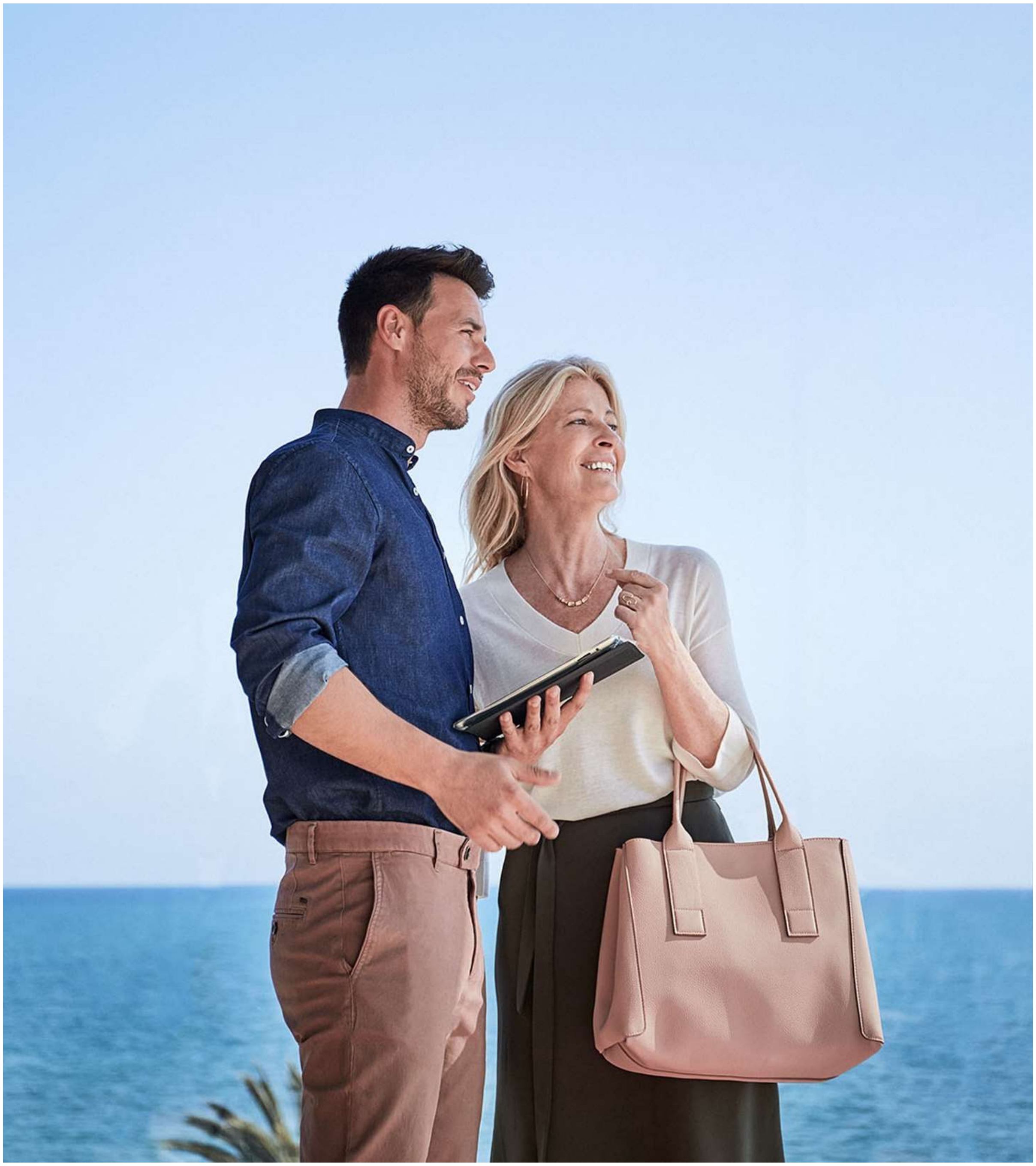
ANNUAL REPORT ON REMUNERATION OF DIRECTORS 2018



A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT YEAR

A.1 *Explain the remuneration policy applicable to directors for the current year. Where relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that such information is clear, specific and precise.*

The specific determinations for the year in progress should be described, including the remuneration of directors in their capacity as such, as well as any consideration for the performance of executive tasks in accordance with the agreements signed by the executive directors and pursuant to the remuneration policy approved by the General Shareholders' Meeting.

In any case, at least the following aspects should be reported:

- *Description of the procedures and company bodies involved in the determination and approval of the remuneration policy and its terms and conditions.*
- *Indicate and, where applicable, explain whether the remuneration policy of the Company was defined by taking into consideration similar companies.*
- *Indicate whether any external advisor was engaged in the process and, where applicable, identify them.*

Remuneration Policy Approval Procedures

The remuneration policy applicable to Directors for financial years 2019-2021 of Meliá Hotels International, S.A. (hereinafter "**Meliá Hotels International**" or the "**Company**"), which is in force and effect in 2019 (hereinafter the "**Policy**" or the "**Remuneration Policy**"), was approved by the General Shareholders' Meeting of the Company on 6 June 2018.

The procedure used to define the Policy is detailed in the report prepared by the Board of Directors that was submitted to shareholders for approval at the relevant General Shareholders' Meeting. This procedure is summarised below.

All documents referred to in this Section (Reports, Regulations of the Board of Directors, Remuneration Policy) are available on the corporate website of Meliá Hotels International.

Pursuant to Article 529r of the Spanish Corporate Enterprises Act (hereinafter "**CEA**"), the Appointments and Remuneration Committee submitted a specific report on the Policy to the Board of Directors based on the previous analysis of remuneration data performed by the HR area, using data taken from the 2017/2018 Remuneration Study for Senior Management/Executive Directors by Korn Ferry[1].

1 2017/2018 Remuneration Study for Senior Management/Executive Directors by Korn Ferry, a global management consultancy firm specialising in transforming organisations and preparing remuneration studies worldwide, in relation to the remuneration positioning of Executive Directors vs. the market.

In a plenary session, the Board of Directors discussed and analysed the report as well as the proposed changes of the Policy for the 2019-2021 period. In particular, the Board positively assessed the continuity of the Remuneration Policy criteria implemented in the previous three-year period; clarified the relevant descriptive concepts for variable remuneration amounts; and introduced the possibility of introducing pension plans as part of the remuneration of executive directors to align with current market practice; all of this in broad outlines.

During the celebration of the General Shareholders' Meeting, the Board of Directors presented the relevant report and a new version of the Remuneration Policy, which was approved by the General Shareholders' Meeting with 169,782,809 votes in favour (i.e. 96.329% of the attending voting rights). In addition, the General Shareholders' Meeting approved the increase of the maximum remuneration amount payable to Directors in their capacity as such, for a maximum global amount of ONE MILLION TWO HUNDRED THOUSAND EUROS (€ 1,200,000) with 172,240,942 votes in favour (i.e. 97.724% of the attending voting rights).

With regard to external advisor services, the Appointments and Remuneration Committee as well as the Corporate Governance and Human Resources departments received consultancy services from Cuatrecasas to modify the Remuneration Policy applicable in 2018 and prepare the (new) Remuneration Policy.

The Remuneration Policy was prepared under the existing regulations of the Company: CEA, Company Bylaws and the Regulations of the Board of Directors. In compliance with Article 37 of the Company Bylaws, the remuneration of Directors in their capacity as such consists of an annual global salary for all of them whose maximum amount is to be approved by the General Shareholders' Meeting and shall apply for as long as no modifications are made, without prejudice to any other fees or considerations that may accrue based on a contractual relationship other than their contracts as Directors, which would be governed by the relevant regulation.

In general terms, pursuant to Article 39 Ter of the Company Bylaws and Article 15 of the Regulations of the Board of Directors, the functions of the Appointments and Remuneration Committee as regards the process outlined above are as follows:

- To propose to the Board the remuneration policy applicable to Directors and General Managers or individuals performing senior management functions under the direct supervision of the Board, Executive Committees or Executive Officers, as well as the individual remuneration and any other contractual conditions applicable to Executive Directors, and to ensure compliance with such policy;
- To periodically review such remuneration policy, assessing its suitability and performance; and
- To ensure transparency on remuneration issues.

Remuneration of Directors in their capacity as such

As stated above, this remuneration is composed of (i) a fixed annual salary, and (ii) attendance fees for the sessions of the Board of Directors and the Committees of which each Director is a member. This also includes a special consideration to compensate for the additional tasks performed by Directors presiding over the Board of Directors and the Committees, and those serving as secretary of the Board of Directors.

Therefore, the individual remuneration payable to each Director as such is determined by the Board of Directors at the proposal of the Appointments and Remuneration Committee, within the maximum limit amount approved by the General Meeting and based on the functions and responsibilities assigned to each Director, their participation in Delegated Committees, and other relevant objective circumstances (see Section "Amount and nature of fixed remuneration components to accrue this year for the benefit of Directors in their capacity as such"), as well as on the analysis of remuneration data from similar companies operating in the market made by the Human Resources Department and extracted from the Spencer Stuart Board Index.

Remuneration of Executive Directors

The Chief Executive Officer, who is the only Director undertaking executive tasks, additionally receives a consideration for such tasks in accordance with the agreement for the provision of services signed with the Company, including a fixed remuneration, a variable remuneration (composed of short-term and long-term items) and other allowances described in this Report.

Pursuant to the CEA, the Company Bylaws and the Regulations of the Board of Directors, the Appointments and Remuneration Committee is responsible for proposing the modification of the Executive Director's remuneration to the Board of Directors, based on a remuneration analysis conducted by Mercer, a consultancy firm specialising in remuneration studies.

On a yearly basis, the Appointments and Remuneration Committee reviews the Chief Executive Officer's performance in order to determine the amounts to be paid as variable remuneration (short-term and/or long-term remuneration, as appropriate) and then reports to the Board of Directors.

For the current year (2019), the Appointments and Remuneration Committee reviewed such performance (including target achievement and the possible increase of fixed remuneration) at the meeting held on 26 February 2019 and agreed the following:

With respect to the 2019 salary review, as of the date of issuance of this report, the Appointments and Remuneration Committee has proposed an increase of 2% over its fixed annual remuneration, that is, the CEO will have a fixed annual remuneration for the year 2019 of SEVEN HUNDRED SEVENTY-SIX THOUSAND THREE HUNDRED NINE EUROS WITH EIGHTY TWO CENTS (€ 776,309.82), which will be effective from April 2019.

For the current year, as stated in further sections of this Report, the Board of Directors must evaluate whether it is advisable to include clawback clauses in the remuneration scheme of the Executive Director. To this regard, the Board will use the preliminary report prepared by the Appointments and Remuneration Committee, which, at the meeting held on 27 November 2018, agreed to propose the incorporation of clawback clauses in the agreement for the provision of services of the Executive Director and the Remuneration Policy. This modification shall be submitted to this year's General Shareholders' Meeting for approval (2019).

Any modification of the agreement for the provision of services singed with the Executive Director resulting from the decisions adopted by the General Shareholders'

Meeting shall be made in accordance with Article 249 of the CEA, as it was the case when it was first approved.

Relative relevance of variable remuneration items in comparison with fixed items (remuneration mix); criteria and targets used to determine them with a view to achieving an appropriate balance between fixed and variable remuneration items. In particular, indicate any actions adopted by the company with respect to the remuneration system with the purpose of reducing excessive risk exposure and adapting the system to the Company's long-term targets, values and interests, including, where appropriate, references to: any measures envisaged to ensure that the remuneration policy is aligned with the long-term performance of the Company; any measures adopted in relation to categories of staff whose professional activities may have a material impact on the Company's risk profile; and any measures envisaged to avoid possible conflicts of interests, where applicable.

In accordance with the Remuneration Policy, variable remuneration only applies to those Directors who perform executive functions, so that only the Chief Executive Officer has a remuneration package including short-term and long-term variable components for 2019 (in this Report, the terms "Chief Executive Officer" and "Executive Director" shall refer to Mr. Gabriel Escarrer Jaume, the only Director who performs executive functions).

Specifically, the short-term variable remuneration component is established as a percentage of fixed remuneration, which is intended to promote a performance-focused approach and the fulfilment of yearly targets (both at individual and Group level), taking into consideration long-term goals as well as the main risks affecting the Group, while the long-term variable remuneration component (the so-called "Multi-year Remuneration") is linked to the results of the Company's Strategic Plan, as described in the Remuneration Policy. This remuneration system is intended to achieve a balance between fixed and variable components, so that the fixed remuneration accounts for a sufficiently large proportion of total remuneration, while variable components promote a Director's individual performance that is sustainable and adapted to risks, with variable remuneration accrual and collection parameters being strictly determined in both cases. Variable remuneration compliance percentages and caps are specified in Section III.b.II of the Policy, as explained below (see "Amount and nature of variable components").

The proposal submitted to the Board of Directors by the Appointments and Remuneration Committee contains an analysis of several remuneration studies for similar positions in companies of similar type and size, taken from internationally reputed consultancy firms and public information sources.

The Chairman of the Audit and Compliance Committee (whose statutory functions include supervising the risk management system) is also a member of the Appointments and Remuneration Committee. This cross-membership of the two Committees is helpful in assessing the risks involved in the variable remuneration system, both when it comes to defining the system and when identifying the factors determining compliance, accrual and payment.

The remuneration package of the Chief Executive Officer and the rest of the Company management, whose performance may have a material impact on the risks identified in the Risk Map, include variable components linked to short-term and/or long-term targets as defined in the Strategic Plan. In addition, the job descriptions of these staff categories specify their particular risk management responsibilities, including taking the necessary measures to identify major risks and report them to the Audit and Compliance Committee via the appropriate channels. Moreover, the short-term and long-term targets determining the variable remuneration component are set by taking into account the Risk Map of the Company, for the purpose of setting specific targets aimed at mitigating risks.

The targets linked to short-term variable remuneration are annually defined by the Appointments and Remuneration Committee, which undertakes the target-setting process during the first quarter of the year.

In line with good governance principles, short-term and long-term variable remuneration is effective after a reasonable period following the end of the last financial year considered for the evaluation, with payment being made within 60 calendar days following the preparation of the annual accounts for that year, always provided that (i) the accounts have been reviewed by external auditors, and (ii) the relevant proposal has been submitted by the Appointments and Remuneration Committee.

With regard to the measures envisaged to prevent conflicts of interest, in addition to the legal obligations applicable to Directors (among others, the provisions of Article 229 of the Spanish Corporate Enterprises Act), the Directors, the Company Management and all employees of Meliá Hotels International are subject to an internal regulation specifically governing potential conflicts of interest and resolution procedures:

- Code of Ethics: Establishing that Directors and Managers must provide an example of leadership for their teams, also coping with conflicts and complex situations in an exemplary manner.

- Internal Code of Conduct: Signed by all persons who may have access to stock market information by reason of their position or functions.

- Human Resources Regulations: Specifically regulating the obligations concerning conflicts of interest and the use of confidential and privileged information.

Also indicate whether the company has established any accrual or vesting period for certain variable remuneration items, whether in cash, shares or any other financial instruments; any deferment period for the payment of amounts or the handover of accrued and consolidated financial instruments; or whether a specific clause has been approved reducing deferred remuneration items or obliging directors to return any received amount, wherever it has been manifestly shown that such remuneration was granted based on inaccurate data.

The yearly fixed remuneration accrues at month end, so that the remuneration earned by each Director is proportional to the amount of time such Director has held office during that year.

With regard to the variable remuneration of the Chief Executive Officer, in line with good governance principles on remuneration, the settlement of short-term and long-term variable remuneration amounts is deferred, *i.e.* payment is made following a reasonable period after year end (after the last year, where applicable). Specifically, payment is effectively made within 60 calendar days following the preparation of the annual accounts for the financial year comprising the targets to be fulfilled by the Chief Executive Officer, once the accounts have been reviewed by external auditors and at the proposal of the Appointments and Remuneration Committee.

In accordance with the Remuneration Policy, the Company may introduce remuneration systems referenced to the Company's stock quotes or involving payment in shares or option rights over shares. However, the Company is not planning to introduce these systems into its remuneration scheme as of today.

As regards clawback clauses, *i.e.* clauses obliging the Director to return received amounts, these have not yet been incorporated into the Chief Executive Officer's agreement for the provision of services. However, in line with the Recommendations of the Good Governance Code of Listed Companies, on 27 November 2018, the Appointments and Remuneration Committee agreed to propose the incorporation of clawback clauses into the CEO's agreement for the provision of services and their consequent inclusion in the Remuneration Policy of the Board. Therefore, the Company plans to modify the Remuneration Policy in order to incorporate the said clause. As indicated in the sections above, this modification will be proposed at the next General Shareholders' Meeting (June 2019).

Amount and nature of fixed remuneration components to accrue this year for the benefit of directors in their capacity as such.

The fixed remuneration of Directors in their capacity as such consists of two components:

- A fixed annual salary in the amount of TWENTY ONE THOUSAND SIX HUNDRED AND THIRTY-SIX EUROS AND FORTY-THREE CENTS (€ 21,636.43) for each Director for the current year.

- Attendance fees for the meetings of the Board of Directors and the relevant Committees in the following amounts for the current year:

    - FIVE THOUSAND FOUR HUNDRED AND NINE EUROS AND ELEVEN CENTS (€ 5,409.11) for each meeting of the Board of Directors.

    - THREE THOUSAND EUROS (€ 3,000) for each meeting of a Committee of which the Director is a member.

    - The Chairmen of the Appointments and Remuneration Committee and the Audit and Compliance Committee receive THREE THOUSAND EUROS (€ 3,000) in addition for each meeting.

    - The Secretary of the Board of Directors receives SIX THOUSAND EUROS (€ 6,000) in addition for each meeting of the Board.

Amount and nature of fixed remuneration components to accrue this year for the benefit of executive directors as consideration for their senior management functions

In addition to the above, the remuneration package of the Chief Executive Officer includes a fixed annual allowance as a consideration for his executive functions pursuant to his agreement for the provision of services. As of the date of this Report (February 2019) the Chief Executive Officer receives a fixed gross annual remuneration of SEVEN HUNDRED AND SIXTY-ONE THOUSAND EIGHTY-EIGHT EUROS (€ 761,088). This amount is as stipulated in the agreement for the provision of services.

As regards the 2019 salary adjustment, as of the date of this Report, the Appointments and Remuneration Committee, on 26 February 2019, proposed a 2% increase on his fixed annual remuneration, *i.e.* the Chief Executive Officer shall have a fixed annual remuneration of SEVEN HUNDRED AND SIXTY-SIX THOUSAND THREE HUNDRED NINE EUROS (€ 776.309,82) for the year 2019, effective from April 2019.

Amount and nature of any remuneration component in kind that will accrue during the year, including but not limited to insurance premiums paid for the benefit of the director.

- Medical Insurance: According to the provisions of the Remuneration Policy and the CEO's agreement for the provision of services, the CEO has private medical insurance covering himself and his family for a yearly premium of THREE THOUSAND THREE HUNDRED AND FORTY EUROS AND THIRTY-SIX CENTS (€ 3,340.36).

- Life and Accident Insurance: In addition to this, the CEO has life and accident insurance for a yearly premium of TWO THOUSAND FOUR HUNDRED AND EIGHTY-NINE EUROS AND THIRTY CENTS (€ 2,489.30) with the following coverage:

    - € 650,000 in the event of death for any cause
    - € 650,000 for disability for any cause
    - € 1,300,000 for accidental death

Amount and nature of short-term and long-term variable remuneration components. Financial and non-financial parameters, the latter including social, environmental and climatic change parameters, selected to determine variable remuneration in the current year. Explain to what extent such parameters are related to the performance of the director as well as that of the company and its risk profile, indicating the methodology, time and techniques needed to determine the degree of compliance of variable remuneration parameters at the end of the year.

Indicate the range, in monetary terms, of the different variable components depending on the degree of compliance of specified targets and parameters, and whether there is any maximum monetary amount in absolute terms.

The CEO short-term variable remuneration scheme for the current year was approved by the Appointments and Remuneration Committee on 26 February 2019 in the following terms:

Economical and Financial Parameters

- **EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*)**: Is considering the EBITDA of the Group without capital gains, and it has a weight of 20% of the total of the variable remuneration

- **ROE (*Return of Equity*)**: This objective has a weight of 10% on the total of the variable remuneration.

- **Debt Ratio**: In this objective, considers the debt ratio (net debt over EBITDA) of the Group, with a weight of 15% of the total variable remuneration.

- **Earnings Before Taxes (EBT)**: This objetive reflects the amount corresponding to the concept of EBT, with a weight of 15% of the total variable remuneration.

Non financial Parameters: Individuals

- **Expansion**: This objective contemplates the number of contracts signed and openings made (i.e. management, rental, franchise contracts) during the fiscal year, having a weight of 15% on the variable remuneration.

- **Action plans defined by the Appointments and Remuneration Committee: this objective has a weight of 10% on variable remuneration.**

- **Valoración como primer ejecutivo**: en este objetivo se toma en consideración la valoración llevada a cabo por los miembros del consejo en las evaluaciones anuales, y tiene un peso del 10% sobre el total de la retribución variable.

Non Financial Parameters - Social and enviromental

- **Climate Change**: this objective considers the reduction of CO2 emissions, and has a weight of 5% on variable remuneration

- **Social**: this objective reflects the positioning of the Company in the RobecoSAM 2020 yearbook, with a weight of 5% on variable remuneration.

According to the foregoing, the CEO's short-term variable remuneration scheme conforms to the provisions of the Remuneration Policy.

In relation to the long-term variable remuneration, and in accordance with the agreement of the Appointments and Remuneration Committee at its meeting held on February 26, 2019. The remuneration for the 2016 to 2018 triennium, will be paid in 2019, with the following detail:

- Evolution of share value: the weight of this objective is 20%, having been valued at 80.35%

- Financial Solvency: the weight of this objective is 35%, having been valued at 103.33%.

- Business Objectives: the weight of this objective is 30%, having been valued at 94.5%.

- Intangibles: the weight of this objective is 15%, having been valued at 103.5%.

The total percentage of compliance is 96.24%, and the total amount to be received for this concept (variable long-term remuneration) amounts to a total of ONE MILLION TWO HUNDRED FIFTY AND ONE THOUSAND ONE HUNDRED SEVENTY AND SEVEN EUROS (€ 1,251,177.73), which will be paid in April 2019, the month in which the Company satisfies the variable remuneration, in a single payment and in cash.

The year 2019 is considered a grace year for the purposes of variable long-term remuneration, since the setting of the objectives linked to said remuneration will be carried out in 2020, year in which the new Strategic Plan of the Company will begin.

Main features of long-term savings schemes. Among other information, specify which contingencies are covered by the scheme, whether it is a defined-contribution or a defined-benefit plan, the annual contribution to be made in the case of defined-contribution plans, the benefit accrued in favour of the beneficiaries in the case of defined-benefit plans, the terms governing the vesting of economic rights in favour of the directors and the compatibility of such rights with any kind of severance payment or compensation for early termination or dismissal, or derived from the termination of the contractual relationship between the Company and the Director.

Also indicate whether the accrual or vesting of any of the long-term savings plans are linked to the fulfilment of certain targets or parameters relating to the director's short-term or long-term performance.

Pursuant to the Remuneration Policy, Executive Directors may benefit from a pension plan covering the contingencies of retirement, death or disability, to be implemented via contributions to a life insurance policy adapted from time to time to usual market practice, for a contribution of SEVENTY-SIX THOUSAND ONE HUNDRED AND EIGHT EUROS (€ 76,108).

In any case, the accrual or vesting of pension plans shall not be linked to the fulfilment of any targets or parameters relating to the Director's performance.

As explained above, the contributions to such plan are expected to be initiated in the current year.

Any kind of severance payment or compensation for early termination or dismissal, or derived from the termination of the contractual relationship pursuant to the terms agreed by the Company and the Director, whether such termination is at the company's or the director's initiative, as well as any other covenants such as exclusivity, non-competition after termination, and tenure or loyalty provisions resulting in the director's right to receive any compensation.

Only the Chief Executive Officer maintains an agreement for the provision of services providing for the abovementioned aspects.

Concerning compensations, pursuant to his agreement, the Chief Executive Officer is to be compensated with an amount equivalent to one year's total remuneration in any of the following events:

- Unilateral termination by the Executive Director: in the event of (material and negligent) infringement by the Company of its obligations under the agreement, or by reason of a material modification in the functions, powers, or service providing conditions of the Executive Director due to causes not attributable to the Executive Director.

- Unilateral termination by the Company: other than as a result of a material and negligent infringement by the Executive Director of his obligation to perform his duties with loyalty, diligence, good faith or any other legally established requirement.

In addition, the Executive Director's agreement for the provision of services contains a non-competition obligation in the terms described in the following section.

Indicate the requirements that must be fulfilled by the agreements signed by executive directors performing senior management functions. Among other aspects, report on the duration, maximum limits on compensation, tenure clauses, notice periods and payments in lieu of notice periods, and any other clauses regarding hiring bonuses, as well as severance payments or golden parachute clauses for early cancellation or termination of the contractual relationship between the company and the executive director. Include, among others, any covenants or agreements regarding non-competition, exclusivity, tenure or loyalty, and non-competition after termination, as long as they were not explained in the section above.

Pursuant to Article 249 of the Spanish Corporate Enterprises Act, the Chief Executive Officer signed an agreement for the provision of services with the Company on 27 November 2015. This agreement outlines his obligations and functions as Executive Director and details his remuneration for carrying out the related functions.

The non-competition and exclusivity provisions of that agreement which are referred to in this section conform to the Remuneration Policy and are as follows:

Exclusivity: The Executive Director may not perform any other work, commercial or professional activity without the Company's consent.

Non-competition: The Executive Director may not directly or indirectly perform any professional activity or service involving actual, current, or potential competition with the Company or the Company's Group.

There is also a covenant of non-competition after termination for a period of one year, whereby the Company agrees to compensate the Director with a year's total remuneration as per the remuneration perceived at the time of termination. If the Director breaches his covenant of non-competition after termination, he shall return all amounts perceived thereunder and compensate the Company in an amount equal to 150% of the perceived amount.

The nature and estimated amount of any other supplementary remuneration accrued by directors in the current year as a consideration for services other than those associated with their position.

There is currently no supplementary amount or allowance to accrue during the current year for the benefit of Directors as a consideration for services other than those associated with their position.

Other remuneration items, such as those derived from advances, loans or guarantees granted by the company to the director, if any, and other allowances.

No advances, loans, or guarantees have been granted by the Company to the members of the Board of Directors.

The nature and estimated amount of any other planned supplementary remuneration items not included in the sections above, whether paid by the Company or another group company, to accrue to the directors in the current year.

No supplementary amounts or allowances beyond those included in the sections above are currently expected to accrue.

***A.2** Explain any relevant change in the remuneration policy applicable during this year resulting from:*

A new policy or a modification of the policy that was already approved by the General Meeting.

Relevant changes in the specific provisions of the remuneration policy agreed by the Board for the current year with respect to the previous year.

Proposals to be submitted by the Board of Directors to the General Shareholders' Meeting at the moment of presenting this Annual Report for implementation in the current year.

The General Shareholders' Meeting held on 6 June 2018 approved the new Remuneration Policy with 97.72% of votes in favour, together with the modification of the previous Remuneration Policy applicable to Directors for 2018, including the following changes, which are continued by the current Remuneration Policy:

- Modification of the total remuneration cap for Directors in their capacity as such for the 2018 financial year. This cap is set at ONE MILLION TWO HUNDRED THOUSAND EUROS (€ 1,200,000), and will continue to apply until the General Shareholders' Meeting agrees to modify it.
- Clarification of the text about collection amounts of long-term variable remuneration.
- Incorporation of pension plans in the remuneration of Executive Directors.

With regard to the increase of the remuneration cap for Directors in their capacity as such, it must be noted that the previous cap (€ 900,000) resulted in a limitation on the number of possible extraordinary meetings of the Committees and the Board.

For the current financial year, the Remuneration Policy is to be modified in order to incorporate a clawback provision into the variable remuneration scheme of the Executive Director, whereby he must return any amounts received based on data which are later manifestly shown to be inaccurate.

Such modification will be submitted to the General Shareholders' Meeting for approval and will also entail the modification of the current agreement for the provision of services signed by the Chief Executive Officer.

***A.3** Provide a direct link to the document containing the company's applicable remuneration policy, which must be available on the company's website.*

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Remun_Consejo/RemunerationPolicy2019-2021.ENG.PDF

A.4 Considering the data provided in Section B.4, explain how the General Shareholders' Meeting's advisory vote on the previous year's remuneration report has been taken into account.

On 6 June 2018, the General Shareholders' Meeting approved with 94.89% of votes in favour the Annual Report on the Remuneration of Directors for 2017, which had been previously approved by the Board on 23 March 2018.

In comparison with the previous financial year (General Shareholders' Meeting of 8 June 2017), where the Annual Report on the Remuneration of Directors for 2016 was approved with 69.96% of votes in favour, the result obtained in 2018 is considered positive. This is partly due to the incorporation of the recommendations and suggestions of the proxy advisors into the proposals submitted to the General Shareholders' Meeting for the 2017 financial year, and in general, to greater transparency in the Company.

B. OVERALL SUMMARY OF THE IMPLEMENTATION OF THE REMUNERATION POLICY IN THE FINANCIAL YEAR ENDED

***B.1** Explain the procedure that has been followed to implement the remuneration policy and to determine individual remunerations as indicated in Section C of this report. This information should include the role played by the remuneration committee, the decisions taken by the Board of Directors and, where appropriate, the identity and the role of the external advisors who participated in the process of implementation of the remuneration policy in the financial year ended.*

As explained above, the Remuneration Policy applicable to the Board of Directors for the past 2018 financial year, approved by the General Shareholders' Meeting on 23 June 2016, was later modified by the General Shareholders' Meeting on 6 June 2018.

As in previous years, the implementation process includes an analysis by the Appointments and Remuneration Committee, which submits its proposal to the Board of Directors for approval. In particular, when determining individual remunerations, special attention is paid to the Directors' attendance to the sessions celebrated by the Board and by those Committees of which they are a member, as well as the special positions of Chairman or Secretary of the Board or the Delegated Committees. These factors determine the final amount paid to each Director, within the maximum limits set by the General Shareholders' Meeting.

Following the proposal of the Appointments and Remuneration Committee approved by the Board of Directors, the fixed remuneration of the Chief Executive Officer was adjusted in April 2018, the month in which all Company salaries are usually adjusted, resulting in a 4% increase of his fixed remuneration, aimed at aligning it with current market levels for the same position.

With regard to external advisor services, the Appointments and Remuneration Committee and the Corporate Governance and Human Resources departments received consultancy services from Cuatrecasas to modify the Remuneration Policy and prepare the new Remuneration Policy.

***B.2** Explain the different actions taken by the company in connection with the remuneration system and how they have contributed to reduce excessive risk exposure and align it to the long-term targets, values and interests of the company. Include, where appropriate, a reference to: any measures envisaged to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration; any measures adopted in relation to staff categories whose professional activities may have a material impact on the entity's risk profile; and any measures envisaged to avoid possible conflicts of interests, where applicable.*

In line with what was explained in Section A.1, and since the Remuneration Policy has not changed to this respect in comparison with the previous financial year, the main actions envisaged to reduce risk through remuneration schemes are based on the following:

On the one hand, the distribution of responsibilities and functions between the two Delegated Committees. To this respect, as indicated in previous sections, one of the functions of the Audit and Compliance Committee is to oversee the efficacy of the Company's internal control procedures, Internal Audit services, and risk management systems, including financial risk management, whereas the Appointments and Remuneration Committee is in charge of defining and monitoring compliance with the Remuneration Policy applicable to the Board of Directors and the Company's Management. In addition, the cross-membership of Mr. Fernando D'Ornellas (Independent External Director) in these two Committees is helpful when it comes to consider the risks in the variable remuneration system, both when defining the system and when submitting it to the Board of Directors.

On the other hand, the targets linked to the variable remuneration of the Management and the Chief Executive Officer include references to the Company's Risk Map, with a view to setting specific targets aimed at mitigating the risks.

All this without prejudice to what has been explained in Section A.1.

***B.3** Explain how the remuneration accrued over the financial year meets the provisions contained in the current remuneration policy.*

Also report on the relation between the remuneration received by directors and the results or other short-term and long-term performance indicators of the entity, explaining, where appropriate, how variations in the company's performance may have resulted in variations in Directors' remunerations, including accrued allowances with deferred payment, and how these, in turn, influence the short-term and long-term performance of the company.

The remuneration of Directors in their capacity as such and the remuneration of the Executive Director comply with the Remuneration Policy applicable to the Board for the 2018 financial year.

The remuneration model for Directors in their capacity as such has no variable components linked to the global performance targets of the Company, but it is composed of the following items:

- A fixed annual allowance for each Director.

- Attendance fees for each meeting of the Board of Directors and the Committees of which each Director is a member.

- Additional attendance fees for the Chairman of each Committee and the Secretary to the Board of Directors.

The remuneration of Directors in their capacity as such is linked to the individual performance of each Director, their respective responsibilities and the tasks assigned to them in each Committee.

The Executive Director is the only director whose remuneration package includes short-term and long-term variable remuneration components. Thus, short-term variable remuneration comprises the following targets linked to the Company's performance, with the following compliance percentages at year end:

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): This target is based on the Group's EBITDA without capital gains, accounting for 20% of total variable remuneration with a goal of THREE HUNDRED AND FORTY-SIX MILLION EUROS. In 2018, the compliance percentage was **88,89%**, resulting in an earned amount for this target equal to EIGHTY-ONE THOUSAND ONE HUNDRED AND EIGHTY-THREE EUROS (€ 81.183,73).

- EBITDA Margin: This target is based on the Group's EBITDA margin without capital gains, accounting for 15% of total variable remuneration, with an 18% compliance goal. In 2018, the compliance percentage was **95,13%** resulting in an earned amount of SIXTY-FIVE THOUSAND ONE HUNDRED AND SIXTY-TWO EUROS (€ 65.162,07)

- Indebtedness Ratio: This target is based on the Group's indebtedness ratio (net debt to EBITDA), accounting for 20% of total variable remuneration and a 1.9 goal. In 2018, the compliance percentage was **96,32%** resulting in an earned amount of EIGHTY-SEVEN THOUSAND NINE HUNDRED AND SIXTY-NINE EUROS (€ 87.969,60).

Overall, the targets linked to the Company's performance account for 55% of the variable remuneration of the Chief Executive Officer.

B.4. *Report on the outcome of the consultative vote of the General Shareholders' Meeting on the annual remuneration report of the previous year, indicating the number of votes cast against, if any:*

	Number	% of total
Votes cast	176,252,788	77.295%

	Number	% cast
Votes against	6,072,441	3.445%
Votes in favour	167,239,088	94.885%
Abstentions	2,941,259	1.668%

The percentage of votes cast was calculated based on total share capital with voting rights.

***B.5** Explain the method used to determine fixed components accrued during the financial year for the benefit of directors in their capacity as such, and how they have varied with respect to the previous year.*

The General Shareholders’ Meeting held on 6 June 2018 approved a modification of the total remuneration cap for Directors in their capacity as such for the 2018 financial year. This cap was set at ONE MILLION TWO HUNDRED THOUSAND EUROS (€1,200,000) and will continue to apply until the General Shareholders’ Meeting agrees to modify it.

Fixed components accrued during the 2018 financial year have been determined pursuant to the Remuneration Policy applicable to the Board of Directors in 2018, based on the items described in Section B.3 above:

- A fixed annual allowance in the amount of TWENTY ONE THOUSAND SIX HUNDRED AND THIRTY-SIX EUROS AND FORTY-THREE CENTS (€ 21,636.43) for each Director.

  Since the Board of Directors has ELEVEN (11) members, the total amount paid under this category was TWO HUNDRED AND THIRTY-EIGHT THOUSAND EUROS AND SEVENTY-THREE CENTS (€ 238,000.73).

- Attendance fees for the meetings of the Board and the Committees of which each Director is a member:

  - FIVE THOUSAND FOUR HUNDRED AND NINE EUROS AND ELEVEN CENTS (€ 5,409.11) for each meeting of the Board of Directors.

    Since the Board of Directors has met a total of SIX (6) times, and based on the attendance of each Director to such meetings, the total amount paid as attendance fees for the Board meetings was THREE HUNDRED AND NINETEEN THOUSAND ONE HUNDRED AND THIRTY-SEVEN EUROS AND FORTY-NINE CENTS (€ 319,137.49).

  - THREE THOUSAND EUROS (€ 3,000) for attending each session of the Board's Committees.

    During the 2018 financial year, the Appointments and Remuneration Committee met SIX (6) times while the Audit and Compliance Committee met TEN (10) times. Based on each Director's attendance to these meetings, the total amount paid as attendance fees for the Committees' meetings was TWO HUNDRED AND THIRTY-SEVEN THOUSAND EUROS (€ 237,000), comprising ONE HUNDRED AND FORTY-SEVEN THOUSAND EUROS (€ 147,000) for attending the meetings of the

Audit and Compliance Committee, and NINETY THOUSAND EUROS (€ 90,000) for the meetings of the Appointments and Remuneration Committee.

Additionally, the Chairmen of the Appointments and Remuneration Committee and the Audit and Compliance Committee receive THREE THOUSAND EUROS (€ 3,000) for each meeting. To this respect, and based on the attendance of the Chairmen to their respective Delegated Commissions, the accrued amount was FORTY-TWO THOUSAND EUROS (€ 42,000).

The Secretary of the Board of Directors additionally receives SIX THOUSAND EUROS (€ 6,000) for each Board meeting attended. Since the Secretary attended all the meetings celebrated by the Board, the amount accrued for this item was THIRTY-SIX THOUSAND EUROS (€ 36,000).

Therefore, there has been no variation in the remuneration scheme of fixed components or in their calculation in 2018, despite the difference between the global amount paid in 2017 (€ 831,365.66) and the 2018 figure (€ 830,138.33), such difference resulting from the levels of attendance of the Directors to the Board and Delegated Committees meetings, as well as the number of meetings.

As a result of this, the maximum available limit for the year ended has not been reached (€ 1,200,000).

***B.6** Explain the method used to determine the salaries accrued during the financial year for the benefit of executive directors as a consideration for their management functions, and how they have varied with respect to the previous year.*

The salary accrued by the Executive Director for the 2018 financial year is as agreed in his agreement for the provision of services with the Company, and amounts to SEVEN HUNDRED AND SIXTY-ONE THOUSAND EIGHTY-EIGHT EUROS (€ 761,088).

This amount was set by the Appointments and Remuneration Committee after analysing several remuneration studies for similar positions in companies of similar type and size, taken from internationally reputed consultancy firms and public information sources.

Regarding the variations with respect to the previous year (2017), on 22 March 2018, the Appointments and Remuneration Committee agreed to increase his fixed remuneration by 4%, thus going from SEVEN HUNDRED AND THIRTY-ONE THOUSAND EIGHT HUNDRED AND FIFTEEN EUROS (€ 731,815) to SEVEN HUNDRED AND SIXTY-ONE THOUSAND EUROS (€ 761,000).

***B.7** Explain the nature and main characteristics of the variable components of the remuneration systems accrued in the year ended.*
In particular:
Identify each remuneration scheme determining the different variable remuneration packages accrued by each director during the year ended, including information on their scope, approval date, implementation date, accrual and validity periods, criteria used to assess performance, and their impact on the calculation of accrued variable amounts, as well as the measurement criteria used, and the time needed to adequately evaluate all stipulated requirements and criteria.

Among the general characteristics of share option plans and other financial instruments, include information on the requirements needed to become unconditionally entitled to them (vesting) and to be able to exercise such options or financial instruments, including price and term.
Identify each director, indicating his or her category (executive directors, proprietary external directors, independent external directors, or other external directors), who benefits from remuneration schemes or plans involving variable remuneration.
Where appropriate, provide information on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Describe the short-term variable components of the remuneration schemes

The Executive Director is the only director whose remuneration package includes short-term and long-term variable remuneration components.

Short-term variable remuneration items are determined as a percentage of fixed remuneration. In 2018, this percentage was 60%, *i.e.* FOUR HUNDRED AND FIFTY-SIX THOUSAND SIX HUNDRED EUROS (€ 456,600) (hereinafter the "Target Amount").

This Target Amount has a collection theoretical minimum of 0% and a maximum of 141%, resulting from the combination of the various assessment scales and the weighting assigned to each target.

According to this, the theoretical maximum for short-term variable remuneration would be SIX HUNDRED AND FORTY-THREE THOUSAND EIGHT HUNDRED AND SIX EUROS (€ 643,806), with a theoretical minimum of ZERO EUROS (€ 0).

To determine this amount and calculate the final balance, it is necessary to weight different targets linked to the most critical results of the Company and to the annual goals previously set by the Appointments and Remuneration Committee. The criteria used to determine the variable remuneration component and the performance level of the Chief Executive Officer are the same as those used for the Company's Senior Management Executives.

The approval of the CEO's targets for the current year as well as the determination of his degree of compliance for the year ended takes place annually at the Board of Directors meeting, based on the report submitted by the Appointments and Remuneration Committee.

The short-term variable remuneration model for the Chief Executive Officer is in line with the model applied by the Company to the rest of positions with short-term variable remuneration. For the year ended, this model comprises indicators and annual goals linked to:

1. Attaining the previously established annual economic goals.
2. Mitigating risks identified as the most relevant to the Company.
3. Individual performance as highest-ranking executive.
4. Company Expansion Model.

The levels of compliance of these targets are divided into two groups:

1) Economic targets (EBITDA and Indebtedness Ratio), where maximum compliance lies at 150% while minimum compliance lies at 0%, with a scale linking collection percentages to compliance percentages. The evaluation of these targets is based on compliance with annual goals (budget) defined individually for each target, using the true accounting figures at year end as a reference for compliance purposes. All these targets include quantifiable goals and results, so that the compliance percentage results from dividing the true amount by the budgeted amount.

2) Non-economic targets (derived from the CEO assessment by the Board and the number of Expansion Projects signed and operational during the year of accrual), with maximum compliance at 130% and minimum compliance at 0%, on a gradual four-tier compliance scale (0%, 75%, 100%, and 130%).

These targets are evaluated using a performance scale defined by the Appointments and Remuneration Committee. Each level of compliance involves reaching a series of benchmarks; all must be met successively to reach the topmost.

The variable remuneration model for the Company Management, which includes Executive Directors by definition, is reviewed on a yearly basis, adjusting indicators and goals in accordance with the Group's priorities.

In line with good governance principles, short-term variable remuneration is effective following a reasonable period after closing the financial year, with payment being made within 60 calendar days from the preparation of the annual accounts and at the proposal of Appointments and Remuneration Committee.

In accordance with the Remuneration Policy, the Company may introduce remuneration systems referenced to the market value of the Company's shares or involving payment in shares or option rights over shares. However, the Company is not planning to introduce this system into its remuneration scheme as of today.

As of the date of this report (2019), the Appointments and Remuneration Committee has evaluated the CEO’s short-term variable remuneration targets and has approved the following levels:

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)**: This target is based on the Group's EBITDA without capital gains, accounting for 20% of total variable remuneration with a goal of THREE HUNDRED AND FORTY-SIX MILLION EUROS. In 2018, the compliance percentage was **88,89%**, resulting in an earned amount for this target equal to EIGHTY-ONE THOUSAND ONE HUNDRED AND EIGHTY-THREE EUROS (€ 81,183.73).

- **EBITDA Margin**: This target is based on the Group's EBITDA margin without capital gains, accounting for 15% of total variable remuneration, with an 18% compliance goal. In 2018, the compliance percentage was **95.13%** resulting in an earned amount of SIXTY-FIVE THOUSAND ONE HUNDRED AND SIXTY-TWO EUROS (€ 65,162.07)

- **Indebtedness Ratio**: This target is based on the Group’s indebtedness ratio (net debt to EBITDA), accounting for 20% of total variable remuneration and a 1.9 goal.

In 2018, the compliance percentage was **96,32%** resulting in an earned amount of EIGHTY-SEVEN THOUSAND NINE HUNDRED AND SIXTY-NINE EUROS (€ 87,969.60).

- **Expansion**: This target comprises the number of new contracts and openings (*i.e.* management contracts, rentals, franchises) during the year ended, accounting for a 20% of variable remuneration. In 2018, the compliance percentage was **89,10%** resulting an earned amount of EIGHTY-ONE THOUSAND THREE HUNDRED AND SEVENTY-FIVE EUROS (€ 81,375.53).

- **Talent retention and development**: This target accounts for 10% of variable remuneration and is based on work climate surveys, resulting in a compliance level of **93%**, FOURTY-TWO THOUSAND FOUR HUNDRED AND SIXTY-EIGHT EUROS (€ 42,468.71).

- **Evaluation as highest-ranking executive**: This objective comprises the evaluation made by the Board members on a yearly basis, and accounts for 10% of total variable remuneration, resulting in a compliance level of 100% in 2018, FOURTY-FIVE THOUSAND SIX HUNDRED AND SIXTY-FIVE EUROS (€ 45,665.28).

- **IFRS**: This target accounts for 5% of total variable remuneration, resulting in a compliance level of 130% in 2018, *TWENTY-NINE THOUSAND SIX HUNDRED AND EIGHTY-TWO* EUROS (€ 29,682.43).

Overall, the compliance level for 2018 was 94,93%, being the amount payable to the Chief Executive Officer as short-term variable remuneration accrued in the 2018 financial year amounts to FOUR HUNDRED AND THITHY-THREE THOUSAND FIVE HUNDRED AND SEVEN EUROS (€ 433,507.35), to be paid in cash in April 2019 (single payment), April being the regular month of payment of variable remuneration.

Describe the long-term variable components of the remuneration schemes

The Chief Executive Officer, together with the rest of the Company's management, is included in the (3-year) Multi-year Variable Remuneration Plan, as approved by the General Shareholders' Meeting on 23 June 2016, applicable to the 2016-2018 period.

This remuneration system was approved in accordance with Article 37.2 of the Company Bylaws and article 219 of the Spanish Corporate Enterprises Act, with the purpose of promoting the market value of corporate stock by making executives responsible for the Group's success and letting them share the benefits and risks of shareholders.

Multi-year remuneration is linked to the long-term performance of the Group (understood as the group of companies as defined in Article 42 of the Commerce Code) and, in particular, to the Strategic Plan, whose goals and targets extend over the same period as the multi-year remuneration accrual period.

The target amount (100%) of such multi-year variable remuneration is equivalent to the fixed salary for one year, with a maximum of 130% and a minimum of 10%.

The long-term targets for the 2016-2018 period underlying multi-year variable remuneration for 2018 are grouped into these four blocks:

- Evolution of the share price [20%]: Evolution of the Company share price vs. average growth of the IBEX 35 and the Dow Jones Europe Travel & Leisure indexes, calculated based on the percentage difference between the following two values:

    1. Value 1: Average rate of the Company's daily closing stock quotes from 15.12.2018 to 15.02.2019 (including both dates) and closing stock quote on 31.12.2015.

    2. Value 2: Arithmetic mean of the evolution of the following stock market indexes: IBEX 35 and Dow Jones Europe Travel & Leisure index for the same period as Value 1, *i.e.* from 15.12.2018 to 15.02.2019 (including both dates) and closing level on 31.12.2015.

    The percentage difference between Value 1 and Value 2 will be remunerated based on the impact of the result on a 100 base, *i.e.* if positive, it will add to 100, while if negative, it will subtract from 100. The final result will be the collection percentage.

- Financial Solvency [35%]: Comprising the aforesaid targets of EBITDA excluding capital gains, indebtedness ratio and revenue per available room.

- Business Targets [30%]: Comprising business-specific targets linked to quantitative and qualitative indicators, such as new hotels opened, contracts, recognition and loyalty.

- Intangible Targets [15%]: Based on the Leadership Index and the Governance Model.

For all long-term targets, the minimum compliance level resulting in the right to receive payment is 80%, up to a maximum of 130%. If the minimum threshold is not reached, the remuneration will be 0% for all targets, except for the remuneration linked to stock quotes, whose minimum collection percentage is set at 50%. For the rest of targets, compliance percentages between 80% and 130% will result in equivalent collection percentages, as all long-term goals are quantified.

In line with good governance principles, multi-year variable remuneration is effective after a reasonable period following the end of the third financial year, with payment being made within 60 calendar days following the preparation of the annual accounts for that year, and once the Board has approved the proposal submitted by the Appointments and Remuneration Committee.

B.8. *Indicate whether variable components have reduced or clawed back after vesting and deferring payment in the case of the former, or after vesting and making the payment, in the case of the latter, based on data which were later manifestly shown to be inaccurate. Describe the amounts reduced or clawed back by virtue of any reduction or clawback clauses, the reasons for enforcement of such clauses, and the respective financial year.*

According to Section A.1 above, the CEO’s agreement for the provision of services does not contain any clause reducing the amount of deferred remuneration (malus clause) or obliging the Director to reimburse paid remuneration (clawback clause). However, in line with the Recommendations of the Good Governance Code of Listed Companies, on 27 November 2018 the Appointments and Remuneration Committee agreed to propose the incorporation of such clauses into the CEO's agreement for the provision of services and their inclusion in the Remuneration Policy of the Board. Therefore, the Company plans to modify the Remuneration Policy in order to incorporate the said clause. This modification will be proposed to the next General Shareholders' Meeting.

B.9 *Explain the main characteristics of long-term savings plans whose amount or equivalent annual cost is shown on the tables of Section C, including retirement and any other survivor benefit, which are totally or partly financed by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined-contribution or defined-benefit plan, contingency coverage, conditions for the vesting of economic rights in favour of the directors, and compatibility with any compensation for early termination or end of the contractual relationship between the company and the director.*

In accordance to Section A.1 above, the General Shareholders' Meeting held on 6 June 2018 approved the modification of the Remuneration Policy applicable to Board members in the 2016-2018 period and the new Remuneration Policy, incorporating pension plans in the remuneration scheme. Contributions to this plan will start to be made in 2019.

B.10 *Explain, where applicable, any compensations or severance payments derived from early dismissal, whether at the initiative of the company or the director, or from the termination of the agreement pursuant to the terms thereof which have accrued and/or have been paid to directors during the year ended.*

N/A

B.11 *Indicate whether there have been significant modifications in the agreements of individuals in senior management positions such as executive directors and explain them, where applicable. Also explain the main terms and conditions of the new agreements signed with the executive directors during the financial year, unless they were already explained in Section A.1.*

No modifications have been made in the agreement for the provision of services signed between the Company and the Chief Executive Officer during the 2018 financial year, and no new agreements have been executed.

B.12 *Explain any additional remuneration accrued by directors as a consideration for services rendered other than those inherent to their position.*

N/A

B.13 *Explain any remuneration granted in the form of advances, credits and guarantees, indicating interest rates, key features and any amounts eventually repaid, as well as any liabilities incurred in favour of directors by way of guarantee.*

No advances, loans, or guarantees have been granted by the Company to the members of the Board of Directors.

***B.14** Detail any remuneration in kind accrued by directors during the financial year, providing a brief description of each salary component.*

During the 2018 financial year, and in accordance with the remuneration schemes described throughout this Report, the only Director receiving remuneration in kind was the Chief Executive Officer:

Private medical insurance: The Chief Executive Officer has private medical insurance for the benefit of himself and his family for an annual premium of THREE THOUSAND THREE HUNDRED AND FORTY EUROS AND THIRTY-SIX CENTS (€ 3,340.36).

Life and accident insurance: The Chief Executive Officer has life and accident insurance for a yearly premium of TWO THOUSAND FOUR HUNDRED AND EIGHTY-NINE EUROS AND THIRTY CENTS (€ 2,489.30) with the following coverage:

€ 650,000 in the event of death for any cause
€ 650,000 for disability for any cause
€ 1,300,000 for accidental death

***B.15** Explain the remuneration accrued by directors arising from payments made by the listed company to a third party to which the directors provide services, when such payments are intended to remunerate the directors' services in the company.*

N/A

***B.16** Explain any remuneration items other than those detailed above, whatever their nature or the group company paying them, especially when this may be considered a related-party transaction or when its issuance distorts the true image of the total remuneration accrued by the director.*

N/A

C. BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH BOARD MEMBER

Name	Trype	2018 accrual period
Don GABRIEL ESCARRER JAUME	Executive	From 01/01/2018 to 31/12/2018
Don GABRIEL ESCARRER JULIÁ	Proprietary	From 01/01/2018 to 31/12/2018
Don SEBASTIÁN ESCARRER JAUME	Proprietary	From 01/01/2018 to 31/12/2018
HOTELES MALLORQUINES CONSOLIDADOS S.L.	Proprietary	From 01/01/2018 to 31/12/2018
Don JUAN VIVES CERDÁ	Proprietary	From 01/01/2018 to 31/12/2018
Doña CARINA SZPILKA LÁZARO	Independent	From 01/01/2018 to 31/12/2018
Don FERNANDO D ORNELLAS SILVA	Independent	From 01/01/2018 to 31/12/2018
Don JUAN ARENA DE LA MORA	Independent	From 01/01/2018 to 31/12/2018
Don FRANCISCO JAVIER CAMPO GARCIA	Independent	From 01/01/2018 to 31/12/2018
Don LUIS MARÍA DÍAZ DE BUSTAMANTE	Independent	From 01/01/2018 to 31/12/2018
Don ALFREDO PASTOR BODMER	Other External Director	From 01/01/2018 to 31/12/2018

C.1 Complete next information referred to individual remuneration for each of Directors (Including remuneration for executive tasks) paid during financial year.

a) Remuneration accrued in the reporting Company:

i. Remuneration in cash (in thousands of euros)

Name	Fixed Compensation	Travel compensation	Attendance fees other Board Commit	Salaries	Variable compensation Short-term	Variable compensation long-term	Termination Benefits	Other Items	Total 2018	Total 2017
Doña CARINA SZPILKA LÁZARO	22	62							84	81
Don FERNANDO D ORNELLAS SILVA	22	93							115	120
Don JUAN ARENA DE LA MORA	22	57							79	70
Don ALFREDO PASTOR BODMER	22	59							81	81
Don GABRIEL ESCARRER JULIÁ	22	27							49	49
Don JUAN VIVES CERDÁ	22	23							45	70
Don SEBASTIÁN ESCARRER JAUME	22	32							54	60
Don GABRIEL ESCARRER JAUME	22	32		761	481				1,296	1,195
Don FRANCISCO JAVIER CAMPO GARCIA	22	68							90	79
HOTELES MALLORQUINES CONSOLIDADOS S.L.	22	50							72	69
Don LUIS MARÍA DÍAZ DE BUSTAMANTE	22	86							108	105

ii. Share-based employee benefits.

N/A

iii. long-term savings schemes

N/A

iv. Other benefits (thousand €)

Name	Concept	Amount
Don GABRIEL ESCARRER JAUME	Life Insurance	2

b) Remuneration accrued by Company board members arising from their membership on other Group Boards:

i. Remuneration in cash (in thousands of euros)

Name	Fixed Compensation	Travel compensation	Attendance fees other Board Commit	Salaries	Variable compensation long-term	Variable compensation long-term	Temination benefits	Other concepts	Total 2018	Total 2017
Don GABRIEL ESCARRER JAUME		114							114	114

ii. Share-based employee benefits.

N/A

iii. Describe long-term savings schemes.

N/A

iv. Other benefits (thousand €)

N/A

c) Summary of remuneration (in thousand €):

This should include the amounts corresponding to all remuneration concepts accrued by the board member included herein, in thousands of euros.

	Remuneration accrued in the Company					Remuneration accrued in Group companies				
Name	Total Compensation paid in cash	Amount of shares granted	Gross profit options execised	Compensation for other concepts	Total 2018 Company	Total Compensation paid in cash	Amount of shares granted	Gross profit options execised	Compensation for other concepts	Total 2018 Group
Doña CARINA SZPILKA LÁZARO	84				84					0
Don FERNANDO D ORNELLAS SILVA	115				115					0
Don JUAN ARENA DE LA MORA	79				79					0
Don ALFREDO PASTOR BODMER	81				81					0
Don GABRIEL ESCARRER JULIÁ	49				49					0
Don JUAN VIVES CERDÁ	45				45					0
Don SEBASTIÁN ESCARRER JAUME	54				54					0
Don GABRIEL ESCARRER JAUME	1,296			2	1,298	114				114
Don FRANCISCO JAVIER CAMPO GARCIA	90				90					0
HOTELES MALLORQUINES CONSOLIDADOS S.L.	72				72					0
Don LUIS MARÍA DÍAZ DE BUSTAMANTE	108				108					0
Total	2,073			2	2,075	114				114

D. OTHER INFORMATION OF INTEREST

Relevant aspects of director remuneration not reflected in the above sections of this report yet considered necessary for inclusion so as to provide more comprehensive and reasoned information on the Company's remuneration structure, and its practices with regard to compensating its directors.

Note for C.1 a) i ("Other concepts").

The amount referred to life insurance prime for CEO is reported in C.1 a) iv. an C.1. c) as "other concepts".

This remuneration report was approved by the Company's Board of Directors at its meeting held on **27th February 2019.**

Indicate whether any directors voted against or abstained from voting on the approval of this Report. **NO.**