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**REPORT ISSUED BY THE BOARD OF DIRECTORS OF NEINOR HOMES, S.A.,
ON THE APPOINTMENT OF MR. ANDREAS SEGAL AS AN INDEPENDENT
EXTERNAL DIRECTOR OF THE COMPANY, INCLUDED UNDER ITEM SIX
OF THE AGENDA OF THE ORDINARY GENERAL MEETING SCHEDULED
FOR 2 APRIL 2019 AND 3 APRIL 2019, AT FIRST AND SECOND CALL,
RESPECTIVELY**

1. INTRODUCTION

The Appointments and Remunerations Committee of Neinor Homes, S.A. (hereinafter, the “**Company**”) has proposed to the General Shareholders Meeting the appointment of Mr. Andreas Segal as Company director.

This report is issued by the Company’s Board of Directors pursuant to section 5, Article 529 decies of the consolidated version of the Spanish Companies Act, passed by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”), seeking to explain the proposal that is submitted for approval by the Company’s General Shareholders Meeting, scheduled for 2 April 2019 and 3 April 2019, at first and second call, respectively, under item Six of the agenda.

In accordance with the provisions of said article, the Appointments and Remunerations Committee shall propose the appointment of any members of the Board of Directors with the category of independent directors (as is the case here). Such proposal should include an explanatory report from the Board of Directors, analyzing the competence, experience and merit of the candidate proposed.

This report seeks to (i) justify the proposal submitted by the Appointments and Remunerations Committee to the Board, to appoint Mr. Andreas Segal as a Company director, with the category of “independent director”; and (ii) to appraise the competence, experience and merit of the candidate proposed.

The proposal submitted by the Appointments and Remunerations Committee, referred to, is attached as an **Annex** hereto.

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For the purposes of Article 518.e) of the Spanish Companies Act, it is also hereby stated that this report contains full details of the proposed candidate's identity, c.v. and category.

Consequently, the Company's Board of Directors is hereby issuing this report on Mr. Andreas Segal's appointment as an independent director of the Company, which has been approved by the Board members at its meeting held on 27 February 2019.

2. JUSTIFICATION OF THE REPORT

2.1 Professional and biographical profile

Mr. Andreas Segal has a wide and strong experience in general and financial management roles in listed real estate companies. During his extensive professional career, Mr. Segal has participated in complex restructuring and M&A situations.

During 2018, Mr. Andreas was Chief Executive Officer at Gateway Real Estate, after spending two years at BUWOG, where, besides being a director, held the position of Deputy Chief Executive Officer and Chief Financial Officer. Before joining BUWOG, Mr. Segal was Chief Financial Officer and member of the Management Board at Deutsche Wohnen (2014-2015) and GSW Immobilien (2006-2014), where he also held other financial management positions. Before 2006 Mr. Segal held several positions at Promarkt Group and Commerzbank. Before the year 2000, Mr. Segal practiced law for three year, after spending two years as a real estate consultant at Bendzko Immobilien Consulting (1995-1997).

Additionally, during 2015, Mr. Andreas Segal was Vice-Chairman of the Supervisory Board and a member of the Audit and Control Committee of GSW Immobilien and, during 2017 and 2018, he was a non-executive director and Chairman of the Audit Committee of Global Worth Poland and Real Estate N.V.

Mr. Andreas Segal has a Bachelor's Degree in Business Economics and Studies in Law from the University of Berlin FU. Furthermore, in 2015, Mr. Segal took the Advance Management Program (AMP) from Harvard Business School.

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2.2 Report from the Appointments and Remunerations Committee and candidate appraisal

After the resignation of Mr. Alberto Prieto Ruiz, dated 20 November 2018, which generated a vacancy within the Board of Directors, and after confirming the need to complement the skills of the Board of Directors, the Appointments and Remunerations Committee began an analysis process aimed at finding a candidate to fill the referred vacancy and to complement and reinforce the qualitative structure of the Board of Directors of the Company.

After analyzing the composition and structure of the Board of Directors, as well as its current needs, the Company, assisted by Egon Zehnder, an executive recruitment firm, concluded that it would be appropriate to appoint a new independent director with an international profile and extensive experience in the real estate sector.

Consequently, the Company and its advisors, conducted a selection process, during which it assessed various candidates who offered the following:

- (i) broad knowledge of the real estate sector;
- (ii) extensive experience in companies related to this sector; and
- (iii) renowned prestige and integrity.

After appraising all the candidates, the Company selected Mr. Andreas Segal.

The Appointments and Remunerations Committee and the Board of Directors consider that Mr. Andreas Segal is the candidate that best covers the Company's needs due to (i) his international profile; (ii) his deep knowledge regarding —and solid professional career in—the real estate sector; (iii) his extensive experience in finance.

All of the foregoing indicated that his appointment as an independent director of the Company will greatly benefit the management body and, therefore, the Appointments and Remunerations Committee has agreed to propose the appointment of Mr. Andreas Segal to the Ordinary General Shareholders Meeting to be held on 2 April 2019, at first call, or on 3 April 2019, at second call.

Further to the Directors Selection Policy, the Appointments and Remunerations Committee has ascertained, insofar as possible, that he is not involved in any incompatibility, prohibition

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or conflict of interest, foreseen by law or in the corporate governance system, and that this selection procedure has not suffered an implicit bias that could generate any type of discrimination.

The Board of Directors fully subscribes to the conclusions reached by the Appointments and Remunerations Committee.

3. JUSTIFICATION

Further to the foregoing and pursuant to the Directors Selection Policy, the Board of Directors hereby undersigns and accepts all the conclusions reached by the Appointments and Remunerations Committee. Likewise, the Board considers that Mr. Andreas Segal's track record and C.V. confirm that he has the necessary competence and merit to be part of the Board of Directors. Furthermore, Mr. Andreas Segal's long-term experience in and knowledge regarding the real estate sector —particularly, with regard to finance within the real estate sector—will guarantee that the Company's interests continue to be adequately managed.

4. CATEGORY

Mr. Andreas Segal will not represent any shareholder on the Board of Directors or will be entrusted with executive duties. Consequently, pursuant to the provisions of applicable regulations, the candidate will enjoy status as an independent external director.

5. CONCLUSIONS

The Board of Directors, in light of the foregoing, considers that the proposal submitted by the Appointments and Remunerations Committee is justified and appropriate, for the appointment of Mr. Andreas Segal as a Company director for the three-year term foreseen in the Articles of Association, as it is convinced that he will contribute to the good management and development of the Company and the Group.



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ANNEX

**APPOINTMENT PROPOSAL ISSUED BY THE APPOINTMENTS AND
REMUNERATIONS COMMITTEE**

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PROPOSAL MADE BY THE APPOINTMENTS AND REMUNERATIONS COMMITTEE TO THE BOARD OF DIRECTORS, TO APPOINT MR. ANDREAS SEGAL AS AN INDEPENDENT EXTERNAL DIRECTOR OF THE COMPANY, INCLUDED UNDER ITEM SIX OF THE AGENDA OF THE ORDINARY GENERAL MEETING SCHEDULED FOR 2 APRIL 2019 AND 3 APRIL 2019, AT FIRST AND SECOND CALL, RESPECTIVELY

1. INTRODUCTION

The Appointments and Remunerations Committee of Neinor Homes, S.A. (hereinafter, the “**Company**”), pursuant to section 4 of Article 529 decies of the consolidated version of the Spanish Companies Act, passed by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”), is hereby submitting this proposal for approval by the Company’s General Shareholders Meeting, scheduled for 2 April 2019 and 3 April 2019, at first and second call, respectively, under item Six of the agenda, in order to appoint Mr. Andreas Segal as an independent external director of the Company, for the three-year term foreseen in the Articles of Association.

Section 4 of Article 529 decies of the Spanish Companies Act provides that the Appointments and Remunerations Committee must propose the appointment of members of the Board of Directors in the case of independent directors (as is the case here).

2. OBJECT OF THIS REPORT

This proposal is hereby submitted in order to fulfil the provisions of section 4, Article 529 decies of the Spanish Companies Act.

3. ASPECTS TAKEN INTO ACCOUNT BY THE APPOINTMENTS AND REMUNERATIONS COMMITTEE

After the resignation of Mr. Alberto Prieto Ruiz, dated 20 November 2018, which generated a vacancy within the Board of Directors, and after confirming the need to complement the skills of the Board of Directors, the Appointments and Remunerations Committee began an analysis

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process aimed at finding a candidate to fill the referred vacancy and to complement and reinforce the qualitative structure of the Board of Directors of the Company.

In this context, the Company, assisted by Egon Zehnder, an executive recruitment firm, concluded that it would be appropriate to appoint a new independent director with an international profile and extensive experience in the real estate sector.

Consequently, the Company and its advisors, conducted a selection process, during which it assessed various candidates who offered the following:

- (i) broad knowledge of the real estate sector;
- (ii) extensive experience in companies related to this sector; and
- (iii) renowned prestige and integrity.

After appraising all the candidates, the Company, specially the members of this Committee, selected Mr. Andreas Segal.

The Appointments and Remunerations Committee considers that Mr. Andreas Segal is the candidate that best covers the Company's needs due to (i) his intentional profile; (ii) his deep knowledge regarding —and solid professional career in—the real estate sector; (iii) his extensive experience in finance.

All of the foregoing, together with his professional profile, indicated that his appointment as an independent director of the Company will greatly benefit the management body and, therefore, this Committee has agreed to propose the appointment of Mr. Andreas Segal to the Ordinary General Shareholders Meeting to be held on 2 April 2019, at first call, or on 3 April 2019, at second call, respectively.

Further to the Directors Selection Policy, the Appointments and Remunerations Committee has ascertained, insofar as possible, that he is not involved in any incompatibility, prohibition or conflict of interest, foreseen by law or in the corporate governance system, and that this selection procedure has not suffered an implicit bias that could generate any type of discrimination.

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4. CONCLUSIONS REACHED BY THE APPOINTMENTS AND REMUNERATIONS COMMITTEE

In light of the foregoing, the Appointments and Remunerations Committee considers that Mr. Andreas Segal offers the necessary competence, experience and merit to carry out his duties as a Company director, in the legal and regulatory terms foreseen, and, consequently, it hereby submits to the Board of Directors which, in turn, will submit to the General Shareholders Meeting, the proposed appointment of Mr. Andreas Segal as an independent external director of the Company, for the three-year term foreseen in the Articles of Association

5. DIRECTOR CATEGORY ASSIGNED

Mr. Andreas Segal will not represent any shareholder on the Board of Directors or will be entrusted with executive duties. Consequently, pursuant to the provisions of applicable regulations, the candidate will enjoy status as an independent external director.

6. PROPOSED RESOLUTION

The following proposed resolution is hereby submitted to the General Shareholders Meeting for approval:

“ITEM SIX ON THE AGENDA

Appointment of Mr. Andreas Segal as director, with the category of independent director, for the statutory period of three years.

At the proposal of the Appointments and Remunerations Committee, appoint Mr. Andreas Segal, of legal age, of German nationality, with German passport number [...] and Spanish NIE [...], both in force, and with domicile for these purposes at Paseo de la Castellana, 20, 5ª Planta, 28046 Madrid, Spain, as director of the Company with the category of independent director, for the statutory period of three years as of the date of this General Meeting is held.

The proposed appointment is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr. Andreas Segal, as well as the corresponding proposal issued by the Appointments and Remunerations Committee. These reports have been



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made available to the shareholders as from the publication of the notice of the General Shareholders Meeting.

Mr. Andreas Segal may accept his appointment by any means valid in law.

In Madrid, on 27 February 2019.