ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

NEINOR HOMES, S.A.

REPORTING PERIOD END 2019

Company Tax ID Code (C.I.F.) A- 95786562

Company Name: NEINOR HOMES, S.A.

Registered Office: C/ Ercilla 24, Bilbao

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A COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A1. Explain the current remuneration policy for directors applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that the inclusion is clear, specific and concrete.

A description must be given of the specific decisions for the current year, both on the remuneration of directors due to their status as such, as well as for the performance of executive roles, which the board makes in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general shareholders' meeting.

In any case, at least the following aspects must be reported:

- Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its terms.

- Indicate and, if applicable, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.

- Information on whether any external advisors have been involved and, if so, who they are.

- Neinor Homes' board member remuneration policy is designed to have a solid corporate governance structure. The general principles and criteria used are, in summary, as follows:

a) Ensuring independence of judgement

Remuneration is structured in such a way as not to compromise the independence of judgment of non-executive directors, with special attention to that awarded to independent directors.

b) Attracting and retaining the best professionals

The remuneration policy aims to establish a competitive remuneration that allows the Company to attract and retain talent that contributes to the creation of value for it.

c) Long-term sustainability

Remuneration shall be compatible with the interests and long-term strategy of the Company, as well as with its values and objectives, and includes provisions to avoid conflicts of interest.

d) Transparency

The remuneration policy and the specific rules for determining remuneration shall be clear and well-disseminated. In this regard, at the beginning of each year or at the General Shareholders' Meeting, the maximum total amount of remuneration that can be paid to directors will be made public, as well as the conditions that must be met in order to obtain such remuneration.

e) Clarity and individualization

The rules for the management and determination of remuneration shall be drafted clearly, simply and concisely.

f) Pay equity

- Remuneration is set taking into account the dedication, qualifications and responsibility required by the position, as well as the experience, functions and tasks performed by each director. In addition, remuneration must maintain a balance between market competitiveness and internal equity.

- The maximum annual remuneration to be received by the members of the Board of Directors in their capacity as such is 900,000 euros.
- Only independent directors and those in the "other external" category are entitled to receive remuneration for their status as such.

For the preparation of the Remuneration Policy, the Company received legal advice from Uría Menéndez and, in addition, in the context of the IPO, the Company received advice from Willis Towers Watson for the preparation of the Company's current long-term variable remuneration plan. In carrying out its advisory functions, Willis Towers Watson (i) conducted a consultation process with various of the Company's senior executives; and (ii) analysed the remuneration system of 12 European companies in the real estate sector and 14 comparable companies (by size) in different sectors.

- The remuneration policy provides for the following remuneration components:

a) Fixed annual remuneration.

b) Attendance fees for meetings of the Board and its Committees.

c) Remuneration in shares or linked to their performance, without prejudice to the provisions of the Board of Directors Rules. Notwithstanding the above-mentioned provision of the policy, at present the Directors, with the exception of the Chief

Executive Officer, are not entitled to any remuneration in shares or linked to their performance.

The specific decision on the amount corresponding to each of the directors for the above items shall be taken by the Board of Directors in accordance with the Remuneration Policy. To this end, it shall take into account the roles held by each director in the collegiate body itself and his or her membership and attendance at the various committees.

Finally, the Company will pay the premium for the civil liability insurance of the directors, according to the usual market conditions and in proportion to the Company's circumstances.

- The remuneration of the Chief Executive Officer (Mr Francisco de Borja García-Egocheaga) and the Executive Vice President (Mr Jorge Pepa) is set out in their respective contracts signed with the Company on 8 April 2019. The Chief Executive Officer and the Executive Vice President do not receive any remuneration for their positions as members of the Board of Directors or the Committees, only for their executive positions and, unlike the external directors, they do have a variable remuneration system, which seeks to align the interests of the Chief Executive Officer and the Executive Vice President with the Company's shareholders by establishing specific objectives linked to the creation of value in the medium and long term. The remuneration structure consists of the following elements:

  a) Fixed remuneration: 450,000 euros for the Chief Executive Officer. 400,000 euros the Executive Vice President;

  b) Annual bonus to be established by the Board of Directors

  c) Participation in the company's long-term incentive schemes payable in shares approved by the company. See section B7 below.

  d) Directors and Officers Insurance ("D&O")

- Relative importance of variable versus fixed remuneration items (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an appropriate balance between fixed and variable remuneration components. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risk and to align it with the company's long-term objectives, values and interests, including, where appropriate, a reference to measures provided to ensure that the remuneration policy takes into account the company's long-term performance, measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures provided to avoid conflicts of interest, where appropriate.

  Also indicate whether the company has established a period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period for deferral in the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether a clause has been agreed for the reduction of deferred remuneration or which obliges the director to return the remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been clearly demonstrated.

Article 25.3 of the Board of Directors Rules establishes that the remuneration of the directors must be in reasonable proportion to the importance of the Company, the economic situation it is in at the time, the standards met in the market in companies with similar size or activity and must take into account their dedication to the Company. The remuneration system established should be aimed at promoting the long-term profitability and sustainability of the company and incorporate the necessary safeguards to avoid excessive risk taking and unfavourable results. In particular, the remuneration system should set limits and safeguards to ensure that the variable remuneration is related to the professional performance of the beneficiaries and does not stem only from general market or industry developments.

The remuneration policy of the directors established by the Company does not establish variable remuneration for the directors due to their status as such, but only a fixed remuneration and allowances for attending the meetings, with the purpose of adequately and sufficiently remunerating the directors for their dedication, qualifications and responsibilities, without compromising their independence of judgment or encouraging the Company to take excessive risks.

The remuneration system for the Chief Executive Officer (CEO) and the Executive Vice President (EVP) is aligned with the interests of the Company. The annual objectives set for obtaining the bonus are linked to results. Specifically, the individual contracts concluded with the CEO and the EVP provide for the possibility of receiving an annual variable remuneration in cash, provided that the results significantly improve the business plan and that the Board of Directors of the Company so decides. In this regard, the weighted parameters taken into consideration to set the variable remuneration are as follows:

	Weighting
1. Development Contribution Margin (million euros)	25%
2. Cranes (no.)	25%
3. OpEx (million euros)	25%
4. EBITDA (net MIP) (million euros)	25%

The CEO was included in the Company's approved Long Term Incentive Plan (LTIP) when he was chief operating officer. The LTIP establishes long-term objectives, relating to obtaining EBITDA, development margin and return to shareholders, as explained in section B7 below.

The design of the LTIP defers every three years in each cycle the amounts of remuneration resulting from the plan and the permanence of the executive director in the Company is required for the full receipt of such amounts.

The LTIP incorporates a clawback clause whereby the Company may require the CEO to return any shares that have been delivered under the Plan or even offset such delivery against other remuneration of any nature that the CEO is entitled to receive, if during the year following the date of settlement of the Plan, circumstances arise that, in the opinion of the Board of Directors, indicate that the settlement of the incentive was not properly effected. Specifically, and among other circumstances, the return of the incentive given may be required in the following cases:

(i) Penalty for serious breach of the code of conduct and other applicable internal rules.

(ii) Other circumstances not foreseen or assumed by the Company, which have a material negative effect on the income statements of any of the years of the "clawback" period.

- Amount and nature of the fixed components that the directors are expected to earn in the financial year in their capacity as such

The remuneration established for directors who are classified as "independent" and "other external" directors is as follows:

a) Fixed remuneration:
  - Chairman of the Board: 100,000 euros per year;
  - Other independent and other external Directors: 75,000 euros per year each.

b) Attendance fees for meetings of the Board and its Committees:
  - Board meetings: 3,000 euros per meeting;
  - Committee meetings: 1,500 euros per committee meeting.

The Chief Executive Officer and the Executive Vice President of the Company only receive remuneration for the performance of senior management functions. Therefore, they do not receive any remuneration for the performance of their duties as members of the Board of Directors and members of the Real Estate Investment Committee.

Amount and nature of the fixed components that will be accrued in the exercise of senior management functions of the executive directors.

The fixed salary of the CEO and the Executive Vice President for the performance of senior management duties is four hundred and fifty thousand curos (450,000 curos) and four hundred thousand euros (400,000 euros) per year, respectively.

Amount and nature of any component of remuneration in kind to be accrued in the financial year including, but not limited to, insurance premiums paid on behalf of the director.

The contract signed with the Chief Executive Officer establishes the right to the social welfare benefits indicated below:

- Health insurance;
- Life insurance, total permanent disability, absolute disability or major disability covering (i) a gross capital benefit of 1,000,000 euros in the event of total permanent disability, absolute disability or major disability and (ii) a gross capital benefit of 1,000,000 euros in the event of death.
- Directors' and Officers' (D&O) insurance
- Any other social welfare benefits that, in general, the Company recognizes for the directors or executives as a group, if so established by the Board of Directors, following a report by the Appointments and Remuneration Committee.

The contract with the Executive Vice-President establishes the right to family health insurance.

The amount and nature of the variable components, differentiating between those established in the short and long term Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, explanation of the extent to which these parameters are related to the performance of both the director and the company and its risk profile, and the methodology, time frame and techniques envisaged to be able to determine, at the end of the year, the degree of compliance with the parameters used when designing the variable remuneration.

Indicate the range in monetary terms of the various variable components according to the degree of compliance with the established objectives and parameters, and whether there is a maximum monetary amount in absolute terms.

There are no variable components in the remuneration of the members of the Board of Directors (with the exception of attendance fees, the amount of which depends on the number of annual meetings of the Board and its Committees).

For their part, the CEO and the Executive Vice President have the variable remuneration indicated below:

1. **<u>Annual bonus</u>**

The contracts signed by the Company with the Chief Executive Officer and the Executive Vice President establish the right to receive a variable remuneration (bonus) to be set at the discretion of the Board of Directors and to be paid only in the event that the objectives set out in the business plan are exceeded.

2. **<u>Long Term Incentive Plan (LTIP), Talent Incentive Plan (TIP) and Lone Star Incentive Plan (MIP)</u>**. Details of these Plans can be found in section B7 below

Main characteristics of long-term savings schemes. Among other information, there will be an indication of the contingencies covered by the system, if it is a defined contribution or benefit, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidation of economic rights in favour of the directors and their compatibility with any type of payment or compensation for early termination or cessation, or arising from the termination of the contractual relationship, under the terms provided, between the company and the director.

There must be an indication as to whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short and long-term performance of the director.

The Company does not have a long-term savings scheme in place.

Any type of payment or compensation for early termination or cessation, or derived from the termination of the contractual relationship under the terms provided for between the company and the director, whether the termination is instigated by the company or by the director, as well as any type of agreed arrangements, such as exclusivity, non-contractual concurrence and permanence or loyalty, which entitle the director to any type of payment.

The contracts entered into by the Company with the Chief Executive Officer and the Executive Vice President provide for compensation equal to two years of their respective fixed remuneration in the event of termination of the contract by the Company, unless such termination is due to a serious and culpable breach by them of their legal or contractual obligations.

If the respective contracts are terminated due to the withdrawal of the CEO or the Executive Vice President, they must notify the Company in writing at least 3 months in advance, and must compensate the Company with an amount equivalent to the fixed remuneration applicable at the time of termination of the contract corresponding to the period of notice not given.

Indicate the conditions that must be respected in the contracts of those who exercise senior management functions as executive directors. Among other things, information shall be provided on the duration, limits on the amounts of compensation, permanence clauses, notice periods, as well as payment as a substitute for the aforementioned notice period, and any other clauses relating to contract premiums, as well as compensation or protection in the event of early termination or termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreements of non-competition, exclusivity, permanence or loyalty and post-contractual non-competition, unless they have been explained in the previous section.

The main terms and conditions of the contract for the provision of services signed by the Company with the Chief Executive Officer and the Executive Vice President are as follows:

- Duration: the contracts came into effect on 8 April 2019 and will remain in effect as long as Mr Francisco de Borja García-Egocheraga Vergara and Mr Jorge Pepa remain as the Company's Chief Executive Officer and Executive Vice President, respectively;

- Exclusivity: The Chief Executive Officer and the Executive Vice President of the Company shall hold their positions exclusively for the Company and on a full-time basis, and therefore may not work directly or indirectly or provide services for third parties or on a self-employed basis, including where such activities do not compete with those of the Company;

- Post-contractual non-competition: once the respective contracts have been concluded for any reason, the CEO and the Executive Vice President may not carry out, for a period of one year, any activity that is concurrent with those of the Company or any company of the Neinor group, either on their own account or on behalf of a competing company.

  By way of compensation for the post-contractual non-competition obligation, they shall be entitled to receive a gross amount equivalent to 70% of the fixed annual remuneration in force at that time.

The nature and estimated amount of any additional remuneration to be earned by directors in the current year in consideration for services rendered other than those inherent in their position

The Company has not established any supplementary remuneration for the directors.

Other remuneration items such as those arising from any granting by the company to the director of advances, loans and guarantees and other remuneration.

There are no other items of remuneration.

The nature and estimated amount of any other supplementary remuneration envisaged that is not included in the previous sections, whether paid by the entity or another entity of the group, which will be accrued by the directors in the current financial year.

There are no other supplementary remunerations.

A.2 Explain any material changes in the remuneration policy applicable in the current year arising from:

- A new policy or an amendment to a policy already approved by the Shareholders' Meeting.

- Material changes in the specific decisions established by the board for the current year of the remuneration policy in force compared to those applied in the previous year.

- Proposals that the Board of Directors has agreed to present to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed to apply to the current year.

There has been no change in the Remuneration Policy in the 2019 financial year

A.3 Indicate the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://neinorhomes.com/uploads/documentos_corporativos/179/documento/HOME___Texto_Propuesto_Poltica_Remuneraciones.pdf

A.4 Explain, taking into account the data provided in section B.4, how the shareholders' vote at the general shareholders' meeting at which the annual remuneration report for the previous year was submitted to a consultative vote was taken into account.

As stated in the notarial certificate of the General Shareholders' Meeting held on 3 April 2019 authorised by the Bilbao Notary Public Ms Raquel Ruiz Torres under number 595 of her notary's record, the annual report on directors' remuneration for the year ended 31 December 2018 was approved by a consultative vote of 98.3947%. Consequently, no action has been taken in this regard.

B OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE LAST FINANCIAL YEAR

B.1 Explain the process followed to implement the remuneration policy and determine the individual remunerations reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where appropriate, the identity and role of external advisors whose services have been used in the process of implementing the remuneration policy in the last financial year.

As regards the remuneration of directors in their capacity as such, insofar as the remuneration provided for in the remuneration policy is fixed, the Company has limited itself to applying it on its own terms.

Specifically, the following face-to-face meetings were held during the year ended 31 December 2019:

- Board: 12 meetings
- Appointments and Remuneration Committee: 10 meetings
- Audit and Control Committee: 6 meetings
- Real Estate Investment Committee: 5 meetings

The following appointments and removals from the Board took place in 2019:

- Appointment of Mr Andreas Segal as an independent director and member of the Real Estate Investment Committee to replace Mr Alberto Prieto Ruiz
- Resignation of Mr Juan Velayos Lluis as Chief Executive Officer
- Appointment of Mr Francisco de Borja García-Egocheaga as new Chief Executive Officer and member of the Real Estate Investment Committee
- Appointment of Mr Jorge Pepa as Executive Director
- Resignation of Mr Francis Btesh as Proprietary Director
- Appointment of Mr Van J. Stults as Proprietary Director and member of the Appointments and Remuneration, Audit and Control and Real Estate Investment Committees
- Resignation of Mr Juan José Pepa as External Director
- Appointment of Mr Aref H. Lahham as Proprietary Director and Chairman of the Real Estate Investment Committee

The amount accrued by the directors in their capacity as such during the 2019 financial year is as follows

- Ricardo Martí Fluxá: he received a fixed annual salary of 100,000 Euros, as well as 63,000 Euros in attendance fees.
- Anna M. Birulés Bertran: received a fixed salary of 75,000 Euros, as well as 58,500 Euros in attendance fees.
- Alfonso Rodés Vilà: received a fixed salary of 75,000 Euros, as well as 51,000 Euros in attendance fees.
- Andreas Segal: received a fixed remuneration of 62,917 Euros, as well as 37,500 Euros in attendance fees.
- Juan Pepa: received a fixed remuneration of 75,000 Euros, as well as 52,500 Euros in attendance fees.
- Felipe Morenés Botín-Sanz de Sautuola: he received a fixed remuneration of 75,000 Euros, as well as 46,500 Euros in attendance fees.

With regard to the remuneration of the CEO and the Executive Vice President for their executive duties, they received the remuneration established in their respective contracts in proportion to the months of the 2019 financial year in which they held their positions. Their respective variable remunerations ("bonuses") were approved by the Company's Appointments and Remuneration Committee at its meeting of 29 January 2019, after an analysis of compliance with the Company's objectives and the personal objectives established in the remuneration policy in relation to the variable remuneration of the Chief Executive Officer and Executive Vice President.

In view of the performance of the 2019 financial year, the Appointments and Remuneration Committee has approved a bonus of one hundred and twenty thousand euros (120,000 euros) for the CEO and one hundred and twenty thousand euros (120,000 euros) for the Executive Vice President.

B.2 Explain the various actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risk and bringing it in line with the company's long-term objectives, values and interests, including a reference to the measures that have been adopted to ensure that the remuneration accrued has taken into account the company's long-term results and achieved an appropriate balance between the fixed and variable components of remuneration, what measures have been adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile, and what measures have been adopted to avoid conflicts of interest, if any.

See section A.1

B.3 Explain how the remuneration accrued during the financial year complies with the provisions of the remuneration policy in force. Report also on the relationship between the remuneration obtained by the directors and the company's results or other measures of performance, in the short and long term, explaining, where appropriate, how variations in the company's performance may have influenced the variation in directors' remuneration, including accruals whose payment has been deferred, and how these contribute to the company's short and long term results.

The remuneration accrued during the financial year complies with the provisions of the remuneration policy in force.

There is no relationship between the remuneration obtained by the directors and the results or other measures of performance, in the short and long term, of the entity, since as explained above their remuneration consists of a fixed amount and allowances for attendance at board and committee meetings.

As regards the remuneration of the Chief Executive Officer and the Executive Vice-Chairman for their executive positions, this is explained in detail in section B1.

B.4 Report on the result of the consultative vote of the General Shareholders' Meeting on the annual report on remuneration of the previous year, indicating the number of votes cast against it, if any:

	Number	**% of total**
Votes cast	49,269,500	62.3625%

	Number	% of issued
Votes against	2,170,898	1.5040%
Votes for	55,819,479	98.3947%
Abstentions	0	0

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such have been decided and how they have changed with respect to the previous year

The fixed components of the remuneration of directors classified as "independent" and "other external" directors consist of a fixed annual salary and allowances for attendance at meetings of the Board and its committees. The amounts paid are those that have been paid in application of the Remuneration Policy. In the case of the directors who have left their posts or have been appointed during the 2019 financial year, they have been paid the proportional part of the fixed salary according to the time they have effectively carried out their duties as directors.

The allowances have been paid on the basis of attendance at meetings of the Board and of its committees.

B.6 Explain how the salaries accrued during the year by each of the executive directors for the performance of management duties were determined and how they varied with respect to the previous year.

The salary earned by the CEO for the performance of management duties consists of a fixed salary and a variable remuneration ("bonus"). The variable salary has been determined as indicated in section B3 above.

B.7 Explain the nature and main characteristics of the variable components of the remuneration systems accrued during the financial year. In particular:

- Identify each of the remuneration plans that have determined the various variable payments accrued by each of the directors during the year, including information on their scope, approval date, implementation date, accrual periods and validity, criteria used to evaluate performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be able to adequately measure all the conditions and criteria stipulated. In the case of plans for options on shares or other financial instruments, the general characteristics of each plan will include information on the conditions both for acquiring unconditional ownership (consolidation) and for being able to exercise these options or financial instruments, including the price and period of exercise.

- Each of the directors, and their category (executive directors, external proprietary directors, external independent directors or other external directors), who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.

- Where applicable, information will be provided on any established accrual or deferral periods applied and/or periods of retention/disposal of shares or other financial instruments, if any.

As explained in section A1 above, the CEO has the following variable remuneration:

1. **Annual bonus**, details of which can be found in section A1 above;
2. **Long Term Incentive Plan (LTIP)**, which are summarized below

In addition to the contractual bonus, the Chief Executive Officer is included in the Company's 2017-2021 Long Term Incentive Plan, which was approved by the Company's Board of Directors on 8 March 2017, at the proposal of the Appointments and Remuneration Committee. The CEO is included in the plan in his capacity as Chief Operating Officer, a position he held prior to his appointment as Chief Executive Officer.

The Plan consists of the receipt, after a certain period of time, of an incentive payable in shares, provided that certain strategic objectives of the Company are met and the requirements set out in the corresponding Rules are fulfilled.

The Plan is implemented through the allocation to each Beneficiary of an Initial Incentive ("**Initial Target Incentive**"), which is defined as a certain number of shares (the "**Performance Shares**") that will serve as the basis for determining, depending on the degree of compliance with certain objectives and the requirements established in the Rules, the number of Neinor Homes shares to be delivered, if any, to each beneficiary at the end of one of the three established time cycles (2017-2019/, 2018/2020 and 2019-2021).

The final number of shares to be delivered to each beneficiary at the end of each cycle will be the result of multiplying (i) the Initial Target Incentive by (ii) the Weighted Achievement Coefficient.

The Weighted Achievement Coefficient will depend on the degree of compliance with the objectives to which the Plan is linked for each cycle. The achievement of the objectives will be measured through identifiable and quantifiable parameters, called Metrics (hereinafter referred to as "**Metrics**"). The Weighted Achievement Coefficient is the weighted average of the following three Metrics, each representing one third of the total (i.e. 33.33%), multiplied by the Correction factor:

(i) **EBITDA**, defined as the cumulative value over the Measurement Period of pre-interest income, tax, depreciation and amortization.

(ii) Developer Margin (**"Developer Margin")**, defined as the average of the differences (expressed as a percentage ratio) between the annual pre-interest income, tax, depreciation and amortization (EBITDA) figure and the annual turnover figure during the Measurement Period. It will be calculated as the average value during the Measurement Period.

(iii) Total Shareholder Return ("**TSR")**, defined as the difference (expressed as a percentage ratio) between the final value of an investment in common shares and the initial value of the same investment, taking into account that dividends or other similar concepts (i.e. script dividends) received by the shareholder for such investment during the corresponding period of time shall be taken into account for the calculation of such final value.

For the purposes of the first cycle, the initial value is understood to be the stock market initial listing price (hereinafter the "**Initial Value")** and the final value is understood to be the weighted average of the closing prices of the shares for the 20 trading sessions prior to 31 December 2019, inclusive (hereinafter the "**Final Value**"). The Measurement Period for the TSR began with the Company's IPO. For the purposes of the second cycle, the initial value is €17.66.

In addition to the Metrics described, the Plan takes into account an additional metric that functions as the Correcting Factor of the system: Loan to Value (hereinafter, **Loan to Value),** defined as the difference (expressed as a percentage ratio) between the capital invested from external financing (total receivable minus cash) and the gross value of the Company's assets. It will be calculated as the average value during the Measurement Period.

Once the Achievement Coefficient for each of the Metrics is obtained, it will be multiplied by the weighting of each Metric. If necessary, the resulting percentage shall then be multiplied by the Correction Factor to find the Weighted Achievement Coefficient.

Weighted Achievement Coefficient = {[(1/3) x (EBITDA Achievement Coefficient)] + [(1/3) x (Developer Margin Achievement Coefficient)] + [(1/3) x (RTA Achievement Coefficient)]} x Loan to Value Correction Factor

The achievement scale for the first and second cycles is as follows:

- **EBITDA**:

EBITDA Compliance Level
(in millions of euros) Achievement Coefficient
(% Initial Target Incentive)
> Maximum > 350 150%
Between Target and Maximum Between 320 and 350 Linear interpolation
Target 320 100%.
Between minimum and target Between 285 and 320 Linear interpolation
Minimum 285 30%
Below the minimum < 285 0%

- **Developer Margin:**

Compliance Level Developer Margin
(average rate) Achievement Coefficient
(% Initial Target Incentive)

> Maximum > 20% 150%
Between Target and Maximum Between 18% and 20% Linear interpolation
Target 18% 100%
Between minimum and target Between 16% and 18% Linear interpolation
Minimum 16% 30%
Below the minimum < 16% 0%

- **TSR:**

TSR Compliance Level
(compound annual rate) Achievement Coefficient
(% Initial Target Incentive)
> Maximum > 54% 150%
Between Target and Maximum Between 31% and 54% Linear interpolation
Target 31% 100%
Between minimum and target Between 22.5% and 31% Linear interpolation
Minimum 22.5% 30%
Below the minimum < 22.5% 0%

- **Correction Factor**:

(average rate) Weighted Achievement Coefficient
< 40% (Metrics Weighted Achievement Coefficients) x 100%
> 40% (Metrics Weighted Achievement Coefficients) x 90%

The maximum Performance Shares corresponding to Mr Francisco de Borja García-Egocheaga are: 1,261 shares for the first cycle of the Plan and 1,132 shares for the second cycle of the Plan. The third cycle has not yet been approved. In 2019, 1/3 of the maximum shares were accrued and no amount has been accrued so far in the second cycle.

3. **Talent Incentive Plan (TIP)**

This is a Company-wide incentive plan, specifically for 249 employees, linked to the share price. The start date is September 2018 and it lasts 2 years. The date for payment, if any, is September 2020.

The parameters are as follows:

- Initial share price (September 2018): 15.84 euros
- 100 % target: share price increase ≥ 20%
- 75% target: share price increase < 20%
- 50% target: share price increase ≥ 5% and ≤ 12.5%

No payment has been made for this plan in 2019.

B.8 Indicate whether certain variable components have been reduced or a refund has been claimed when payment has been consolidated and deferred in the first case, or consolidated and paid in the second case, based on data that have subsequently been proven to be manifestly inaccurate. Describe the amounts reduced or refunded by the application of the clawback clauses, why they have been executed and the financial years to which they correspond.

As of the date of this report, the Company is not aware of any situations giving rise to the application of clawback clauses to the variable components of the remuneration.

B.9 Explain the main characteristics of the long-term savings schemes whose amount or equivalent annual cost is shown in the tables in Section C, including retirement and any other survival benefits, which are financed, partially or totally, by the company, whether they are provided internally or externally, indicating the type of plan, whether it is a defined contribution or benefit plan, the contingencies it covers, the conditions for consolidating the economic rights in favour of the directors and its compatibility with any type of compensation for early termination of the contractual relationship between the company and the director.

The Company does not have a long-term savings scheme in place.

B.10 Explain, if applicable, compensation or any other type of payment deriving from early termination, whether it be termination instigated by the company or the director, or the termination of the contract, under the terms set out in the contract, accrued and/or received by the directors during the financial year.

The Company has not paid compensation or other payments arising from the early termination of directors.

B.11 Indicate whether there have been significant changes in the contracts of those who perform senior management functions as executive directors and, if so, explain them. Likewise, explain the main conditions of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

In 2019, Mr Juan Velayos Lluis resigned from his position and Mr Francisco de Borja García-Egocheaga was appointed CEO. Likewise, Mr Jorge Pepa has been appointed as Executive Vice President.

The main conditions of the contracts signed with Mr Francisco de Borja García-Egocheaga and Mr Jorge Pepa have already been explained in section A.1.

B.12 Explain any additional remuneration accruing to directors in consideration for services rendered other than those inherent to their position.

The Company has not paid additional remuneration to the directors in consideration for services rendered other than those inherent to their position.

B.13 Explain any remuneration resulting from the granting of advances, loans and guarantees, indicating the interest rate, their essential characteristics and any amounts returned, as well as the obligations assumed on their behalf as guarantees.

The Company has not granted any advances, loans or guarantees to the directors.

B.14 Detail the remuneration in kind earned by the directors during the year, briefly explaining the nature of the various salary components.

The directors in their capacity as such have not earned any remuneration in kind. With respect to the Chief Executive Officer and the Executive Vice President, see section B7.

B.15 Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's services in the company.

No such remuneration has been paid.

B.16 Explain any remuneration item other than those listed above, regardless of its nature or the group entity that pays it, especially when it is considered a related-party transaction or when its issuance distorts the true image of the total remuneration accrued by the director.

There are no remuneration items other than those indicated above.

C DETAIL OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	2019 accrual period
Ricardo Martí Fluxá	Independent	01/01/2019 to 31/12/2019
Juan Velayos Lluis	Executive	01/01/2019 to 08/04/2019
Anna M. Birulés Bertran	Independent	01/01/2019 to 31/12/2019
Alfonso Rodés Vilá	Independent	01/01/2019 to 31/12/2019
Andreas Segal	Independent	02/04/2019 to 31/12/2019
Juan José Pepa	Other external	01/01/2019 to 05/12/2019
Felipe Morenés Botín-Sanz de Sautuola	Other external	01/01/2019 to 31/12/20198
Jorge Pepa	Executive	01/01/2019 to 31/12/20198
Francis Btesh	Proprietary	01/01/2019 to 27/09/2019
Francisco de Borja García-Egocheaga	Executive	08/04/2019 to 31/12/2019
Van J. Stults	Proprietary	22/10/2019 to 31/12/2019
Aref H. Lahham	Proprietary	12/12/2019 to 31/12/2019

C.1 Complete the following tables on the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the year.

a) Remuneration of the company covered by this report:

(i) Remuneration accrued in cash (in thousands of euros)

Name	Fixed remuneration	Allow-ances	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total year 2019	Total year 2018
Ricardo Martí	100	63	0	0	0	0	0	0	163	133

Fluxá										
Juan Velayos Lluis	0	0	0	1,000	350	0	0	0	708	1,350
Anna M. Birulés Bertran	75	58.5	0	0	0	0	0	0	133.5	97.5
Alfonso Rodés Vilá	75	51	0	0	0	0	0	0	126	99
Andreas Segal	62.9	37.5	0	0	0	0	0	0	100.4	0
Juan José Pepa	75	52.5	0	0	0	0	0	0	127.5	69.5
Felipe Morenés Botín-Sanz de Sautuola	75	46.5	0	0	0	0	0	0	121.5	68
Jorge Pepa	0	0	0	400	To be approved by the Board	0	0	0	292.2	0
Francis Btesh	0	0	0	0	0	0	0	0	0	0
Francisco de Borja García-Egocheaga	0	0	0	450	To be approved by the Board	0	0	0	328.7	0
Van J. Stults	0	0	0	0	0	0	0	0	0	0
Aref H. Lahham	0	0	0	0	0	0	0	0	0	0

(ii) Table of movements in share-based remuneration systems and gross profit on consolidated shares or financial instruments

Name	**Name of the Plan**	**Financial instruments at the beginning of the 2019 financial year**		**Financial instruments granted during the financial year 2019**		**Financial instruments consolidated in the financial year**				**Expired and un-exercised instru-ments**	**Financial instruments at the end of 2019**	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	Number of consolidated equivalent shares	Consolidated share price	Gross profit on consolidated shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Ricardo Martí Fluxá	n/a	0	0	0	0	0	0	0	0	0	0	0
Juan Velayos Lluis	Neinor Homes Long Term Incentive Plan 2017-2021	44,016	44,016	0	0	0	0	0	0	0	0	0
Anna M. Birulés Bertran	n/a	0	0	0	0	0	0	0	0	0	0	0
Alfonso Rodés Vilá	n/a	0	0	0	0	0	0	0	0	0	0	0
Andreas Segal	n/a	0	0	0	0	0	0	0	0	0	0	0
Juan José Pepa	n/a	0	0	0	0	0	0	0	0	0	0	0
Felipe Morenés Botín-Sanz de Sautuola	n/a	0	0	0	0	0	0	0	0	0	0	0
Jorge Pepa	n/a	0	0	0	0	0	0	0	0	0	0	0
Francis Btesh	n/a	0	0	0	0	0	0	0	0	0	0	0
Francisco de Borja García-Egocheaga	Neinor Homes Long Term Incentive Plan 2017-2021	521	521	0	0	0	0	0	0	0	0	0
Van J. Stults	n/a	0	0	0	0	0	0	0	0	0	0	0

Aref H. Lahham	n/a	0	0	0	0	0	0	0	0	0	0	0

(iii) Long-term savings schemes

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	0
Juan Velayos Lluis	0
Anna M. Birulés Bertran	0
Alfonso Rodés Vilá	0
Andreas Segal	0
Juan José Pepa	0
Felipe Morenés Botín-Sanz de Sautuola	0
Jorge Pepa	0
Francis Btesh	0
Francisco de Borja García-Egocheaga	0
Van J. Stults	0
Aref H. Lahham	0

	Company's contribution for the year (thousands of euros)				**Amount of accumulated funds (thousands of euros)**			
Name	**Savings systems with consolidated economic rights**		**Savings systems with unconsolidated economic rights**		**Financial Year t**		**Financial Year t-1**	
	Financial Year t	**Financial Year t-1**	**Financial Year t**	**Financial Year t-1**	**Systems with consolidated economic rights**	**Systems with unconsolidated economic rights**	**Systems with consolidated economic rights**	**Systems with unconsolidated economic rights**
Ricardo Martí Fluxá	0		0		0		0	
Juan Velayos Lluis	0		0		0		0	
Anna M. Birulés Bertran	0		0		0		0	
Alfonso Rodés Vilá	0		0		0		0	
Andreas Segal	0		0		0		0	
Juan José Pepa	0		0		0		0	
Felipe Morenés Botín-Sanz de Sautuola	0		0		0		0	
Jorge Pepa	0		0		0		0	
Francis Btesh	0		0		0		0	
Francisco de Borja García-Egocheaga	0		0		0		0	
Van J. Stults	0		0		0		0	
Aref H. Lahham	0		0		0		0	

(iv) Details of other concepts

Name	Concept	Amount of remuneration
Ricardo Martí Fluxá	n/a	n/a
Juan Velayos Lluis	n/a	n/a
Anna M. Birulés Bertran	n/a	n/a
Alfonso Rodés Vilá	n/a	n/a
Alberto Prieto Ruiz	n/a	n/a
Juan José Pepa	n/a	n/a
Felipe Morenés Botín-Sanz de Sautuola	n/a	n/a
Jorge Pepa	n/a	n/a
Francis Btesh	n/a	n/a
Francisco de Borja García-Egocheaga	n/a	n/a
Van J. Stults	n/a	n/a

Aref H. Lahham	n/a	n/a

b) Remuneration to company directors for their membership of the boards of other group companies:

(i) Remuneration earned in cash (in thousands of euros)

Name	Fixed remuneration	Allow-ances	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year t	Total financial year t-1
Ricardo Martí Fluxá	0	0	0	0	0	0	0	0	0	0
Juan Velayos Lluis	0	0	0	0	0	0	0	0	0	0
Anna M. Birulés Bertran	0	0	0	0	0	0	0	0	0	0
Alfonso Rodés Vilá	0	0	0	0	0	0	0	0	0	0
Andreas Segal	0	0	0	0	0	0	0	0	0	0
Juan José Pepa	0	0	0	0	0	0	0	0	0	0
Felipe Morenés Botín-Sanz de Sautuola	0	0	0	0	0	0	0	0	0	0
Jorge Pepa	0	0	0	0	0	0	0	0	0	0
Francis Btesh	0	0	0	0	0	0	0	0	0	0
Francisco de Borja García-Egocheaga	0	0	0	0	0	0	0	0	0	0
Van J. Stults	0	0	0	0	0	0	0	0	0	0
Aref H. Lahham	0	0	0	0	0	0	0	0	0	0

(ii) Table of movements in share-based remuneration systems and gross profit on consolidated financial instruments or shares

Name	Name of the Plan	Financial instruments at the beginning of the 2018 financial year		Financial instruments granted during the financial year 2018		Consolidated financial instruments in the year				Expired and unexercised instruments	Financial instruments at the end of 2018	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	Number of equivalent/ consolidated shares	Consolidated share price	Gross profit or consolidated shares or instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares

(iii) Long-term savings schemes

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	0
Juan Velayos Lluis	0
Anna M. Birulés Bertran	0
Alfonso Rodés Vilá	0
Alberto Prieto Ruiz	0
Juan José Pepa	0
Felipe Morenés Botín-Sanz de Sautuola	0
Jorge Pepa	0
Francis Btesh	0
Francisco de Borja García-Egocheaga	0
Van J. Stults	0
Aref H. Lahham	0

	Company's contribution for the financial year (thousands of euros)		**Amount of accumulated funds (thousands of euros)**	
Name	**Savings schemes with consolidated economic rights**	**Savings schemes with unconsolidated**	**Financial year 2018**	**Financial year 2017**

			economic rights					
	Financial year 2018	Financial year 2017	Financial year 2018	Financial year 2017	Schemes with consolidated economic rights	Schemes with un-consolidated economic rights	Schemes with consolidated economic rights	Schemes with un-consolidate d economic rights
Ricardo Martí Fluxá	0		0		0		0	
Juan Velayos Lluis	0		0		0		0	
Anna M. Birulés Bertran	0		0		0		0	
Alfonso Rodés Vilá	0		0		0		0	
Andreas Segal	0		0		0		0	
Juan José Pepa	0		0		0		0	
Felipe Morenés Botín-Sanz de Sautuola	0		0		0		0	
Jorge Pepa	0		0		0		0	
Francis Btesh	0		0		0		0	
Francisco de Borja García-Egocheaga	0		0		0		0	
Van J. Stults	0		0		0		0	
Aref H. Lahham	0		0		0		0	

(iv) Details of other items

	Item	Amount of remuneration
Ricardo Martí Fluxá	n/a	0
Juan Velayos Lluis	n/a	0
Anna M. Birulés Bertran	n/a	0
Alfonso Rodés Vilá	n/a	0
Alberto Prieto Ruiz	n/a	0
Juan José Pepa	n/a	0
Felipe Morenés Botín-Sanz de Sautuola	n/a	0
Jorge Pepa	n/a	0
Francis Btesh	n/a	0
Francisco de Borja García-Egocheaga	n/a	0
Van J. Stults	n/a	0
Aref H. Lahham	n/a	0

c) Summary of remuneration (in thousands of euros):

The summary must include the amounts corresponding to all the remuneration items included in this report that have been accrued by the director, in thousands of euros

	Remuneration earned in the Company					Remuneration earned in group companies				
Name	Total Cash Compen sation	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2019 company	Total Cash Compensation	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2019 group
Ricardo Martí Fluxá	163	0	0	0	163	0	0	0	0	0
Juan Velayos Lluis	708	0	0	0	708	0	0	0	0	0
Anna M. Birulés Bertran	133.5	0	0	0	133.5	0	0	0	0	0
Alfonso Rodés Vilá	126	0	0	0	126	0	0	0	0	0
Andreas Segal	100.4	0	0	0	100.4	0	0	0	0	0
Juan José Pepa	127.5	0	0	0	127.5	0	0	0	0	0
Felipe Morenés Botín-Sanz de Sautuola	121.5	0	0	0	121.5	0	0	0	0	0
Jorge Pepa	0	0	0	0	0	0	0	0	0	0
Francis	0	0	0	0	0	0	0	0	0	0

Btesh										
Francisco de Borja García-Egocheaga	328.7	0	0	0	328.7	0	0	0	0	0
Van J. Stults	0	0	0	0	0	0	0	0	0	0
Aref H. Lahham	0	0	0	0	0	0	0	0	0	0