

NH Hotel Group signs an agreement with HNA to enter in China

- Memorandum of understanding for the creation of a hotel management company –

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SUMMARY

NH Hotel Group signs a memorandum of understanding with HNA for the joint management of a significant portfolio of HNA and third-party hotels in the middle and upper-middle segments of the Chinese market in the years to come. The new company, to be named HNA-NH Hotel Management Joint Venture Company, would initially assume management of six of the Chinese group's hotels, encompassing 1,312 rooms, which are operated under various HNA trademarks. The new company will design a prototype hotel for tackling growth in the market under the NH brand and will define a strategic plan to boost its development. Both companies would benefit from NH's management, reward and booking systems as well as its brand, while leveraging HNA's know-how and local contacts to identify the best locations and professionals within the Group in the Chinese market

Madrid, 25 September 2014 - As part of the bilateral trade summit underway between Spain and China with a view to bolstering commercial ties between the two countries, Spanish President Mariano Rajoy and his Chinese counterpart Li Keqiang presided over execution of the strategic memorandum of understanding between NH Hotel Group and HNA in Beijing, marking a significant step ahead in the framework agreement reached by the two companies in early 2013.

The two parties have the intention of setting up a jointly-owned company to be called HNA-NH Hotel Management Joint Venture Company and headquartered in Beijing. The joint venture's corporate purpose would be to build a portfolio of hotel management contracts in the middle and upper-middle segments in the territories of China, Hong Kong, Taiwan and Macao, owned by HNA or by third parties. This business approach fits with NH Hotel Group's strategy of pursuing growth using capital-light formulae such as the management of hotels owned by third parties.

Initially, the new company would take over the management of six of the HNA group's hotels. These establishments are located in Beijing, Haikou, Sanya and Tianjin and between them encompass 1,312 rooms.

The two companies also plan on designing a prototype hotel for operating in the Chinese market under the NH trademark which would serve as the model for spurring the joint company's business development. The parties would also formulate a strategic business plan for the years to come, laying out the joint venture's roadmap and boosting its growth.

Federico González Tejera, CEO of NH Hotel Group, said *"I'm fully convinced of the positive impact and benefits of leveraging the synergies between the two companies, such as the chance for NH to get its feet wet in one of the world's biggest markets without getting distracted from its current overriding strategic targets"*. Indeed, the transaction would be compatible with the five-year business plan on which NH continues to make very solid progress: the company would put in place a standalone team to carry out the Chinese venture's business activities, thereby enabling the rest of its professionals to continue to focus unwaveringly on delivery of the company's priority targets.

The joint venture, which would be 49% and 51%-owned by NH and HNA, respectively, would be incorporated with initial share capital of USD20 million, out of which NH would provide USD4.9 million at the time of incorporation. If necessary, and so agreed, NH would make a second capital injection, of the exact same amount, in two years' time.

The joint venture's incorporation would be subject to receipt of the required authorisations and permits from the Chinese authorities.

As part of the negotiations concluded in early 2013, the two companies signed a framework strategic agreement which, on the one hand, saw HNA take an equity interest in NH Hotel Group, investing €234 million to become NH Hotel Group's largest shareholder, and, on the other, marked the start of talks for the creation of the joint venture that would enable NH Hotel Group's entry into the Chinese market. Lastly, the framework agreement called for the creation of a commercial alliance for fostering cross-selling opportunities; satisfactory progress is being made on this last front, with NH's hotels being marketed to HNA's passengers as recommended establishments.

About the NH Hotel Group

The NH Hotel Group (www.nh-hotels.com) occupies third place in the European business hotels rankings. The company operates around 400 hotels with nearly 60,000 rooms in 28 countries in Europe, America and Africa and in destinations such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico FD, Milan, Munich, New York, Rome and Vienna.

QUOTES

"I'm fully convinced of the positive impact and benefits of leveraging the synergies between the two companies, such as the chance for NH to get its feet wet in one of the world's biggest markets without getting distracted from its current overriding strategic targets".

— Federico González Tejera, CEO of NH Hotel Group

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ABOUT NH HOTEL GROUP

Over NH Hotel Group

NH Hotel Group is beursgenoteerd in Spanje met ruim 375 hotels in 28 landen in Europa, Afrika en Noord- en Zuid-Amerika. Onder de NH Hotel Group vallen de 3- en 4-sterren urban NH Hotels, de NH Collection flagship hotels, de

nhow designhotels en de Hesperia vakantieresorts. Wereldwijd staan meer dan 20.000 medewerkers dag en nacht klaar om de beste service tegen de beste prijs te leveren voor de jaarlijks ruim 16 miljoen gasten. NH Hotel Group wil binnen 5 jaar in de top-2 staan van hotelketens die zowel zakelijke- als privéreizigers overwegen op het moment dat zij een reis plannen. Hiertoe wordt op grote schaal geïnvesteerd in faciliteiten, IT en trainingen. Onlangs werd NH Hotel Group bekroond met een Zoover Award voor Beste Hotelketen 2014. Kijk voor meer informatie op www.nh-hotels.com.

About NH Hotel Group

NH Hotel Group is listed on the IBEX 35 stock exchange of Madrid and has over 375 hotels in 28 countries in Europe, Africa and North- and South-America. The portfolio of the NH Hotel Group includes the 3- and 4- star urban NH Hotels, the NH Collection flagship hotels, the nhow designhotels and the Hesperia holiday resorts. Worldwide more than 20.000 employees work day and night to deliver the best service for the best price to the 16 million guests the hotel chain welcomes yearly. NH Hotel Group wants to be part of the top-2 hotel chains that business- and leisure travelers consider at the moment of planning a trip. To achieve this, the chain is investing in facilities, IT and trainings. Recently the NH Hotel Group was awarded with a Zoover Award for Best Hotel Chain of the Netherlands 2014. For more information, visit www.nh-hotels.com.



NH Hotel Group pressroom

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