

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

**REPORT MADE BY THE APPOINTMENTS AND REMUNERATION
COMMITTEE TO THE BOARD OF DIRECTORS, ON THE RATIFICATION
AND/OR RE-ELECT AS DIRECTORS OF THE COMPANY, INCLUDED IN
ITEMS TEN TO THIRTEEN OF THE AGENDA OF THE ORDINARY GENERAL
MEETING SCHEDULED FOR MARCH 31, 2020 AND APRIL 1, 2020, AT FIRST
AND SECOND CALL, RESPECTIVELY**

1. INTRODUCTION

The Appointments and Remuneration Committee of Neinor Homes, S.A. (hereinafter, the “**Company**”), pursuant to section 6 of Article 529 *decies* of the consolidated version of the Spanish Companies Law, passed by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Law**”), is hereby submitting this favorable report in relation to proposed resolution for approval by the Company’s General Shareholders Meeting, scheduled for March 31, 2020 and April 1, at first and second call respectively, under items Ten to Thirteen of the agenda, in order to (a) re-elect, for the three-year term foreseen in the Articles of Association, Mr. Felipe Morenés Botín-Sanz de Sautuola, as an “other external” director, and (b) ratify the appointment by co-optation and re-elect, for the three-year term foreseen in the Articles of Association (i) Mr. Borja Garcia-Egotxeaga Vergara, as executive director, and as proprietary directors (ii) Mr. Aref H. Lahham, and (iii) Mr. Van J. Stults.

In relation to Mr. Felipe Morenés Botín-Sanz de Sautuola, the report is consequence of the expiration of the term to which he was appointed as director of the Company.

As a result of the vacancy produced at the Board of Directors after the resignation of Mr. Juan Velayos Lluís, Mr. Juan José Pepa and Mr. Francis Btsh, the Appointments and Remuneration Committee concluded that it was necessary to appoint as new directors Mr. Borja Garcia-Egotxeaga Vergara, Mr. Aref H. Lahham, and Mr. Van J. Stults, respectively. Following each vacancy, the Appointments and Remuneration Committee analyzed the Board of Directors composition as well as its competences and needs and concluded, in each case, that it was necessary to appoint a new director to fill the vacancy; such appointment was

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

approved by the Board of Directors and is now submitted for the General Shareholders' Meeting ratification.

Section 6 of Article 529 *decies* of the Spanish Companies Law provides that the appointment or re-election of any non-independent member of the Board of Directors must be made following the favorable report of the Appointments and Remuneration Committee.

2. OBJECT OF THE REPORT

This proposal is hereby submitted in order to fulfil the provisions of section 6, Article 529 *decies* of the Capital Stock Companies Act.

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

3.1 Mr. Felipe Morenés Botín-Sanz de Sautuola

3.1.1 Professional and biographical profile

Mr. Felipe Morenés Botín-Sanz de Sautuola is currently a founding partner at Stoneshield Capital. Previously, he was director for Lone Star Spain Acquisitions S.L.U., an affiliate of the General Partner of Lone Star, whereby he focused on the analysis and underwriting of European investment opportunities. At Lone Star he was responsible for underwriting, structuring and monitoring of various European Commercial Real Estate equity and debt investments. Prior to joining Lone Star in 2013, Mr. Morenes served for 5 years as a UK M&A Associate Director at UBS Investment Bank and in the same role at the Credit Structuring Desk within UBS's Fixed Income group in London. During his time at UBS he advised in M&A and capital raising transactions and structured financings for clients including banks and hedge funds. Mr. Morenés holds a Bachelor's Degree in Political Economy from Georgetown University.

He is currently a member of the Audit and Control Committee, Appointment and Remunerations Committee and of the Land Investment Committee of Neinor Homes.

3.1.2 Justification

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

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

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.

Furthermore, the Appointments and Remuneration Committee considers that Mr. Felipe Morenés Botín-Sanz de Sautuola held office as a loyal representative, acting in good faith, in the Company's best interest, at his own risk, with freedom of decision and in an unbiased manner, and that he has dedicated the necessary time to effectively carry out his task, assigning enough time to adequately execute his duties.

Thus, the Appointments and Remuneration Committee considers that Mr. Felipe Morenés Botín-Sanz de Sautuola has the appropriate competence, experience and merit to perform his duties as director of the Company, under the legal and regulatory terms, and, consequently, issues this favorable report on the re-election of Mr. Felipe Morenés Botín-Sanz de Sautuola as an "other external" director of the Company, for the three-year term foreseen in the Articles of Association.

3.1.3 Category

Mr. Felipe Morenés Botín-Sanz de Sautuola will not represent any shareholder on the Board of Directors or will be entrusted with executive duties. Pursuant to the provisions of article 529 duodecies of the Spanish Corporate Act, Mr. Felipe Morenés Botín-Sanz de Sautuola may not be qualified as independent and, consequently, will enjoy status as an "other external" director.

3.2 Mr. Borja Garcia-Egotxeaga Vergara

3.2.1 Professional and biographical profile

Mr. Borja Garcia-Egotxeaga Vergara has extensive experience in the field of residential development, project management in real estate and industrial sector and strategic business planning. In June 2016 he joined Neinor Homes as Technical Director of the Northern area, from the developer company Construcciones Gerrikabeitia where he spent 13 years in technical management and construction of group developments, urban management, land acquisition and sale, planning and general business supervision. Previously during his first professional stage for a period of 10 years he was linked to the industrial world in the

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

company Befesa Zinc part of Abengoa Group, where he led the continuous improvement of processes and the environmental situation of the company as Deputy Production and Technical Director, also being responsible for external relations, various management systems and benchmarking with other group factories distributed throughout Europe. He has also been member of the board of directors of companies such as Abengoa, Sondika Zinc and Zindes and collaborator of Aclima and Eurometaux based in Brussels. After graduating from a High School in the USA, Borja studied Industrial Engineering at the Higher School of Industrial Engineers of Bilbao and holds a master's degree in Business Administration INSIDE from the University of Deusto.

Borja is a member of the Board of Directors with the position of CEO since April 8, 2019; and member of the Land Investment Committee.

3.2.2 Justification

As a result of the vacancy produced at the Board of Directors after the resignation of Mr. Juan Velayos Lluís, the Appointments and Remuneration Committee concluded that it was necessary to appoint a new director to fill the vacancy; appointment that was approved by the Board of Directors and it is submitted for ratification to the General Shareholders' Meeting.

Further to the Directors Selection Policy, the Appointments and Remuneration 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.

Furthermore, the Appointments and Remuneration Committee considers that Mr. Borja García-Egotxeaga Vergara held office as a loyal representative, acting in good faith, in the Company's best interest, at his own risk, with freedom of decision and in an unbiased manner, and that he has dedicated the necessary time to effectively carry out his task, assigning enough time to adequately execute his duties.

Thus, the Appointments and Remuneration Committee considers that Mr. Borja García-Egotxeaga Vergara has the appropriate competence, experience and merit to perform his duties as director of the Company, under the legal and regulatory terms, and, consequently,

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

issues this favorable report on the ratification of Mr. Borja Garcia-Egotxeaga Vergara appointment by cooptation and his reelection as executive director of the Company, for the three-year term foreseen in the Articles of Association.

3.2.3 Category

Since his appointment, Mr. Borja Garcia-Egotxeaga Vergara has carried out and will continue to carry out managerial functions at the Company, as a result of being designated as a chief executive officer. Consequently, pursuant to the provisions of applicable regulations, Mr. Borja Garcia-Egotxeaga Vergara will enjoy status as an executive director.

3.3 Mr. Aref H. Lahham

3.3.1 Professional and biographical profile

Mr. Aref H. Lahham is a Managing Director and a Founding Partner of Orion Capital Managers and serves on the Firm's Investment Committee. He is located in Orion's London office and acts as Orion's Chief Executive and Chief Investment Officer setting the strategies and leading the Orion acquisition team and investment activities, as well as directing asset management activities on a significant number of Orion investments. Mr. Lahham has 32 years of real estate investment and development experience in the United States and Europe. Prior to forming Orion in 1999, he was a Managing Director with LaSalle Partners, which he joined in 1992 and headed its French operations and investment activities. Prior to working for LaSalle Partners, Mr. Lahham was a Project Manager for SEGECE (a subsidiary of BNP group), a French shopping center developer based in Paris. Prior to that, Mr. Lahham was an International Project Manager and Design Engineer in New York with consulting structural engineers Leslie E. Robertson Associates. He was also previously a Member of the Board and Strategic Committee of the French listed real estate company, Société Foncière Lyonnaise. Mr. Lahham has a BSc in Civil Engineering from Purdue University, a Masters of Engineering in Civil Engineering from Cornell University where he serves on the Council of the School of Engineering, and an MBA from INSEAD.

Currently he is the Chairman of the Land Investment Committee of Neinor Homes since 12nd December 2019.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

3.3.2 Justification

As a result of the vacancy produced at the Board of Directors after the resignation of Mr. Juan José Pepa, the Appointments and Remuneration Committee concluded that it was necessary to appoint a new director to fill the vacancy; appointment that was approved by the Board of Directors and it is submitted for ratification to the General Shareholders' Meeting.

Further to the Directors Selection Policy, the Appointments and Remuneration 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.

Furthermore, the Appointments and Remuneration Committee considers that Mr. Aref H. Lahham held office as a loyal representative, acting in good faith, in the Company's best interest, at his own risk, with freedom of decision and in an unbiased manner, and that he has dedicated the necessary time to effectively carry out his task, assigning enough time to adequately execute his duties.

Thus, the Appointments and Remuneration Committee considers that Mr. Aref H. Lahham has the appropriate competence, experience and merit to perform his duties as director of the Company, under the legal and regulatory terms, and, consequently, issues this favorable report on the ratification of Mr. Aref H. Lahham appointment by cooptation and his reelection as proprietary director of the Company, for the three-year term foreseen in the Articles of Association.

3.3.3 Category

Mr. Aref H. Lahham represents the stake held by Pyxis V Lux S.á.r.l., entity indirectly totally controlled by Orion European Real Estate Fund V S.L.P. Consequently, pursuant to the provisions of applicable regulations, Mr. Aref H. Lahham will enjoy status as a proprietary director.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

3.4 Mr. Van J. Stults

3.4.1 Professional and biographical profile

Mr. Van J. Stults is a Managing Director and a Founding Partner of Orion Capital Managers and serves on the Firm's Investment Committee. Mr. Stults has 40 years of real estate investment management experience. Prior to forming Orion in 1999, Mr. Stults was a member of the Board of Directors of LaSalle Partners (now "JLL"), a Managing Director, a member of the Operating Committee and head of European investment activities. Mr. Stults joined LaSalle Partners in 1984. Prior to LaSalle Partners, he was the Assistant Treasurer of Lane Industries, a private family owned U.S. conglomerate, and prior to Lane Industries, he was a Commercial Banking Officer at the First National Bank of Chicago. Mr. Stults is a member of the Pension Real Estate Association and is a Global Governing Trustee of the Urban Land Institute. Mr. Stults holds a BS degree in economics from Claremont McKenna College and MBA in finance and accounting from the University of Chicago Booth School of Business.

Also he is currently member of the Boards of Appointment and Remunerations Committee, Land Investment, and Audit and Control Committee of Neinor Homes.

3.4.2 Justification

As a result of the vacancy produced at the Board of Directors after the resignation of Mr. Francis Btsh, the Appointments and Remuneration Committee concluded that it was necessary to appoint a new director to fill the vacancy; appointment that was approved by the Board of Directors and it is submitted for ratification to the General Shareholders' Meeting.

Further to the Directors Selection Policy, the Appointments and Remuneration 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.

Furthermore, the Appointments and Remuneration Committee considers that Mr. Van J. Stults held office as a loyal representative, acting in good faith, in the Company's best interest, at his own risk, with freedom of decision and in an unbiased manner, and that he has dedicated

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

the necessary time to effectively carry out his task, assigning enough time to adequately execute his duties.

Thus, the Appointments and Remuneration Committee considers that Mr. Van J. Stults has the appropriate competence, experience and merit to perform his duties as director of the Company, under the legal and regulatory terms, and, consequently, issues this favorable report on the ratification of Mr. Van J. Stults appointment by cooptation and his reelection as proprietary director of the Company, for the three-year term foreseen in the Articles of Association.

3.4.3 Category

Mr. Van J. Stults represents the stake held by Pyxis V Lux S.á.r.l., entity indirectly totally controlled by Orion European Real Estate Fund V S.L.P. Consequently, pursuant to the provisions of applicable regulations, Mr. Van J. Stults will enjoy status as a proprietary director.

4. PROPOSED RESOLUTION

The following proposed resolutions are hereby submitted to the General Shareholders Meeting for approval:

“ITEM TEN ON THE AGENDA

Reelection of Mr Felipe Morenés Botín-Sanz de Sautuola as director, with the category of “other external” director, for the statutory period of three years

At the proposal of the Board of Directors and with the favorable report from the Appointments and Remuneration Committee, reelect Mr Felipe Morenés Botín-Sanz de Sautuola, of legal age, of Spanish nationality, with Spanish identification number [...] in force, and with domicile for these purposes at Calle Ercilla, 24, 2ª planta, Bilbao, Spain, as director of the Company with the category of “other external” director, for the statutory period of three years as of the date of this General Meeting is held.

The proposed reelection is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr Felipe Morenés Botín-Sanz de Sautuola, as well as the report from the Appointments and Remuneration Committee mentioned above. These

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

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

Mr Felipe Morenés Botín-Sanz de Sautuola may accept his appointment by any means valid in law.

ITEM ELEVEN ON THE AGENDA

Ratification, where appropriate, of the appointment and reelection of Mr Borja Garcia-Egotxeaga Vergara as director, with the category of executive director, for the statutory period of three years

Ratify the resolution adopted by the Board of Directors at its meeting held on 8 April 2019 by virtue of which Mr Borja Garcia-Egotxeaga Vergara, of legal age, of Spanish nationality, with Spanish identification number [...] in force and with domicile for these purposes at calle Ercilla, 24, 2^a planta, Bilbao, España, was appointed, by means of the co-option system, member of the Board of Directors with the category of executive director; and, at the proposal of the Board of Directors and with the favorable report from the Appointments and Remuneration Committee, reelect him as director of the Company for the statutory period of three years with the category of “executive director”.

The proposed reelection is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr Borja Garcia-Egotxeaga Vergara, as well as the report from the Appointments and Remuneration Committee mentioned above. These reports have been made available to the shareholders as from the publication of the notice of the General Meeting of Shareholders.

Mr Borja Garcia-Egotxeaga Vergara may accept his appointment by any means valid in law.

ITEM TWELVE ON THE AGENDA

Ratification, where appropriate, of the appointment and reelection of Mr Aref H. Lahham as director, with the category of proprietary director, for the statutory period of three years

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

Ratify the resolution adopted by the Board of Directors at its meeting held on 12 December 2019 by virtue of which Mr Aref H. Lahham, of legal age, of British nationality, with British Passport number [...] in force and with domicile for these purposes at calle Ercilla, 24, 2ª planta, Bilbao, España, was appointed, by means of the co-option system, member of the Board of Directors with the category of proprietary director; and, at the proposal of the Board of Directors and with the favorable report from the Appointments and Remuneration Committee, reelect him as director of the Company for the statutory period of three years with the category of “proprietary director”.

The proposed reelection is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr Aref H. Lahham, as well as the report from the Appointments and Remuneration Committee mentioned above. These reports have been made available to the shareholders as from the publication of the notice of the General Meeting of Shareholders.

Mr Aref H. Lahham may accept his appointment by any means valid in law.

ITEM THIRTEEN ON THE AGENDA

Ratification, where appropriate, of the appointment and reelection of Mr Van J. Stults as director, with the category of proprietary director, for the statutory period of three years

Ratify the resolution adopted by the Board of Directors at its meeting held on 22 October 2019 by virtue of which Mr Van J. Stults, of legal age, of American nationality, with United States Passport number [...] in force and with domicile for these purposes at calle Ercilla, 24, 2ª planta, Bilbao, España, was appointed, by means of the co-option system, member of the Board of Directors with the category of proprietary director; and, at the proposal of the Board of Directors and with the favorable report from the Appointments and Remuneration Committee, reelect him as director of the Company for the statutory period of three years with the category of “proprietary director”.

The proposed reelection is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr Van J. Stults, as well as the report from the Appointments and Remuneration Committee mentioned above. These reports have been made



This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

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

Mr Van J. Stults may accept his appointment by any means valid in law.”

In Madrid, on 26 February 2020