

ANNEX I

**Template and statistics for the Annual Report on the
Remuneration of Directors according to Circular 4/2013 of the
Spanish Securities and Exchange Commission (CNMV)**

**TEMPLATE ANNEX I
ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED
CORPORATIONS (*SOCIEDADES ANÓNIMAS*)**

ISSUER IDENTIFICATION DETAILS

FINANCIAL YEAR-END DATE	31/12/2019
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Tax ID	A87586483
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BUSINESS NAME
AEDAS HOMES, S.A.

REGISTERED OFFICE
Paseo de la Castellana, 42 28046 Madrid

**ANNUAL REPORT ON THE REMUNERATION OF MEMBERS OF THE
BOARD OF DIRECTORS OF LISTED CORPORATIONS**

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the current directors' remuneration policy applicable to the year in progress. To the extent that is relevant, certain information may be included by reference to the remuneration policy approved by the general shareholders' meeting, provided that it is incorporated in a clear, specific and concrete manner.

A description should be provided of the specific determinations for the year in progress, for both the remuneration of directors in their capacity as such and for the performance of executive functions carried out by the Board, in accordance with the contracts signed with executive directors and the remuneration policy approved by the general shareholders' meeting.

In any case, information must be provided for at least the following aspects:

- **Description of the company's procedures and governing bodies involved in determining and approving the remuneration policy and its conditions.**
- **Indicate and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.**
- **Information on whether any external advisors have participated and, if so, their identity.**

On 26 September, 2017, the Company's Sole Shareholder at that time approved the Company's first Remuneration Policy. This Remuneration Policy refers to financial years 2017, 2018, 2019 and 2020 (unless the General Shareholders' Meeting decides to modify it by virtue of the provisions of Article 529 novodecies of the Companies Act). The Remuneration Policy has been drawn up taking into account the importance of the Company, its economic situation, the market standards for comparable companies and the dedication of the directors to the Company. The remuneration established maintains an adequate proportion and promotes the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or unfavourable results being rewarded and ensuring the alignment of the interests of the directors with those of the Company and its shareholders, without compromising the independence of the directors.

The Remuneration Policy is based on the following general principles and fundamentals: (i) guarantee the independence of judgment of external directors; (ii) attract and retain the best professionals; (iii) promote long-term sustainability and profitability of the Company; (iv) ensure transparency of the rules for determining remuneration; (v) ensure that the rules for determining the remuneration of each director are clear, simple and brief; (vi) ensure that remuneration is determined on the basis of principles of fairness and proportionality with respect to the dedication, qualification and responsibility required by the position, as well as the experience, functions and tasks performed in the Company; (vii) the directors' remuneration must be adequate in relation to best market practices; (viii) the directors' remuneration must be compatible with the compensation received for executive tasks performed in the Company; (ix) the involvement of the Appointments and Remuneration Committee in the definition and supervision of the Remuneration Policy for the members of the Board of Directors; and (x) the approval of a total amount for the remuneration of directors by resolution of the general shareholders' meeting and delegation of powers to the Board to determine its distribution among the directors.

Pursuant to Article 17 of the Company's Articles of Association, the position of director of the Company is remunerated and, in general, the remuneration consists of a fixed annual allocation, which is determined as follows:

- (i) The maximum total amount of the annual remuneration of all the directors in their capacity as such will be approved by the General Meeting.
- (ii) The Board of Directors will determine the allocation of the remuneration to each director in his or her capacity as such (as a fixed allocation) in accordance with the Remuneration Policy.

According to the current Remuneration Policy, only independent directors are entitled to receive remuneration for being members of the Board of Directors and the Committees of which they form part. In accordance with Article 17 of the Articles of Association, the remuneration of directors in their capacity as such shall consist of a fixed annual allocation.

The General Meeting held on 17 May 2018, at the proposal of the Board of Directors and following a favourable report from the Appointments and Remuneration Committee ("CNR", in its Spanish acronym), raised the maximum total amount that the Company may pay as a fixed annual allocation to directors, in their capacity as such, from €600,000 to €1,000,000, in anticipation of an increase in the individual remuneration of (independent) directors and in the number of Board members and, consequently, approved the modification of the current wording of section 5.1 of the Remuneration Policy ("Remuneration of Directors in their capacity as such. Maximum annual amount of directors' remuneration").

In its proposal, the Board of Directors considered that the modification of the Remuneration Policy, the approval of which was proposed to the General Meeting, was in line with best market practices, in accordance with the conclusions reached after a series of prior consultations carried out by the Company on remuneration trends and references currently applied in the market, with special attention to comparable companies.

The CNR commissioned a report from the independent consultant PWC (with experience in this field), in order to obtain market salary information, with the aim of comparing objective data that would allow the Company to review the remuneration policy of its independent directors in light of the aforementioned principles and fundamentals, including their dedication to the position of director as such.

For this report, PWC used the following documents as a source of information:

- a. PwC Report on Boards of Directors of listed companies (2017)
- b. Annual report on the remuneration of directors published by the companies (2017).
- c. Annual report on the remuneration of directors of listed companies published by the CNMV (2016)
- d. Market report of "Spanish Stock Exchange and Markets" (Bolsa y Mercados Españoles) (2017)
- e. Annual corporate governance reports published by the companies (2017)
- f. Own and third party information available to PwC.

In addition, in order to carry out an analysis of the remuneration of the company's independent directors, PWC selected a group of comparable companies based mainly on the following four objective criteria: (i) Sector of activity; (ii) Market capitalization; (iii) Number of employees; (iv) Earnings of companies that, due to their type and nature, are comparable to Aedas Homes.

Following the PWC report and given that the latter took into consideration the remuneration of directors and senior executives of companies similar in size, characteristics, importance and activity to the company, the Appointments and Remuneration Committee and the Board of Directors considered that, based on this analysis and its conclusions, the remuneration of the directors, following the increase approved by the General Meeting, is within a reasonable market range.

In addition, members of the Board may receive: (i) wages, payment or compensation of any nature related to the performance of executive duties in the Company; (ii) payments of premiums for civil liability insurance contracted by the Company for its

directors under market conditions; and (iii) reimbursement of out-of-pocket expenses incurred by directors in attending meetings of the Board or Committees.

The remuneration of the executive director (at present the only executive director of the Company is the Chief Executive Officer) currently consists of the following: (i) a fixed remuneration of 500,000 euros, although this may be increased by up to 25% through an increase in the fixed salary or through the inclusion of the executive director in pension systems; (ii) the remuneration in kind described in this section A.1 (4 paragraphs below) and (iii) a variable remuneration, which is described in detail in this section A.1 (5 paragraphs below).

There have been no other changes in 2019.

- **Relative importance of variable remuneration items with respect to the fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company including, where appropriate, reference to the measures envisaged to ensure that the remuneration policy takes into account the long-term performance of the company, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and the measures envisaged to avoid conflicts of interest, where applicable.**

In addition, indicate whether the company has established a period for the accrual or consolidation of certain variable remuneration items (in cash, shares or other financial instruments), a deferral period for the payment of amounts or the delivery of financial instruments already accrued and consolidated, or whether a clause has been agreed to reduce deferred remuneration or oblige the director to return remuneration received when such remuneration has been based on data whose inaccuracy has subsequently been clearly demonstrated.

Independent directors only receive fixed remuneration. The variable remuneration of executive directors consists of: (i) annual variable remuneration, paid in cash, to be determined on the basis of professional performance and the fulfillment of predetermined objectives (20% of the fixed remuneration for achieving 100% of the established objectives); and (ii) long-term variable remuneration to promote the fulfillment of financial objectives and the alignment of long-term interests. Since the only director who receives variable remuneration is the executive director (for more information see the explanation given in this same section a little further on and in section B.7 below), the importance of variable remuneration items with respect to fixed items is, to a certain extent, limited.

- **Amount and nature of the fixed components expected to be accrued during the year by directors in their capacity as such.**

The amount and nature of the fixed components of the CEO are included in point A.1.; Proprietary Directors receive no remuneration and the amount of the fixed remuneration of Independent Directors is €585,624.92.

- **Amount and nature of the fixed components that will be accrued during the year for the performance of senior management functions by executive directors.**

Annual Gross Salary (AGS) of €500,000 accrued in 2019 for the performance of the duties of Chief Executive Officer.

- **Amount and nature of any component of remuneration in kind that will be accrued in the financial year including, but not limited to, insurance premiums paid in favour of the director.**

The LTIP is a variable remuneration consisting of the handover of shares after a period of time, subject to the beneficiary achieving certain performance and loyalty objectives. Specifically, the LTIP is comprised of three overlapping three-year cycles, with the first cycle being slightly longer. The shares corresponding to each cycle will be handed over following payment of the corresponding taxes and the beneficiaries that receive shares will be bound by holding periods. Specifically, the Executive Director, Mr David Martinez Montero, must retain 100% of the shares received by virtue of the LTIP for at least one year after receiving them. The only Director benefitting from the LTIP, is the only Executive Director, namely the CEO, Mr David Martinez Montero. The target amount in euros (100%) for the Executive Director is €734,000 for the first cycle and €381,000 for the second cycle. The third cycle has not yet been assigned. The maximum amount in euros (150%) for the Executive Director is €1,100,000 for the first cycle and €572,000 for the second cycle. The number of target shares (100%) to be assigned to the Executive Director is 23,170 shares for the first cycle and 12,019 shares for the second cycle. The third has not been defined yet. The maximum amount of shares (150%) to be assigned to the Executive Director is 34,755 shares for the first cycle and 18,029 shares for the second cycle. The third has not been defined yet.

In order to convert remuneration amounts to shares, the share price for the securities market flotation of AEDAS Homes will be used.

For the first cycle, which goes from the securities market flotation on 20 October 2017 to 31 December 2020, the weighted payment coefficient is the weighted average of the payment coefficients for the following three performance metrics, each of which represents a third of the total: (i) EBITDA: an EBITDA target is set as a growth target for the period from 1 January 2018 to 31 December 2020. The degree of achievement will be based on the effective EBITDA figure for the same period and the payment coefficient in a range of 0% to 150%. (ii) Developer Margin: a target in relation to the development margin is established as an efficiency target for the period running from 1 January 2018 to 31 December 2020. The degree of achievement will be based on the effective average development margin for the same period and the payment coefficient will range from 0% to 150%. (iii) total shareholder return ("TSR"): a TSR target is set as a value creation target for the period from Admission to Trading (20 October 2017) until 31 December 2020. The degree of achievement will depend on the effective TSR during the same period. The TSR will be understood as the evolution of the share price, including the value of dividends, if any, assuming that the dividends are reinvested in company shares on the same day they are paid. The payment coefficient will range from 0% to 150%. The second and third cycle are to be defined.

In the 2019 financial year, executive director David Martinez Montero did not accrue or receive any variable remuneration under the LTIP.

The executive director has received, as variable remuneration, health insurance and life insurance valued at €2,268 and €1,667.16 respectively.

- **Amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, with the latter including social, environmental and climate change parameters, selected to determine variable remuneration for the year in progress, explaining the extent to which these parameters relate to the performance of the director and the company and to its risk profile, as well as the methodology, the period required and techniques envisaged to determine the degree of compliance with the parameters used in the design of variable remuneration at the end of the year.**

Indicate the range, in monetary terms, of the different variable components according to the degree of compliance with the established objectives and parameters and whether there is any maximum monetary amount in absolute terms.

€75,000 VARIABLE ANNUAL REMUNERATION (CASH). The annual variable remuneration structure of the CEO for 2019 is:

(A) 30% discretionary, with particular value given to certain criteria (greatly exceeding the Investment objectives of the Company included in its Business Plan and other long-term strategic objectives of the Company, such as possible corporate transactions).

(B) 40% is accrued on the basis of the degree of compliance with the Company's objectives. Specifically, up to 10% of each of the following objectives: (i) 10% for achieving the number of homes handed over, (ii) 10% for achieving the Revenue target, (iii) 10% for achieving the Profit target (EBITDA) and (iv) 10% for achieving the Gross Margin target for the Developer.

(C) Up to the remaining 30% is accrued on the basis of the degree of compliance with specific objectives of the CEO. Specifically, up to 9% for the achievement of the Sales objective, up to 9% for the achievement of the Start of Construction Work objective and up to 9% for the achievement of the Net Margin objective for the Developer and up to 3% for achieving the objective of Introduction of Sustainability and Energy Efficiency Measures.

Achievement of 100% of the objectives amounts to the payment of 20% of the Executive Director's AGS, i.e. €100,000.

In 2019, the Executive Director, David Martínez Montero, did not accrue or receive any variable remuneration under the LTIP.

- **Main characteristics of long-term savings systems. Among other information, indicate the contingencies covered by the system, whether it is a defined contribution or defined benefit system, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions of consolidation of the economic rights in favour of the directors and their compatibility with any type of payment or severance payment for early termination or dismissal, or deriving from the termination of the contractual relationship, under the terms envisaged between the company and the director.**

Indicate whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short and long-term performance of the director.

n/a

- Any type of payment or severance payment for early termination or dismissal, or deriving from the termination of the contractual relationship under the terms established between the company and the director, regardless of whether the termination is at the election of the company or the director, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of payment.

n/a Only the Executive Director has these conditions as detailed in the following point.

- Indicate the conditions that must be respected in contracts for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, permanence clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, as well as compensation or golden parachute clauses for early termination or the termination of the contractual relationship between the company and the executive director. Include, among others, pacts or agreements relating to non-competition, exclusivity, permanence or loyalty and post-contractual non-competition, unless these have been explained in the previous section.

The key terms and conditions of the executive director's contract, which have not varied in 2019, are as follows:

- (i) Duration: indefinite.
- (ii) Exclusivity: the executive directors must provide their services exclusively for the Company, so that they may not provide any kind of services, directly or indirectly, under any kind of legal relationship, for third parties, or on their own account, even when the activities they carry out are not concurrent with those of the Company.
- (iii) Grounds for termination and severance: the executive director's contract may be terminated for the following reasons: (i) mutual agreement between the parties, (ii) unilateral withdrawal of the director with three months' advance notice; in the event of non-compliance with this period, the director must indemnify the Company with an amount equal to the fixed remuneration applicable at the time of termination of the contract corresponding to the period of unfulfilled notice, (iii) unilateral withdrawal of the director if there is a change of control where (a) a third party acquires, directly or indirectly, a percentage greater than 50% of the Company's voting rights; or (b) a third party names half plus one of the members of the Board of Directors, (iv) unilateral will of the Company (a) by means of a Board of Directors resolution (b) in case of layoff or non-renewal as director by the General Meeting (c) in the event of total or partial revocation, as the case may be, of the powers delegated to it by the Board of Directors or of the powers granted to it by the Company; and (v) death, legal incapacitation, declaration of total or high degree permanent incapacity, or temporary incapacity or impossibility of the director to exercise his functions for a period of more than 12 months.

The termination of the executive director's contract in cases (iii) or (iv) will entitle the director to receive a gross severance payment equal to two years of the fixed remuneration that he or she was receiving at

the time of termination of the contract provided that, in case (iii), the withdrawal occurs within six months following the change of control or, in case (iv), such termination is not due to a violation of the law, internal regulations or a corporate resolution, or a breach of obligations under the contract.

(iv) Post-contractual non-competition agreement: the contracts of executive directors include a non-competition clause whereby the director may not compete for a period of one year from the termination of his contract, for which reason he would receive compensation consisting of a gross amount equivalent to one year's fixed remuneration at the time of termination of the contract, which will be paid once only at the time of termination. In the event that the director fails to comply with his non-competition obligation, he must return this amount and pay, as a penalty, an amount equivalent to 25% of the compensation received for his obligation not to compete, all without prejudice to the compensation for damages to which the Company is entitled.

(v) Clawback clause: executive directors' contracts include clauses for the reimbursement to the Company of the remuneration received by directors in cases in which (i) any event or circumstance occurs that results in the definitive alteration or negative variation of the financial statements, results, economic data, performance data or of any other nature on which the accrual and payment to the director of any amount by way of remuneration was based, and where (ii) such alteration or variation determines that, if it had been known on the date of the accrual or payment, the director would have received a lower amount than that initially paid, the director shall be obliged to reimburse the Company for the excess so received and the Company may claim such reimbursement from him. The foregoing is understood to be independent of any type of responsibility required of the director in the aforementioned alteration or negative variation.

- **The nature and estimated amount of any other supplementary remuneration that will be accrued by the directors in the current financial year in consideration for services rendered other than those inherent to their position.**

n/a

- **Other remuneration items such as those deriving, where applicable, from the company granting the director advances, loans and guarantees and other remuneration.**

n/a

- **The nature and estimated amount of any other supplementary remuneration envisaged that is not included in the previous sections, whether paid by the company or another company in the group, which will be accrued by directors in the year in progress.**

n/a

A.2 Explain any relevant changes in the remuneration policy applicable in the current year arising from:

- A new policy or a modification of the policy already approved by the General Meeting.
- Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the board of directors has agreed to present to the general shareholders' meeting at which this annual report will be submitted and which are proposed to be applicable to the current financial year.

There have been no changes to the Remuneration Policy in 2019. There are not proposals from the board of directors to be presented to the General Shareholders in this sense.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

<https://www.aedashomes.com/inversores/gobierno-corporativo/politicas-corporativas>

A.4 Explain, taking into account the data provided in section B.4, how the vote of the shareholders was taken into consideration at the general meeting at which the annual remuneration report for the previous year was submitted to a consultative vote.

Item 7 of the Agenda of the General Shareholders' Meeting held on 9 May 2019 was:

"Consultative vote on the annual report on the remuneration of directors for financial year 2018.

Resolution:

Approve, on a consultative basis, the annual report on directors' remuneration for financial year 2018, which was made available to shareholders, together with the rest of the **documentation relating to the** General Shareholders' Meeting, from the date of publication of the announcement of the meeting."

The chairperson declared the Remuneration Report for 2018 approved, on a consultative basis, without the shareholders present stating an objection and voting against, casting blank votes or abstaining.

Of those present, 99.06% voted in favor, 0.90% against, 0.04% abstained with 0 blank votes.

B OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE CLOSED FINANCIAL YEAR.

B.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where applicable, the identity and role of the external

advisors whose services have been used in the process of applying the remuneration policy in the closed financial year.

In 2019, the total remuneration of directors increased due to a new independent director joining the Board of Directors, having been appointed by co-optation by the Board of Directors at the meeting held on 4 April 2019 and whose appointment was ratified by the General Meeting of Shareholders held on 9 May 2019.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and aligning it with the company's long-term objectives, values and interests, including a reference to the measures that have been adopted to ensure that the long-term performance of the company has been taken into consideration in the remuneration accrued and that an appropriate balance has been achieved between the fixed and variable components of remuneration, the measures that have been adopted in relation to those categories of personnel whose professional activities have a material impact on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, where appropriate.

- Proprietary Directors do not receive any remuneration;
- Independent Directors only receive fixed remuneration. Therefore, by adjusting their remuneration to market levels, the risk of losing one or more of them has been reduced.
- The only executive Director: Has variable remuneration and this is explained previously in this Report.

B.3 Explain how the remuneration accrued during the year complies with the provisions of the remuneration policy in force.

In addition, provide information regarding the relationship between the remuneration obtained by directors and the company's short and long-term results or other performance measures, explaining, where appropriate, how variations in the company's performance may have influenced the variation in the remuneration of directors, including accrued remuneration that has been deferred, and how these contribute to the company's short and long-term results.

- With regard to independent Directors, the remuneration accrued is within the maximum limits approved by the general shareholders' meeting, including the modification of the overall maximum amount approved on 17 May 2018. The remuneration of independent Directors has only a fixed component, and therefore has not been altered by the results obtained by the Company.
- As regards the executive Director, the components of the latter's remuneration (Fixed Salary, Variable Remuneration and participation in the LTIP) are in accordance with his contract (which falls within the current remuneration policy), with the components detailed in A.1.
- It is understood that the variable components of the remuneration are the most suitable for promoting the creation of long-term value for the Company, given the specific nature of its sector of activity.
- In 2019, Executive Director David Martínez Montero, neither accrued nor was paid any variable remuneration under the LTIP. However, he did receive, as variable remuneration, health insurance and life insurance valued at €2,268 and €1,667.16 respectively.

B.4 Report on the result of the consultative vote of the general meeting regarding the annual report on remuneration for the previous year, indicating the number of negative votes cast, if any:

	Number	% of total
Votes cast	39,145,835	100

	Number	% of votes cast
Votes against	353,500	0.903
Votes in favour	38,777,057	99.058
Abstentions	15,278	0.39

Remarks

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such were determined, and how they varied with respect to the previous year.

In regard to the fixed remuneration of Directors, it is important to bear in mind that:

- Proprietary Directors do not receive any remuneration;
- Independent Directors only receive fixed remuneration. This remuneration was checked by an independent consultant of recognized prestige (see B.1); and
- With respect to the sole executive Director (the CEO): The fixed remuneration was agreed upon at the time of hiring, which was prior to the Company's Initial Public Offering. For this reason, the CNR was not involved. However, as mentioned in A.1., the Company commissioned a series of studies from specialized independent consulting firms in order to confirm that the CEO's remuneration (fixed, variable and the Long-Term Incentive Plan ("LTIP")) were market-based.

As for the variation in the above fixed remunerations during 2019:

- Proprietary Directors do not receive any remuneration;
- In 2017, the independent Directors received €463,888.83 in 2018 (as there was a change in these remunerations in the month of May). In 2019, the independent directors received €585,624.92.
- The CEO (sole executive Director): the fixed remuneration of the CEO was as follows: €500,000 in 2019. It has not varied with respect to 2018.

B.6 Explain how the salaries accrued by each of the executive directors during the closed financial year for the performance of management duties were determined and how they varied with respect to the previous year.

There have been no changes in the salary of the Chief Executive Officer in financial year 2019.

B.7 Explain the nature and main characteristics of the variable components of the remuneration systems accrued in the closed financial year.

In particular:

- Identify each of the remuneration plans that have determined the various variable remunerations accrued by each of the directors during the closed financial year, including information regarding their scope, date of approval, date of implementation, periods of accrual and validity, and the criteria used to evaluate

performance and how this has affected the determination of the variable amount accrued, as well as the measurement criteria used and the period required to be able to adequately measure all the conditions and criteria stipulated.

In the case of stock option plans or other financial instruments, the general characteristics of each plan should include information concerning the conditions both for acquiring unconditional ownership (consolidation) and for exercising these options or financial instruments, including the price and term of exercise.

- Each of the directors and their category (executive directors, external proprietary directors, external independent directors or other external directors), that are beneficiaries of remuneration systems or plans that include variable remuneration.
- Where applicable, information should be provided on the established accrual or deferral periods that have been applied and/or the periods of retention/disposal of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems.

Only the executive director has variable remuneration. Proprietary directors have no remuneration of any kind and independent directors only have fixed and non-variable remuneration.

The variable remuneration of the CEO is linked to three types of objectives: company performance metrics, function-specific objectives and performance evaluation. Achievement of 100% of the targets implies 20% of the AGS.

Explain the long-term variable components of the remuneration systems

Only the executive director participates in the LTIP. The LTIP is linked to the degree of fulfilment with the metrics it contains: EBITDA, Developer Margin and Total Shareholder Return. In financial year 2019, the executive director David Martínez Montero neither accrued nor received any variable remuneration under the LTIP, given that the degree of fulfilment of the metrics is not calculated until 31 December 2020.

- B.8 Indicate whether certain variable components have been reduced or claimed back when, in the first case, payment has been consolidated and deferred or, in the second case, consolidated and paid, on the basis of data whose inaccuracy has subsequently been clearly demonstrated. Describe the amounts reduced or returned by the application of reduction or recovery clauses (clawback), why they were executed and the years to which they relate.**

n/a

- B.9 Explain the main characteristics of long-term savings systems whose amount or equivalent annual cost is shown in the tables in Section C, including retirement and any other survivor benefit, which are partially or totally financed by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or a defined benefit plan, the contingencies it covers, the conditions for consolidating economic rights in favor of directors and its compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.**

n/a

B.10 Explain, if applicable, the severance payment or any other type of payment arising from early termination, whether at the will of the company or of the director, or from the termination of the contract under the terms provided therein, that has been accrued and/or received by the directors during the closed financial year.

n/a

B.11 Indicate whether there have been any significant changes in the contracts of those exercising senior management functions as executive directors and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

n/a No changes have been made to the contract of the executive Director during financial year 2019.

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

n/a

B.13 Explain any remuneration arising from the granting of advances, loans and guarantees, indicating the interest rate, their key characteristics and any amounts repaid, as well as the obligations assumed on their account by way of guarantee.

n/a

B.14 List the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

The only director that receives remuneration in kind is the Chief Executive Officer. The breakdown is contained in point A.1

B.15 Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third-party company in which the director provides services, when such payments are intended to remunerate the director's services in the company.

n/a

B.16 Explain any other item of remuneration other than the foregoing, regardless of the nature or the group company that pays it, especially when it is considered a related-party transaction or when its payment distorts the true and fair view of the total remuneration earned by the director.

n/a

C BREAKDOWN OF THE INDIVIDUAL REMUNERATIONS CORRESPONDING TO EACH OF THE DIRECTORS

Name:	Type	Accrual period for financial year t
David Martinez Montero	Executive director (CEO)	From 1 January to 31 December
Miguel Temboury Redondo	Independent director	From 1 January to 31 December
Santiago Fernandez Valbuena	Independent director	From 1 January to 31 December
Cristina Alvarez	Independent director	From 1 January to 31 December
Emile Haddad	Independent director	From 1 January to 31 December
Javier Lapastora Turpin	Independent director	From 1 January to 31 December
Milagros Méndez Ureña	Independent director	From 4 April to 31 December

C.1 Complete the following tables with respect to the individual remuneration of each director (including remuneration for performing executive functions) accrued during the year.

a) Remunerations of company object of this report:

i) Remuneration in cash (in thousands of euros)

Name:	Fixed remuneration:	Per diem allowances	Remuneration for membership on board committees	Salary/Remuneration for membership on the Board	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items (medical and life insurance)	Total financial year t (2019)	Total year t-1 (2018)
David Martinez Montero (CEO)	€500	n/a	€0	€0	€75			€4	€579	592€
Javier Lapastora Turpin	€100	n/a	€25	€0	n/a	n/a	n/a	n/a	€125	€87
Miguel Temboury Redondo	€100	n/a	€25	€0	n/a	n/a	n/a	n/a	€100	€87
Santiago Fernández Valbuena	€140	n/a	€15	€0	n/a	n/a	n/a	n/a	€155	€
Cristina Alvarez Alvarez	€115	n/a	€40	€0	n/a	n/a	n/a	n/a	€115	€102
Emile Haddad	€75	n/a	€0	€0	n/a	n/a	n/a	n/a	€75	€66
Milagros Méndez Ureña	€56	n/a	€0	€0	n/a	n/a	n/a	n/a	€56	€0

Remarks

ii) Table of movements of share-based remuneration systems and gross profit on consolidated shares or financial instruments.

Name:	Name of Plan	Financial instruments at the start of financial year t		Financial instruments granted during financial year t		Financial instruments consolidated in the financial year				Overdue and uncalled instruments	Financial instruments at the end of financial year t	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of consolidated shares	Gross profit on consolidated shares or financial instruments (thousand €)	No. instruments	No. instruments	No. equivalent shares
	LTIP Cycle 1 (2017-2020)		34,755 (150%)									34,755 (150%)
	LTIP Cycle 2 (2019-2021)		18,029 (150%)									18,029 (150%)

Remarks
150% maximum fulfilment

iii) Long-term savings systems

	Remuneration from consolidation of rights to savings systems
n/a	n/a

Name:	Financial year contribution from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Systems with unconsolidated economic rights					
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Financial year t		Financial year t-1	
					Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Board Member 1								

Remarks
n/a

iv) List of other items

Name:	Item	Amount of remuneration
Board Member 1		

Remarks
n/a

b) Remuneration of company directors for membership on the boards of other group companies:

i) Remuneration in cash (in thousands of euros)

Name:	Fixed remuneration	Per diem allowances	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year t	Total year -1
Board Member 1										
Board Member 2										

Remarks
n/a

ii) Table of movements of share-based remuneration systems and gross profit on consolidated shares or financial instruments.

Name:	Name of Plan	Financial instruments at the start of financial year t		Financial instruments granted during financial year t		Financial instruments consolidated in the financial year				Overdue and uncalled instruments	Financial instruments at the end of financial year t	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of consolidated shares	Gross profit on consolidated shares or financial instruments (thousand €)	No. instruments	No. instruments	No. equivalent shares
Board Member 1	Plan 1											
	Plan 2											

Remarks
n/a

iii) Long-term savings systems

	Remuneration from consolidation of rights to savings systems
Board Member 1	

Name:	Financial year contribution from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Systems with unconsolidated economic rights					
	Financial year t	Year t-1	Financial year t	Financial year t-1	Financial year t		Financial year t-1	
					Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Board Member 1								

Remarks
n/a

c) Summary of remuneration (in thousands of €):

The summary must include the amounts corresponding to all the remuneration items included in this report that have been accrued by the director, in thousands of euros.

Name:	Remuneration accrued in the Company					Remuneration accrued in group companies				
	Total cash Remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for saving systems	Remuneration and other items (LTIP, medical and life insurance)	Total financial year 2019 company	Total cash Remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for saving systems	Remuneration and other items	Total financial year 2019 group
David Martinez	575€	n/a	n/a	4€	579	n/a	n/a	n/a	n/a	n/a
Total:										

Remarks

Only the remuneration of the Executive Director is reported in the table. There are no changes with respect to table C.1 in the case of Directors 1, 2, 3, 4 and 5.

D OTHER INFORMATION OF INTEREST

If there are any relevant aspects relating to directors' remuneration that could not be included in the other sections of this report, but which need to be included in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company in regard to its directors, list them briefly.

n/a

This annual remuneration report was approved by the company's board of directors at its meeting held on 25 February 2020.

Indicate whether any directors voted against or abstained in connection with the approval of this report.

Yes No

Name or corporate name of the member of the board of directors who did not vote in favour of the approval of this report.	Reasons (against, abstention, non-attendance)	Explain the reasons
n/a		