sleek design with service, putting extra e-ffort into the details that matter for the modern traveler. Avani hotels are perfecting the balance between work and play, design and function, service and privacy, coolness and kindness turning events into one of the kind experiences.

We operate most of our hotels under our core NH Hotels brand, which provides a strong branding identity. Our brands have remained consistently visible and popular based on our average overall TripAdvisor and Google scores.

For more information on our brands, please see "*Business—Brand development*". Of the hotels included in a survey conducted in 2019 by GFK, we were the most recognized hotel brand in Spain, ranking second in the country in the "core target" category in relation to brand prompted awareness, which includes business and city travelers. In the Netherlands and Italy, we ranked fourth and fifth, respectively, in the same "core target" category.

In addition, we seek to achieve a growing presence in our other markets, and we seek to successfully expand our operations into international markets. The European hotel market remains highly fragmented, with a significant portion of hotels being independently operated, compared to an increasing shift away from independently operated hotels to branded hotels worldwide. We believe that we are positioned to benefit from increasing levels of brand penetration, as a result of increasing customer preferences for international and widely recognized hotel brands. We believe customers prefer international hotel brands, especially compared to independent hotels at similar prices, and we believe we are well-positioned to benefit from the opportunities to capitalize on the fragmented European hotel markets. Furthermore, our widely recognized and well-marketed brand enables us to attract customers to our newly opened hotels. We believe that we have established a reputation as a leading international hotel operator and that this enables us to optimize our market share compared to local operators.

We achieved consistent growth in our Occupancy and ADR prior to the COVID-19 pandemic, which we believe was directly due to our upgrading of our hotel portfolio by prioritizing the refurbishment of our hotels, resulting in increased profitability. Profitability has also been impacted by the shift from leased to managed hotels. Additionally, we have improved the quality of leased portfolios through targeted renegotiations, early termination and not renewing certain lease agreements. For example, in the period from 2018 to 2020, there were 17 lease agreements that were not renewed. Our portfolio optimization is focused on an asset-light structure with 14% of our properties managed, 21% owned and 65% leased, as at December 31, 2022. This includes 54,820 hotel rooms, which has remained consistent over the past few years. Operating a similar number of hotel rooms, but higher quality assets, has helped us to build a more profitable business.

The hospitality sector faced unprecedented challenges since 2020 due to the severe impact of the COVID-19 pandemic. Despite various lockdowns and travel restrictions around the world, the operating and financial transformation we achieved in previous years, together with the contingency measures implemented, have enabled us to address the challenges of this extraordinary complex years and safeguard our business continuity.

We believe we are well positioned for an industry recovery. In 2019, the proportion of revenues coming from the business to customer channel was 60% with the remaining 40% coming from the business to business channel. We believe that this historical business mix will facilitate our prospects for a recovery in our operating performance, as demand from leisure travelers is rebounding quicker than demand from business travelers. Although we expect our leisure travelers to return more quickly than business travelers, we implemented initiatives to entice business travelers, including extended stays, providing discounts of up to 35% for stays longer than seven days, large work spaces for business travelers to work in or use for group meetings, and virtual meeting capabilities. Also a new business program called NH + has been launched towards small and medium enterprises within the corporate segment.

The recovery has being driven initially by domestic and intra-European demand. In 2022, intra-European demand represented between 70-75% of our revenues with domestic demand at 67% in Germany; 58% in Spain; 42% in Italy; and 40% in the Netherlands during the same period. This demonstrates that our recovery is not fully reliant on international tourism normalizing to their pre-pandemic levels.

Additionally, our hotels are in desirable and attractive locations and well-visited cities that are among the most popular tourist destinations such as Amsterdam, Barcelona, Madrid and Milan. Our hotels are located in city centers close to tourist attractions.

Our ability to benefit from an anticipated recovery in the industry is helped by our strong brand identity. In a survey conducted in 2019 by GFK, we were one of the most recognized hotel brands in Spain, ranking second in the country in the "core target" category in relation to brand prompted awareness, which includes business and city travelers. In the Netherlands and Italy, we ranked fourth and fifth, respectively, in the same category. We also monitor customer satisfaction through our "Quality Focus On Line" tool, which analyzes results for both individual hotels and for our Group in the aggregate.

Robust cash flow generation following the completion of the investment program and significant action taken on costs and cash flow to mitigate the effects of the pandemic

Our robust cash flow generation demonstrates that we are fully oriented toward improving efficiency to improve our profitability. Following the completion of significant capital expenditure investments made from 2014 to 2016, our historical operating cash flow generation has since offset our capital expenditure. Our Total net cash flow from operating activities increased from €32.1 million in 2014 to €505.3 million in 2019, due in large part to the impact of IFRS 16. It decreased to negative €94.1 million in 2020, turning positive in 2021 to €248.7 million and increasing in 2022 to 560.9 due to business reactivation in 2022. Over the same period, our capital expenditure increased from €109.9 million in 2014 to €190.8 million in 2019, before decreasing to €105.5 million in 2020 and to €36.8 million in 2021 and increasing to €49.4 million in 2022. We concluded a phase of heavy capital expenditure investment in 2016. In 2018, we initiated a second phase of repositioning capital expenditure investments. The successful completion of our investment program, together with renegotiations of our lease agreements to shift towards variable leases, has enabled us to have a lighter asset structure, requiring less capital expenditure.

In response to the COVID-19 pandemic, we implemented significant cost control measures and developed a contingency plan to reduce our costs. This achieved our aim of minimizing costs whilst hotels were closed, preserving our liquidity to meet operational needs and ensuring that hotel activity could be resumed efficiently and under maximum guarantees in terms of health and safety.

Proactive strengthening of our capital structure and liquidity position

Throughout the COVID-19 pandemic, we have taken several pro-active steps to mitigate its impact on our financial position and to strengthen our capital structure. During 2020 and 2021, we have maintained and reinforced liquidity through taking advantage of our available financing. This includes drawing the Senior Secured RCF in March 2020 and amending it in October 2020 and June 2021 with a committed limit amount of €242 million, pursuant to which the existing lenders extended availability from September 2021 to March 2026 and waived the financial covenants stipulated in the Senior Secured RCF agreement up to and including December 31, 2022, with the next covenant testing at the original ratio levels not due until June 2023. As of December 31. 2022, the Senior Secured RCF is fully undrawn. See "*Description of certain financing arrangements–Senior Secured RCF Agreement*." We also drew €39 million under unsecured short-term bilateral credit facilities during 2020.

On April 29, 2020, we entered into a €225 million Term Facility Agreement, guaranteed up to 70% by the ,Instituto de Crédito Oficial (the "*ICO*"). In addition, on May 18, 2020 we also entered into a €25 million Sabadell Bilateral Facility Agreement also guaranteed by the ICO. To further mitigate the impact of the COVID-19 pandemic, in 2021, we obtained a waiver of financial covenant testing until December 2022 (inclusive), as well as an extension of the maturity of these COVID Related ICO Facilities from 2023 to 2026. See "*Description of certain financing arrangements– COVID Related ICO Facilities.*"

In May 2021 a €100 million capital investment was agreed by Minor International (94% shareholding) through an unsecured subordinated loan that was drawn down in May and capitalized in September 2021 through a capital increase process directed towards all shareholders. This agreement provided immediate liquidity and demonstrated the support of the main shareholder in the recovery. The capital increase was approved at the Shareholders' meeting held on 30 June. At the same time as the capital increase, the Board started up the cash capital increase under the same economic conditions and with preferential subscription rights for the other shareholders to prevent diffusive effects in the shareholdings.

On June 28, 2021 the Company issued €400 million of Senior Secured Notes due on July 2, 2026, applied mainly to redeem in full the 2023 Notes amounting to €357million.

The debt optimization and liquidity reinforcement achieved in 2021 have provided stability and sustainability for the Group during the recovery phase.

As of December 31, 2022, our total net indebtedness (excluding operating lease liabilities) amounted to €307.6 million, comprising €609.4 million of indebtedness, less cash and cash equivalents of €301.8 million. Our total liquidity as of December 31, 2022, is €569 million, including €242 million undrawn amount from the Senior Secured RCF and €25 million of available bilateral credit lines. See "*Capitalization."* We have no significant debt maturities until 2026.

We also intend to continue our ongoing asset rotation strategy through sale and leasebacks, as we have done recently in 2021 with the sale & leaseback transaction on the NH Collection Barcelona Gran Hotel Calderón for €125 million. Cash proceeds have been applied towards enhancing liquidity and reducing debt. In the past, we successfully reduced our net leverage from approximately 2.6x in 2017 to 0.6x in 2018 and 2019. In 2022, we sold three hotels (NH Brussels Louise, NH Naarden and NH Wiesbaden) for a total amount of €53.2 million leaving the leverage ratio at 1.2x.

Large, diversified and well-invested hotel portfolio in key urban locations

As of December 31, 2022, of the 350 hotels we operated, we owned 69, leased 224 and managed 57 hotels owned or leased by third parties pursuant to management agreements. Most of our hotels are strategically located in key urban markets (see "*—We are a leading European hotel operator with a large and diversified hotel presence and a strongly recognized brand*"). Our portfolio of 69 owned and operated hotels consists of 11,280 hotel rooms as of December 31, 2022, which represent approximately 21% of the rooms we operate. Our owned hotels are located in the Netherlands (22% of book value),

Italy (23% of book value), Spain (16% of book value), the United States (11% of book value), Belgium (7% of book value), Germany (6% of book value), Argentina (9% of book value) and other countries (6% of book value). The book value of our 69 owned hotels was €1.2 billion as of December 31, 2022, 1.2 billion as of December 31, 2021, although we believe that the actual market value of such assets is higher, due to the fact that prices at which we have been able to sell our assets in recent years have been typically higher than their respective book values.

Up to 2022, our investment program which started in 2014, involved €410 million of repositioning capital expenditure, €140 million of investment from the owners of our leased hotels, €90 million in basic capital expenditure and €60 million of IT capital expenditure. Our ADR increased from €79 in 2014 to €122 in 2022. We also improved RevPAR from €53.4 for the year ended December 31, 2014 to €74.4 for the year ended December 31, 2022. We believe this positive result was attributable to the investment program, including the refurbishment of existing hotels and the opening of new hotels. Our refurbished hotels have generally shown improved Occupancy, RevPAR and ADR. We believe our refurbishment and repositioning program has also significantly contributed to improved TripAdvisor and Google review rankings, showing increases in the levels of quality perceived by customers.

Experienced management team that have a track record of operational improvement and have adapted well during the pandemic, and demonstrable support from MINT

Our experienced and proven management team has an average of approximately 18 years' experience in the hotel industry. We believe this has been instrumental to our growth and has successfully transformed our business into an international hotel chain, with strong footholds in European markets as well as exposure to markets in Latin America.

In January 2017, we appointed Ramón Aragonés Marín as our Chief Executive Officer ("*CEO*"), who we believe has in-depth knowledge of the Group and the industry in which we operate, strategic vision as well as strong leadership and team management capabilities. Mr. Aragonés Marín has approximately 43 years of experience in the hotel industry and has worked at the Group for the last 12 years.

Our management team continues to be fully committed to the implementation of our business plan and will continue to seek opportunities to increase profitability going forward.

The hospitality sector has faced unprecedented challenges in 2020 due to the severe impact of the COVID-19 pandemic. Our operating (EBITDA growth) and financial (deleveraging) transformation achieved in previous years together with the comprehensive contingency measures implemented have allowed us to address the challenges of this extraordinary complex years and safeguard business sustainability. In addition, our management team took decisive actions during the pandemic, including cost control measures, through a reduction in our staff and operating expenses through temporary downsizes in our workforce, reductions in hours and wages and successful negotiations with our landlords for temporary rent reductions. The management team also withdrew our 2019 dividend proposal and reduced our capital expenditure investments.

As a result of our effective cost control measures, we were able to offset approximately 50% of the Revenue decline at EBITDA level in 2020 and with the additional cost control measures through 2021 together with direct state aid subsidies, we were able to report a 68% flow through ratio from incremental Revenues to EBITDA in 2021.

The management team also took a number of measures to reinforce liquidity as the capital increase and asset rotation implemented in 2021. For more information, see "*—Robust cash flow generation following the completion of the investment program and significant action taken on costs and cash flow to mitigate the effects of the pandemic*". In addition, members of the board of directors of the Company suspended their remuneration for 2021.

We also benefit from the industry knowledge and support of our controlling shareholder, MINT, which operates over 180 hotels and resorts across Asia, Australia, Africa, the Middle East and South America. For more information, see

"*Shareholders*." MINT demonstrated its financial support by granting a Shareholder Loan of €100 million to the Company in May 2021 that was converted into equity in September 2021. This capital injection reinforced our liquidity and further strengthened our capital structure helping us to address the recovery with a stable financial position.

Our strategy

Position the hotel portfolio as best as possible to take advantage of the recovery in the tourism and travel industry

We will continue to position our business as a leading international hotel operator to take advantage of the recovery in the tourism and travel industry and capture expected short term business-to-customer and leisure demand. The vast majority of our revenues are from Europe. We are planning to take advantage of our strong positioning in each of the European countries in which we operate and focus on the business-to-customer segment that represents approximately 60% of business. To capture the business recovery, demand segmentation will allow to optimize and maximize ADR, leveraging on customer experience enhancement through personalization and digital tools.

We are well positioned to take advantage of favorable economic and travel trends in our various local markets, supported by a high contribution of revenue from domestic demand, which was 67% in Germany, 58% in Spain, 42% in Italy and 40% in the Netherlands based on 2019 total revenue figures. Overall, intra-European demand represented between 70-75% of our revenues in 2022.

As a result of our flexible operating structure, we are competitively positioned to continue taking advantage of increasing tourism and travel demand in Europe. We are focused on enhancing and recovering our brand standards of quality and experience, demonstrated by our notable customer service and amenities, by implementing initiatives to adapt to the new trends of the business traveler. Although leisure travelers are returning more quickly than business travelers, we have implemented initiatives to entice business travelers, including extended stays, providing discounts of up to 35% for stays longer than seven days, we offer "Smart Spaces" for large work spaces for business travelers to work in or use for group meetings, and virtual meeting capabilities, offering hybrid meetings to enhance the value of events for our business travelers, combining in-person and virtual attendees and reaching a greater audience from different destinations. Also a new business program called NH + has been launched towards small and medium enterprises within the corporate segment. Through initiatives like these, we believe we are able to enhance our brand reputation and maintain our status as a top hotel choice by travelers.

Continue optimizing the portfolio in the mid-term

As of December 31, 2022, we have completed approximately €410 million of investments (€385 million as of December 31, 2021) as part of our repositioning initiative launched in 2014. As of December 31, 2022, a total of 135 hotels were refurbished, representing approximately 39% of our hotel portfolio. These hotels were selected as we believed they were the most likely to yield higher Occupancy and ADR and to enhance the value of our owned and long term leased assets. Our refurbishment program involved modernizing rooms and common areas by refreshing paint and floor coverings and replacing furnishings and finishings. In certain hotels, we undertook the refurbishment of the entire building, including all mechanical, electrical and plumbing systems. The hotels we have refurbished have generally experienced increased RevPAR as it can be extracted from the Group RevPAR growth from €53 in 2014 to €74 in 2022 and the value of our hotels has typically increased as a result of refurbishment. Although we have undertaken a capital-intensive refurbishment program, we have staggered the costs over several years, and we therefore have the flexibility to substantially control or reduce such costs by restructuring our refurbishment program as required.

In an effort to optimize our lease portfolio, we intend to implement selective refurbishments of certain hotels, identifying attractive repositioning and investment opportunities to implement once the pandemic subsides, and to renegotiate contracts (increase variable terms), extensions and terminations. We also intend to increase the number of managed hotels we operate by utilizing our strong recognition as a hotel operator and our strong market positioning ahead of potential

movements in the sector. In Europe, we believe we have an opportunity to increase our luxury segment positioning through the Anantara Brand with an additional Anantara marketing campaign expected in the year, as well as in the Resort segment where we have a strong presence in Portugal with the Tivoli Portfolio, and we could lever on our high brand awareness and efficient operator recognition, in particular in the Mediterranean countries such as Spain and Italy (see "*—Our strengths—We are a leading European hotel operator with a large and diversified hotel presence and a strongly recognized brand*").

Focus on digitalization, our loyalty program and pricing and sales channels to drive improvements in profitability

A key focus of the Group is to continue to be at the forefront of innovation, with an emphasis on digitalization, which we believe will further improve our profitability. In recent years, our digital transformation has improved the efficiency of our processes and systems, with a key achievement being the centralization of all of our properties and functions onto a single integrated system. This fully-integrated digital platform (the "*NH Digital Core Platform*") is a pioneering technological solution in the sector that has become the basis for us to expand our customer knowledge, maximize efficiency and innovate on a large scale in all our value areas.

In 2019, we launched "Fastpass", a combination of three innovative services (Check-in Online, Choose Your Room and Check-out Online), which gives customers full control over their stay. This initiative also allows for quality and experience enhancement by improving contactless and seamless transactions through the optimization of online check in/out processes. In addition, in 2019, we also launched "City Connection", under the slogan "Stay in one hotel, enjoy them all", whereby we offer our customers the convenience and added benefit to access and enjoy selective amenities at any of our hotels in their destination city.

With regards our Loyalty Program NH Rewards, in 2021 NH Hotel Group announced that it was joining Global Hotel Alliance (GHA), the operator of the award-winning multi-brand Discovery hotel loyalty program. Since June 2022, the new NH DISCOVERY loyalty program is part of GLOBAL HOTEL ALLIANCE (GHA) and its GHA DISCOVERY loyalty program, one of the ten biggest hotel loyalty programs worldwide, which brings together 40 luxury hotel brands, with 800 hotels distributed over 100 countries in the world and more than 23 million members. With the support of GHA DISCOVERY, access is provided to a new customer base and cross brand revenue opportunities, while at the same time we offer new travel experiences to program members. The integration in GHA will also help the Company's positioning in the upper-upscale and luxury segment.

We plan to continue to optimize our pricing and revenue management strategy through additional technology investments to push for automation. This additional step in automation seeks faster time to market and excellence in the process.

Focus on talent management

The Company considers its employees to be its main asset and understands that, to build a leading corporate culture, it is essential to manage attracting and developing talent, and sustain their motivation and pride in belonging to the NH Hotel Group.

The key projects were consolidated this year, completing implementation of the People pillar Strategic Plan and laying the foundations to launch the strategic initiatives which are grouped into 4 main pillars:

- In-house commitment.
- Talent management.
- Recruitment strategy.
- Employer brand.

It is noteworthy that, in 2022, the Company resumed highly important processes within the People strategy, such as the climate survey, talent calibrations, recognition, training and in-house development programmes, amongst others. These

are all adapted to the Company's new reality. With all this, NH Hotel Group has continued to look after its teams and has given them tools to manage the uncertainty of past years, focussing on identifying, developing and retaining talent.

During 2022, we employed an average of 10,995 employees. Our corporate culture is based on the cornerstones of diversity, equality and inclusion. Employees comprise 141 different nationalities and, as of December 31, 2022, 51% of all staff were women. As a demonstration of our continuing commitment to gender equality, the Group, for the fourth year running, was included on the Bloomberg GEI 2022 index, making us the only Spanish hotelier in the companies listed in the index. We pride ourselves on running a company that values our employees and creates a culture where employees wish to continue working for a long time. The average age of employees in 2022 was 40.6 years old and their average time with the Group is 9.3 years.

Best in class positioning on sustainability

NH Hotel Group runs its hotel business with the ambition of leading responsible behaviour, generating a positive social and environmental impact where it is present, conveying its human rights, ethical and corporate commitments in its way of working along its entire value chain: shareholders, customers, partners, suppliers and employees.

A noteworthy milestone was setting up the Sustainability Executive Committee in May 2022, whose main function is to support the Board of Directors in its work providing monitoring of NH Hotel Group's sustainability strategy. The committee is co-chaired by the Chief Assets & Development Officer and the Chief People and Sustainable Business Officer and all functions with a direct impact on implementing the strategy are represented.

Convinced it is moving in the right direction to achieve the next sustainability challenges, the Company is aligned with the Sustainable Development Goals (SDGs) to which it can contribute and undertakes to continue creating long-term and global value within the framework of the 2030 Agenda.

Information relating to performance of the Sustainable Business Strategy is published in the 2022 Non-Financial Information Statement, which is presented as a separate report and forms a part of this Consolidated Management Report.

The Company is aware of the effects of its activity on the environment and works to prevent and anticipate possible environmental contingencies, as well as to integrate sustainability into all its processes. It is constantly working on reducing their impact.

The Company's environmental strategy is channelled through UP FOR Planet, where a route map is defined to comply with the commitments acquired for fighting climate change and advancing towards decarbonisation.

SUSTAINABLE PRODUCTS AND ASSETS

At NH Hotel Group, the fight against climate change is a fundamental strategic value and this is why the NH Hotel Group continues working on its commitment to reduce its carbon emissions by 20% throughout its value chain by 2030, a target which is validated by the SBTi initiative. Setting this target marks NH Hotel Group's route map towards significant reduction of its activity's carbon footprint in the next few years, with the commitment to achieving status as a decarbonised company in 2050.

NH Hotel Group hotels operates with the ISO 14001 environmental management system and the ISO 50001 energy efficiency system, certified for accommodation, catering, meetings and events services. In 2022 NH Hotel Group had individual certification for 50% of the hotels in the portfolio. In addition, 336 of the Company's hotels have gained the Booking environmental award, 308 have the HRS Greenstay and 50 have the GHS Green Collection. It is worth pointing out that the whole portfolio has gained Bioscore classification, which is an independent assessment of a hotel for its level of sustainability via a classification based on ESG (environmental, social and corporate governance criteria), aligning the more relevant parameters of the internationally recognised eco-labelling principles to offer a global, standardised view of the efforts made by the hotels with regard to sustainability.

The reduction in emissions during the year was 20% of the emissions ratio per occupancy compared to 2021.

OPERATIONAL PROCESSES AND STANDARDS

A strategic pillar focussing on efficient management and responsible consumption of resources, prioritising the "4R" rule. Reduce, Reuse, Recycle and Replace while offsetting waste emissions and encouraging the evolution towards the circular economy and development of more sustainable products, but also the involvement of employees, suppliers, partners and customers as key players to achieve them.

It is worth highlighting that during the year the ratio of energy consumption per occupancy and the ratio of water use per occupancy decreased by 35% and 25%, respectively, when compared to the previous year.

SUSTAINABLE PURCHASING

With this pillar, NH Hotel Group strengthens is sustainable value chain, prioritising key alliances, increasing consumption from local producers and responsible organisations. NH Hotel Group's relationship with its suppliers is based on communication and transparency to promote the development of innovative, sustainable solutions.

During 2022 a total of 88 suppliers worldwide adhered to NH Hotel Group's and Coperama's Code of Conduct. Therefore, in 2022, the number of active suppliers who have signed up to the code reached a total of 1,760.

These lines of action and commitments allow the NH Hotel Group to position itself as a sustainable and environmentally friendly Company, thereby increasing the value of its brands.

As the result of our commitment to sustainability, we are presence in different sustainability indexes and rankings:

For the third time, NH Hotel Group has been included in the "Sustainability Yearbook 2022" published by S&P Global. For the fourth time, the Company voluntarily took part in the Corporate Sustainability Assessment (CAS) carried out by the sustainable investment agency S&P Global as was recognised as TOP10%.

A demonstration of its commitment to gender equality, NH Hotel Group, for the fourth year running, was included on the Bloomberg GEI 2022 index, being the only Spanish hotelier in the 484 companies listed in the index. This reference index measures gender equality using five pillars: leadership and talent development, equality and parity of remuneration, inclusive culture, policies against sexual harassment and the brand image.

The NH Hotel Group has also reported its commitment to and strategy against climate change to CDP Climate Change since 2010 and received a B in its annual ranking. With this rating, the NH Hotel Group once again recognises its vision of placing sustainability as a strategic value of the corporation, which has acted as a lever of transversal value for the Group for over a decade.

Since 2013, the NH Hotel Group has been listed on the FTSE4GOOD index and renews its presence year after year thanks to the responsible management of the business and the improvements implemented.

Principal business activities

Hotel operations

We are a leading international hotel operator and we are ranked among the ten largest hotel chains in Europe by number of rooms, according to the latest available Hospitality On report. Based on an independent market research firm, and

measured by number of hotel rooms in operation, as of December 2019 and 2022, we were the third largest hotel chain in the Netherlands, the fourth largest in Italy, the seventh largest in Spain and the tenth largest in Germany. As of December 31, 2022, we operated 350 hotels consisting of 54,820 rooms in 30 countries. All our hotels are full-service properties that range in amenities. Although we primarily operate in the mid-tier market, our hotel facilities vary from upper-upscale hotels to mid-tier hotels.

We operate our hotels under three types of arrangements: hotels that we own, hotels that we lease and hotels owned or leased by third parties that we manage pursuant to management agreements (including our franchise hotels). The following table sets forth the total number of hotels and hotel rooms that we operated under each type of arrangement as of the dates indicated.

	As of December 31,					
	2020		2021		2022	
Unaudited	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Owned	73	11,920	72	11,712	69	11,280
Leased	232	35,701	229	35,970	224	35,594
Management agreements	56	7,750	52	7,381	57	7,946
Total	**361**	**55,371**	**353**	**55,063**	**350**	**54,820**

We strive to actively manage our management and lease agreements by trying to re-negotiate conditions which we believe are not favorable to us. This includes terminating leases of hotels with poor performance. As part of this exercise, (i) we terminated five leases in 2014, five leases in 2015, four leases in 2016, five leases in 2017, one lease in 2018, one in 2019, two leases in 2020 and one lease in 2021; (ii) we re-negotiated more than 100 lease agreements from 2014-2019; and (iii) we reduced our hotels with negative EBITDA from 66 in 2014 to 11 in 2019, excluding the allocation of centralized and corporate costs to the business units. Our weighted coverage ratio for our leased hotels (calculated in connection with each leased hotel by subtracting direct operational expenses from net turnover in a given period and dividing the amount so obtained by the fixed rent paid in such period) was 1.3x in 2013 and 1.9x in 2018 and 2019. Likewise, our total rent coverage ratio for the same period was 1.3x in 2013 and 1.8x in 2018 and 2019. In 2020 and 2021, due to the impact of the COVID-19 pandemic, we agreed a number of temporary rent concessions for our leased hotels. There were two types of temporary agreements: (i) pure rent concessions without changing the terms of the contract and (ii) rent concessions in exchange of non-substantial changes in the contract terms (maturity extension or higher variable rent). We are focused on achieving an optimized asset structure.

As of December 31, 2022, (i) our owned hotels represented 21% of our total rooms; (ii) our leased hotels represented 65% of our total rooms; and (iii) our managed hotels represented 14% of our total rooms.

Owned hotels

As of December 31, 2022, we owned 69 hotels in Spain, Italy, Germany, the Netherlands, Belgium, the United States and Latin America consisting of 11,280 rooms, representing 21% of the total number of rooms we operated. Unlike hotels we manage for third-party hotel proprietors, we are responsible for mortgage payments and taxes for our owned hotels, and we directly employ the staff who operate our owned hotels. In addition to personnel expenses and other operating expenses, as the owner of these hotels, we are responsible for maintenance capital expenditures and for refurbishing our owned hotels to maintain consistent quality standards. In the year ended December 31, 2019, we spent approximately 4% of owned and leased hotel revenues on maintenance capital improvements. Moreover, the value of our owned hotels and our ability to realize gains from selling our owned hotels is affected by prevailing economic conditions in the relevant markets.

Leased hotels

Our leased hotels account for the largest proportion of our operations by number of hotel rooms and net turnover. As of December 31, 2022, we had 224 leased hotels consisting of 35,594 rooms, representing 65% of the total number of rooms we operate.

Under our lease agreements, we lease hotel buildings from hotel proprietors or other partners, and we are entitled to the benefits and carry the risks associated with operating the hotel. We do not bear the risks of property ownership and are not required to make a significant initial capital investment in the hotel, and we are not subject to volatility in the real estate market to the same extent as if we owned the property. We derive revenue primarily from room sales and food and beverage sales from restaurants, bars, conference facilities and in-room dining. Our main costs arising under a lease agreement are the fixed or variable rent paid to the lessor, personnel expenses and other operating expenses. Subject to applicable law and in accordance with market practice, under some lease agreements, we also reimburse the owner of the hotel property for property taxes and property insurance.

Typically, our lease agreements include a minimum rent payment obligation that is independent of the revenue generated by the hotel. The fixed rent is typically adjusted annually to take into account changes in a specified consumer price index. Some of our lease agreements also include a variable rent clause under which we are obligated to pay the higher of the minimum rent or a variable rate of rent based upon a percentage of the total revenue generated by a hotel or based upon a percentage of gross operating profit. The terms and conditions of our lease agreements conform to the requirements of applicable local law and incorporate local market practice.

Under a few of our lease agreements, we are required to invest an agreed percentage of the relevant hotel revenue or a predetermined fixed sum in the maintenance of the hotel with respect to furniture, fixtures, operational equipment and hotel building, excluding the façade and external structure. We typically spend approximately 4 to 5% of our annual hotel revenue on the maintenance of owned and leased hotels. In certain circumstances when we expect it will lead to improved results from a hotel, we invest in total refurbishment of the hotel. In addition, under most of our lease agreements, the Group company that is party to the lease may transfer its benefits and obligations under the lease to any of our other subsidiaries.

In summary, our obligations and responsibilities as a lessee under lease agreements typically include:

- maintaining and in certain circumstances replacing the furniture, fixtures and equipment;
- generally maintaining the hotel building, other than the façade and external structure, and its fixtures;
- under certain of our lease agreements, particularly in Germany and the Netherlands, assuming responsibility for full structural repairs and insurance costs of the building;
- maintaining an insurance policy typically covering contents, benefit loss and civil liability;
- hiring, training and supervising the managers and employees who operate the hotels, and assuming full responsibility regarding all obligations to employees;
- obtaining and maintaining all permits and licenses necessary to operate the hotels;
- paying either fixed or variable rent; and
- under certain contracts, paying the property tax of the building.

However, there are important differences in local legal requirements among the different jurisdictions in which our leased hotels are located. These legal requirements affect a number of matters, including our responsibilities regarding maintenance, insurance and tax, the maximum lease duration and labor matters.

As of December 31, 2022, the average remaining term of our existing lease agreements was approximately 10 years, not taking into account any extension rights we may choose to exercise.

Under certain of our lease agreements, the lessor may have the right to terminate the lease due to a persistent and severe breach of our obligations. Under most of our lease agreements, we do not have the right to renegotiate rent or other material terms of the contract, or to terminate the lease early, except in the case of a persistent breach of the lessor's obligations, under certain circumstances specified in the agreement, destruction of the property or impossibility of continuing the hotel business. However, we have been able to negotiate reduced rents for a portion of the lease term or in some cases for the entire lease term by, in some cases, extending the term of the lease or increasing the variable rent. In other cases, we have agreed rent reductions with lessors based on a legal opinion that there have been severe and unforeseen changes in economic and market conditions (rebus sic stantibus) that warrant a change to the agreement. Alternatively, we may pay the lessor a reduced rent based upon our analysis of market conditions and valuations without the lessor's consent. We have also been able to mutually terminate some lease agreements and enter into franchise agreements instead. We have been subject to disputes or litigation with the lessor from time to time in connection with lessors' claims for the shortfall in rent payments, and we may continue to be subject to similar disputes or litigation in the future. Moreover, as part of our efforts to manage and optimize our asset portfolio, we have achieved significant rent savings by renegotiating and cancelling unprofitable leases in all BUs, primarily in Spain and Italy.

Managed hotels

As of December 31, 2022, we managed 57 hotels owned or leased by third parties, pursuant to management agreements, consisting of 7,946 rooms, representing 14% of the total number of hotel rooms we operate.

Under our management agreements, we provide management services for third-party hotel proprietors. We derive revenue primarily from base fees as a percentage of total hotel revenue and incentive fees as a percentage of the gross operating profit or adjusted gross operating profit of the hotels included in our management agreements. In addition, we may collect marketing fees for global marketing efforts based upon total hotel room revenue, and, under some management agreements, we receive a technical assistance fee for providing advice to the hotel owner regarding hotel construction.

Under our management agreements, the hotel proprietor is responsible for all investments in and costs of the hotel, including personnel expenses, funding maintenance and repair and insuring the hotel property. Moreover, these agreements generally require that the hotel owners, or owners of the leasehold interest in a hotel, as the case may be, invest a specified percentage of annual revenues to refurbish and maintain the hotels in accordance with operating standards we establish. We advise the hotel proprietors regarding all necessary activities for operating the hotels, including procuring food, beverages and other inventories, marketing the hotels, establishing room rates, processing reservations and staffing the hotels, although we do not directly employ the staff at any hotel owned or leased by a third party. As an established hotel operator under the management model, our influence over hotel operations enables us to deliver a consistent standard of quality across our branded hotels, regardless of the operating arrangements.

Our responsibilities and scope of authority under our management agreements typically also include:

- administering the hotels, including preparing budgets, advising on accounting, purchasing, marketing and other commercial matters;
- advising hotel owners regarding personnel hiring and remuneration, and supervising and training the hotel staff;
- installing and training the hotel staff to use our computer systems and applications for hotel management;

- advising and supervising the use of our logos and name in accordance with our policies; and
- advising the hotel owners on designs for facilities, decoration and furnishing of the hotels.

Unlike our lease agreements, our management agreements do not vary significantly among jurisdictions. In certain countries, such as Germany and the Netherlands, management contracts are less common due to commercial reasons. In these countries, we pursue and undertake lease agreements instead of management agreements.

Under a few of our management agreements, we guarantee the hotel owner a minimum result measured by gross operating profit. Under most of these agreements, in the event that the actual result of a hotel is less than the guaranteed amount during a specified period, typically two or three consecutive years, we have the option to compensate the hotel owner for the shortfall or, if we elect not to pay the hotel owner, the hotel owner may terminate the agreement, in which case we have no further obligations to the hotel owner.

As of December 31, 2022, the average remaining term of our existing management agreements with third parties was approximately 5 years.

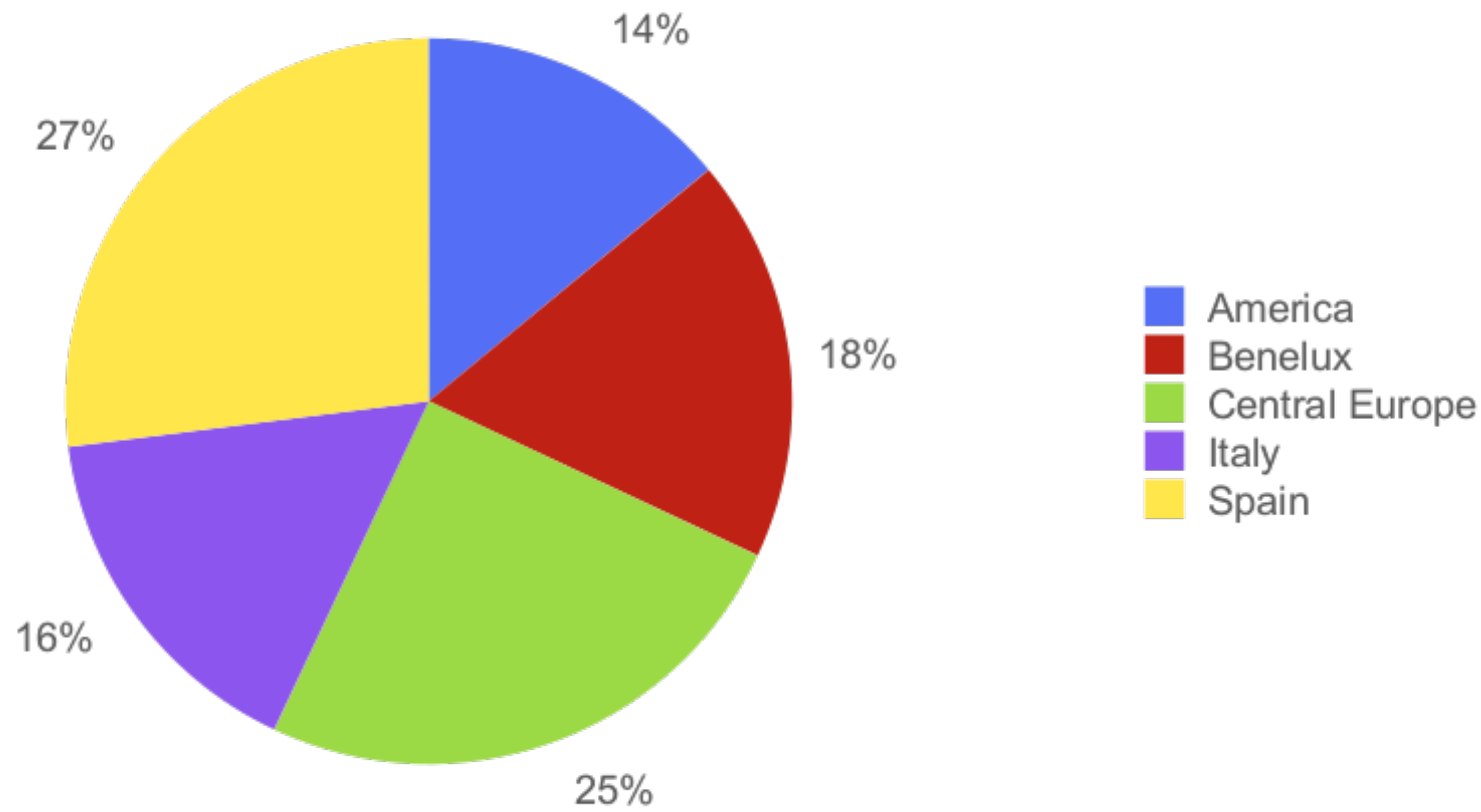
Under our management agreements, we do not have the right to terminate the contract prior to its expiration, except in the case of a persistent breach of the hotel proprietor's obligations or other circumstances specified in the agreement.

Operational structure

We currently operate our hotel business according to the following geographical BUs. As of December 31, 2022, we operated 116 hotels consisting of 15,374 rooms in Spain, Portugal, Andorra, France, Tunisia and the United States, which comprise our Spain BU for purposes of our operating structure; 47 hotels consisting of 9,707 rooms in Belgium, Luxembourg, the Netherlands, the United Kingdom and Ireland which comprise our Benelux BU for purposes of our operating structure; 72 hotels consisting of 13,461 rooms in Germany, Austria, Switzerland, the Czech Republic, Hungary, Poland, Romania, Slovakia and Denmark, which comprise our Central Europe BU for purposes of our operating structure; 57 hotels consisting of 8,624 rooms in Italy which comprise our Italy BU for purposes of our operating structure; and 58 hotels consisting of 7,654 rooms in Mexico, Argentina, Colombia, Chile, Ecuador, Uruguay, Haiti, Cuba and Brazil which comprise our Americas BU for purposes of our operating structure. Although we do not currently have plans to change our business units, we may do so in the future**.**

The following diagram sets forth the contribution, expressed as a percentage, of each of our BUs to the total number of hotel rooms as of December 31, 2022.

Number of Rooms by BU



Our board of directors approves our business plan and budget, and our executive or delegate committee is responsible for executing a Group strategy to implement the business plan and the budget. We have a decentralized management structure, under which each BU has a manager that is responsible for preparing business plans to execute the Group's strategy within each of their respective BUs. Certain key responsibilities are divided between our BU managers and operations managers. Each business plan for each BU is then implemented locally by regional managers, who are accountable for customer, owner and employee satisfaction at individual hotels in addition to supervising and supporting hotel general managers. Under our decentralized management structure, individual hotel general managers are responsible for the profitability of their respective hotels and the proper implementation of our strategy as it relates to their respective hotels, while also achieving our global service standards.

Our Group headquarters in Madrid, Spain provides centralized services such as financing, sales and marketing, purchasing, technical support and building and engineering services, as well as tools such as information systems, procedures and metrics. However, as part of cost savings initiatives over the past few years, we have outsourced our janitorial services where more efficient to do so, and have outsourced accounts payable and accounts receivable management and general accounting ledger functions to our shared services center with Accenture. Finally, our Group headquarters manages the deployment of our global guidelines, business plan and budget.

Management

The following is a summary of certain information concerning our management, and certain provisions of our by-laws and of Spanish law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and Spanish law. See "*Listing and general information*" for information on how to obtain a copy of our by-laws.

The Issuer is managed by a board of directors which, within the limits prescribed by Spanish law, has the power to delegate its general authority to an executive committee or one or more executive directors under applicable law.

Board of directors of the Issuer

As of the date of this report, the number of members of the board of directors, as approved by the most recently held general shareholders' meeting, is ten members. Members of the board of directors are appointed by the shareholders of the Issuer at general shareholders' meetings for a term of three years. The board of directors may fill any vacancies that may arise using the cooptation procedure ("*cooptación*") under Spanish law on an interim basis until the next general shareholders' meeting.

The following table sets forth, as of the date of this report, the name, age, title and type of the members of the board of directors of the Issuer as per 31st December 2022 and is followed by a summary of biographical information of each director.

The composition is the result of the following changes in the board of directors occurred at the General Shareholders´ meeting hold on 30th July, 2022, that approved (1) the reelection of (i) Mr. Kosin Chantikul as proprietary Director and (ii) Mr. Alfredo Fernández Agrás as independent Director, and (2) the appointment of Ms. Laia Lahoz Malpartida as Executive Director, for the term of three years:

Name	Age	Title
Alfredo Fernández Agras..	54	Chairman
Ramón Aragonés Marín	68	Executive Director and CEO
José Maria Cantero de Montes-Jovellar................................	54	Independent director
Kosin Chantikul..	41	Proprietary Director representing MINT
Stephen Andrew Chojnacki...	50	Proprietary Director representing MINT
William Ellwood Heinecke...	73	Proprietary Director representing MINT
Fernando Lacadena Azpeitia...	67	Independent director
Laia Lahoz Malpartida	44	Executive Director
Rufino Pérez Fernández	48	Executive Director
Emmanuel Jude Dillipraj Rajakarier	57	Proprietary Director representing MINT

The following is biographical information for each of the members of the board of directors of the Issuer:

Alfredo Fernández Agras. Mr. Fernández Agras is a Founding Partner and Chairman at Everwood Capital. Additionally, he is a member of the board of directors of several companies. Over the last 20 years, Mr. Fernández Agras has worked in investment banking, serving as Managing Director and co-head of 360 Corporate and Managing Director of UBS Investment Bank in Spain. Previously, Mr. Fernández Agras worked at Merrill Lynch and Morgan Stanley in London. Mr. Fernández Agras also previously worked as a commercial and tax lawyer at Arthur Andersen. Mr. Fernández Agras has degrees in economics and business studies and in law from the Universidad Pontificia Comillas (ICADE).

Ramón Aragonés Marín. Mr. Aragonés studied hotel management and tourism at hotel management schools in Madrid and Palma de Mallorca and at the University of Leuven (Belgium). He has managed several hotels located in Galicia, Madrid, Brussels and Venezuela. From 2000 to 2010, Mr. Aragonés was the General Manager of Hoteles Hesperia, S.A. From September 2011 to January 2017, Mr. Aragonés acted as our Chief Operations Officer and, in January 2017, he was

appointed Chief Executive Officer and Managing Director of the Issuer. Mr. Aragonés has approximately 43 years of experience in the hotel industry and has worked at the Group for the last 12 years.

José Maria Cantero de Montes-Jovellar. Since 2019, Mr. Cantero has been Chairman at Growth Partners Capital, a venture capital fund. From September 2015 to end of 2018, he was a founding partner and Managing Partner of Results Mazimizier, a consulting firm for marketing, sales and communication projects, and Enubes, a digital marketing company. Mr. Cantero previously served at the Mutua Madrileña group in various capacities, including as Director of Mutuaactivos Inversions and Director of Segur Caixa Adeslas. He has also worked at the Amenda/Orange group in Spain and at Procter & Gamble. Mr. Cantero graduated from Pontificia Comillas University (ICADE E-3) with a degree in law and economics and business management and graduated from the Companies Senior Management Program of the Instituto de Estudios Superiores de la Empresa (IESE).

Kosin Chantikul. Mr. Chantikul holds a degree in Economics from Wesleyan University and has completed a Director Certification Program (DCP). In 2014, Mr. Chantikul became a member of the Thai Institute of Directors (IOD). Mr. Chantikul started his career at Lehman Brothers, where he was an Associate at Lehman Brothers Principal Transactions Group until 2008 and then at Nomura Asia Asset Finance until 2010. In 2012, he was appointed Investment Director at Boutique Asset Management and, between 2013 and 2015, he held the position of Acquisitions Director at MINT. Since 2015, he has been Vice President of Investments and Acquisitions at MINT. He has led investments, strategic alliances and merger and acquisition activities in the hospitality sector on behalf of MINT, including in Australia, Botswana, Brazil, Cambodia, Indonesia, Lesotho, Malaysia, Maldives, Mozambique, Portugal, Seychelles, Spain, South Africa, Thailand, the United Kingdom, Vietnam and Zambia.

Stephen Andrew Chojnacki. Mr. Chojnacki obtained a Bachelor of Foreign Affairs and Economics at the University of Virginia and a Juris Doctor from the University of Virginia School of Law. Mr. Chojnacki developed his professional career at the law firm Linklaters at the New York, Hong Kong and Bangkok offices. Currently, he is the Chief Commercial Officer and General Counsel of MINT, Director of MHG Continental Holding (Singapore) Pte. Ltd., as well as Director of several other companies of the Minor group. During his years leading commercial activities and legal advice at the Minor group, he has carried out mergers and acquisitions with other leading companies in the hospitality sector, with a presence in Africa, Brazil, China, Indonesia, Portugal and Vietnam.

William Ellwood Heinecke. Mr. Heinecke received an Honorary Doctoral of Business Administration in Management by the Yonok University, Lampang, and was certified with the Director Certification Program (DCP) by the Thai Institute of Directors Association (IOD). Mr. Heinecke is the founder of MINT, and today holds the positions of Group Chief Executive Officer and Chairman of the Board of Directors of MINT. Over the five decades since the establishment of Minor Group, Mr. Heinecke has led the company to expand its business portfolio, and MINT is now listed on the Stock Exchange of Thailand, with revenue of €1.8 billion in 2019 (excluding the Group) and market capitalization of €4.3 billion as of May 20, 2021.

Fernando Lacadena Azpeitia. Mr. Lacadena Azpeitia has over 40 years of experience in finance.In recent years until mid-2021 he has been the CFO of Merlin Properties SOCIMI, S.A and previously, he was Chief Executive Officer of Testa Inmuebles en Renta SOCIMI S.A., a leading real property company in the tertiary sector, and led the listing transaction that concluded with the entry of Merlin Properties into its share capital, a deal valued at approximately €2.0 billion. Mr. Lacadena Azpeitia is also the president of ASIPA, the Spanish association of rental property companies. He previously served as Chief Financial Officer for Grupo Sacyr Vallehermoso and has held positions in ACS-Dragados Group and Arthur Andersen. Mr. Lacadena Azpeitia holds a degree in economics and business management as well as a degree in law from ICADE (Major E-3) in Madrid.

Laia Lahoz Malpartida. Ms. Lahoz, who holds a law degree from the Pompeu Fabra University and a Master's Degree in International Cooperation from the University of Barcelona, has a vast professional experience in Mergers & Acquisitions, Asset Management and Legal Affairs. She started her career at the renowned law firm Garrigues and transitioned to the hospitality industry in 2004 when she joined Hesperia Hotels as Head of the Legal Affairs Department. A

few years later, she became Managing Director of the Hesperia Investor Group and, in 2013, after the integration of the Hesperia hotel chain into NH Hotel Group, she was appointed Senior VP of Portfolio Management, becoming responsible for the Company's global asset management strategy. In June 2017, Ms. Lahoz was appointed NH Hotel Group's new Chief Assets and Development Officer, becoming a part of the Company's Executive Committee and reporting directly to the CEO. In this role, she continues to lead the Group's asset strategy and also takes on the responsibility of our global expansion and development.

Rufino Pérez Fernández. Mr. Pérez Fernández studied economics and business management at the Universidad de Vigo and has an Executive MBA in Tourism Enterprise Management from the Instituto de Empresa. He has developed most of his professional career in the hotel industry, holding positions such as Head of Internal Audit, Organization and Systems Director and Chief Operations Officer of different hotel groups. Currently, he holds the position of Chief Operations Officer and Global Transformation Leader.

Emmanuel Jude Dillipraj Rajakarier. Mr. Rajakarier obtained a degree in Computer Systems Analysis and Design in Sri Lanka in 1984 and a Master in Business Administration in Finance in the United Kingdom. Mr. Rajakarier has developed his professional career from 2007 to date at MINT as Chief Operating Officer and Director and Chief Executive Officer at Minor Hotel Group Limited. From 2001 to 2007, he acted as Deputy Chief Financial Officer and Internal Audit Manager at Orient-Express Hotels, Trains & Cruises (Belmond). Since January 2020, he has been Group CEO of MINT.

Corporate governance

The current composition of the board of directors comprises, external directors (*consejeros externos*), external proprietary directors (*consejeros externos dominicales*) and external independent directors (*consejeros externos independientes*). Executive directors are those who have executive authorities granted by the board of directors. External proprietary directors are those who owned a significant shareholding interest in our capital stock or whose appointment has been proposed by significant shareholders and those who have been appointed in their capacity as shareholder, irrespective of their interest in the Issuer. External independent directors are professionals who can contribute their experience and knowledge to corporate governance and who fulfill the remaining conditions required by the regulations, including not being connected to the executive team or to significant shareholders.

Our board of directors believes that its actions, composition, organization, remuneration and responsibilities comply with existing corporate governance recommendations in accordance with the specific indications set forth in our annual corporate governance report as well as in our annual report, in compliance with applicable legislation and recommendations set forth on behalf of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

Senior management

The following table sets forth, as of the date of this report, the name, age and title of each of the senior managers of the Issuer, and is followed by a summary of biographical information of each member that is not a director.

Name	Age	Title
Ramón Aragonés Marín..	68	Chief Executive Officer
Marta Pérez-Leiros Fernandez..	47	Chief People Officer
Laia Lahoz Malpartida..	44	Chief Assets & Development Officer
Isidoro Martínez de la Escalera Álvarez...	58	Chief Marketing Officer
Rufino Pérez Fernández..	48	Chief Operations officer & Global Transformation Leader
Luis Martinez Jurado..	46	Chief Financial Officer
Carlos Ulecia Palacios..	55	Chief Legal & Compliance Officer and General Counsel
Fernando Vives Soler..	44	Chief Commercial Officer
Alonso Escrivá de Romaní Arsuaga	42	Chief Strategy Officer

Ramón Aragonés Marín. Mr. Aragonés studied hotel management and tourism at the hotel management schools of Madrid and Palma de Mallorca and at the University of Leuven (Belgium). He has managed several hotels located in Galicia, Madrid, Brussels and Venezuela. From 2000 to 2010, Mr. Aragonés was the General Manager of Hoteles Hesperia, S.A. Since September 2011 to January 25, 2017, Mr. Aragonés has been acting as Chief Operations Officer and as of January 25, 2017 was appointed Chief Executive Officer and Managing Director of the Issuer.

Rufino Pérez Fernández. Mr. Pérez Fernández studied economics and business management at the Universidad de Vigo and has an Executive MBA in Tourism Enterprise Management from the Instituto de Empresa. He has developed most of his professional career in the hotel industry, holding positions such as Head of Internal Audit, Organization and Systems Director and Chief Operations Officer of different hotel groups. Currently, he holds the position of Chief Operations Officer and Global Transformation Leader.

Marta Pérez-Leiros Fernández. Marta Pérez-Leirós, graduated in Law and Business Administration from the Universidad Pontificia de Comillas (ICADE) and Executive & Life coach from CTI Global Iberia, has held positions of responsibility in the Human Resources area of companies such as Credit Suisse or Applus+. Throughout the 14 years that Marta has been working for NH Hotel Group, she has built a solid Human Resources career in the fields of Talent, Leadership, Development, Training, Engagement, Employer Branding and Internal Communication. She has been more than actively involved in the definition and deployment of the People Strategy and has experienced working closer to business by performing in the Business Unit Spain. During her career, she has received multiple awards for the projects she has developed at NH, including 4 awards from the renowned Cegos con Equipos y Talento awards.

Laia Lahoz Malpartida. Ms. Lahoz, who holds a law degree from the Pompeu Fabra University and a Master's Degree in International Cooperation from the University of Barcelona, has a vast professional experience in Mergers & Acquisitions, Asset Management and Legal Affairs. She started her career at the renowned law firm Garrigues and transitioned to the hospitality industry in 2004 when she joined Hesperia Hotels as Head of the Legal Affairs Department. A few years later, she became Managing Director of the Hesperia Investor Group and, in 2013, after the integration of the Hesperia hotel chain into NH Hotel Group, she was appointed Senior VP of Portfolio Management, becoming responsible for the Company's global asset management strategy. In June 2017, Ms. Lahoz was appointed NH Hotel Group's new Chief Assets and Development Officer, becoming a part of the Company's Executive Committee and reporting directly to the CEO. In this role, she continues to lead the Group's asset strategy and also takes on the responsibility of our global expansion and development.

Isidoro Martínez de la Escalera Álvarez. Mr. Martínez de la Escalera Álvarez has been a director of Biosearch, S.A. since 2012. He has held positions in Marketing and General Management in a wide range of multinational companies in the consumer, communications and internet industries, including Procter & Gamble, 20th Century Fox H.E, Pepsi, Antena 3 TV and Grupo Osborne. He founded the communications agency QMS and the digital marketing company MultiPlatform Content. Mr. Martínez de la Escalera Álvarez has held academic posts in institutions such as the Instituto Superior para el

Desarrollo de Internet (ISDI) and the Universidad de Nebrija. He is a graduate in Engineering from the Universidad Politécnica de Madrid and has a degree in Management Development from IESE.

Luis Martínez Jurado. Mr. Martínez Jurado boasts an extensive career in finance, having held a number of executive positions in the corporate finance departments of multinationals such as Degremont (Suez), Telvent-Schneider Electric and Prosegur. An economics graduate from the University of Seville, Luis also holds an MBA from IE Business School. He has an extensive track record in financing and capital markets transactions at listed companies and has played a key role in our financing strategy and liquidity management transformation.

Carlos Ulecia Palacios. Mr. Ulecia Palacios has a degree in law and a degree in business management from the University of Zaragoza, and he pursued a Masters in Company and Tax Law from IE Business School (Madrid). Mr. Ulecia has worked as a senior associate at Landwell, which performs legal services for PricewaterhouseCoopers. In 2000, he was appointed as Director of the Legal Department at Indra Sistemas. Mr. Ulecia joined Prisa in 2007 as Vice Secretary of the board of directors. Mr. Ulecia is a professor at the CEU San Pablo University and at the IE Business School, Madrid. He is currently the Chief Legal and Compliance Officer and General Counsel of the Issuer.

Fernando Vives Soler. Mr. Vives Soler has a bachelor's degree and a master's degree in hotel management from Universidad Politécnica de Madrid, as well as diplomas in revenue management from Cornell University and CENP. Mr. Vives was co-founder of Xotels, Ltd, a revenue management and distribution firm. Mr. Vives spent eight years at Melia Hotels International, where he served as Global Director of Revenue Management and Senior Commercial Director, EMEA and Premium Brands. Mr. Vives has also previously held several positions at Le Meridien, the Ritz Carlton and Hesperia Hotels. Mr. Vives is also an associate professor at IE Business School where he teaches distribution and pricing as part of the MBA program.

Alonso Escrivá de Romaní Arsuaga. Mr Escrivá de Romaní Arsuaga is graduated in Business Administration at Carlos III University in Madrid. After a period working in the consulting sector with Accenture, Alonso joined the Company in 2006. Throughout these years, he has developed his career in different financial and strategic positions within NH Hotel Group, in areas such as HR Analysis and Organization, Investment Analysis, M&E and Financial Planning, Investor Relations, Strategic Planning and Controlling. He is currently the Chief Strategy Officer of the Issuer, being responsible for the Group´s 5 year Plan definition and execution control.

Committees

The board of directors of the Issuer may form committees from among its members and charge the committees with the performance of specific tasks. The committees' tasks, authorizations and processes are determined by the board of directors. Where permissible by law, the committees may also inform certain decisions of the board of directors. As of the date of this report, the committees of the board of directors were as described below.

Audit and control committee

The audit and control committee supports the oversight and control functions of the board of directors. The audit and control committee supervises the Issuer's internal control, internal auditing and risk management systems; preparing and reporting financial information; and compliance with the Issuer's internal codes of conduct. The audit and control committee also ensures the independence of the internal and external auditors and informs the board of directors regarding related-party transactions.

Appointments, remuneration and corporate governance committee

The appointments, remuneration and corporate governance committee reports on proposals to appoint and dismiss directors and senior managers of the Issuer and its subsidiaries; ensures that the selection procedures for vacancies on the

board of directors are fair and unbiased; approves contracts for senior managers; determines the remuneration scheme of the chairman and the chief executive director; and performs an annual review of the remuneration policy with respect to directors and senior managers. The appointments, remuneration and corporate governance committee also oversees succession for the chairman and the chief executive and may present succession proposals to the board of directors. Lastly, this committee reviews and evaluates the corporate governance and corporate social responsibility of the Issuer, and ensures that standards for listed companies are met.

Compensation

The aggregate cash compensation (including fixed salary, variable remuneration and allowances) received by the Group's senior management and by the board of directors of the Issuer in 2022 amounted to €3.11 million and €3.31 million, respectively.

The second cycle (2019-2021) of the third, and final, long-term incentive plan was settled in the first half of 2022 with the delivery of 150,351 net shares at a fair value per unit of 3.62 euros. The settlement of this Plan was made net of taxes. The maximum amount approved by the General Shareholders' Meeting for the three cycles of the second Plan is 16,200 thousand euros. At the date this report is published there are no Long-Term share-based Incentives that have not been finalized and settled.

During the first quarter of 2022 two new Long-Term Incentive Plans were launched. A long-term Incentive Plan was approved for a total duration of five years, divided into three – independent of each other – three-year cycles. And a long-term Incentive Plan with a single cycle lasting two years.

Both plans consist of the promise to deliver a cash amount to the beneficiaries calculated as a percentage of the fixed salary in accordance with their level of responsibility. The final amount to be delivered is conditional on the level of Recurring EBITDA achievement in each year of the plan.

Furthermore, for yearly calculation of the achievement of the target EBITDA in both Long-Term schemes, it is an indispensable condition that the Recurring Net Profit for the year is zero or more. Otherwise, the level of achievement of the target EBITDA for the year will be 0.

The beneficiaries must remain in the Group at the end of each cycle, notwithstanding the exceptions deemed appropriate, as well as achieving the minimum thresholds for each of the objectives.

The effect of these Plans on the consolidated statement of profit and loss for 2022 was 2,552 thousand euros.

In order for beneficiaries to be entitled to receive shares under the Plan, they must remain employed by us on each of the Plan's payment dates.

Shareholders

The following table sets forth certain information with respect to the ownership of the ordinary shares (435,745,670 fully subscribed), with a par value of €2.00 per share. All shares are entitled to identical voting and economic rights and are traded on the Continuous Market of the Madrid Stock Exchange. According to the latest notifications received by the Company and the notices given to the National Securities Market Commission before the end of every financial year, the most significant shareholdings at 31st December 2022 were as follows:

Name of owner of record[1]	Percentage of shares
Minor International Public Company Limited ("MINT")[2]	94.13%
Others	5.87%
Total	100.00 %

(1) Shareholder information is derived from the information disclosed by the Spanish National Securities Market Commission as of December 31, 2018.

(2) MINT is the indirect shareholder through MHG Continental Holding (Singapore) Pte Ltd.

The aforementioned (indirect) shareholding of MINT in NH Hotel Group, S.A. is the result of the IPO made by MHG Continental Holding (Singapore) Pte Ltd. on 11 June 2018 for 100% of the shares that were part of the share capital of NH Hotel Group, S.A., the result of which was that MINT acquired, through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte. Ltd, shares representing 94.13% of the share capital of NH Hotel Group, S.A.

Description of certain financing arrangements

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.

Senior Secured RCF Agreement

The following is a summary of the provisions of the Senior Secured RCF Agreement dated September 22, 2016, entered into among, *inter alios*, the Issuer and NH Finance S.A., as borrowers (jointly, the "Borrowers"), various subsidiaries of the Issuer, as guarantors, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., CaixaBank, S.A. (acquiring company of Bankia S.A.), Deutsche Bank Aktiengesellschaft, BNP Paribas, Sucursal en España, Bankinter, S.A. and Banco de Sabadell, S.A., as lenders (the "Lenders"), and Banco Bilbao Vizcaya Argentaria, S.A., as agent (the "Agent"), which was amended and extended on October 16, 2020. On June 8, 2021, the parties to the Senior Secured RCF Agreement entered into an amendment and extension agreement (the "Second Amendment Agreement").

Second Amendment Agreement

The effectiveness of the Second Amendment Agreement was subject to, inter alia, (i) the execution of the Indenture in the terms described in the Offering Memorandum, (ii) the reception by the Issuer of gross proceeds from the Offering in an amount equal to or greater than €370 million, (iii) the redemption in full of the 2023 Notes, (iv) accession of the guarantors to the Second Amendment Agreement, (v) ratification of confirmation of the security granted in respect of the Senior Secured RCF Agreement and (iv) absence of an Event of Default (as defined in the Senior Secured RCF Agreement) which was continuing as of the Amendment Effective Date. The date on which the Conditions Precedent were satisfied was June 28, 2021.

Facilities

The Senior Secured RCF Agreement provides for a committed senior secured revolving credit facility of up to €250 million (the "Senior Secured RCF"). Currently the total commitments amount to €242 million.

Availability and purpose

The Senior Secured RCF is available since September 29, 2016 (the 'Effective Date') until March 31, 2026.

Each Borrower shall apply all amounts borrowed by it under the Senior Secured RCF towards general corporate and working capital purposes of the Group, without any limitation on the uses.

As of December 31, 2022, the Senior Secured RCF amounting to €242 million is fully undrawn and available.

Interest rates and fees

Interest on each loan under the Senior Secured RCF accrues during interest periods with a duration of 1, 3 or 6 months, at the Borrowers' choice at a rate equal to EURIBOR plus the applicable margin (set forth in the table below). The margin applicable is adjusted based upon the ratio of Net Financial Indebtedness to consolidated EBITDA (as these terms are defined in the Senior Secured RCF Agreement) in respect of any relevant testing period, as demonstrated in a compliance

certificate required to be delivered within 120 days since the end of each fiscal year, and 75 days after the end of each half of each of its financial years,as set forth in the following table:

Net Financial Indebtedness to consolidated EBITDA	**Margin % per annum**
Greater than 4.0:1	3.02
Greater than or equal to 3.5:1 but less than or equal to 4.0:1	2.87
Less than 3.5:1	2.62

Upon the occurrence of an event of default and while such event of default is continuing, the margin shall automatically be the highest rate.

The applicable margin can be increased or reduced by 5 basis points based on the ESG performance score of the Issuer.

The Borrowers shall pay a commitment fee computed at the rate of 30% per annum of the applicable margin at the relevant period on that Lender's available commitment during the availability period.

The Borrowers shall pay to the Lenders an arrangement fee to be distributed among the Lenders in proportion to their respective commitments.

The Borrowers shall pay an utilization fee per annum computed at the rate set in the table below opposite to each level of utilization of the Senior Secured RCF (expressed as a percentage over the average amount of the Senior Secured RCF drawn as at each anniversary date of the Senior Secured RCF Agreement):

Amount of the Senior Secured RCF drawn (per cent)	**Fee (bps)**
Less than 33%	0
Equal to or greater than 33% but less than 66%	25
Equal to or greater than 66%	40

Guarantees and security

The Senior Secured RCF is guaranteed on a senior basis by the Guarantors on the same terms as the Notes. The Senior Secured RCF benefits from the same security as the Notes.

Undertakings

The Senior Secured RCF Agreement contains certain customary negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of each obligor (and in certain cases, members of the Group) to, among other things:

- create or permit to subsist any security over any of its assets, provide any guarantee, nor to
- incur in any additional indebtedness, in substantially similar terms as the Indenture;

- beginning in October 2022 and until December 2022 (or any earlier date on which the Company has waived the covenant holiday), maintain less than €100,000,000 liquidity for the Group (in the aggregate and consisting of cash, cash equivalents and amounts available under credit facilities);

- during the period commencing on October 16, 2020 and until the period in which the waiver of financial convenants is agreed (the "Covenant Holiday" up to and including December 31, 2022) or if earlier subject to the Company having waived the "Covenant Holiday", the Company shall not pay dividends or other forms of distributions of any kind. Following December 31, 2022, such distributions will continue to be limited; *provided, however,* that any such distributions may be made if an event of default has not occurred and is not continuing and limited to the maximum amounts (expressed as a percentage over the consolidated net profit) set below opposite to each level of the ratio Net Financial Indebtedness to consolidated EBITDA (as these terms are defined in the Senior Secured RCF Agreement), calculated pro-forma as of the distribution payment date:

Net Financial Indebtedness to consolidated EBITDA	**Maximum amount of distribution (as a percentage of the net consolidated profit of the Issuer)**
Less than or equal to 4.0:1	75
Less than or equal to 3.5:1	100
Less than or equal to 3.0:1	Unlimited

- carry out any investments, in substantially similar terms as provided for under the Indenture;

- not to effect or allow to effect sales, transfers, contributions, assignments, or any other type of disposal, in respect of the assets of the Group, in substantially similar terms as provided for under the Indenture;

- carry out corporate reorganizations and mergers, in substantially similar terms as provided for under the Indenture;

- change its businesses or corporate purposes; and

- carry out any transactions that are not in arms-length terms.

Likewise, the Senior Secured RCF Agreement contains certain customary positive undertakings pursuant to which, subject to certain customary and other agreed exceptions, each obligor and, in certain cases, members of the Group, undertake to, among other things:

- comply in all material respects with laws of different nature to which they may be subject;

- contract and maintain in full force and effect with reputable independent insurance companies, insurances on and in relation to the Group's business and material assets;

- appoint and maintain a reputable firm as auditors of the Group; and

- comply with certain information and reporting obligations.

Financial covenants

The Senior Secured RCF Agreement contains financial covenants that require the Group to ensure that it complies with the following ratios, tested semi-annually at the end of June and December:

Ratio[(1)]	**Level**
Consolidated EBITDA to Consolidated Interest Expense	Greater than or equal to 2.0:1
Net Financial Indebtedness to consolidated EBITDA	Less than or equal to 5.50:1

(1) The calculation of the ratios presented in this table will be made in accordance with the defined terms in the Senior Secured RCF Agreement

The Issuer and the lenders under the Senior Secured RCF agreed a waiver of the financial covenants set forth in the Senior Secured RCF Agreement up to and including December 31, 2022 (the "Covenant Holiday"), with the result that the ratios required to be met will be returned to their original levels starting on June 30, 2023.

Additionally, the obligors must comply with the Loan to Value maximum levels (to be calculated in accordance with the defined terms in the Senior Secured RCF Agreement and tested quarterly at the end of March, June, September and December), set forth in the following table, opposite to each level of the ratio Net Financial Indebtedness to consolidated EBITDA:

Net Financial Indebtedness to consolidated EBITDA	**Maximum Loan to Value**
Greater than 4.00:1	70%
Less than or equal to 4.00:1	85%
Less than or equal to 3.50:1	100%

Maturity

Any amounts drawn under the Senior Secured RCF outstanding must be repaid on March 31, 2026.

Voluntary cancellation and prepayment

Subject to certain conditions, the Issuer may voluntarily cancel any available commitments, or voluntarily prepay any outstanding loans, under the Senior Secured RCF by giving seven business days' prior notice.

Mandatory cancellation and prepayment

If it becomes unlawful for any Lender (or for any of its affiliates) to perform any of its obligations under the Senior Secured RCF Agreement or to fund or maintain its participation in any loan thereunder, upon serving notice to the Issuer, the available commitment of that Lender will be immediately cancelled and, to the extent that the Lender's participation has not been transferred in accordance with the Company's right to replace such Lender in the terms and conditions provided for under the Senior Secured RCF Agreement, each Borrower shall repay that Lender's participation in the loans made to that Borrower on the last day of the interest period ongoing at that time for each loan.

Subject to certain exceptions and thresholds, prepayments of loans outstanding under the Senior Secured RCF are required to be made with the proceeds obtained from the disposal of certain categories of assets and the recovery of insurance

claims which are not previously applied in accordance with the permitted uses provided for under the Senior Secured RCF Agreement.

Upon the occurrence of a Change of Control, if a Lender so requires and notifies the Agent within 10 days of the Company notifying the Agent of the occurrence of the Change of Control, the Agent shall, by not less than 90 days' notice to the Company, cancel the commitment of that Lender and declare the participation of that Lender in all outstanding loans, together with accrued interest, and all other amounts accrued, immediately due and payable.

"Change of Control" is defined as any natural or legal person or group of natural or legal persons acting in concert:

(a) acquiring shares in the Issuer so that the shares that it owns following such acquisition represent, at least, 50.01% of the share capital of the Issuer or gaining control of the Issuer;

(b) acquiring shares in the share capital of the Issuer that enable such person or persons to appoint, at least, the majority of the members of the board of directors of the Issuer or

(c) the Company ceasing to be the direct or indirect owner of 100% of the share capital or voting rights of NH Finance, S.A. (unless the obligations of NH Finance, S.A. under the Senior Secured RCF Agreement have been cancelled or assigned to the Issuer).

Representations and warranties

The Senior Secured RCF Agreement contains representations and warranties customary for financings of this nature (with customary and agreed thresholds, qualifications and carveouts) including, *inter alia*, those relating to status, binding obligations, no conflict with other obligations, power and authority, validity and admissibility in evidence, no filing or stamp taxes, no default, insolvency, no misleading information, financial statements, pari passu ranking, absence of indebtedness, guarantees or liens, ownership of shares in the Group and real estate assets which secure the obligations under the Senior Secured RCF Agreement, absence of threatened or pending proceedings, consents, filings and laws applicable to operations, compliance with law, industrial property rights, inexistence of immunity, insurance, sanctions and structure of the Group.

Events of default

The Senior Secured RCF Agreement contains events of default customary for financings of this nature (with customary and agreed thresholds, qualifications, carveouts and cure periods), including, *inter alia*, those relating to payment default, breach of financial covenants, breach of other obligations, misrepresentation, insolvency, cross defaults, enforcements and other creditors; process, qualifications in the audit reports, unlawfulness and enforceability of the finance documents.

The occurrence of any event of default will allow (i) the majority of Lenders (as defined in the Senior Secured RCF Agreement) to cancel all available commitments under the Senior Secured RCF and declare all amounts owed under the Senior Secured RCF Agreement to be due and payable, or (ii) in case of a payment default, any Lender if the majority of Lenders decide not to take action within a certain period of time, to cancel available commitments of such Lender under the Senior Secured RCF and declare all amounts owed to such Lender under the Senior Secured RCF Agreement due and payable.

Governing law

The Senior Secured RCF Agreement is governed by Spanish law.

COVID Related ICO Facilities

The following is a summary of the provisions of (a) the Term Facility Agreement for a maximum amount of €250,000,000 dated April 29, 2020, entered into among the Issuer (the “Borrower”)., as borrower, various subsidiaries of the Issuer, as guarantors, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Instituto de Crédito Oficial, E.P.E., CaixaBank, S.A. (acquiring company of Bankia S.A.), and Bankinter, S.A., as original lenders, and Banco Bilbao Vizcaya Argentaria, S.A., as agent (the “Agent”), and (b) a bilateral facility agreement for a maximum amount of €25,000,000 dated May 18, 2020, entered into among the Issuer (the “Borrower”), as borrower, various subsidiaries of the Issuer, as guarantors, and Banco de Sabadell, S.A., as lender (jointly, with the lenders under the Term Facility Agreement referred to in limb (a), the “Lenders”) (the “Sabadell Bilateral Facility Agreement”), as both agreements were amended pursuant to the framework agreement in respect of certain financing agreements dated May 18, 2020 and subsequently amended on April 29, 2021 and July 29, 2021

Nature and government support

70% of the loans advanced by each lender under the Term Facility Agreement and the Sabadell Bilateral Facility Agreement are guaranteed by the Kingdom of Spain through the Ministry of Economic Affairs and Digital Transformation (*Ministerio de Asuntos Económicos y Transformación Digital*) (the "ICO Guarantees") under the Spain-backed guarantee facility for businesses and self-employed persons to mitigate the economic effects of COVID-19 (the "Spanish Government Covid Support Guarantee Facility") managed by Instituto de Crédito Oficial, Entidad Pública Empresarial ("ICO") created pursuant to Royal Decree Law 8/2020 of March 18, 2020, on extraordinary measures to deal with the economic and social impact of the pandemic caused by COVID-19 ("Royal Decree Law 8/2020 ").

The Spanish Government Covid Support Guarantee Facility was implemented by the Spanish Government to promote bank financing to temporarily support companies suffering from liquidity problems as a result of the discontinuance or reduction of their activity caused by the COVID-19 health crisis.

Availability and purpose

The total commitments available under the Term Facility Agreement (€225,000,000) and the Sabadell Bilateral Facility Agreement (€25,000,000) were utilized in full upon the satisfaction of the customary conditions precedent and each lender obtaining the ICO Guarantee.

The Issuer shall apply all amounts borrowed by it under the COVID Related ICO Facilities towards general corporate and working capital purposes and cashflow requirements of the Group permitted under the regulation applicable to ICO Guarantees including, without limitation:

- payrolls and social or employee insurances or benefit schemes;
- suppliers’ invoices issued during 2020 which have not been settled;
- rent payable in respect of premises, offices and facilities;
- energy, water and other supplies’ costs;
- externalized labour costs;
- taxes payable as from March 17, 2020;

- matured financial obligations which fall due after March 17, 2020 (including, for the avoidance of doubt, any matured ordinary payment of principal and/or interest in respect of any loan made under the Senior Secured RCF Agreement, which ordinary repayment falls due after March 17, 2020).

- any other ordinary operating expenses; and

- in general, financing and liquidity requirements of the Group.

As of December 31, 2022, the outstanding COVID Related ICO Facilities amounted €50 million after the voluntary repayment of €200 million in 2022 (€100 million in August 2022 and €100 million in December 2022). In January 2023, we repaid the remaining €50 million of the COVID Related ICO Facilities. With this voluntary repayment, the Term Facility has been fully repaid.

Interest rates and fees

Interest accrues during interest periods with a duration of 6 months in the case of the Sabadell Bilateral Facility Agreement and 1, 3 or 6 months, at the Borrowers' choice, in the case of the Term Facility Agreement, in both cases at a rate equal to EURIBOR plus the applicable margin (set forth in the table below). The margin applicable is adjusted based upon the ratio of Net Financial Indebtedness to consolidated EBITDA (as defined in the Term Facility Agreement) in respect of any relevant testing period, as demonstrated in a compliance certificate required to be delivered within 120 days since the end of each fiscal year and 75 days after the end of each half of each of its financial years,as set forth in the following table:

Net Financial Indebtedness to consolidated EBITDA	**Margin % per annum**
Greater than or equal to 4.0:1	3.305
Greater than or equal to 3.5:1 but less than 4.0:1	3.155
Less than 3.5:1	2.905

Upon the occurrence of an event of default and while such event of default is continuing, the margin shall automatically be the highest rate.

The Borrower shall pay to Banco Bilbao Vizcaya Argentaria, S.A. and Banco Santander, S.A. a coordination fee to be distributed among the Lenders in proportion to their respective commitments.

The Borrower shall pay to the Lenders an arrangement/ structuring fee to be distributed among the Lenders in proportion to their respective commitments.

Guarantees and security

The COVID Related ICO Facilities are guaranteed on a senior basis by the Guarantors on the same terms as the Notes and the Senior Secured RCF.

The COVID Related ICO Facilities are unsecured.

Without prejudice to the above, 70% of the principal amount due under the COVID Related ICO Facilities will be partially guaranteed by the Kingdom of Spain pursuant to the ICO Guarantees.

Undertakings

The COVID Related ICO Facilities contain certain customary negative undertakings in substantially similar terms as provided for under the Senior Secured RCF Agreement that, subject to certain customary and other agreed exceptions, limit the ability of each obligor (and in certain cases, members of the Group) to, among other things:

- create or permit to subsist any security over any of its assets, provide any guarantee, nor to
- incur in any additional indebtedness, in substantially similar terms as the Senior Secured RCF Agreement;
- pay dividends or make other payments or distributions of any kind on or in respect of any of its shares; *provided, however,* that any such distributions may be made if an event of default has not occurred and is not continuing and limited to the maximum amounts (expressed as a percentage over the consolidated net profit) set below opposite to each level of the ratio Net Financial Indebtedness to consolidated EBITDA (as these terms are defined in the Term Facility Agreement), calculated pro-forma as of the distribution payment date:

Net Financial Indebtedness to consolidated EBITDA	**Maximum amount of distribution (as a percentage of the net consolidated profit of the Issuer)**
Higher than 4.0:1	0
Less than or equal to 4.0:1	75
Less than or equal to 3.5:1	100
Less than or equal to 3.0:1	Unlimited

- Notwithstanding the above, as from the Amendment effective date July 29, 2021, the prohibition to pay or make distributions shall be extended until the termination of the Covenant Holiday (that is, until the earlier of January 1, 2023 or such date upon with the Covenant Holiday is waived by the Company);
- carry out any investments, in substantially similar terms as provided for under the Senior Secured RCF Agreement;
- not to effect or allow to effect sales, transfers, contributions, assignments, or any other type of disposal, in respect of the assets of the Group, in substantially similar terms as provided for under the Senior Secured RCF Agreement;
- carry out corporate reorganizations and mergers, in substantially similar terms as provided for under the Senior Secured RCF Agreement;
- change its businesses or corporate purposes;
- carry out any transactions that are not in arms-length terms; and
- in accordance with the regulation applicable to ICO Guarantees, as long as there is any indebtedness owed by the Borrower to any Lender under the COVID Related ICO Facilities which is covered by an ICO Guarantee, the Company shall not (and shall ensure that no other member of the Group will) exercise any right to perform any total or partial voluntary prepayment in relation to any indebtedness owed by the Borrower or any of its subsidiaries to such Lender. Consequently, the Lenders will reject any request to such end or any voluntary prepayment made by the Borrower or any other member of the Group in breach of this undertaking.

Likewise, the COVID Related ICO Facilities contain certain customary positive undertakings in substantially similar terms as provided for under the Senior Secured RCF Agreement pursuant to which, subject to certain customary and other agreed exceptions, each obligor and, in certain cases, members of the Group, undertake to, among other things:

- comply in all material respects with laws of different nature to which they may be subject;
- contract and maintain in full force and effect with reputable independent insurance companies, insurances on and in relation to the Group's business and material assets;
- appoint and maintain a reputable firm as auditors of the Group; and
- comply with certain information and reporting obligations.

Furthermore, the COVID Related ICO Facilities contain certain undertakings to comply with the regulation applicable to ICO Guarantees and to carry out such actions and provide such information as may be necessary in order for the Lenders to obtain and maintain the ICO Guarantee.

Financial covenants

The COVID Related ICO Facilities contain financial covenants that require the Group to ensure that it complies with the following ratios:

Ratio[(1)]	**Level**
Consolidated EBITDA to Consolidated Interest Expense	Greater than or equal to 2.0:1
Net Financial Indebtedness to consolidated EBITDA	Less than or equal to 5.50:1

(1) The calculation of the ratios presented in this table will be made in accordance with the defined terms in the Term Facility Agreement

The Issuer and the lenders under the COVID Related ICO Facilities agreed a waiver of the financial covenants up to and including December 31, 2022 (the "Covenant Holiday"), with the result that the ratios required to be met will be returned to their original levels starting on June 30, 2023.

Maturity

Any amounts drawn under the COVID Related ICO Facilities outstanding must be repaid on April 29, 2026.

Voluntary cancellation and prepayment

Subject to certain conditions, the Issuer may voluntarily cancel any available commitments, or voluntarily prepay any outstanding loans, under the COVID Related ICO Facilities by giving seven business days' prior notice, provided that the Borrower shall pay to the Lenders the proportional part of the latest annual fee effectively paid in advance to ICO by such Lenders in respect of the ICO Guarantee granted to them corresponding to the period of time starting on (but excluding) the prepayment date and ending (and including) the date on which the 12 months period covered by such fee ends.

Mandatory cancellation and prepayment

If it becomes unlawful for any Lender (or for any of its affiliates) to perform any of its obligations under the COVID Related ICO Facilities or to fund or maintain its participation in any loan thereunder, upon serving notice to the Borrower, the available commitment of that Lender will be immediately cancelled and, to the extent that the Lender's participation has not

been transferred in accordance with the Company's right to replace such Lender in the terms and conditions provided for under the COVID Related ICO Facilities, the Borrower shall repay that Lender's participation in the loans made to that Borrower on the last day of the interest period ongoing at that time for each loan.

Subject to certain exceptions and thresholds, prepayments of loans outstanding under the COVID Related ICO Facilities are required to be made with the proceeds obtained from the disposal of certain categories of assets and the recovery of insurance claims which are not previously applied in accordance with the permitted uses provided for under the COVID Related ICO Facilities.

Upon the occurrence of a Change of Control, if a Lender so requires and notifies the Agent within 10 days of the Company notifying the Agent of the occurrence of the Change of Control, the Agent shall, by not less than 90 days' notice to the Company, cancel the commitment of that Lender and declare the participation of that Lender in all outstanding loans, together with accrued interest, and all other amounts accrued, immediately due and payable.

"Change of Control" is defined as any natural or legal person or group of natural or legal persons (other than MHG Continental Holding (Singapore) Pte. Ltd. or any other affiliate of Minor International Public Company Limited) acting in concert:

(a) acquiring shares in the Issuer so that the shares that it owns following such acquisition represent, at least, 50.01% of the share capital of the Issuer or gaining control of the Issuer; or

(b) acquiring shares in the share capital of the Issuer that enable such person or persons to appoint, at least, the majority of the members of the board of directors of the Issuer.

If:

(i) all or part of the ICO Guarantee granted in respect of a Lender's commitment is or becomes inexistent, illegal, invalid or unenforceable for any reason or cause other than as a direct consequence of: (1) it ceasing to be an eligible Lender for the purposes of being the beneficiary of an ICO Guarantee or having breached its obligations vis-à-vis ICO, (2) a waiver, termination or rescission by such Lender of such ICO Guarantee, or (3) an assignment of rights under this Agreement made by or to such Lender; and

(ii) such Lender so requires and notifies the Agent and the Borrower,

the Company and the relevant Lender (and, if appropriate or convenient, the rest of the Lenders) shall negotiate in good faith for a period of two months from the date of such notification the alternatives to the prepayment of such Lender's participation in the loans including, without limitation, providing liens on assets of the Borrower or any guarantor to secure such Lender's or all of the Lenders' obligations under the COVID Related ICO Facilities or the refinancing of all or part of the loans outstanding. If the referred negotiation period lapses without a solution satisfactory to the relevant Lender (and, to the extent their consent is required, the rest of the Lenders), then the Borrower shall repay that Lender's participation in the loans made to the Borrower under the COVID Related ICO Facilities within three (3) Business Days from the notification delivered by the Lender to the Agent and the Borrower following the lapse of the negotiation period.

Representations and warranties

The COVID Related ICO Facilities contain representations and warranties in substantially similar terms as provided for under the Senior Secured RCF Agreement and which are customary for financings of this nature (with customary and agreed thresholds, qualifications and carveouts) including, *inter alia*, those relating to status, binding obligations, no conflict with other obligations, power and authority, validity and admissibility in evidence, no filing or stamp taxes, no default, insolvency, no misleading information, financial statements, pari passu ranking, absence of indebtedness, guarantees or liens,

absence of threatened or pending proceedings, consents, filings and laws applicable to operations, compliance with law, industrial property rights, inexistence of immunity, insurance, sanctions and structure of the Group.

Furthermore the COVID Related ICO Facilities contain representations and warranties in relation to the requirements for financings to be eligible for an ICO Guarantee and other matters relating to the regulation applicable to ICO Guarantees including, inter alia, the limits provided for under the Temporary Framework for State Aid to support the economy in the context of the COVID-19 outbreak, adopted on March 19, 2020 by the European Commission.

Events of default

The COVID Related ICO Facilities contain events of default in substantially similar terms as provided for under the Senior Secured RCF Agreement which are customary for financings of this nature (with customary and agreed thresholds, qualifications, carveouts and cure periods), including, *inter alia*, those relating to payment default, breach of financial covenants, breach of other obligations, misrepresentation, insolvency, cross defaults, enforcements and other creditors; process, qualifications in the audit reports, unlawfulness and enforceability of the finance documents,

The occurrence of any event of default will allow (i) the majority of Lenders (as defined in the COVID Related ICO Facilities) to cancel all available commitments under the COVID Related ICO Facilities and declare all amounts owed under the COVID Related ICO Facilities to be due and payable, or (ii) in case of a payment default, any Lender if the qualified majority of Lenders decide not to take action within a certain period of time, to cancel available commitments of such Lender under the COVID Related ICO Facilities and declare all amounts owed to such Lender under the COVID Related ICO Facilities due and payable.

Governing law

The COVID Related ICO Facilities are governed by Spanish law.

The Notes

On June 28, 2021 the Company issued €400 million principal amount of its 4.00% Senior Secured Notes due 2026 (the "Notes"). The Issuer will pay interest on the Notes semi-annually in arrears on January 2 and July 2 of each year, commencing on January 2, 2022. The Notes will mature on July 2, 2026.

Optional Redemption

On or after July 2, 2023, at the option of the Company, the Company may redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on July 2 of the years indicated below:

Year	Percentage
2023	102.000%
2024	101.000%
2025 and thereafter	100.000%

Prior to July 2, 2023, the Company may redeem during each twelve-month period commencing with the Issue

Date up to 10% of the original principal amount of the Notes at its option, at a redemption price equal to 103% of the principal amount, plus accrued and unpaid interest, if any, to the applicable redemption date.

In addition, the Company may on or prior to July 2, 2023, at its option on one or more occasions redeem all or a portion of the Notes (which includes Additional Notes, if any) at a redemption price equal to the sum of:

(1) 100% of the principal amount thereof, plus

(2) accrued and unpaid interest, if any, to the redemption date, plus

(3) the Applicable Premium at the redemption date, subject to the right of holders of record on the relevant record

date to receive interest due on any interest payment date occurring on or prior to the redemption date

At any time prior to July 2, 2023, at the option of the Company, the Company may, on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture at a redemption price of 104% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the Net Cash Proceeds of one or more

Equity Offerings after the Issue Date; provided that:

(1) at least 60% of the aggregate principal amount of the Notes issued under the Indenture remain outstanding

immediately after the occurrence of such redemption (excluding Notes held by the Company and its

Subsidiaries); and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

Mandatory Redemption

The Company will not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Guarantees and security

The Notes are guaranteed on a senior basis by the Guarantors on the same terms as the Senior Secured RCF. The Notes benefits from the same security as the Senior Secured RCF.

We have agreed to observe certain covenants with respect to the Notes including limitations on restricted payments, incurrence of indebtedness and issuance of preferred stock and disqualified stock, liens, dividend distributions and other payments, mergers and consolidations, transactions with affiliates, sales of assets and equity interest in restricted subsidiaries and guarantees. In case of a change of control (including, among others, if all or substantially all of the properties or assets of the Issuer and certain of its subsidiaries taken as a whole are sold, transferred or otherwise disposed of, or if any person acquires the majority of voting power of the Issuer), holders of the Notes have the right to require the Issuer to repurchase all or any part of their Notes at a purchase price equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest to the date of purchase.

The Notes contain customary events of default, including, among others, the non-payment of principal or interest on the Notes, certain failures to perform or observe any other obligation under the Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Issuer or certain significant subsidiaries of the Issuer. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Notes.

The offerings of the Notes were not registered under the Securities Act or any U.S. state securities laws. The Notes are listed on the Euro MTF of the Luxembourg Stock Exchange.

Intercreditor Agreement

The following is a summary of the provisions of the Intercreditor Agreement dated as of November 8, 2013, among, inter alios, the Issuer, NH Finance, S.A. and certain other parties who entered into the Intercreditor Agreement to establish the relative rights of certain of the Group's creditors, including any Additional Senior Financings. The Intercreditor Agreement was amended on September 29, 2016 and June 28, 2021. For the purposes of the Intercreditor Agreement, "Additional Senior Financings" means debt, including the Notes and the Senior Secured RCF, incurred by any member of the Group that benefits from a security interest in the Collateral (the "Transaction Security") and that is not prohibited to be incurred under the Indenture, the Senior Secured RCF Agreement or any other Senior Financing Documents (as defined thereunder).

The Intercreditor Agreement sets forth:

- the ranking of the indebtedness under the Notes, the Senior Secured RCF and any other Additional Senior Financing (together the "Senior Secured Debt" and the creditors to whom the Senior Secured Debt is owed being the "Senior Secured Creditors");
- the ranking of the security created pursuant to the Transaction Security;
- the procedure for enforcement of the Transaction Security and any guarantee granted in favor of the Senior Secured Creditors and the allocation of proceeds resulting from such enforcement;
- the types of disposals permitted under distressed and non-distressed scenarios and the Security Agent's authority to release the Transaction Security and guarantees granted in favor of the Senior Secured Creditors in case of a distressed and non-distressed disposal;
- the terms pursuant to which intra-Group debt will be subordinated; and
- turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and, as such, we urge you to read that document, because it, and not the discussion that follows, defines certain rights (and restrictions on entitlement) of the holders of the Notes and other Senior Secured Creditors.

Priority of debts

The Intercreditor Agreement provides that all liabilities owed under the Notes, the Senior Secured RCF, and any other Additional Senior Financing (including in each case, any liabilities owed pursuant to any guarantees given in respect of such debt) will rank *pari passu* and without any preference between them and in priority to any intra-Group debt.

Ranking of security

The Intercreditor Agreement provides that the Transaction Security will rank and secure the Senior Secured Debt *pari passu* and without any preference between them, with the exception of the security interests over the NH Italia Shares, the Zandvoort Shares and the Mortgage Properties, which shall secure the Senior Secured RCF on a first-ranking basis and the Notes on a second-ranking basis.

Enforcement and application of proceeds

The Intercreditor Agreement sets forth procedures for enforcement of the Transaction Security. Subject to the Transaction Security having become enforceable, Senior Secured Creditors whose Senior Credit Participations aggregate more than $66^{2}/3\%$ of the total Senior Credit Participations (the "Instructing Group") are entitled to direct the Security Agent to enforce or refrain from enforcing the Transaction Security, as they see fit. The Security Agent will refrain from enforcing the Transaction Security unless otherwise instructed by the Instructing Group. For these purposes, "Senior Credit Participations" means at any time in relation to a Senior Secured Creditor, the aggregate amount owed to such Senior Secured Creditor.

All amounts paid to or recovered by the Security Agent under the Senior Secured Debt documents or in connection with the enforcement of any Transaction Security shall be held by the Security Agent and applied in the following order:

- first, on a *pro rata* and *pari passu* basis in discharging any sums (including fees, remuneration, costs, charges, liabilities and expenses (and including any taxes and VAT required to be paid)) owing to (i) the Security Agent or any receiver, delegate, attorney or agent appointed under the Transaction Security Documents or the Intercreditor Agreement; (ii) the Trustee and (iii) any creditor representative in its capacity as such in respect of any Additional Senior Financing;

- second, on a *pro rata* and *pari passu* basis to (i) the Trustee on its own behalf and on behalf of the holders of the Notes; and (ii) any creditor representative in respect of an Additional Senior Financing on its own behalf and on behalf of the creditors under such Additional Senior Financing, for application towards the discharge of amounts owed under the Senior Secured RCF, the Notes (in accordance with the Indenture) and any Additional Senior Financing, on a *pro rata* basis;

- third, if none of the debtors is under any further actual or contingent liability under any of the Senior Secured Debt documents, in payment to any person the Security Agent is obliged to pay in priority to any debtor; and

- fourth, in payment or distribution to the relevant debtors.

Distressed and non-distressed disposals

The Security Agent is authorized (without the requirement to obtain any further consent, sanction, authority or further confirmation from any Senior Secured Creditor) to release from the Transaction Security any security interest (i) over any asset which is the subject of a disposal that is not a Distressed Disposal (as defined in the Intercreditor Agreement) and is not prohibited by the terms of any Senior Secured Debt document (including a disposal to a member of the Group); and (ii) any security interest (and any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Senior Secured Debt documents.

If to the extent permitted by applicable law a Distressed Disposal is being effected or the shares of a member of the Group are being appropriated by the Security Agent, the Security Agent is authorized (without the requirement to obtain any further consent, sanction, authorization or confirmation from any Senior Secured Creditor or other relevant party): (i) to release the Transaction Security or any other claim over any asset subject to the Distressed Disposal or appropriation; and (ii) if the asset subject to the Distressed Disposal or appropriation is the shares of a Group company, to release such Group Company and its subsidiaries from any liabilities under borrowings and guarantees under the Senior Secured Debt documents and Intra-Group debt documents.

Intra-Group debt

Pursuant to the Intercreditor Agreement, the Issuer and its subsidiaries party thereto that are creditors in respect of intra-Group debt have agreed to subordinate intra-Group debt to the Senior Secured Debt.

Neither the Issuer nor any of its subsidiaries that are creditors in respect of intra-Group debt may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of intra-Group debt unless such action is permitted under the Senior Secured Debt documents or the prior consent of an Instructing Group is obtained. Neither the Issuer nor any other subsidiary may make any payment, prepayment, repayment or otherwise acquire or discharge any intra-Group debt if acceleration action has been taken in respect of any of the Senior Secured Debt unless the Instructing Group consents or such action is undertaken to facilitate repayment or prepayment of the Senior Secured Debt.

Turnover

If any creditor party to the Intercreditor Agreement (including the Security Agent, Trustee, Senior Secured Creditors and creditors in respect of intra-Group debt) receives or recovers a payment (whether by way of direct payment, set-off or otherwise) except as permitted pursuant to the terms of the Intercreditor Agreement, such creditor shall hold such payment in trust for the Security Agent and promptly pay over such amounts to the Security Agent for application in accordance with the provision described above under "—*Enforcement and application of proceeds*".

Secured Loans

The following table sets forth for each secured loan of the Group, the maturity dates, amounts outstanding as of December 31, 2022, interest rates per annum and the assets securing the loan.

Group Entity Borrower	Maturity date	Amount outstanding as of December 31, 2022	Interest rate per annum	Collateral
		(€ in millions)		
Hoteles Royal, S.A.[1]	2036	14.90	Fixed rate: 5.20%	NH Plaza Santiago
Wilan Ander, S.L. [2]	2024	3.30	Swap 4.8%+ 1.2%	NH Santander
Wilan Huel, S.L.[2]	2024	2.40	Swap 4.8%+ 1.2%	NH Huelva
Palacio de la Merced, S.A.[3]	2025	2.00	EURIBOR+1.5%	NH Palacio de la Merced
Total Secured Loans		**22.6**		

(1) This facility was used to refinance former mortgage debt of Hoteles Royal, S.A. in Chile denominated in Chilean Peso. On June 28, 2018, this facility was refinanced at improved conditions: fixed rate from 8.55% to 7.10%, mortgage release of the NH Antofagasta hotel and modification of the amortization schedule in order to adapt the repayment of the loan to cash generation. In October 2019, this facility was repriced: fixed rate from 7.10% to 5.20%.

(2) These mortgage loans are fully consolidated on the Issuer's accounts, following the acquisition of 100% of both companies in 2017.

(3) This mortgage loan has been fully consolidated on the Issuer's accounts since December 2016, when the Issuer acquired (through its fully owned subsidiary NH Hoteles España, S.A.) an additional 47% stake thereby holding a 72% indirect stake in Palacio de la Merced, S.A.. Current stake of NH Hoteles España, S.A. is 88%

The loan agreements for each of the secured loans contain certain covenants with respect to the borrower, including, among others, negative pledges with respect to the secured assets; restrictions on change of control and mergers with respect to the borrower; restrictions on selling, transferring or leasing the secured asset and restrictions against the borrower incurring additional indebtedness. In addition, the secured loan agreements require prepayment of the loans upon the occurrence of certain designated events, and certain of the secured loan agreements provide for voluntary prepayment.

Subordinated loans

The following loans represent unsecured and subordinated obligations of the Issuer and will be subordinated in right of payment to the claims of all creditors of the Issuer.

Merrill Lynch loan

On November 22, 2006, the Issuer, as borrower, and Merrill Lynch International, as lender, executed a subordinated facility agreement (the "*Merrill Lynch Subordinated Loan Agreement*"). The loan under the Merrill Lynch Subordinated Loan Agreement is subordinated in right of payment to the claims of all senior creditors, except for certain obligations in the event of a winding-up pursuant to Spanish insolvency regulations. Under the Merrill Lynch Subordinated Loan Agreement, the loan in the amount of € 40.0 million is to be repaid in full on the maturity date, January 25, 2037. Interest on the loan accrues quarterly at a rate equal to the rate for three-month deposits in euro (as calculated from time to time) plus 1.7% per annum. As of December 31, 2021, €40.0 million was outstanding under the Merrill Lynch Subordinated Loan Agreement.

The Merrill Lynch Subordinated Loan Agreement contains certain events of default, including, among others, (1) an event of default under any indebtedness, (2) a default by the Issuer on any payment obligation greater than €5.0 million, (3) any security for any indebtedness becoming enforceable, (4) a default on any payment due under any guarantee or indemnity in an amount equal to or greater than € 5.0 million and (5) certain reorganizations.

The loan under the Merrill Lynch Subordinated Loan Agreement has been transferred by Merrill Lynch International to Taberna Europe CDO I PLC.

Unsecured loans

Unsecured Working Capital Facilities

Borrower	Lender	Limit (€ in millions)	Amount outstanding (€ in millions) as of December 31, 2022
NH Hotel Group, S.A.	Bankinter	10.0	3.0
NH Hotel Group, S.A.	HSBC	6.0	5.0
NH Cash Link, S.A.	BNP	8.0	0.0
NH Hotel Group, S.A.	BBVA	10.0	1.0
NH Hotel Group, S.A.	Santander	8.0	8.0
Total		**42.0**	**17.0**

Other Unsecured Loans

New York Capex Term Facility

On July 25, 2018, Jolly Hotels USA Inc. and the Company, as co-borrowers, signed a five-year $50 million term facility with Banco Sabadell to fund the repositioning capital expenditure of our hotel on Madison Avenue in New York (the

"*New York Capex Term Facility*"). This facility is unsecured and has a full and unconditional guarantee from the Company. The final maturity date of this facility falls on July 25, 2023. This facility includes similar financial covenants to the Senior Secured RCF and the COVID Related ICO Facilities. As of December 31, 2022, this facility was fully drawn in an amount of $50 million (€46.9 million)

Other bilateral loans

Since the COVID-19 pandemic began in March 2020, we have benefited from various governmental support and guarantee programs. In particular, we have entered into the following bilateral loans:

- In May 2020, the Company signed a bilateral loan agreement with Caixabank in the amount of €10 million for a term of two years, within the legal framework established by the Spanish government to mitigate the economic impact of the COVID-19 pandemic, including a guarantee provided by ICO. The facility is unsecured and the final maturity date of the loan falls in May 2022. In May 2021, this loan was amended and extended for three additional years, maturing in May 2025 with quarterly amortization until maturity. As of 31st December 2022 the outstanding amount of this loan amounts €8.3 millions euros

- In July 2020, the Company signed a bilateral loan agreement with Abanca in the amount of €7.5 million for a term of three years, also within the legal framework established by the Spanish government to mitigate the economic impact of the COVID-19 pandemic, including a guarantee by ICO. The facility is unsecured and the final maturity date of the loan falls in July 2023. In April 2021, this loan was amended and extended for three additional years, maturing in July 2026 with monthly amortization from August 2022 until maturity. As of 31st December 2022 the outstanding amount of this loan amounts €6.7 millions euros

- In October 2020, NH Italia S.P.A. signed a bilateral loan agreement with Banco Banca Popolare di Milano in the amount of €15 million for a term of six years, which is guaranteed by the Italian government (SACE guarantee). This facility is unsecured and the final maturity date of the loan falls in September 2026. This loan is amortizing from September 2022, with quarterly amortization until maturity. As of 31st December 2022 the outstanding amount of this loan amounts €15 millions euros

- Additionally, several bilateral loans were signed between June and September 2020 in other regions, amounting €3.8 million as of December 31, 2022.

Certain definitions

Unless otherwise specified or the context requires otherwise, in this Report:

- "2023 Notes" refers to the €285 million aggregate principal amount 3.750% Senior Secured Notes due 2023 issued by the Issuer on September 29, 2016 and €115 million aggregate principal amount 3.750% Senior Secured Notes due 2023 issued by the Issuer on March 24, 2017, of which €43,150,000 were redeemed on December 14, 2018 following the offer to repurchase launched by the Issuer subsequent to the change of control of the Issuer as a result of its acquisition by MINT, resulting in a final amount of €356.85 million . These Notes were fully repaid on June 28, 2021 with the proceeds of the Notes.

- "Average Daily Rate" or "ADR" refers to the quotient of total room revenues for a specified period divided by total Room Nights sold during that period;

- "Belgian Guarantor(s)" refers to the Diegem Entities and Jolly Hotels Belgio S.A.;

- "CIT" refers to corporate income tax;

- "Clearstream" refers to Clearstream Banking, *société anonyme*;

- "Collateral" refers to, collectively, the Mortgage Properties and the Share Collateral, as such security may vary or be replaced from time to time pursuant to the Indenture;

- "COVID Related ICO Facilities" refers to the Term Facility Agreement and Sabadell Bilateral Facility Agreement, collectively

- "Diegem" refers to Hotel Exploitatiemaatschappij Diegem N.V., a wholly owned subsidiary of the Issuer organized under the laws of Belgium;

- "Diegem Entities" refers to Immo Hotel BCC, BV, Immo Hotel Brugge, BV, Immo Hotel Diegem, BV, Immo Hotel GP, BV, Immo Hotel Mechelen, BV and Immo Hotel Stephanie, BV, in each case, a wholly owned subsidiary of the Issuer organized under the laws of Belgium;

- "Diegem Properties" refers to the following hotels, which are located in Belgium and owned by the Diegem Entities as listed below:

Hotel	**Company that owns the hotel**	**Jurisdiction of company**
NH Stephanie	Immo Hotel Stephanie, BV	Belgium
NH Brussels Airport	Immo Hotel Diegem, BV	Belgium
NH Brugge	Immo Hotel Brugge, BV	Belgium
NH Mechelen	Immo Hotel Mechelen, BV	Belgium

- "Kroll" refers to Kroll Advisory, S.L. (formerly known as Duff & Phelps);

- "Kroll Report" refers to the valuation report produced by Kroll regarding the valuation of the Mortgage Properties and the Share Collateral as of December 31, 2020;

- "EU" refers to the European Union;

- "EU Member State" refers to a member state of the EU;
- "Euroclear" refers to Euroclear Bank SA/NV;
- "FSMA" refers to the UK Financial Services and Markets Act 2000;
- "Guarantors" refers to each of the Guarantors which currently guarantee or will guarantee the Notes;
- "Hesperia" refers to Grupo Inversor Hesperia, S.A.;
- "IAS 34" refers to International Accounting Standard 34 (Interim Financial Reporting);
- "IFRS" refers to International Financial Reporting Standards as adopted by the European Union;
- "IIT" refers to individual income tax;
- "Indenture" refers to the indenture governing the Notes dated September 29, 2016 by and among, *inter alios*, the Issuer, the Guarantors, the Trustee and the Security Agent;
- "Intercreditor Agreement" refers to the intercreditor agreement dated November 8, 2013 (as amended and restated from time to time) by and among, *inter alios*, the Issuer and the Security Agent;
- "Issuer" or "Company" refers to NH Hotel Group, S.A., and "we", "us", "our", "NH Hotels" and the "Group" refer to the Issuer and its consolidated subsidiaries, unless the context otherwise requires;
- "LHI Option" refers to NH Hotel Group's option rights relating to the acquisition of a series of real estate properties and lease agreements located in Germany, which we sold in the second quarter of 2016 to an affiliate of Foncières des Murs for a consideration of approximately €48 million;
- "M&E" refers to meetings and events;
- "MINT" refers to Minor International Public Company Limited;
- "Mortgage Properties" refers to the following hotels, which are located in the Netherlands and owned by the wholly owned subsidiaries of the Issuer or the Issuer as listed below and secure the Notes and the Senior Secured RCF on a *pari passu* basis:

Hotel	**Company that owns the hotel**	**Jurisdiction of company**
NH Eindhoven Conference Centre Koningshof	Koningshof B.V.	Netherlands
NH Noordwijk Conference Centre Leeuwenhorst	Leeuwenhorst Congres Center B.V.	Netherlands
NH Zoetermeer	Onroerend Goed Beheer Maatschappij Danny Kayelaan Zoetermeer B.V.	Netherlands
NH Veluwe Conference Centre Sparrenhorst	De Sparrenhorst B.V.	Netherlands
NH Capelle	Onroerend Goed Beheer Maatschappij Capelle aan den IJssel B.V.	Netherlands

- "NH Finance, S.A." refers to NH Finance, S.A., a Luxembourg public limited liability company (*société anonyme*), having its registered office at 1, route de Trèves, L-2633 Senningerberg and registered with the Luxembourg Register of Commerce and Companies under number B 75.694;

- “NH Italia” refers to NH Italia S.p.A.;
- “NH Italia Shares” refers to the shares of capital stock representing 100% of the share capital of NH Italia;
- “Notes” refers to the Notes issued on 28 June, 2021 and due 2026
- “Notes Guarantees” refers to the guarantees of the Notes issued by each of the Guarantors;
- “NRIT” refers to non-resident income tax;
- “Occupancy” refers to the quotient of the total number of Room Nights sold during a specified period divided by the total number of hotel rooms available for each day during that period;
- “OECD” refers to the Organization for Economic Cooperation and Development;
- “Paying Agent” refers to BNP Paribas Securities Services, Luxembourg Branch, as the Paying Agent under the Indenture;
- “Payment Statement” refers to a duly executed and completed statement providing certain details relating to the Notes provided to us by the Paying Agent;
- “Report” refers to this report in relation to the Notes;
- “Revenue per Available Room” or “RevPAR” refers to the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period;
- “Room Nights” refers to the total number of hotel rooms occupied for each night during a specified period, and one Room Night means one hotel room occupied for one night;
- “Sabadell Bilateral Facility Agreement” means the term facility agreement dated May 18, 2020 entered into among, among others, the Issuer as borrower and Banco de Sabadell, S.A. as lender for a maximum amount of €25,000,000, which is guaranteed by the *Instituto de Crédito Oficial*, as amended from time to time, including as amended, together with the Term Facility Agreement, pursuant to the framework agreement in respect of certain financing agreements dated May 18, 2020 and subsequently amended and extended on April 29, 2021 and July 29, 2021;
- “Security Agent” refers to BNP Paribas Trust Corporation UK Limited, as security agent under the Indenture and the Intercreditor Agreement;
- “Security Documents” refers to the security documents entered into in connection with the Notes and the Senior Secured RCF;
- “Senior Secured RCF” refers to the senior secured revolving credit facility of up to a maximum amount of €242 million made available pursuant to the Senior Secured RCF Agreement, As of December 31, 2021, the Senior Secured RCF amounting to €242 million is fully undrawn and available.
- “Senior Secured RCF Agreement” refers to the senior secured revolving credit facility agreement dated September 22, 2016 (as amended and restated from time to time) by and among, inter alios, the Issuer and NH Finance S.A., as borrowers, various subsidiaries of the Issuer, as guarantors, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank USA,

BANKIA, S.A., BNP Paribas España, S.A, Bankinter, S.A., Banco de Sabadell, S.A., Liberbank, S.A. and Novo Banco, S.A., Sucursal en España, as original lenders, and Banco Bilbao Vizcaya Argentaria, S.A., as agent, as amended and restated on October 16, 2020 and June 28, 2021;

- "Share Collateral" refers to the shares of capital stock representing 100% of the share capital of (1) Diegem, (2) each of the Diegem Entities, (3) Zandvoort, and (4) NH Italia, which secures the Notes and the Senior Secured RCF;

- "Shareholder Loan" refers to the €100 million unsecured, subordinated and convertible loan between the Issuer, as borrower, and MHG Continental Holding (Singapore) Pte Ltd, an affiliate entity of the majority shareholder of the Company, Minor International Public Company Limited, as lender; this loan was converted into equity in September 2021

- "Sotogrande" refers to Sotogrande, S.A.;

- "Term Facility Agreement" refers to the €225 million syndicated loan dated April 29, 2020 and guaranteed by the Ministry of Economic Affairs and Digital Transformation under the line of guarantees managed by the Official Credit Institute (*Instituto de Crédito Oficial* or ICO), as amended from time to time, including as amended, together with the Sabadell Bilateral Facility Agreement, pursuant to the framework agreement in respect of certain financing agreements dated May 18, 2020 and subsequently amended and extended on April 29, 2021 and July 29, 2021;

- "Trustee" refers to BNP Paribas Trust Corporation UK Limited, as the trustee under the Indenture;

- "U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended;

- "United States" and "U.S." refer to the United States of America;

- "Zandvoort" refers to Onroerend Goed Beheer Maatschappij Van Alphenstraat Zandvoort B.V., a wholly owned subsidiary of the Issuer incorporated under the laws of the Netherlands; and

- "Zandvoort Property" refers to the NH Zandvoort, a hotel located in the Netherlands owned by Zandvoort.