

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE  
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION  
OF THE DIRECTOR MR. LUIS ALFONSO EGIDO GÁLVEZ**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Luis Alfonso Egido Gálvez was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

Law 31/2014 of 3rd December modified Article 529 undecies of the Law of Capital Companies, fixing the maximum term of office of directors of listed companies at four years.

Furthermore, Transitional Provision 3 of the aforementioned Law 31/2014 stipulates that directors appointed before 1st January, 2014, may complete their terms of office even if they are of more than the four years stipulated by the current Article 529 undecies of the Law of Capital Companies.

Mr. Egido's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 1 of the Law of Capital Companies, Mr. Egido, being the Chief Executive of the Company and of the Company's Group of companies, is an executive Director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Egido:

- i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of his office, and absence of conflicts of interest) well enough to be appointed Director;
- ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors;
- iii) has performed in the role of Director of the Company with appropriate dedication, efficiency and quality of work; and
- iv) continues to fulfil the legal and statutory requirements for inclusion in the category of executive director, as the Company's chief executive.

Consequently, the Appointments and Remuneration Committee unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should re-elect Mr. Luis Alfonso Egido Gálvez as an executive director for the statutory term of four years.

### III

Mr. Luis Alfonso Egido Gálvez will be an executive Director, in accordance with Article 529 duodecies 1 of the Law of Capital Companies, Article 7.1.1 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 a) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

### IV

In view of the foregoing, and with the abstention of Mr. Egido, the Board of Directors unanimously considered that Mr. Luis Alfonso Egido Gálvez has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an executive Director of the Company, and to perform adequately in the role of Director; and therefore proposed that the General Shareholders' Meeting re-elect him as an executive Director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, in accordance with Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting which resolves to re-elect Mr. Egido as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López