

**ANNUAL REPORT ON THE REMUNERATION
OF DIRECTORS OF LISTED COMPANIES**

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NH HOTEL GROUP, S.A.

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CALLE SANTA ENGRACIA, 120 – 7ª PLANTA MADRID

ANNUAL REPORT ON THE REMUNERATION
OF DIRECTORS OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT YEAR

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

- 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 financial year to the terms for exercising options already granted.
- Criteria used to establish the company's remuneration policy.
- Relative significance of the variable items of remuneration compared to fixed items and the criteria used to determine the different components of the director remuneration package (*remunerative mix*).

Explain the remuneration policy

A.1.1. General principles and grounds:

The aim of the Directors' Remuneration Policy of NH Hotel Group S.A. (hereinafter referred to as "NH", the "Company" or the "Enterprise") is to reward the commitment, responsibility and talent of the Directors, always taking into consideration the economic situation, the Company's earnings, the Group's strategy and the best market practices.

The principles governing the Remuneration Policy are as follows:

- **Alignment with the investors:** The design of the Remuneration Policy will be regularly reviewed to ensure its alignment between achieving profits and creating value for the shareholders.
- **Proportionality:** The remuneration is in a suitable proportion to the Company's features and business model.
- **Equilibrium:** The Directors' remuneration must not be excessive nor be insufficient in order to avoid unsuitable risks being taken.
- **Suitability:** The Remuneration Policy is adapted to the composition of the Board and the amounts are sufficient to remunerate its qualifications, the time spent and its responsibility, guaranteeing the required loyalty and allegiance to the Company, but without compromising its members' independence.
- **Non-discrimination:** The Remuneration Policy of NH will be extremely respectful of non-discrimination due to gender, age, culture, religion or race.
- **Alignment with strategy:** The remuneration of the Chief Executive Officer is aligned with the Group's strategic targets through two variable remuneration components, one short-term and the other long-term.

- Transparency: The information related to the remuneration is in line with the best corporate governance practices.

Pursuant to the provisions in Article 42 of NH's Articles of Association and Article 36 of the Board of Directors' Regulations, NH's Remuneration Policy differentiates between the following:

- (i) The remuneration policy applicable to the Non-Executive Directors.

The remuneration system for the Non-Executive Directors to compensate their joint supervisory and decision-making duties consists of the following remuneration items:

- A fixed annual amount that depends on the posts they hold on the Board or on its executive or advisory committees.
- Expenses for attending the meetings of the executive or advisory committees of the Board of Directors. The total annual amount for this item depends on the number of meetings held by each committee and the Director attending them.

- (ii) The remuneration policy applicable to the Chief Executive Officer.

- Fixed remuneration, sufficient for his services and duties.
- Short- and long-term variable remuneration linked to the Company's profits.
- Remuneration in kind.

A.1.2. The most significant changes in the Remuneration Policy

Firstly, we hereby state that, after the Directors' Remuneration Policy Report was published for the financial year 2016, the General Shareholders' Meeting held on 29 June 2017, according to a proposal made by the Appointment, Remuneration and Corporate Governance Committee (hereinafter referred to by its initials in Spanish "CNRGC"), approved the total maximum gross amount of €1,200,000 as the fixed amount and expenses for attending the meetings of the Board of Directors and its Committees.

Due to the approval of the new limit, in order to suitably remunerate the Non-Executive Directors for their professional merits, experience and the time spent on their duties and to adapt the remuneration thereof to the market, according to a proposal made by the CNRGC, the Board of Directors' Meeting held on 25 July 2017 agreed to modify the remuneration of the Non-Executive Directors as follows:

- To increase retroactively from 1 January 2017 the amounts of the annual fixed amount.
- To reduce the amounts for attendance expenses.

The specific details of the fixed amounts and expenses can be found in section A.3.

Moreover, it is also stated that the Board of Directors intends to propose a new Remuneration Policy for the period 2018-2020 to the General Shareholders' Meeting held in 2018, as a separate item on the agenda, according to the procedure stipulated in the Capital Companies Act. The valid term for the new policy, if approved by the General Shareholders' Meeting, will begin retroactively from 1 January 2018. The features of the new Policy will be similar to those included in the Remuneration Policy in force on the date this report is issued, approved by the General Shareholders' Meeting held on 29 June 2015 with the votes in favour of the Annual Remuneration Report.

In addition, it will be proposed to the General Shareholders' Meeting to increase the maximum amount of the annual remuneration payable to all the Directors. It is expected that this amount will be €1,400,000.

A.1.3. Criteria used to draw up the Remuneration Policy

NH's new Directors' Remuneration Policy will be drawn up based on the following criteria:

- a) The applicable legal regulations.
- b) The Company's internal regulations, mainly contained in NH's Articles of Association and the Board of Director' Regulations.
- c) The current economic situation and the changes in the remuneration market.
- d) The guidelines and recommendations of Proxy Advisors, institutional investors and the Code of Good Governance of Listed Companies.
- e) Internal criteria for determining the Chief Executive Officers' Remuneration Policy, such as the following:
 - A breakdown of the remuneration in fixed and variable components.
 - Linking the variable part to the achievement of the corporate targets.
- f) Market data and practices.

A.1.4. The remuneration mix:

According to the best corporate governance practices, the remuneration of the Non-Executive Directors is only composed of a fixed amount and attendance expenses, with no amount being payable whatsoever for variable remuneration.

However, the total remuneration of the Chief Executive Officer, which has not changed compared with the previous financial year, is mainly composed of (i) fixed remuneration, (i) annual variable remuneration and (iii) multi-annual variable remuneration.

In this respect, in 2018 the percentage that the variable remuneration (annual and multi-annual) represents of the total remuneration, in a situation in which 100% of the targets are achieved, is 54%. Moreover, the weight of the theoretic annual and multi-annual remuneration is balanced.

- A.2 Information about the preparatory work and decision-making process applied to determine the Remuneration Policy and the role played, if any, of the remuneration committee and other supervisory bodies in structuring the Remuneration Policy. This information will include, if need be, the mandate granted to the remuneration committee, its composition and the identity of the external advisors whose services have been provided to define the Remuneration Policy. Similarly, the position of the Directors will be expressed that, if any, have taken part in defining the remuneration policy.

Explain the process for determining the remuneration policy

A.2.1. Preparatory work and decision-making process

Apart from any other task that could be assigned to the Board of Directors, according to Article 26 of the Board of Directors' Regulations, the CNRGC is competent to propose the Directors' Remuneration Policy and to perform its senior management duties directly

reporting to the Board, Executive Committees or Chief Executive Officers, and the individual remuneration and other contractual conditions of the Chief Executive Officers, supervising such conditions are observed.

The CNRGC may hold a meeting as often as (i) considered necessary by the Chairperson, (ii) required by the Board of Directors or (iii) requested by two or more of its members with voting rights, to correctly fulfil its duties. In addition, in order to fulfil their obligations with the utmost excellence as Directors, they take part in informative meetings and training updates that the Company organises from time to time related to certain fields in their interest and actions.

Moreover, the Board of Directors is informed of all the actions performed by the CNRGC, providing it with the relevant documentation in order to be informed of such actions to perform its duties.

As a precautionary measure to avoid conflict of interests, at the Board's meetings that deal with proposals related to the specific remuneration of the Chief Executive Officer, the latter may not be present or take part in the deliberations or decision-making process.

Bearing in mind the foregoing, every year the CNRGC reviews the amount of the different remuneration elements for the Directors and submits its conclusions to the Board of Directors. In this respect, in the financial year 2017, the CNRGC requested an analysis of the design for the Non-Executive Directors' remuneration, which was conducted internally with the public information available. Based on the conclusions obtained from the aforementioned analysis, the CNRGC proposed the modification of the remuneration of the Non-Executive Directors mentioned above in point A.1.2 and that is explained in sections A.3 and C.1.

A.2.2. Composition and work performed by the CNRGC:

According to Article 47 of the Articles of Association, the Committee is formed by a minimum of three and a maximum of six Directors and is solely composed of Non-Executive Directors appointed by the Board of Directors, where at least two of which must be independent Directors.

On the date this report is published, the Committee is composed of four non-executive members, three of them, including the Chairman, being independent Directors:

- Mr. José María Sagardoy Llonis; Chairman and Independent Director since 22/03/2017.
- Mr. José María López-Elola González; Member and Independent Director since 26/02/2015.
- Mr. José María Cantero de Montes-Jovellar; Member and Independent Director since 21/06/2016.
- Mr. Jordi Ferrer Graupera, acting on behalf of the Inversor Hesperia, S.A. Group; Member and Proprietary Director since 25/07/2017.

For the purpose of determining NH's Directors' Remuneration Policy in the financial year 2017, the CNRGC held 9 meetings that were attended by all its members.

For the current financial year (2018), it is estimated that the committee will hold at least 6 meetings; however as many meetings as are considered necessary may be summoned

apart from those originally planned. At these meetings, up to the date of the approval of this report, the CNRGC has discussed, among others, the following matters:

- Review and approval of the remuneration for the senior management.
- Review, analysis and proposal for the modification of the remuneration for non-executive members of the Board of Directors.
- Approval of the targets linked to the annual and multi-annual variable remuneration of the Chief Executive Officer for 2017.
- Approval of the settlement of the first long-term variable remuneration plan for the period payable from 1 January 2014 and that ended on 31 December 2017.
- Proposal and approval of the launch of a new long-term variable remuneration cycle that will begin in 2018 (see point A4. ii), subject to approval by the General Shareholders' Meeting.
- Evaluation and approval of the annual variable remuneration for the Chief Executive Officer for the profits obtained in 2017.
- Information about the annual variable remuneration for the senior management for the profits obtained in 2017.
- Proposal and approval of an extraordinary bonus for the members of the Board as compensation for the great deal of time spent by its members and responsibility thereof.
- Evaluation of the Board of Directors.
- Proposal and approval of the Annual Directors' Remuneration Report (IARC) for the financial year 2017.

A.2.3. External advisors:

In 2017 until the Ordinary General Shareholders' Meeting was summoned for 2018, Willis Towers Watson advised the CNRGC on drawing up the annual report on the Directors' remuneration.

A.3 State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by the executive directors of the duties of senior management, 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 remuneration
Remuneration of the Directors for performing their supervisory and joint decision-making duties

The remuneration system for the Non-Executive Directors for their supervisory and joint decision-making duties, as specified in section A.1.1, consists of an annual fixed amount and expenses for attending the meetings of the Board of Directors and its executive and advisory committees.

In this respect, the planned amounts for the aforementioned elements in 2018 will be as follows:

- Annual fixed amount:
 - Chairperson of the Board of Directors: €200,000. No amount will be paid for expenses to attend the meetings of the Board or the Committees.
 - Chairperson of the Executive Committee and Co-President of the Company: €200,000. No amount will be paid for expenses to attend the committee meetings that they chair.
 - Chairpersons of the Auditing Committee or the CNRGC: €90,000. No amount will be paid for expenses to attend the committee meetings that they chair.
 - The other members of the Board of Directors: €50,000 for each Director.
- Attendance expenses:
 - Expenses for attending the Executive Committee: €2,000. However, the Chairperson of this Committee will not be paid any amount for expenses.
 - Expenses for attending the Auditing and Control Committee: €1,000. However, the Chairperson of this Committee will not be paid any amount for expenses.
 - Expenses for attending the CNRGC: €1,000. However, the Chairperson of this Committee will not be paid any amount for expenses.

The amounts payable to the Non-Executive Directors may vary each year within the maximum amounts approved by the General Shareholders' Meeting with the prior approval of the Board of Directors. As explained in section A.1.2, a proposal will be made to the General Shareholders' Meeting in 2018 to determine the maximum amount for the annual remuneration payable to all the Directors as €1,400,000.

Fixed remuneration of the Chief Executive Officers for performing their executive duties

As specified in section A.1.1, according to the Articles of Association, the Chief Executive Officers are entitled to be paid remuneration for the executive duties they perform other than their duties as Director within the scope of their labour or commercial relationship with the company. Such remuneration includes both their executive duties and their duties as Director.

The amount of the aforementioned fixed remuneration planned for the Chief Executive Officer in 2018 is €500,000. This amount represents a 0% increase in the amounts for 2017.

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

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, the scope, date of approval, date of implementation, date of effects and the main features of such plans. In the case of option plans involving shares and other financial instruments, the general features of the plan will 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 why they were granted;
- Explain the fundamental parameters and rationale for any annual bonus plan.
- The classes of directors (executive directors, representative external directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.
- The rationale for such variable remuneration systems or plans, the chosen criteria for evaluating performance, and the components and methods of evaluation to determine whether or not such criteria 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 the assumptions or objectives used as the benchmark.

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

Explain the variable components of the remuneration systems
<p>As explained in section A.1, the Chief Executive Officer is the only member of the Board of Directors that is entitled to be paid variable remuneration. The variable remuneration of the Chief Executive Officer is structured as additional and supplementary to the fixed remuneration and consists of a short-term annual variable and a triennial long-term variable. This is contingent remuneration that cannot be consolidated, as described below:</p> <p><u>ANNUAL VARIABLE REMUNERATION</u></p> <p>The short-term variable remuneration is linked to achieving the corporate targets determined by the Board of Directors at the beginning of each financial year.</p>

The functioning of the annual variable remuneration for NH's Chief Executive Officer is the same as for the employees of the Company. It is determined based on the Management by Targets Program (DPO) with the following objective:

- To compensate performance bearing in mind the achievement of the company's quantity targets.
- To link the achievement of the annual targets set by the Company to its medium- and long-term strategy.
- To align the individual targets with those of the Company.

Regarding the annual variable remuneration for the financial year 2018, the CNRGC approved the following targets with their relevant weightings for the Chief Executive Officer:

- a. 55% of EBITDA.
- b. 10% performance evaluation.
- c. 35% of indicators associated with the post that, in this case, are the following:
 - i. Achieving the economic targets in the operational model.
 - ii. Implementing the company's Transformation Plan.

Each of the aforementioned targets are described below along with the specified scales of achievement:

- a. EBITDA (Group and Business Unit); comparison of the forecast EBITDA with the real EBITDA and the following scale of achievement is determined:
 - Achievement below 80% means a payment level of 0%.
 - From 80% to 120%, a straight-line formula is applied:
 - Below 100%: Each percentage point below the estimate implies a decrease of 5% in the payment level determined for 100% achievement (target level).
 - Above 100%: Each percentage point above the estimate implies an increase of 2.5% in the target payment level. A maximum limit is determined of 150% of the target payment level, in the case of the maximum achievement of the targets (120%).

- b. Evaluation of performance: The performance evaluation system for the Chief Executive Officer has the same structure as for the other employees of NH.

The aim of including the performance evaluation in the variable remuneration of the Chief Executive Officer is to promote the company's sustainability by evaluating the system and procedures apart from the profits obtained.

In this respect, eight generic skills are evaluated where each of them is measured by different levels of achievement. The skills on which the Chief Executive Officer will be evaluated in 2018 are as follows:

1. Technical capacity

2. Customer focus
3. Profit orientation
4. Collaboration and influence
5. Business sense
6. Leadership
7. Strategic thinking
8. Change management

These skills are evaluated according to the following scale consisting of five levels (one more than in 2017):

- Low Performance. Equivalent to 0% achievement.
- Needs Improvement. Equivalent to 50% achievement.
- Good Performance. Equivalent to 100% achievement.
- Very Good. Equivalent to 125% achievement.
- Excellent. Equivalent to 200% achievement.

An overall evaluation is obtained by evaluating the eight skills.

- c. Individual Targets: For the rest of the individual objectives, a minimum achievement of 80% is established and a maximum compliance can be up to 120% of the target payment level of that objective.

The CNRGC determines the specific amount payable depending on the level the quantity targets are achieved linked to the Group's targets.

In addition, in order to guarantee that the annual variable remuneration is aligned with the Company's earnings, a corrective factor is applied based on the EBITDA of the NH Group. In this respect, the variable remuneration finally payable will be the lowest amount between (i) the amount calculated according to the metrics and weightings previously determined and (ii) the amount resulting from applying the EBITDA corrective factor.

The corrective factor works as follows:

- (i) If the level of achievement of the EBITDA target is lower than 90%, no amount whatsoever is paid as annual variable remuneration.
- (ii) If the level of achievement of the EBITDA target is 90%, a maximum of half the reference variable amount is paid.
- (iii) If the level of achievement of the EBITDA target is 100%, a maximum of the whole reference variable amount is paid.
- (iv) If the level of achievement of the EBITDA target is 110%, a maximum of 120% of the reference variable amount is paid.

When the level the target achieved is between the specified values, the corrective factor is calculated by linear interpolation.

The maximum amount set for the corrective factor, which the Chief Executive Officer can choose in his annual variable remuneration for 2018, is 120% of his variable reference remuneration, in other words €360,000.

The corrective factor will have no value for employees that obtain the maximum score in the performance evaluation (“Excellent”) and that also obtain an average result in their individual targets equivalent to or higher than 100% achievement.

The target bonus of NH’s Chief Executive Officer is set at 60% of the fixed remuneration (€300,000) if 100% of the targets set by the Board of Directors are achieved.

If the aforementioned minimum targets are not achieved, the Chief Executive Officer will not be paid any amount whatsoever as variable remuneration.

The maximum amount the Chief Executive Officer can choose, if the maximum value is obtained in the performance evaluation and an extraordinary percentage is obtained in his individual targets and hence, without applying the corrective factor, is 143% achievement, equivalent to €429.000

MULTI-ANNUAL VARIABLE REMUNERATION

(i) “Performance Shares” Plan 2014-2019

On 25 June 2013, the company’s General Shareholders’ Meeting approved a long-term shares bonus plan (hereinafter referred to as the “plan”) for the executives and staff of the NH Hotel Group, S.A.

The plan lasts a total of five years, divided into the following three overlapping cycles each one lasting three years:

- The first cycle began on 01/01/2014 with delivery of shares in 2017 (settled).
- The second cycle began on 01/01/15 with delivery of shares in 2018 (see section C below).
- The third cycle began on 01/01/16 with delivery of shares in 2019 (still in force).

The plan consists of delivering ordinary shares of NH Hotel Group, S.A. to the beneficiaries calculated as a percentage of their fixed remuneration depending on their level of responsibility.

The main features of the third cycle of the plan applicable to the Chief Executive Officer are described below:

a) Targets and weightings:

- Relative TSR (“total shareholder return”) comparing the evolution of NH’s shares in the period 01/01/2016 – 31/12/2018 with the following indices:
 - IBEX Medium Cap (weighting: 25%).
 - Dow Jones Euro Stoxx Travel & Leisure (weighting: 25%).
- Operating profit (GOP), deducting the amount of rentals compared on an annual basis with the forecasts in the company’s strategic plan (weighting: 50%).

Each target will have a scale of achievement that we explain below:

- **GOP:**
 - **Minimum threshold:** achievement of 80% of the target will imply payment of 50% of the bonus. A level of achievement lower than 80% will imply a payment level of 0%.
 - **Target:** achievement of 100% of the target will imply payment of 100% of the bonus.
 - **Maximum:** achievement of 120% or more of the target will imply payment of 150% of the bonus.

When the level of achievement is between the minimum threshold and the target and between the target and the maximum, the level of payment will be calculated by linear interpolation.

- **Relative TSR:**
 - A position below the average of the comparison group will imply a level of payment of 0%.
 - A position in line with the average will imply a level of payment of 40%.
 - The top position will imply a level of payment of 150% of the target payment level.
 - For a position between the average and the first position of the group, the following straight-line formula will be applied:
 - A position of 75% will imply a level of payment of 100% of the target bonus.
 - If the position of NH is below 75%, each percentage point below 75% will imply a decrease of 2.4% in the target bonus.
 - If the position of NH is above 75%, each percentage point higher than 75% will imply an increase of 2.4% in the target bonus.

b) Amount of the bonus:

If the minimum achievement set for the aforementioned targets is not reached, the beneficiaries of the plan will not be entitled to receive the shares within the scope of the plan.

If the achievement level of the targets is 100%, the Chief Executive Officer will be entitled to receive the target number of shares (28,022 shares), the reference value of which on the date granted will be equivalent to 40% of the fixed remuneration of the Chief Executive Officer on such date.

If the achievement level of the targets is the maximum, the Chief Executive Officer will be entitled to receive 42,034 shares, the reference value of which on the date granted will be equivalent to 60% of the fixed remuneration of the Chief Executive Officer on such date.

In this respect, the reference was calculated as the average closing price of NH's shares in the last 10 stock exchange sessions before 31 December in the year before each cycle was launched. This means that the reference value for the 2016-2018 cycle is obtained by means of calculating the average closing price of NH's shares in the last 10 stock exchange sessions before 31 December 2016.

c) Payment:

The resulting number of shares according to the achievement level of the targets will be paid during the first quarter of 2019.

The reference value for the settlement of the shares once the three years of the cycle has ended will be the closing price of NH's shares in the stock exchange session on the date the settlement is approved of the targets for the long-term bonus and the delivery of the shares by the Board of Directors.

(ii) "Performance Shares" Plan 2017-2022

The launch of a new long-term bonus plan was approved at the General Shareholders' Meeting held on 29 June 2017. The new plan will last for five years, divided into the following three cycles each one lasting three years:

- The first cycle 2017-2019 delivering the shares in 2020.
- The second cycle 2018-2020 delivering the shares in 2021.
- The third cycle 2019-2021 delivering the shares in 2022 (start still pending).

Before the start of each of the cycles, the Board of Directors is authorised to decide on its effective implementation depending on the Group's economic situation at the time. On 31 December 2017, all the cycles had been approved by the Board of Directors.

The main features of this second plan applicable to the Chief Executive Officer are described below:

a) Targets:

The number of shares to be delivered depends on the achievement level of the following four targets:

- Relative TSR ("total shareholder return") of NH's shares compared with the evolution of the STOXX® Europe 600 Travel & Leisure stock exchange index (weighting: 25%).
- Revaluation of the share price (weighting: 25%).
- Net Recurrent Profit (weighting: 25%).
- Recurrent EBITDA (weighting: 25%).

Each target will have a scale of achievement as explained below:

- Net Recurrent Profit:
 - Minimum threshold: achievement of 80% of the target will imply payment of 50% of the bonus. A level of achievement lower than 80% will imply a payment level of 0%.

- Target: achievement of 100% of the target will imply payment of 100% of the bonus.
- Maximum: achievement of 120% or more of the target will imply payment of 150% of the bonus.

When the level of achievement is between the minimum threshold and the target and between the target and the maximum, the level of payment will be calculated by linear interpolation.

○ Recurrent EBITDA:

- Minimum threshold: achievement of 90% of the target will imply payment of 50% of the bonus. A level of achievement lower than 90% will imply a payment level of 0%.
- Target: achievement of 100% of the target will imply payment of 100% of the bonus.
- Maximum: achievement of 110% or more of the target will imply payment of 150% of the bonus.

When the level of achievement is between the minimum threshold and the target and between the target and the maximum, the level of payment will be calculated by linear interpolation.

○ Relative TSR:

- A position below the average of the comparison group will imply a level of payment of 0%.
- A position in line with the average will imply a level of payment of 40%.
- The top position will imply a level of payment of 150% of the target payment level.
- For a position between the average and the top position of the group, the following linear formula will be applied:
 - A position at 75% will imply a level of payment of 100% of the target bonus.
 - If the position of NH is below 75%, each percentage point below 75% will imply a decrease of 2.4% in the target bonus.
 - If the position of NH is above 75%, each percentage point higher than 75% will imply an increase of 2.4% in the target bonus.

b) The amount of the bonus for the first and second cycles is as follows:

If the aforementioned minimum threshold is not achieved, the beneficiaries of the plan will not be entitled to receive any shares within the scope of the plan.

If the overall achievement level of the targets is 100%, the Chief Executive Officer will be entitled to receive the target number of shares (60,048 shares for the first cycle and 50,336 shares for the second cycle), the reference value

of which on the date granted will be equivalent to 60% of the fixed remuneration of the Chief Executive Officer on such date.

If the achievement level of the targets is the maximum, the Chief Executive Officer will be entitled to receive 90,072 shares for the first cycle, and 75,503 shares for the second cycle, the reference value of which on the date granted will be equivalent to 90% of the fixed remuneration of the Chief Executive Officer on such date.

In this respect, the reference value is calculated as the average closing price of NH's shares in the last 10 stock exchange sessions before 31 December in the year before each cycle is launched.

Under no circumstances may the value of the shares that could be received by the Chief Executive Officer exceed €1,400,000 for all three cycles of the Plan.

c) Payment:

The Chief Executive Officer must remain in the Group on each of the plan settlement dates, apart from the exceptions that may be deemed appropriate.

The resulting number of shares, depending on the achievement level of the targets, will be paid in the first quarter of the financial year immediately after the financial year when the measurement period ends.

Once the three years of each cycle have ended, the reference value for settlement of the shares will be the closing price of NH's shares in the stock exchange session on the date the settlement is approved of the targets for the long-term bonus and the delivery of the shares by the Board of Directors.

d) Claw-back and shareholding commitment:

This new plan includes a claw-back clause, the basic conditions of which are explained in section A.13.D.

The Chief Executive Officer will continue being the holder of the number of company shares resulting from having invested an amount equivalent to once his gross fixed remuneration in the purchase thereof. For such purpose, in the case of shares obtained from this long-term bonus, these will have the value of the shares according to the price paid at the time of delivery or, in the case of shares previously acquired, according to the average weighted market price of the shares on the date this agreement is approved.

The aforementioned investment level must be reached by the end of five years counted from the date this agreement is approved.

Once the required investment level has been reached, a period for holding the shares shall remain in force for one year after the settlement of each of the long-term bonus cycles (for further information see point A.13.e in this IARC).

- 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, indicating the type of plan, whether it is a defined contribution or a defined benefit plan, the conditions for the vesting of economic rights in favour of the directors, and their compatibility with any kind of compensation for early termination or severance of the contractual relationship between the company and the director.

Also indicate the contributions on the director's behalf to defined contribution pension plans; or the increase in the director's vested rights, in the case of contributions to defined benefit plans.

Explain the long-term savings systems
The Company has not undertaken nor does it plan to undertake any obligation or commitment in 2018 with the Directors for pensions, retirement or similar commitments.

- A.6 Indicate any compensation agreed or paid in the event of termination of the functions as director.

Explain the compensation
<p>The Directors of the Company, in their positions as such, are not entitled to any severance pay or compensation in the event of termination or if they step down from office.</p> <p>Under no circumstances is the Chief Executive Officer entitled to any severance pay due to stepping down from office or termination of his commercial relationship. However, the conditions regulating his suspended labour relationship grant a period of time in which the Chief Executive Officer holds his commercial relationship that will be acknowledged as seniority for the purpose of possible severance pay due to termination of such labour relationship.</p> <p>In this respect, once the commercial relationship has been terminated, the labour relationship that was in force between the Company and the Chief Executive Officer will become valid again until he takes up his new post, unless serious and wilful breach of contract is ruled by the courts. If, at the time of termination of the commercial relationship and, apart from the aforementioned exception, the Company refuses to reinstate the Chief Executive Officer in his previous labour relationship, this fact will be considered unfair dismissal. In such case the Chief Executive Officer will be entitled to the relevant severance pay according to applicable labour regulations. In order to calculate the severance pay, the compensation basis will be determined for the full salary paid and received thereby over the twelve months prior to the termination including, if any, those paid and received in his position as Chief Executive Officer.</p> <p>If the termination of the labour relationship is due to serious and wilful breach of the Chief Executive Officer's essential obligations and this is ruled by the competent court, all rights to receive any kind of compensation will be deemed null and void.</p>

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

Explain the conditions of Executive Directors' contracts
<p>The contract of NH's Chief Executive Officer is of a commercial nature and includes the duties and obligations held thereby within the scope of his post and his remuneration. The most significant clauses in such contract are described below:</p> <ul style="list-style-type: none"> • Permanent term, with no golden parachute clause due to termination thereof. • Full-time and non-competition: for the period he renders his services within the scope of his valid contract, he may not perform the following without the prior consent of the Company: <ul style="list-style-type: none"> ○ Render services, enter into a service relationship of any kind, act as an executive, provide consulting services and/or hold a post as a Director in any other company. ○ Hold an indirect or direct stake of any kind in companies that perform activities that are in competition or are similar or related to the company's activities or that are suppliers and/or customers of NH. This condition will remain in force until twelve months have elapsed after the end of the commercial or labour contract with NH, whatever the reason for termination may be. The gross annual fixed remuneration of the Chief Executive Officer already includes compensation for the non-competition clause. • The Chief Executive Officer must provide at least two months' prior notice of his decision to terminate his commercial relationship with NH and may choose to renew his ordinary labour relationship. • Severance pay: see section A.6. • Confidential information: during the valid term of the commercial contract and after the termination thereof for any reason, the Chief Executive Officer must not indirectly or directly disclose or disseminate to third parties not associated with NH any commercial or industrial secrets, processes, methods, information or data related to the activities, business or finances of NH or any company in its Group. <p>The contract with all its clauses was approved by the Board of Directors on 25 January 2017 and fully accepted and signed by the Chief Executive Officer on 30 January 2017.</p>

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

Explain the supplemental remuneration
The Directors have not received nor is it planned they will receive any other supplementary remuneration for services other than those inherent to their posts and that have not been described in this report.

- A.9 State any remuneration in the form of advances, loans or guarantees provided, indicating the interest rate, essential features, and any amounts repaid, as well as the obligations assumed in relation thereto as security.

Explain the advances, loans and guarantees granted
On the date this report is approved, there are no loans or advance payments or guarantees granted by the company to the members of the Board of Directors in the company's balance sheets. Similarly, the Directors have not received nor is it planned they will receive any other additional item of remuneration apart from those stated in this report.

- A.10 Explain the main features of remuneration in kind.

Explain the remuneration in kind
The Directors do not receive any remuneration in kind due to being members of the Board of Directors. Apart from the shares he could receive based on the "Performance Shares" plans described in section A.4, the Chief Executive Officer is beneficiary of a medical insurance policy for him and his first degree relatives, a life and accident insurance policy and a company car.

- A.11 Indicate 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 director's services in the company.

Explain 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
On the date this report is approved, no payments have been made to third companies due to possible services rendered by the Directors.

- A.12 Any item of remuneration other than those listed above, whatever its nature or the group company that pays it, especially when it is deemed to be a related-party operation or when paying the remuneration distorts a true and fair view of the total remuneration accrued by the director.

Explain the other items of remuneration
On the date this report is approved, there are no other items of remuneration apart from those explained in the previous sections.

A.13 Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the long-term objectives, values, and interests of the company. This will include, as the case may be, reference to: measures in place to ensure that the remuneration policy takes into account the company's long-term results, measures that establish an adequate 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 when such components have been paid based on figures that are later clearly shown to be inaccurate, and any measures in place to avoid conflicts of interest.

Explain the actions taken to reduce risks
<p>The measures adopted by the Company related to the remuneration system to reduce exposure to excessive risks and to adapt it to the company's long-term targets, values and interests are as follows:</p> <p>a) Equilibrium of the total remuneration: The remuneration packet of the Chief Executive Officer includes a short- and long-term variable part, representing 54% of his whole annual remuneration. This variable remuneration takes into account the financial and strategic quantity targets included in the long-term plan hence contributing to creating a business model that promotes balanced and sustainable development.</p> <p>b) Formulation of the variable remuneration targets: On an annual basis, the CNRGC analyses the components of the short-term variable remuneration that it submits for the final approval of the Board of Directors. The variable components of the remuneration are designed with sufficient flexibility so that the amount payable is null and void if the minimum targets are not achieved (see point A.4 of the IARC).</p> <p>In addition, a corrective factor has been included for the annual variable remuneration that defines the maximum amount payable based on the company's earnings (EBITDA of the Group). The corrective factor limits the final percentage obtained for settlement of the targets depending on the achievement level of the EBITDA of the Group, which may be 0 if the EBITDA achieved is lower than 90%.</p> <p>Regarding the multi-annual variable remuneration (Performance Share Plan), it is ensured that the evaluation process is based on the company's long-term sustainable results and it may be adjusted depending on the Company's economic cycle.</p> <p>c) Composition of the CNRGC: On the date this report is published, the CNRGC is composed of four members, one of whom is also a member on the Auditing and Control Committee. The cross presence on these two committees enables the risks related to the remuneration to be taken into consideration in the deliberations of such committees and in their proposals to the Board, both in the determination and evaluation process of the annual and multi-annual variable</p>

remuneration. In addition, the CNRGC observes the criteria of independence in its composition and deliberations in terms of governing the remuneration.

d) Claw-back formulae: NH has included claw-back formulae in the “Performance Shares Plan 2017-2022” in line with market standards and the recommendations of Proxy Advisors and Institutional Investors. The CNRGC is authorised to decide on proposing the cancellation or refund of the payment of the multi-annual variable remuneration if any of the following situations arise: a) breach by the beneficiary of the internal code of conduct; b) material reformulation of the Company’s financial statements, when this is stipulated by an external auditor and it affects the level of achievement of the targets in the multi-annual variable remuneration plan, except when this is due to an amendment in the accounting regulations; c) the variable remuneration is payable or has been paid by applying inaccurate or erroneous information or data.

e) Minimum period for holding the shares: The “Performance Shares” Plan 2014-2019 determines a minimum period for holding the shares delivered as at least one year for the Chief Executive Officer.

When the new “Performance Shares” Plan 2017-2022 was launched this obligation for a minimum period of holding the shares will also be one year.

f) Additional requirements for holding shares: The Chief Executive Officer must hold at least the equivalent of one year of his fixed remuneration in shares, the price being determined when this obligation has been fulfilled, as the share price on the date the shares were delivered.

C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY HAS BEEN APPLIED DURING THE FINANCIAL YEAR JUST ENDED

C.1 Summarize the main features of the structure and items of remuneration of the remuneration policy applied during the financial year just ended, which gives rise to the breakdown of the 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 for the application of such items.

Explain the structure and items of remuneration of the remuneration policy applied during the year

The items included in the remuneration packet of the Directors in the financial year 2017 and the modifications that have taken place at the end of the financial year are summarised below:

Remuneration of the Non-Executive Directors:

Up to 29 June 2017, the remuneration of the Directors for their non-executive duties was as follows:

- Fixed amount:
 - Due to being a member on the Board of Directors: €37,800.

- As Chairperson of the CNRGC or the Auditing Committee: €75,000 (with no right to attendance expenses).
- Expenses for attending the meetings:
 - Expenses for attending the Executive Committee: €3,000.
 - Expenses for attending the Auditing and Control Committee: €1,908.
 - Expenses for attending the CNRGC: €1,908.

As of 29 June 2017, once the General Shareholders' Meeting had approved an increase in the maximum amount of the annual remuneration payable to all the Directors of €1,200,000, the remuneration of the Directors for their non-executive duties was determined with retroactive validity from 1 January 2017 in the following items:

- Fixed amount:
 - Chairperson of the Board of Directors: €200,000. No expenses are paid for attending the meetings of the Board or the Committees.
 - Chairperson of the Executive Committee and Co-President of the Company: €200,000. No expenses are paid for attending the committees they chair.
 - Chairpersons of the Auditing Committee or the CNRGC: €90,000. No expenses are paid for attending the committees they chair.
 - The rest of the members of the Board of Directors: €50,000 for each Director.
- Expenses for attending the meetings:
 - Expenses for attending the Executive Committee: €2,000. However, the Chairperson of this Committee will not be paid any amount for expenses.
 - Expenses for attending the Auditing and Control Committee: €1,000. However, the Chairperson of this Committee will not be paid any amount for expenses.
 - Expenses for attending the CNRGC: €1,000. However, the Chairperson of this Committee will not be paid any amount for expenses.

In addition, at the first meeting of the CNRGC held in 2018, it was proposed to the Board to pay extraordinary remuneration to the Board of Directors due to the exceptional efforts and time spent by all its members in the last quarter of 2017, due to the study and analysis of the different corporate transactions in which the company was involved.

After the approval by the Board of such extraordinary and contingent remuneration that cannot be consolidated, a bonus was paid to the two Co-Presidents of €50,000 and each of the other Directors of €3,982.28 by means of a sole payment charged to the financial year 2017.

The total fixed remuneration and expenses for all the Directors does not exceed the total gross maximum annual amount approved by the General Shareholders' Meeting on 29 June 2017.

Chief Executive Officer:

Bearing in mind that the Chief Executive Officer began performing his duties in such position on 25 January 2017, in 2017 he was paid the proportional part of the annual amounts that the company notified in section A) of the IARC for 2017 and the proportional part for the 24 days of January when he was a member of the company's senior management as Chief Operations Officer.

Bearing in mind the foregoing, the remuneration paid to the Chief Executive Officer in 2017 was as follows:

- Fixed remuneration: €490,322.92
- Short-term variable remuneration: €344,340 corresponding to the variable remuneration payable in 2017. Information is provided in section D.2 on the level the targets were achieved.
- Multi-annual variable remuneration: 25,099 gross shares corresponding to the settlement of the second cycle of the "Performance Shares" Plan 2014-2019 described in point A.4 of this IARC that started in 2015. Information is provided in section D.1.ii) about the aforementioned number of shares and in section D.2 about the achievement level of the targets in the cycle 2015-2017.

Moreover, it is reported that in the financial year 2017 the Chief Executive Officer received 8,217 net shares corresponding to the settlement of the first cycle of the 2014-2016 Plan (this number of shares is not specified in the table in section D.1.ii) since the measurement period for the targets ended on 31 December 2016).

- Other remuneration (company car, medical insurance): €21K

The settlement of the variable remuneration payable in 2017 in his position as Chief Executive Officer from 24 January 2017 was approved and paid in the first quarter of 2018.

The previous amounts, except for the number of shares received, are gross and therefore subject to withholding tax that is applicable from time to time.

As explained in the previous sections, the Chief Executive Officer does not receive any additional remuneration due to being a member of the Board of Directors.

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

NAME	Type	Period payable in the financial year 2017
Mr. Alfredo Fernández Agras	Proprietary	01/01/2017 to 31/12/2017
Mr. José Antonio Castro Sousa	Proprietary	01/01/2017 to 31/12/2017
Mr. Francisco Javier Illa	Proprietary	01/01/2017 to 07/02/2017
Mr. José María López-Elola González	Independent	01/01/2017 to 31/12/2017
Mr. Carlos González Fernández	Independent	01/01/2017 to 31/12/2017
Mr. Francisco Román Riechmann	Independent	01/01/2017 to 29/06/2017
Ms. Koro Usarraga Unsain	Independent	01/01/2017 to 20/10/2017
Ms. María Grecna	Other external Director	01/01/2017 to 31/12/2017
Mr. Paul Daniel Johnson	Other external Director	01/01/2017 to 31/12/2017
Mr. Fernando Lacadena Azpeitia	Other external Director	01/01/2017 to 31/12/2017
Mr. José María Cantero de Montes-Jovellar	Other external Director	01/01/2017 to 31/12/2017
Mr. Ramón Aragonés Marín	Executive	29/06/2017 to 31/12/2017
Mr. José María Sagardoy Llonis	Independent	22/03/2017 to 31/12/2017
Inversor Hesperia, S.A. Group	Proprietary	01/01/2017 to 31/12/2017
Mr. Alfredo Fernández Agras	Proprietary	28/02/2017 to 31/12/2017
Mr. José Antonio Castro Sousa	Proprietary	01/01/2017 to 31/12/2017

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

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

i) **Cash remuneration**

Name	Salary	Fixed Remuneration	Attendance expenses	Short Term Variable Remuneration	Long Term Variable Remuneration	Remuneration for membership of Board's Directors	Indemnity	Other Concepts	Total FY2017	Total FY2016
RAMÓN ARAGONÉS	490,32	-	-	344,34	-	-	-	20,74	855,40	-
JOSEMARIA SAGARDÓY LLOÑIS	-	73,89	4,85	-	-	-	-	-	78,74	-
KORO USARRAGA UNSAIN	-	63,08	9,25	-	-	-	-	-	72,33	89,80
ALFREDO FERNÁNDEZ AGRAS	-	250,00	-	-	-	-	-	-	250,00	91,60
MARÍA GRECNA	-	53,98	3,00	-	-	-	-	-	56,98	19,94
FERNANDO LACADENA AZPEITIA	-	71,54	11,10	-	-	-	-	-	82,64	29,19
FCO. JAVIER ILLARUIZ	-	3,99	-	-	-	-	-	-	3,99	88,15
JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	-	53,98	14,10	-	-	-	-	-	68,08	27,34
PAUL JOHNSON	-	53,98	42,00	-	-	-	-	-	95,98	46,94
JOSÉ ANTONIO CASTRO SOUSA	-	250,00	-	-	-	-	-	-	250,00	76,80
JOSÉ MARÍA LOPEZ-ELOLA GONZALEZ	-	56,41	10,40	-	-	-	-	-	66,81	52,60
GRUPO INVERSOR HESPERIA S.A	-	45,93	51,95	-	-	-	-	-	97,88	-
CARLOS GONZÁLEZ FERNÁNDEZ	-	18,80	24,25	-	-	-	-	-	43,05	52,60
FRANCISCO ROMÁN RIECHMANN	-	21,38	7,40	-	-	-	-	-	28,78	86,10

ii) **Share-based remuneration systems**

Name	Name of the Plan	Ownership of options at the beginning of FY2017				Options allocated during FY2017				
		Nº Shares	Nº Affected shares	Strike Price	Strike Period	Nº Shares	Nº Affected shares	Strike Price	Strike Period	Conditions
RAMÓN ARAGONÉS	Performance Shares Plan (2015)	33.734	-	-	3 años	-	-	-	-	-
	Performance Shares Plan (2016)	28.022	-	-	3 años	-	-	-	-	-
	Performance Shares Plan (2017)	60.048	-	-	3 años	-	-	-	-	-

Name	Name of the Plan	Shares delivered during FY2017			Options Exercised during FY2017				Op due and not exercised	Options as at FY2017 end				
		Nº Shares	Price	Amount	No Options	Nº Affected shares	Strike Price	Gross Profit(€)		No Options	No Options	Strike Price	Strike Period	Otros requirements
	Performance Shares Plan (2015)	25.099	6,23	156.367	-	-	-	-	-	-	-	-	-	-
	Performance Shares Plan (2016)	-	-	-	-	-	-	-	-	28.022	-	-	3 años	-
	Performance Shares Plan (2017)	-	-	-	-	-	-	-	-	60.048	-	-	3 años	-

iii) **Long-term savings plans**

Name	Contribution for the year by the Company (€ k)		Amount of accumulated funds (€k)	
	FY2017	FY2016	FY2017	FY2016

Consejero 1

iv) **Other benefits (in thousand €)**

Name	Remuneration in the form of advanced payments, loans granted		
	Interest rate on the transaction	Main description of the transaction	Amounts eventually repaid

Consejero 1

Name	Life Insurance Premiums		Severance of golden parachute clause agreed by the Company for Directors	
	FY2017	FY2016	FY2017	FY2016
RAMÓN ARAGONÉS	25,89	-		

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

i) Cash remuneration (in thousand €)

Name	Salary	Fixed Remuneration	Attendance expenses	Short Term Variable Remuneration	Long Term Variable Remuneration	Remuneration for membership of Board's Directors	Indemnity	Other Concepts	Total FY2017	Total FY2016
Consejero 1	-	-	-	-	-	-	-	-	-	-
Consejero 2	-	-	-	-	-	-	-	-	-	-

ii) Share-based remuneration systems

Name	Name of the Plan	Ownership of options at the beginning of FY2017				Options allocated during FY2017				
		Nº Shares	Nº Affected shares	Strike Price	Strike Period	Nº Shares	Nº Affected shares	Strike Price	Strike Period	Conditions
Consejero 1										

iii) Long-term savings plans

Name	Name of the Plan	Ownership of options at the beginning of FY2017				Options allocated during FY2017				
		Nº Shares	Nº Affected shares	Strike Price	Strike Period	Nº Shares	Nº Affected shares	Strike Price	Strike Period	Conditions
Consejero 1										

Name	Name of the Plan	Shares delivered during FY2017			Options Exercised during FY2017				Op due and not exercised	Options as at FY2017 end			
		Nº Shares	Price	Amount	No Options	Nº Affected shares	Strike Price	Gross Profit(K)	No Options	No Options	Strike Price	Strike Period	Otros requirements
Consejero 1													

iv) Other benefits (in thousand €)

Name	Remuneration in the form of advanced payments, loans granted		
	Interest rate on the transaction	Main description of the transaction	Amounts eventually repaid
Consejero 1			

Name	Life Insurance Premiums		Severance of golden parachute clause agreed by the Company for Directors	
	FY2017	FY2016	FY2017	FY2016
Consejero 1				

c) Summary of remuneration:

The summary must include 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 savings plans, include contributions or funding for these types of systems:

Name	Remuneration accrued in the Company				Remuneration accrued in Group companies				Totales		
	Total Cash Remuneration	Amount of Shares granted	Gross Profit of Options exercised	Total FY2017 Company	Total cash remuneration	Amount of Shares granted	Gross Profit of Options exercised	Total FY2017 Company	Total FY2017	Total FY2016	Contribution to the savings systems during the year
RAMÓN ARAGONÉS	855	156,37	-	1.011	-	-	-	-	1.011	-	-
JOSE MARIA SAGARDOY LLONIS	79	-	-	79	-	-	-	-	79	-	-
KORO USARRAGA UNSAIN	72	-	-	72	-	-	-	-	72	90	-
ALFREDO FERNÁNDEZ AGRAS	250	-	-	250	-	-	-	-	250	92	-
MARÍA GRECNA	57	-	-	57	-	-	-	-	57	20	-
FERNANDO LACADENA AZPBTIA	83	-	-	83	-	-	-	-	83	29	-
FCO. JAVIER ILLA RUIZ	4	-	-	4	-	-	-	-	4	88	-
JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	68	-	-	68	-	-	-	-	68	27	-
PAUL J OHNSON	96	-	-	96	-	-	-	-	96	47	-
JOSÉ ANTONIO CASTRO SOUSA	250	-	-	250	-	-	-	-	250	77	-
JOSÉ MARÍA LOPEZ-ELOLA GONZALEZ	67	-	-	67	-	-	-	-	67	53	-
GRUPO INVERSOR HESPERIAS.A	98	-	-	98	-	-	-	-	98	-	-
CARLOS GONZÁLEZ FERNÁNDEZ	43	-	-	43	-	-	-	-	43	53	-
FRANCISCO ROMÁN RIECHMANN	29	-	-	29	-	-	-	-	29	86	-

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

Variable remuneration for 2017:

The amounts for variable remuneration in cash corresponding to the Chief Executive Officer are for the amounts payable thereto as annual variable remuneration in 2017.

The level that the targets were achieved was as follows:

- EBITDA (weighting 50%): The level of achievement is between the target level and the maximum level.
- Evaluation of performance (weighting 10%): Excellent level
- Individual targets (weighting 40%): The level of achievement is 100%.

Bearing in mind that (i) the result of the performance evaluation was "excellent" and that (ii) the level of achieving the individual targets was 100%, the corrective factor of the EBITDA was not applicable.

Bearing in mind that the target amount of variable remuneration was 60% of the fixed remuneration of the Chief Executive Officer and the overall achievement level of the targets is 114.8%, the variable remuneration in the financial year 2017 amounted to €344.340.

2015-2017 Cycle of the Performance Shares Plan:

The number of shares shown in table D.1.a) ii) corresponds to the gross shares receivable in the cycle 2015-2017 of the "Performance Shares" Plan 2014-2019. In this respect, the level that the targets were achieved was as follows:

Relative TSR - IBEX Medium Cap (weighting 25%): Between the minimum threshold and the target level.

Relative TSR – Dow Jones Euro Stoxx Travel & Leisure (weighting 25%): Between the minimum threshold and the target level.

Operating profit (weighting 50%):

2015: Between the minimum threshold and the target level.

2016: Between the minimum threshold and the target level.

2017: Between the target level and maximum level.

Bearing in mind that the overall level of achievement is 74,4% and the number of performance shares granted, the Chief Executive Officer will receive 25.099 gross shares.

D.3 Report the results of the 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:

	Number	% of total
Votes cast	278,090,474	79.39%

	Number	% of votes cast
Votes against	110,810,213	39.84%
Votes in favour	166,147,277	59.75%
Abstentions	1,132,984	0.41

E OTHER INFORMATION OF INTEREST

If there are any relevant aspects regarding directors 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.

No additional element apart from those mentioned