SCHEDULE 1

ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

ISSUER'S IDENTIFICATION DETAILS

END OF REFERENCE FINANCIAL YEAR	31/12/2017

TAX REGISTRATION NUMBER (C.I.F)	A-87586483

REGISTERED NAME:
AEDAS HOMES, S.A.

REGISTERED OFFICE
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ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.

- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the year or the terms for exercising options already granted.

- Standards used to establish the company's remuneration policy.

- Relative significance of the variable remuneration components as compared to fixed components and standards used to determine the various components of the director remuneration package (remunerative mix).

On 26 September 2017, the Company's Sole Shareholder at that time approved the Company's first Remuneration Policy. Said Remuneration Policy relates to the financial years 2017, 2018, 2019 and 2020 (unless the General Shareholders' Meeting decides on its modification as is provided under article 529 *novodecies* of the Spanish Companies Act). The Remuneration Policy was drafted taking into account the Company's relevance, its economic situation, market standards for comparable companies and the time directors devoted to the Company. The established remuneration maintains an adequate proportion and promotes the Company's long-term profitability and sustainability, incorporating the necessary precautions to prevent the excessive risk assumption or that unfavourable results are rewarded and ensuring that the directors' interest are aligned with those of the Company and its shareholders, without their own independence being compromised.

The main principles and guiding criteria of the Remuneration Policy are the following: (i) to ensure the independence of judgement of the directors; (ii) to attract and retain the best professionals; (iii) to promote long term sustainability and profitability of the Company; (iv) to ensure transparency of the rules setting out the remuneration; (v) to ensure that the rules setting out the remuneration for each director are clear, simple and brief; (vi) to ensure that remunerations are determined based on the principles of fairness and proportionality with respect to the devotion, qualification and responsibility required for the position, as well as the experience, functions and tasks performed in the Company; (vii) directors' remunerations are to be appropriate pursuant to best market practices; (viii) directors' remunerations are to be compatible with the compensation received for the executive tasks performed in the Company; (ix) the involvement of the Appointment and Remunerations Committee; and (x) the approval of a maximum aggregate amount for directors' remunerations by decision of the General Shareholders' Meeting and delegation of powers onto the Board to set the allocation of such amounts amongst directors.

Pursuant to article 17 of the Company's by-laws, the position of director of the Company is remunerated. In general, such remuneration is comprised of a fixed annual amount, determined as follows:

(i) The maximum aggregate amount of the annual remuneration for the Board of Directors, as a whole, in their capacity as board members, will be approved by the General Shareholders' Meeting.

(ii) The Board of Directors will determine the allocation of the remuneration for each director, in his/her condition as board member (as fixed amount), taking into account the Remuneration Policy.

According to the Remuneration Policy, only independent directors are entitled to receive remuneration as members of the Board of Directors and its committees they are members of. Pursuant to article 17 of the by-laws, the remuneration of directors for their role as such will be a fixed annual assignation. The maximum total amount that the Company can pay directors in their capacity as Board members, as an annual fixed assignation, shall not exceed €600,000, unless the General Meeting approves a different amount. Nevertheless, it is expected that the Board of Directors will propose the General Shareholders' Meeting the increase of such limit to €1,000,000 considering the potential appointment of new directors and the increase of their individual remuneration.

Additionally members of the Board may receive: (i) any salary, payment or compensation of any nature related to the performance of executive tasks in the Company; (ii) payment of civil liability insurance premiums, which are contracted by the Company for its directors on market conditions; and (iii) any reimbursements for travel and accommodation expenses incurred due to attendance at Board of Directors and Committees meetings.

As for the executive director (currently, the Company's only executive director is the Chief Executive Officer), his remuneration currently consists of: (i) a fixed salary of €500,000, which may be increased up to 25% by either raising his fixed salary or incorporating the Chief Executive Officer into pension systems; (ii) in-kind benefits, as described in Section A.10 below, and (iii) a variable remuneration, which is further explained in detail in Section A.4 below.

The variable remuneration of the executive directors consists of: (i) an annual variable remuneration, to be paid in cash or in shares of the Company, which will be determined on the basis of the professional performance and the compliance with predetermined targets (20% of his fixed remuneration in case of complying with 100% of the set objectives); and (ii) a long term variable remuneration to promote the fulfilment of the financial objectives and the alignment of interests. Since only the executive director receives variable remuneration (which is further explained in Section A.13), the relevance of the variable remuneration components regarding the fixed components is, to a certain extent, limited.

In order to adopt any agreement within the scope of their responsibilities and faculties the Appointment and Remuneration Committee (the "ARC") and the Board of Directors have taken into account the compensation received by the directors and senior management team of other companies of similar size, features, significance and activity to Aedas. Based on the above analysis, the ARC believes that directors' remuneration is within a reasonable market range.

A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the Remuneration Committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate of the Remuneration Committee, the composition thereof, and the identity of external advisors whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the remuneration policy determination.

The ARC assists the Board of Directors with the compensation policy for directors and senior managers, in light of the faculties that are assigned to it by the Regulations of the Board of Directors of the Company.

In compliance with article 529 *novodecies* of the Spanish Companies Act and the provisions of article 15 of the Regulations of the Board of Directors of the Company, the ARC has ratified the directors' Remuneration Policy, which was approved by the Company's Sole Shareholder at that time on 26 September 2017, and has raised to the Board of Directors a proposal for its amendment in order to be submitted to the coming General Shareholders' Meeting. The Remuneration Policy covers the financial years of 2017 as well as the following three financial years (*i.e.*, 2018, 2019, and 2020). It is noted that it is expected that the Board of Directors will propose the General Shareholders' Meeting the amendment of the directors' Remuneration Policy in order to increase the maximum total amount that the Company can pay directors in their capacity as Board members, as an annual fixed assignation, to €1,000,000 considering the potential appointment of new directors and the increase of their individual remuneration.

Likewise, according to article 15.5 of the Regulations of the Board of Directors, the ARC shall perform the following functions regarding the remunerations of the directors:

- **To report on and propose to the Board of Directors the Remuneration Policy for Directors and senior executives;**
- **To propose to the Board of Directors the individual remuneration of executive Directors and other conditions of their contracts;**
- **To oversee the enforcement of the Remuneration Policy of the Company; and**
- **To periodically review the Remuneration Policy enforced on directors and senior executives.**

Article 15.1 of the Regulations of the Board of Directors provides that the ARC shall be composed by a minimum of three directors and a maximum of five directors, who shall be non-executive directors and, at least two of them will have to be Independent Directors. All of them shall be appointed by the Board of Directors.

The ARC designates a Chairman (who shall be independent) from among its members. It also designates a Secretary, who may not be a member of the ARC, whose tasks are to assist the Chairman of the ARC and cooperate for the good functioning of the ARC, including taking care that the minutes duly reflect the progress of its meetings and the content of the deliberations.

The current composition of the ARC is as follows:

- **Miguel Temboury – Chairman of the Committee, is an independent director of Aedas since 27 September 2017.**
- **Cristina Álvarez Álvarez – Director, is an independent director of Aedas since 4 October 2017.**
- **Evan Andrew Carruthers – Director, is a proprietary director of Aedas since 27 September 2017.**

Currently, the Secretary of the ARC is Mr. Alfonso Benavides Grases, secretary non-member of the Board of Directors.

Accordingly, the composition of the ARC complies with the provisions of the Regulations of the Board of Directors.

The Regulations of the Board of Directors also provide that, for a better performance of its functions, the ARC may seek advisory services from external professionals.

A.3 State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by executive directors of senior management duties, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the Board and the committees thereof or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters upon which such benefits are provided.

Explain the fixed components of compensation

The remuneration depends on the specific functions performed by each director, in accordance with the following breakdown:

- **Member of the Board of Directors: € 50,000.**
- **Chairman of the Board of Directors: € 25,000.**
- **Chairman of any of the Committees (Audit Committee, ARC and Technology Committee): additional € 20,000.**
- **Member of any of the Committees (Audit Committee, ARC and Technology Committee): additional € 10,000.**

It is noted that it is expected that the CNR will propose to the Board of Directors to increase the above amounts and that it is expected that the Board will approve the new amounts to be proposed by the CNR, subject to two conditions precedent:

- **That the General Shareholders' Meeting approves the amendment of the directors' Remuneration Policy in order to increase the maximum total amount that the Company can pay directors in their capacity as Board members, as an annual fixed assignation, to €1,000,000 considering the potential appointment of new directors and the increase of their individual remuneration; and**
- **That -at the request of the Chairman of the CNR- the new proposed amounts are verified by an external, independent source, as being aligned with the market. The new proposed amounts are:**
    - **Member of the Board of Directors: € 75,000.**
    - **Chairman of the Board of Directors: € 50,000.**
    - **Chairman of any of the Committees (Audit Committee, ARC and Technology Committee): additional € 25,000.**
    - **Member of any of the Committees (Audit Committee, ARC and Technology Committee): additional € 15,000.**

Neither the non-executive proprietary directors nor the executive directors will receive any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

In the event that the two conditions precedent referred to above are fulfilled, and based on the current composition of the Board of Directors and its Committees, it is expected that the fixed remuneration that directors are entitled to receive in 2018 amounts to € 530,000 per annum.

The Chief Executive Officer is entitled to receive an annual fixed remuneration established in his senior management contract, amounting to €500,000 per year, which may be increased by a maximum of 25% by means of a raise in his fixed salary or the incorporation of the Chief Executive Officer to pension systems. Likewise, the Chief Executive Officer of the Company has the right to private medical insurance for him and his family, and to a life insurance for himself, whose premiums paid by the Company in 2017 amounted to €1,824 and €28.23, respectively.

Furthermore, the Company will pay civil liability insurance policy premiums entered to cover the tasks performed by its directors, amounting to €26,300 annually.

Pursuant to the Remuneration Policy, the Company's directors are entitled to receive reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they are duly justified. As of 31 December 2017, the directors have not received any reimbursement of this kind.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each remuneration plan of which directors are beneficiaries, their scope, date of approval and implementation and date of effectiveness, as well as the main features thereof. In the case of share option plans and other financial instruments, general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan

- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

- Explain any annual bonus plan fundamental and rationale parameters.

- The classes of directors (executive directors, non-executive nominee directors, non-executive independent directors or other non-executive directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.

- Rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with assumption or goals used as benchmark.

- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or periods for retaining shares or other financial instruments, if any.

Explain the variable components of remuneration systems

Pursuant to the Company's Remuneration Policy, only executive directors are entitled to receive variable components in their remuneration. In this sense, generally, the General Shareholders' Meeting may establish remuneration systems which are referenced to share-value, which entail giving shares of the Company or remuneration systems which consist of option rights over shares. The resolution of the General Shareholders' Meeting will set, as applicable, the maximum number of shares that can be assigned each financial year to this remuneration system, their exercise price or the calculation system for the exercise price of the options over shares, the value of the shares that, where applicable, is taken as reference and the term the plan is in force.

The variable remuneration is based on the principles of the Remuneration Policy described under Section A.1 and will take into account the following elements:

(i) **<u>Annual variable remuneration</u>: the Company's Remuneration Policy provides for an annual variable remuneration which may be paid in cash or through the delivery of shares, provided that the remuneration payable in shares has been duly approved by the General Shareholders' Meeting. The annual variable remuneration shall take into account the director's professional performance and goals' achievement and shall combine objectives in the short, medium and long term so that continued performance and contribution to sustainable value creation may be assessed.**

Specifically, the Chief Executive Officer is entitled to receive as a variable remuneration 20% of his base salary if he meets 100% of his objectives (such objectives being financial and economic performance objectives such as the EBITDA growth, the developer margin growth and the total shareholders' return and other non-financial performance objectives such as compliance with corporate governance recommendations or risk management).

(ii) **<u>Long-term variable remuneration (LTIP)</u>: executive directors (as well as senior management and certain key employees of the Company) can participate as beneficiaries in long-term incentive plans put in place by the Company in order to encourage the fulfillment of the**

Company's business goals and to align the long-term interests of the Company's executive directors, managers and key employees with those of the Company's shareholders.

The LTIP consists in the free delivery of shares after a period of time, subject to the achievement of certain performance objectives and the continued employment by the beneficiary. The LTIP is comprised of three overlapping cycles of three-years each, with the first cycle being slightly longer. The first of these cycles begun on the admission to trading of the Company's shares on the Spanish Stock Exchanges on 20 October 2017 and will last until 31 December 2020. The second cycle will begin on 1 January 2019 and will end on 31 December 2021. Finally, the last cycle will begin on 1 January 2020 and will last until 31 December 2022.

The LTIP provides:

1. **a minimum threshold below which the LTIP will not accrue;**

2. **an objective level corresponding to a 100% performance, amounting to €7,333,000 for all the beneficiaries;**

3. **a maximum level which will accrue in case of a performance above 100% and up to a maximum of 150% of the objective level, amounting to €11,000,000 for all the beneficiaries.**

The total objective level quantity will be distributed among the different beneficiaries of the LTIP. The quantity to be obtained by each beneficiary will be named the "Objective Quantity in Euros". The objective quantity in shares to be obtained by each beneficiary in the objective level (the "Share Objective Quantity") will result from dividing their Objective Quantity in Euros between the Average Share Closing Price during the 20 stock sessions immediately before the start of each cycle.

In the case of the executive director, the amount at the objective level will amount to €734,000 in the first cycle and €367,000 in the second and third cycles and this amount at the maximum level would be €1,100,000 in the first cycle and €550,000 in both the second and third cycles.

The number of shares to give out to each beneficiary after each cycle will be the result of multiplying (i) the Share Objective Quantity; by (ii) the weighted average of the level of fulfillment of the different performance parameters ("Weighted Payment Coefficient").

For the first cycle, the Weighted Payment Coefficient will be the weighted average of the three performance parameters, each one representing a third of the total amount (i.e., 33.33%), described as follows:

1. **<u>EBITDA</u>: an EBITDA objective will be set as a growth objective for the period from 1 January 2018 to 31 December 2020. The level of achievement will be based on the amount of the effective EBITDA for the same period and the payout coefficient will range between 0% and 150%.**

2. **<u>Developer Margin</u>: a developer margin objective will be set as an efficiency objective for the period from 1 January 2018 to 31 December 2020. The level of achievement will be based on the effective average developer margin for the same period and the payout coefficient will range between 0% and 150%.**

3. **<u>Total Shareholder Return ("TSR")</u>: a TSR objective will be set as a value creation objective for the period from the admission to trading of the Company's shares on the Spanish Stock Exchanges on 20 October 2017 to 31 December 2020. The level 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 the dividends are reinvested in Aedas shares on the day same date they are paid. The payout coefficient will range between 0% and 150%.**

It is noted that the shares delivered by means of the LTIP will have a value higher than the relevant amount in euros, in case that, at the moment of distribution, the share price is higher than the Average Share Closing Price of the cycle at issue. On the contrary, the shares could

have a value below said amount in euros, should the share price fall below the Average Share Closing Price at issue.

The distribution of shares will be carried out after fulfilling the relevant tax obligations and the beneficiaries of the shares will be subject to lock-up periods. In particular, executive director must hold 100% of the shares received under the LTIP for, at least, one year after receiving such shares.

Executive directors will be subject to clawback clauses during a maximum period of two years from the receipt of shares under LTIP.

A.5 Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of indemnity for advanced or early termination of the labour relationship between the company and the director. Also state the contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans.

Explain long-term savings systems

As of the date of this report, there are no long-term saving systems, neither retirement nor any other survivor benefit, in favour of the directors, except for the life insurance premium for the executive director as described in Section A.10.

Currently, the Company has no prior commitments, neither contributions nor defined-benefit plans, with any director's retirement or long-term saving system.

A.6 State any termination benefits agreed to or paid in case of termination of duties as a director.

Explain indemnities

As of the date of this report, there are no commitments to pay severance indemnity in the event of termination of directorships, other than those indicated in Section A.7. In addition, in 2017, no director was awarded with any payment for termination of duties as director.

A.7 State the terms and conditions that must be included in the agreements of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any post-contractual clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and non-competition.

Explain the terms of the executive directors' contracts

Pursuant to the Company's Remuneration policy, the essential terms and conditions of the executive director's agreement are those indicated below.

(a) <u>Term</u>: indefinite

(b) <u>Exclusivity</u>: executive director shall provide services to the Company exclusively. The executive director may not provide services of any type to third parties, both directly and indirectly, by means of any type of legal relationship, nor may he/she provide services autonomously, even when the tasks performed do not represent a conflict of interests vis-à-vis the Company.

(c) <u>Termination and indemnifications</u>: the executive director's agreement may be terminated upon the occurrence of the following events: (i) by mutual agreement of the Company and the

executive director; (ii) by the executive director unilaterally with a three-month prior notice (otherwise the executive director shall indemnify the Company in an amount equivalent to the annual fixed salary applicable on the date of termination of the services agreement corresponding to the prior notice period breached); (iii) unilateral withdrawal of the director in the event of a change of control when (a) a third party acquires, directly or indirectly, a percentage greater than 50% of the voting rights of the Company; or (b) a third party appoints the majority (half plus one) of the members of the Board of Directors) (iv) by the Company unilaterally (a) prior agreement by the Board of Directors or (b) in the event of removal or non-renewal of the executive director as director of the Company or (c) in the event of total or partial revocation of the faculties delegated by the Company to the executive director; or (v) in the event of death, legal disability (*incapacidad legal*), either total or high permanent disability (i*ncapacidad permanente total o de grado superior*) or temporal disability for a period of at least 12 months of the executive director.

In the scenarios under (iii) or (iv), the Company shall pay to the executive director an amount equivalent to two annuities of the fixed salary of the executive director on the date of termination of the services agreement, provided that, under limb (iii), the unilateral withdrawal is made within six months since the change of control o, under limb (iv), such extinction is not due to serious breach by the executive director of the services agreement, any applicable laws, the Company's internal regulations or any Company resolution).

(d) <u>Post-contractual agreement on non-competition</u>: upon the termination of the services agreement, the executive director may not compete against the Company for a period of one year since termination. In order to adequately meet the aforementioned non-competition commitment assumed by the executive director once the contract has been terminated, upon such termination, the executive director shall be entitled to receive an amount equal to the fixed annual remuneration to be received as a lump-sum on termination. Should the executive director breach this commitment and compete with the Company, he must return the amounts paid by the Company to compensate the agreement, plus a penalty amounting to 25% of the amount received for not competing against the Company, without prejudice to any compensation for damages the Company may be entitled to.

(e) <u>Clawback</u>: the service agreements with executive directors include a clawback provision in favour of the Company (i) upon the occurrence of any event or circumstance leading to the alteration or negative variation, with a definitive nature, of the financial statements, results, economic data, performance of another nature on which the accrual is based and payment to the director of any amount as compensation and additionally, that (ii) such alteration or variation determines that, if it was known on the accrual date or the payment, the director was perceived as a price lower than the initial delivery, the director sold himself obliged to reimburse the Company for the excess received and the Company may claim a refund. The foregoing is understood independently of any kind of responsibility required of the director in the alteration or negative variation referred to above.

A.8 Explain any supplemental remuneration accrued by the directors in consideration of services provided other than those inherent in their position.

Explain supplementary remuneration

As of the date of this report, no director provides services other than those inherent to their position and, therefore, there is no supplemental remuneration accrued for such items.

A.9 State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.

Explain the remuneration in kind

As of the date of this report, there are no advances, loans or guarantees granted to any director.

A.10 Explain the main features of remunerations in kind.

Remunerations in kind of the members of the Board of Directors are limited to the executive director.

According to the directors' Remuneration Policy, the Chief Executive Officer of the Company has the right to a private medical insurance for him and his family, as well as a life insurance for the director. The amount of the premiums related to the private medical insurance in 2017 was €1,824, and of the life insurance was €28.23. Additionally, the Board of Directors may approve the inclusion of the Chief Executive Officer into pension systems.

A.11 State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

Explain the remuneration accrued by the director as a result of the payments made by the listed company to a third party in which the director provides services.

As of the date of this report, no payments of such nature have been made.

A.12 Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

Immediately prior to the admission to trading of the Company's shares on the Spanish Stock Exchanges, Hipoteca 43 Lux, S.à r.l., as a selling shareholder of the Company's shares in the offering, put into place a cash and shares incentive plan (the "Management Incentive Plan" or "MIP") aimed at motivating and retaining several of the Company's key officers (including the Chief Executive Officer, three other senior managers and four key employees). The MIP vested on admission to trading of the Company's shares on 20 October 2017 and it was fully paid by Hipoteca 43 Lux, S.à r.l.

Given that the MIP was fully paid by Hipoteca 43 Lux, S.à r.l., the Company recorded, on an accrual basis, this payment in its income statement as personnel expenses and the funding of this payment by Hipoteca 43 Lux, S.à r.l. as a contribution to the reserves of the Company's group of entities.

The amount finally paid under the MIP was subject to the internal rate of return obtained by the Hipoteca 43 Lux, S.à r.l. as a result of the offering of the Company's shares, based on the aggregate cash investments and contributions made by such shareholder to the Company's group of entities and on the offer price of the shares in the offering.

The aggregate amount of the MIP was finally €26 million considering that the offer price of the Company's shares amounted to €31.65. Between 23% and 26% of the total MIP amount was intended to be given to the Chief Executive Officer. Hipoteca 43 Lux, S.à r.l. set, at its sole discretion, the final percentage on admission at 26%.

The payment structure of the MIP to each beneficiary was determined as follows:

1. **50% of the aggregate MIP amount was paid in cash within one month after admission to trading of the Company's shares on the Spanish Stock Exchanges; and**

2. **50% of the aggregate MIP amount was paid in Company's shares within one month from said admission to trading.**

   The reference price used for the calculation of the number of shares delivered to each beneficiary of the MIP was the offer price for the shares of the Company in the offering. The MIP shares were delivered net of any taxes and, where applicable, social security contributions arising from the MIP. The MIP shares were delivered by Hipoteca 43 Lux, S.à r.l. only, without entailing any dilution for the new shareholders of the Company following admission to trading of the Company's shares on the Spanish Stock Exchanges.

The total aggregate amount paid to the Chief Executive Officer by means of the MIP amounted to €6,729,076.38. The Chief Executive Officer received €3,364,538.19 in cash and 73,328 net shares of the Company.

MIP shares acquired under the MIP by the Chief Executive Officer are subject to a lock-up commitment of 365 days since admission to trading of the Company's shares. Thus, the executive director will not be able to freely dispose of acquired MIP shares until such time has elapsed (*i.e.*, on 20 October 2018).

A.13 Explain actions taken by the company regarding remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

Explain the remuneration accrued by the director as a result of the payments made by the listed company to a third party in which the director provides services.

According to the Company's Remuneration Policy, the compensation of independent directors must be adequate and sufficient to attract those desired directors and to remunerate the devotion, abilities and responsibilities that the position entails, but, at the same time, it should not be as high as to compromise their independence.

The Company understands that the independent directors' remuneration is commensurate with market standards and rewards sufficiently their services and commitments, without compromising, in any case, their independence.

As a general rule, as described in Section A.1, independent directors are entitled to a fixed annual remuneration, which collectively, may not exceed €600,000. Nevertheless, it is expected that the Board of Directors will propose the General Shareholders' Meeting the increase of such limit to €1,000,000 considering the potential appointment of new directors and the increase of their individual remuneration.

The Board of Directors will set out the criteria for determining the amounts corresponding to each director, based on the following: (i) the category of the director, (ii) the role carried out in the Board of Directors, (iii) the tasks and responsibilities undertaken throughout the year, (iv) the experience and knowledge necessary for the role, and (v) the required time and devotion for performing the tasks.

In accordance with the Remuneration Policy currently in place, only executive directors (i.e. currently, the Chief Executive Officer) are entitled to a variable remuneration linked to predetermined and quantifiable performance metrics including not only financial performance metrics but also non-financial objectives that are appropriate to create value in the long term (such as compliance with corporate governance rules, internal policies or risk control and management). Variable remuneration shall also take into account the director's professional performance and goals' achievement and shall combine objectives in the short, medium and long term so that continued performance and contribution to sustainable value creation may be assessed.

As described in Sections A.1 and A.3, pursuant to the Services Agreement entered into with the Chief Executive Officer, in addition to a fixed remuneration, the latter is entitled to a variable remuneration that may reach 20% of base salary if the Chief Executive Officer meets 100% of his objectives (such objectives being financial and economic performance objectives such as the EBITDA growth, the developer margin growth and the total shareholders' return and other non-financial performance objectives such as compliance with corporate governance recommendations or risk management). Additionally, as explained in Section A.4, the Chief Executive Officer is entitled to participate in the Long Term Incentive Plan currently in place, which primarily aims to incentivize the sustainable achievement of financial objectives and the creation of shareholder value. The Long Term Incentive Plan is based on three quantitative parameters (EBITDA, developer margin and total shareholder return obtained during a cycle) calculated throughout three overlapping cycles of three-years each.

Regarding potential situations of conflict of interest, the Regulations of the Board of Directors provides that conflict of interest situations shall be reported to the Board by the affected parties, with due notice. In addition, the director shall abstain from attending and intervening in deliberations in relation to issues in which they have a personal interest, and from voting in the corresponding resolutions.

B REMUNERATION POLICY FOR FUTURE FINANCIAL YEARS

[Repealed]

C OVERALL SUMMARY OF THE REMUNERATION POLICY APPLICATION DURING FINANCIAL YEAR ENDED

C.1 Summarize the main features of structure and items of remuneration from the remuneration policy applied during the financial year ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, as well as a summary of the decisions made by the board to apply such items.

Pursuant to the Remuneration Policy of the Company approved on 26 September 2017, the fixed annual remuneration of the independent directors of the Board of Directors is distributed as follows:

- **Member of the Board of Directors: €50,000.**
- **Chairman of the Board of Directors: €25,000.**
- **Member of any of the Committees (Audit Committee, Appointments and Remuneration Committee): additional €10,000 per Committee.**
- **Chairman of any of the Committees: additional €20,000 per Committee.**
- **The Chief Executive Officer is entitled to receive an annual fixed remuneration established in his senior management contract, which amounted to €500,000 per year.**

As indicated in Section A.1, only independent directors are entitled to receive a compensation in their capacity as such. The maximum aggregate amount of independent directors' remuneration in their capacity as such cannot exceed €600,000 per year for an indefinite term as long as the General Shareholders' Meeting does not approve anything to the contrary. This limit does not include (a) any salary, compensation of any nature or in any concept that executive directors may receive for their executive duties in accordance with the Company's bylaws and their respective agreements with the Company; (b) the D&O insurance policies described below; and (c) any reimbursement of out-of-pocket expenses properly incurred by directors when attending meetings of the Board of Directors or its Committees.

The specific determination of the amount corresponding to each director in his/her capacity as such corresponds to the Board of Directors, which must take into account the duties and responsibilities of each director, membership on the Board committees and other objective circumstances that the Board may deem appropriate.

During the financial year 2017, the independent directors of the Company received the following fixed remuneration, which was adjusted from the total annual amount in proportion to the time elapsed from the date of their appointment as directors to 31 December 2017:

- **Member of the Board of Directors: €13,055.56 (or €12,096.77 for the appointments on 4 October 2017).**
- **Chairman of the Board of Directors: €6,527.78.**
- **Member of any of the Committees (Audit Committee, Appointments and Remuneration Committee and Technology Committee): additional €€2,611.11 per Committee (or €2,419.35 for the appointments on 4 October 2017).**

- **Chairman of any of the Committees: €5,222.22 per Committee (or €4,838.71 for the appointments on 4 October 2017).**

- **The Chief Executive Officer received an annual fixed remuneration established in his senior management contract, which amounted to €310,666.67.**

In addition to the fixed remuneration amounting to €500,000 per annum, which may be increased in up to 25%, through a decision of the Board of Directors, the Chief Executive Officer was entitled to a variable remuneration of up to 20% over his base salary in case of meeting 100% of the objectives. In 2017, the Chief Executive Officer has received an additional remuneration amounting to €75,600 as variable remuneration. The Chief Executive Officer was entitled to health insurance for him and his family (which, for financial year 2017, amounted to €1,824), and a life insurance (which, for financial year 2017, amounted to €28.23).

Furthermore, in 2017 the Company paid a civil liability insurance policy premium, amounting to €21,013.08 (VAT included).

The Chief Executive Officer has the right to participate in the Company's approved Long Term Incentive Plan, where payment in shares will take place on the termination of a cycle (the first cycle to be terminated on 31 December 2020).

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

Name	Class	Accrual period – Financial Year 2017
Mr. Santiago Fernández Valbuena	Independent	From 27/09/2017 to 31/12/2017
Mr. David Martínez Montero	Executive	From 30/06/2017 to 31/12/2017
Mr. Evan Andrew Carruthers	Proprietary	From 27/09//2017 to 31/12/2017
Mr. Eduardo Edmundo D'Alessandro Cishek	Proprietary	From 27/09//2017 to 31/12/2017
Merlin Properties (represented by Mr. Ismael Clemente Orrego)	Proprietary	From 27/09//2017 to 31/12/2017
Mr. Javier Lapastora Turpin	Independent	From 27/09/2017 to 31/12/2017
Ms. Miguel Temboury Redondo	Independent	From 27/09/2017 to 31/12/2017
Mr. Emile K. Haddad	Independent	From 27/09/2017 to 31/12/2017
Ms. Cristina Álvarez Álvarez	Independent	From 04/10/2017 to 31/12/2017

D.1 Complete the following tables regarding the individualized remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

a) Accrued remuneration at the company covered by this report*:*

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2017
Mr. ◦Santiago Fernández Valbuena	0	19.58334	0	0	0	2.61111	0	0	22.19445
Mr. ◦David Martínez Montero	310.66667	0	0	75.600	0	0	0	3,364.53819	3,750.80486
Mr. ◦Evan Andrew Carruthers	0	0	0	0	0	0	0	0	0
Mr. ◦Eduardo Edmundo D'Alessandro Cishek	0	0	0	0	0	0	0	0	0
◦Merlin Properties	0	0	0	0	0	0	0	0	0
Mr. ◦Javier Lapastora Turpin	0	13.05556	0	0	0	5.22222	0	0	18.27778

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2017
Ms. ◦Miguel Temboury Redondo	0	13.05556	0	0	0	5.22222	0	0	18.27778
Mr. ◦Emile K. Haddad	0	13.05556	0	0	0	0	0	0	13.05556
Ms. ◦Cristina Álvarez Álvarez	0	12.09677	0	0	0	7.25806	0	0	19.35483

ii) Share-based remuneration systems

Mr. David Martínez Montero								
Date of implementation	**Ownership of options at beginning of financial year 2017**				**Options allocated during financial year 2017**			
	No. of options	**No. of shares affected**	**Exercise pric**	**Exercise period**	**No. of options**	**No. of shares affected**	**Exercise price (€)**	**Exercise period**
N/A	0	0	0	N/A	0	0	0	N/A
Terms: N/A								

Shares delivered during financial year 2017			**Options exercised in 2017**				**Options expired and**	**Options at end of financial year 2017**			
No. of shares	**Price**	**Amount**	**Exercise price**	**No. of options**	**No. of shares affected**	**Gross Profit (m€)**	**No. of options**	**No. options**	**No. of shares affected**	**Exercise price (€)**	**Exercise period**
73,328	31.65	3,364,538.19	0	0	0	0	0	0	0	0	N/A
Terms: 0											

iii) Long-term savings systems

iv) Other benefits (in thousands of €)

David MartínezMontero
Remuneration in the form of advances, loans
0
Interest rate for the transaction
0
Life insurance premiums
Financial year 2017
0.02823

b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the Board	Termination benefits	Other items	Total 2016	Total 2015

ii) Share-based remuneration systems

iii) Long-term savings systems

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

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

In the case of long-term saving systems, the summary must include contributions or funding for these types of systems:

Name	Accrued remuneration at the Company				Accrued remuneration at other companies of the group				Totals	
	Total cash remuneration	Amount regarding the shares granted	Gross profit on options exercised	Total contribution for the year by the Company for financial year 2017	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total by the group for financial year 2017	Total financial year 2017	Contribution to savings systems during the year
Mr. ◦Santiago Fernández Valbuena	22.19445	0	0	22.19445	0	0	0	0	22.19445	0
Mr. ◦David Martínez Montero	3,750.80486	3,364.53819	0	7,115.34305	0	0	0	0	7,115.34305	0
Mr. ◦Evan Andrew Carruthers	0	0	0	0	0	0	0	0	0	0
Mr. ◦Eduardo Edmundo D'Alessandro Cishek	0	0	0	0	0	0	0	0	0	0
◦Merlin Properties	0	0	0	0	0	0	0	0	0	0
Mr. ◦Javier Lapastora Turpin	18.27778	0	0	18.27778	0	0	0	0	18.27778	0

Ms. ◦Miguel Temboury Redondo	18.27778	0	0	18.27778	0	0	0	0	18.27778	0
Mr. ◦Emile K. Haddad	13.05556	0	0	13.05556	0	0	0	0	13.05556	0
Ms. ◦Cristina Álvarez Álvarez	19.35483	0	0	19.35483	0	0	0	0	19.35483	0
TOTAL	3,841.96526	3,364.53819	0	7,206.50345	0	0	0	0	7,206.50345	0

D.2 Report the relationship between the remuneration obtained by directors and the results or other measures of entity's performance, explaining how any changes in company's performance may have influenced changes in directors' remuneration.

Under the Chief Executive Officer's services agreement, the Chief Executive Officer is entitled to, on the top of a fixed annual amount of €500,000, which may be increased by up to 25%, a variable remuneration if he meets 100% of the his approved objectives (such objectives being financial and other non-financial performance objectives such as compliance with corporate governance recommendations or risk management).

Additionally, as described in Section A.4, the (i) executive directors (currently, the Chief Executive Officer), (ii) members of the senior management and (iii) certain key employees, are entitled to receive shares by means of the Long Term Incentive Plan, approved on 26 September 2017 by the Company's sole shareholder at the time. The Long Term Incentive Plan is structured in three 3-year cycles. The final number of shares to be granted to each beneficiary after each cycle will be the result of multiplying (i) the target shares for each beneficiary by (ii) the "*Weighted Payout Coefficient*", which depends on the average level of achievement of the performance metrics, ranging from 0 to 150. The "*Weighted Payout Coefficient*" is calculated as the weighted average of the payout coefficients for the following metrics, pursuant to the terms of such plan: (a) the EBITDA (b) the developer margin and (c) the total shareholder return. The Long Term Incentive Plan foresees awarding its beneficiaries for overachievement, with a maximum threshold of up to 150% of the objective.

D.3 Report the results of consultative vote of the General Shareholders' Meeting on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

N/A

E. OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

Section D.1.a).ii): In 2017, Hipoteca 43 Lux, S.à r.l., as a selling shareholder of the Company's shares in the offering, granted the executive director with 73,328 net shares, selling previously 32,977 additional shares for the tax payment on account.

Section D.3: The Company has not previously approved an annual remuneration report. This report herein is the first annual remuneration report that the Company issues since it became public on 20 October 2017.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes		No	X