

TREASURY SHARES POLICY

Prepared by	Revised by	Approved by
Markets Department	Finance/Internal Audit Department	Board of Directors



Neinor
H O M E S

Revision control		
Revision	Date*	Description of changes
Rev 0	26/07/2017	Initial version of the Policy

* Date of the Board of Directors at which the policy is presented for approval

TABLE OF CONTENTS

1. General features	3
2. Purpose	3
3. Scope.....	3
4. Description of the Policy	3
4.1. Definitions	3
4.2. Basic principles of conduct.....	4
4.3. Treasury shares policy implementation	5
4.4. Reporting treasury shares transactions	6
5. Monitoring and Control of the Policy	6
6. Entry into force and validity.....	6

1. General features

The Board of Directors of Neinor Homes S.A. (hereinafter, "Neinor Homes" or the "Company"), as established in its Rules of Conduct¹, has the responsibility for approving the Company's strategy and the precise organization for its implementation, having, among other powers, that of approving the treasury shares policy and its limits.

2. Purpose

The purpose of this document is to establish general guidelines for conducting treasury shares transactions to be performed by Neinor Homes, following the resolutions adopted by the Company's General Shareholders' Meeting.

3. Scope

This policy applies to the buying and selling of treasury shares of Neinor Homes and of its dependent subsidiaries.

4. Description of the Policy

4.1. Definitions

Treasury share transactions are deemed to be all purchase and sale transactions conducted directly or indirectly by Neinor Homes of:

- Marketable securities issued by Neinor Homes S.A.
- Financial instruments and agreements that grant the right to acquire such securities and financial instruments.
- Agreements whose underlyings are the securities, instruments or agreements mentioned above.

¹ Article 5 on "Powers of the Board" of the Regulation of the Board of Directors of Neinor Homes S.A. establishes the responsibility for approving treasury shares policy.

4.2. Basic principles of conduct

Treasury shares transactions will be conducted in accordance with the provisions of current legislation and the resolutions adopted by the General Shareholders' Meeting² in this respect, the purposes of which shall include:

- Promoting the liquidity of the share on the market, without intervening in the unrestricted process of price formation or favouring certain shareholders of the Company.
- Allowing Neinor to access the shares required to comply with its obligations to deliver treasury shares as part of its Long-Term Incentive Plan (LTIP) for the remuneration and promotion of loyalty of shareholders, managers or employees.

In this connection, these transactions will be performed by the stock exchange broker as directed by the Directorate General of Markets and Investor Relations which shall act in a coordinated and agreed manner with the Directorate General of Finance following the following guidelines:

- Not intervening in unrestricted price formation.
- Not performing any treasury shares transaction if the persons responsible for carrying it out have insider information³ on the Company.
- Informing the market with transparency on treasury shares transactions, according to the rules and laws in force at any given time.
- Acquire treasury shares not exceeding 10% of the subscribed share capital, as this is established in the revised text of the Capital Companies Law⁴.
- All orders cannot exceed for discretionary transactions 15% of the average volume of shares traded in the last 30 sessions.

² Article 5 on "Powers of the General Shareholders' Meeting" of the Regulations of the General Shareholders' Meeting of Neinor Homes S.A. establishes the responsibility for authorising the derivative acquisition of treasury shares by the company.

³ Article 7 of EU Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse deems inside information to be any specific information that directly or indirectly refers to one or more securities or financial instruments, or to one or more issuers of such securities or financial instruments, which has not been made public and which, if it had or was to be made public, could have or would have an appreciable influence on the trading thereof on an organised trading system or market.

⁴ The rule referred to is Article 509 on "Maximum limit of treasury shares" of Royal Legislative Decree 1/2010 of 2 July, approving the revised text of the Capital Companies Law.

- The purchase price of the shares may not exceed the highest price from between (i) the price of the last independent transaction performed and (ii) the independent purchase offer for the highest price in effect at the time of introducing the Order.
- Time limits:
 - No treasury shares transactions will take place during the 15 days prior to the publication of financial information.
 - No treasury shares transactions will take place if Neinor decides to delay publication and dissemination of inside information in accordance with the provisions of current legislation⁵, until such information is published.
 - No buy or sell orders will be introduced during the periods of opening or closing of auction, unless, exceptionally, for a justified cause.
 - No orders will be introduced during the auction period prior to lifting of the suspension of Neinor's shares from trading, if and when such occurs, until trades have been crossed in the security. Any orders not executed when suspension is declared must be withdrawn.

4.3. Treasury shares policy implementation

Upon completion of the stabilisation period following the initial public offering (IPO) Neinor will accumulate sufficient treasury shares to cover the total number of shares to be delivered to employees in the Long-Term Incentive Plan (LTIP) in force. This is why the initial policy did not provide for the increase in treasury shares above the existing need for shares to meet the obligations of the current LTIP.

In this regard, initially the first three-year period 2017-2019 will be covered with a maximum total of 250,000 shares, and the decision will be taken at the beginning of each year as to the increase in own shares for the following three year periods, as appropriate, i.e. in January 2018 the 2018-2020 three-year period will be established, and so on.

⁵ The regulation referred to is Article 17 on "Public disclosure of inside information" of EU Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

The above-mentioned treasury share policy will be implemented through a registered stock exchange broker and following the "safe harbour" type of agreement established by the Spanish National Securities Market Commission (CNMV); however, there will be a periodic review of the requirements that the CNMV decides at any given time.

Currently Neinor Homes does not have any liquidity broker, although the Finance Department and the Investor Relations Department will periodically assess the performance of the shares on the market and, when deemed necessary, they will report to the Board of Directors on the need to procure the aforementioned service.

4.4. Reporting treasury shares transactions

Treasury share transactions will be communicated to the CNMV following the provisions of the "procedure for insider information reporting to the CNMV and to the market" implemented in Neinor Homes.

5. Monitoring and Control of the Policy

The Markets and Investor Relations Department, with the support of the Finance Department, will keep a record of all treasury share transactions made and will provide the Board of Directors information concerning such transactions, and any data that it needs to verify the compliance of transactions carried out with this Policy.

6. Entry into force and validity

This Treasury Shares Policy comes into force from its approval by the Board of Directors of Neinor Homes on 26 July 2017.