



2019 REPORT ON ACTIVITIES OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES OF NEINOR HOMES S.A.

Prepared by	Reviewed by	Approved by
GRC Management (Governance, Risk and Compliance)	Secretary of the Board	Board of Directors



Neinor
HOMES

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1. General

Neinor Homes S.A. (hereinafter “Neinor Homes” or the “Company”) is firmly committed to the orientation of its corporate governance practices to achieve the highest standards, align strategy and apply the relevant legislation and best practices in its day-to-day management and operations.

Following recommendation 6 of the Code of Good Governance for listed companies approved by the Spanish National Securities Market Commission (hereinafter “CNMV”) in February 2015, Neinor Homes will prepare a report on the functioning of the Audit and Appointments and Remunerations Committees, which it will publish online sufficiently in advance of the Annual General Meeting.

This Activity Report describes the activities not only of the aforementioned Committees, but also of the other Board Committees existing in the Company (Real Estate Investment Committee) and of the Board of Directors itself.

The reporting period considered herein is the calendar year. This decision was adopted in order to ensure the greatest possible visibility and objectivity with regard to compliance with Corporate Good Governance recommendations. Accordingly, the reporting period runs from January to December 2019. This will be the period used by the Company in the future, so as to align reporting with the accounting and “Corporate Governance” year and to ensure that the up-to-date Activity Report is available in time for the Annual General Meeting each year.

The Board and its delegated Committees discharge their supervisory and control functions with ongoing support from the:

- Chief Executive Officer.
- Secretary of the Board.
- GRC Department and Assurance (Corporate Governance, Internal Audit, Compliance, Risks, Corporate Social Responsibility and Quality).
- General Management.

These departments are at the disposal of Neinor Homes’ governing bodies whenever needed, working tirelessly to ensure the proper discharge of their duties and compliance with all of the obligations established by applicable legislation and best practices and in the area of good governance. They also provide directors with any information needed on a timely basis to allow between 6 and 12 days for review and analysis before meetings are held. They

also channel the questions that Board and Committee members may raise and supply the relevant supporting and other documentation to ensure understanding of the issues.

Key activities undertaken by Neinor in the reporting period were as follows

- Supervision and preparation of the Ordinary General Shareholders' Meeting, held on 3 April 2019, covering aspects such as
 - Examination and approval of the Company's financial statements and the management of its affairs, and reappointment of the auditor.
 - Examination and approval of the proposed distribution of earnings
 - Appointment of Mr. Andreas Segal as a director, with the status of independent director, for the statutory term of three years.
 - Examination and approval, if appropriate, of the management and actions of the Board of Directors during the financial year ended 31 December 2018
 - Consultative vote on the annual directors remuneration report for the year ended 31 December 2019.
- Neinor Homes made its second, internal assessment of the quality and efficiency of the functioning and performance of the Board of Directors and its committees, which ensured:
 - Greater access to confidential internal information.
 - A more in-depth review, given that the scope of external assessments is limited with respect to Neinor Homes' objectives.
 - More flexibility, allowing adaptation to the directors' schedules.
 - Lower cost for the company.

In accordance with Article 529 nonies of the Spanish Companies Law and Recommendation 36 of the Code of Good Governance, Neinor Homes plans to carry out an autonomous internal assessment of the functioning of the Board and its respective Committees, taking into consideration the recommendations contained in CNMV Technical Guide 3/2017 on Audit Committees. This internal assessment will be carried out annually, notwithstanding which the Company may commission an external evaluation every three years.

These assessments will be linked to action plans for improvements.

In addition, Neinor Homes has defined a training plan for the Board of Directors and the Board Committees, offering a refresher programme to update the directors' knowledge and expertise in certain areas. The following subjects were addressed in 2019:

- Duties and obligations of directors as provided in the Spanish Companies Law.
- Implications of compliance for listed companies, and compliance by new directors with our Internal Conduct Rules.
- Updating of rules with respect to changes in market abuse regulations with implications for the internal rules of conduct and the management of privileged information.
- The Proprietary Director: A Guide to Good Governance.
- Risks in the real estate sector.
- Evolution of the residential development sector.

This Activity Report was presented to and approved by each of the Board Committees with regard to the matters falling within their respective remits, and it was approved in its entirety by the Board of Directors on 26 February 2020. This Activity Report will be made available to the Company's shareholders on the corporate website before the Annual General Shareholders' Meeting.

2. Purpose and Scope

This document details the functioning and membership of the Board of Directors and of its three committees, the Audit and Control Committee, the Appointments and Remunerations Committee and the Real Estate Investment Committee, describing the main activities and actions of each body during the reporting period (January–December 2019).

3. Board of Directors

Neinor Homes' Board of Directors is duly empowered to manage, direct, administer and represent the Company in accordance with applicable laws and best corporate governance practice. As a general rule, the Board delegates ordinary management tasks to its Committees and to the management team, establishing the content, limits and type of powers granted, so as to concentrate on its supervisory functions and on the consideration of all matters of particular importance to the Company. The principles for action of the Board of Directors, as well as the basic rules governing its organization and functioning, and the rules governing the conduct of its members are set out in the Board of Directors Rules, which is published on the corporate website:

https://neinorhomes.com/uploads/documentos_corporativos/24/documento/20170417_Reglamento_Consejo_de_Administracin.pdf.

3.1. Functioning

In accordance with Article 16 of the Board of Directors Rules, the Board shall meet *"at least, quarterly"* or *"at the initiative of the Chairman, as many times as the Chairman deems appropriate for the smooth running of the Company"* and also, in accordance with Article 9 of the Rules, *"when so requested by at least one-third of the directors"*.

Notice of Board meetings shall be given by the Secretary *"at least seventy-two hours before the day of the meeting."*

Meanwhile, the Board of Directors shall be duly convened *"when one-half plus one of the full number of directors decided upon by the General Shareholders' Meeting is present in person or by proxy"*.

Resolutions shall be adopted by absolute majority of the directors present at the meeting.

The Secretary shall draw up the minutes of meetings, listing the persons attending and describing the matters debated and the resolutions agreed.

3.2. Membership

In accordance with Article 7 of the Board of Directors Rules of Neinor Homes, *“The Board of Directors shall be made up of no fewer than five and no more than 15 members, the exact number to be determined by the General Shareholders’ Meeting.”* At that date of this report, the maximum number of Board members is set at 9, in accordance with the resolution adopted by the shareholders at their Annual General Meeting in 2018.

The Board Rules further stipules that the Company shall ensure that *“as far as possible, on the composition of the body, proprietary and independent directors represent a majority of the Board of Directors, attempting that the number of independent directors represent at least one third of the members of the Board of Directors.”* The Chairman of the Board *“shall be elected from among [its] members”*.

The members of the Board at 31 December 2019 were as follows:

Name	Position	Category
Ricardo Martí Fluxá	Chairman	Independent Director
Anna M. Birulés Bertran	Director	Independent Director
Alfonso Rodés Vilà	Director	Independent Director
Andreas Segal	Director	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Director	External Director ¹
Jorge Pepa	Director	Executive Director
Van J. Stults	Director	Proprietary Director
Aref H. Lahham	Director	Proprietary Director
Borja Garcia-Egocheaga	CEO	Executive Director

As an important noteworthy aspect, on 8 April 2019 the previous CEO, Mr Juan Velayos Lluís, left his position by his own free will on April 8 of the current financial year, resigning from his position as CEO and member of the Board of Directors, as the Board of Directors understood that the Company had completed a first phase and, therefore, it was convenient to start a transition process in the company that would allow the implementation of a new business plan led by a professional from the Neinor Group.

Even so, he attended all the Boards and Committees of the Board of Directors until the aforementioned date, discharging in full his obligations as a director.

In addition, the proprietary director, Mr Btresh, left his position on 27 September of the current year of his own free will, resigning from his position following the reorganization carried out by Adar Macro Fund, Ltd, the shareholder he represented, in relation to its stake in the capital of the Company; and due to the decision of Adar Macro Fund Ltd to maintain a passive investment strategy, in line with its general principles and long-term investment philosophy.

In addition, the external director, Mr Pepa, left his post of his own free will on December 5 of this year, resigning due to the increase in activity expected in the company of which he is a founding shareholder, and the consequent reduction in the time available for the Company's Board.

Finally, the Board proceeded to reclassify the director Mr Jorge Pepa from a proprietary director to an executive director.

The Board has a Secretary, Mrs Silvia López Jiménez, who is not a member of the Board of Directors and therefore cannot vote.

In light of the above, Neinor Homes complies with the requirements established and mentioned above, as it has 9 directors, of which 4 are independent, 2 are executive, 2 are proprietary and 1 is external.

The professional résumé of each director can be found on the corporate website:

<https://neinorhomes.com/gobierno-corporativo-y-sostenibilidad/consejo-de-administracion/composicion-y-comisiones>

3.3. Meetings held and attendance

The Board of Directors met a total of 13 times in the reporting period. The meetings of the Board of Directors were held on the following dates:

- 8 January 2019 (in writing and without a meeting)
- 24 January 2019 (Madrid).
- 27 February 2019 (Madrid).
- 15 March 2019 (Madrid).
- 2 April 2019 (Bilbao).
- 8 April 2019 (Madrid).
- 8 May 2019 (Bilbao).

- 24 July 2019 (Bilbao).
- 18 September 2019 (Barcelona).
- 22 October 2019 (Madrid).
- 30 October 2019 (Bilbao).
- 4 December 2019 (Bilbao).
- 12 December 2019 (Madrid).

The percentage of attendance in person and proxies carried out with specific instructions, out of the total number of votes and possible attendance was 97.14% during the year. In addition, other members have participated, as detailed in the table below:

Otros asistentes	Reuniones en las que ha formado parte												
	08/01/2019	24/01/2019	27/02/2019	15/03/2019	02/04/2019	08/04/2019	08/05/2019	24/07/2019	18/09/2019	22/10/2019	30/10/2019	04/12/2019	12/12/2019
Dirección General Financiera			✓	✓	✓	✓	✓	✓	✓	✓		✓	
Dirección General Relación Inversores				✓				✓			✓		
Dirección de Auditoría Interna y Cumplimiento		✓											
Dirección General Inmobiliaria			✓									✓	
Dirección General de Operaciones				✓	✓							✓	
Dirección General de Negocio												✓	

3.4. Activity

The Board of Directors uses the diagnoses of supervisory activities, reports, policies and other obligatory activities of the Board, which is prepared by the GRC Department based on external laws and regulations (Spanish Companies Law, Securities Market Law and New Audit Law) and on the self-imposed undertakings made in the internal procedures and rules applicable to the Board and its Committees, as a tool to organize and plan its work, and to distribute and schedule the actions required to be taken over the course of the year.

The Corporate Governance scorecard is then used to track and control the work plans prepared by the Board and its Committees, and to establish activities and agenda items for the various Board and Committee meetings.

Finally, the Board also issues instructions to the GRC Department annually to carry out the following tasks on an ongoing basis:

- Make a diagnosis and report on compliance with the recommendations set out in the Code of Good Governance.

- Review compliance with technical, legal and information specifications regarding the mandatory content of the corporate website as stipulated in Circular 3/2015 of 23 June, of the Spanish National Securities Market Commission.

Activity and items debated at meetings of the Board of Directors

The principal matters examined and dealt with at the various meetings of the Board of Directors are summarized below based on the functions and powers delegated. This summary is supplemented by the specific actions undertaken by each of the Committees, which are described herein in the sections titled “Activity”. Activities marked with an asterisk (*) are *“Matters brought before the Board for approval and/or ratification”*.

Meanwhile, the Chairs of the various Committees track the items discussed at all Committee meetings in order to improve communication and ensure that all members are fully involved in the deliberation of all agenda items.

The main aspects discussed and analysed at the meetings of the Board during the 2019 financial year were

- Approval of the proposed distribution of earnings for 2018 and review and approval of the 2019 financial statements and report.
- Proposal to call the 2019 General Shareholders' Meeting.
- Review and approval of the annual corporate governance report.
- Review and approval of the annual remuneration report.
- Review and approval of the report on the activities of the Board of Directors and its committees.
- Change in membership of the Audit and Control Committee, the Appointments and Remuneration Committee and the Real Estate Investment Committee, as detailed in the initial tables to the Board and Committees of this document.
- Approval of the 2019 business plan.
- Approval of Q2 and Q3 financial results and presentation provided to the markets
- Review, analysis and approval of the evaluation by the Board and its respective committees.

- Analysis of potential development of new business branches.
- Analysis and assessment of profiles for the appointment of new board members.
- Supervision and approval of the Corporate Social Responsibility report and the company's action plan in this area.
- Approval of the changes to be made to the internal rules of conduct of the securities market.
- Analysis and evaluation of the activities carried out by the Internal Audit Department.
- Analysis and evaluation of the report on the functioning of the Board and the committees in the 2018 financial year.
- Supervision, analysis and approval of the company's financing and refinancing operations
- Approval of the conditions for the departure of the Managing Director and the settlement agreement.
- Review and approval of the remuneration plan and amounts for CEO, Executive Vice President and other employees for 2019.
- Analysis and approval of transactions with related parties or with conflicts of interest
- Analysis and monitoring of the company's share price and investors
- Analysis, review and approval of treasury stock operations.
- Various discussions and analysis on company strategy.
- Review and approval of the application of the tax consolidation regime included in the common tax territory.
- Analysis and review of the 2020-2024 Business Plan.
- Approval of the timetable of Board and Committee meetings, as well as the General Shareholders' Meeting for 2020.

4. Audit and Control Committee (ACC)

Neinor Homes' Audit and Control Committee (ACC) was created by the Board of Directors on 14 May 2015 as a reporting and consultative body without executive functions but vested with powers to report, advise and make proposals within its remit, as determined in the Committee Rules published on the corporate website:

https://neinorhomes.com/uploads/documentos_corporativos/29/documento/20170417_Reglamento_CAC.pdf.

4.1. Functioning

In accordance with Article 4 of the ACC Rules, the Committee shall meet *“at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required,”* and also *“at the request of any of its members, of the external audit lead partner, or the head of internal audit, as well as when called by its chairman. Furthermore, the chairman is to call the meeting whenever the Board of Directors or its chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.”*

Meetings are convened by the Committee secretary, who notifies each member at least three business days in advance of the date set for each meeting.

Committee meetings are deemed quorate whenever attended, either in person or by proxy, by half plus one of their members. Resolutions are adopted by absolute majority vote of members present.

The secretary is responsible for drawing up the minutes to each meeting, which must include a list of attendees, the matters debated and the resolutions adopted.

4.2. Membership

In accordance with Article 14 of the Board of Directors Rules of Neinor Homes, the ACC *“shall be made up of no fewer than three and no more than five directors, appointed by the Board of Directors itself, all of whom must be non-executive directors. A majority of the Audit and Control Committee members shall be independent [directors].”* Moreover, *“The Chairman of the Audit and Control Committee [shall be appointed] from among the independent directors that are members of that Committee.”*

The members of the ACC at 31 December 2019 were as follows:

Name	Position	Category
Anna M. Birulés Bertran	Chairwoman	Independent Director
Ricardo Martí Fluxá	Member	Independent Director
Alfonso Rodés Vilà	Member	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Van J. Stults	Member	Proprietary Director

The Secretary to the Committee is Ms Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

It is seen that the Company meets the requirements established, having formed an ACC with 5 members, 3 of whom, including the Committee's chair, are independent directors.

The professional résumé of each director sitting on the ACC will be found online on the corporate website:

<https://neinorhomes.com/corporate-governance-and-sustainability/board-of-directors/composition-and-commissions>.

4.3. Meetings held and attendance

The Audit and Control Committee met on 6 occasions in the reporting period, and the meetings were held on the following dates:

- 27 February 2019 (Madrid).
- 8 May 2019 (Bilbao).
- 24 July 2019 (Bilbao).
- 22 October 2019 (Madrid).
- 30 October 2019 (Bilbao).
- 4 December 2019 (Bilbao).

At all the meetings, 100% of the directors and the Secretary of the Committee were present or were given proxies to vote. In addition, apart from other directors, other members attended, as detailed in the following table:

Otros asistentes						
	27/02/2019	08/05/2019	24/07/2019	22/10/2019	30/10/2019	04/12/2019
Dirección General Financiera	✓	✓	✓		✓	✓
Dirección General Relación Inversores	✓	✓	✓		✓	
Dirección de Auditoría Interna y Cumplimiento	✓	✓	✓	✓	✓	✓
Auditor externo	✓		✓	✓		

4.4. Activity

The Internal Audit Department, at the Committee's request, in order to update the rules and good practices, has prepared a series of analyses and tasks in order to maintain absolute compliance with the aspects related to Good Governance and Compliance, among which we can highlight

- A diagnosis of the impact on Neinor Homes of the Technical Guide 1/2019 of 20 February 2019 on Appointments and Remuneration Committees of public interest entities of the CNMV, establishing the measures that needed to be adopted to apply and subsequently implement the best practices defined therein.
- Amendment of the Internal Rules of Conduct in order to adapt them to the amendments arising from the ninth final provision of Royal Decree Law 19/2018, which transposes a series of European directives and amends the revised text of the Securities Market Law (the "TRLMV") to adapt it to, among others, Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("the MAR").
- Coordination of risk training in the real estate sector, with special focus on the "residential development" part and on the responsibilities of managers.
- Analysis and preparation of information for directors, on the one hand on the practical guide for proprietary directors published this year by the Instituto de Consejeros y Administradores and on the other hand on the main changes enacted by the CNMV on the management and communication of inside information to the markets.

In addition, in the exercise of the functions attributed to the ACC, the main activities reviewed and analysed during its six meetings by this Committee are detailed below:

(*) Activities submitted to the Board for approval and/or ratification

- Approval of the financial statements and the individual and consolidated management report for the 2018 financial year. (*)
- Approval of the 2020-2024 business plan. (*)
- Approval of the re-appointment of the auditors (*)
- Review of trading in the Company's own shares. Proposal to accelerate the programme for the purchase and sale of treasury stock for its approval. (*)
- Approval of the information on the SCIIF to be included in the 2018 Annual Corporate Governance Report. Supervision and review of the internal audit performed on the SCIIF.
- Approval of the activity report of the Internal Audit function for the year 2018 and the annual work plan for 2019 (*)
- Approval of the report on the Corporate Social Responsibility Policy for 2018. (*)
- Review and update of the Corporate Social Responsibility objectives for 2019. (*)
- Approval of the report on auditor independence, the provision of non-audit services and related transactions. (*)
- Review of the Annual Corporate Governance Report for 2018. (*)
- Approval of the quarterly financial results Q1, Q2 and Q3 (*)
- Approval of the presentation of results and of the press release on the quarterly financial results (*)
- Updating and reviewing the company's risk map.
- Presentation of the audit report on the prevention of money laundering and financing of terrorism.
- Review and supervision of the implemented data protection model.
- Review of the effectiveness of the work carried out by the external auditors in the audit of the accounts.

- Quarterly monitoring of the risk management and internal control and compliance structure, presenting the activities carried out and the main conclusions identified in the internal audit process.
- Presentation of the annual report on compliance activities for 2018.
- Presentation by the external auditor of the main results and recommendations of the audit of the financial statements H1.
- Presentation of asset valuation, carried out by Savills
- Presentation of the audit plan established for 2019.
- Review and approval of the application of the tax consolidation regime included in the common tax territory.
- Presentation of the annual work plan of the Audit and Control Committee for 2020.
- Analysis of the Sotogrande land purchase transaction for approval.

5. Appointments and Remuneration Committee (ARC)

Neinor Homes' Appointments and Remunerations Committee (ARC) was set up by the Company's Board of Directors on 14 May 2015 as an internal informative and consultative body without executive functions duties, but vested with reporting, advisory and proposal-making powers within its remit, as determined in the Committee Rules published on the corporate website:

https://neinorhomes.com/uploads/documentos_corporativos/67/documento/Espaol_Reglamento_del_Comite_de_Nombramientos_y_Retribuciones.pdf.

5.1. Functioning

In accordance with article 4 of the ARC Rules, *"The Committee shall meet every three months or, at least, four times per year,"* or *"... when any of its members requests it or when duly called by the Chairman of the Committee. The Chairman is to call the meeting whenever the Board of Directors or its Chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority."*

Meetings of the ARC are convened by the Committee Secretary, who sends prior notice of the meeting to each member and any other persons required to attend reasonably in advance of the date on which it is to be held.

A valid quorum will be reached when half plus one of the directors holding seats on the Committee are present in person or by proxy. Resolutions must be adopted by majority vote of the Committee members attending.

The Secretary shall draw up the minutes of meetings, listing the persons attending and describing the matters debated and the resolutions agreed.

5.2. Membership

In accordance with Article 15 of the Board of Directors Rules of Neinor Homes, the ARC *"shall be made up of no fewer than three and no more than five directors, appointed by the Board of Directors itself, all of whom shall be non-executive directors. The majority of the members of the Appointments and Remunerations Committee shall be independent directors."* The Board of Directors shall appoint the Committee's Chair *"from among the independent directors holding seats on the same"*.

The members of the ARC at 31 December 2019 were as follows:

Name	Position	Category
Ricardo Martí Fluxá	Chairman	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Alfonso Rodés Vilà	Member	Independent Director
Anna M. Birulés Bertran	Member	Independent Director
Van J. Stults	Member	Proprietary Director

In addition, the Committee has a Secretary, Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

In this connection, Neinor Homes complies with the established requirements since it has 5 directors in its ARC, 60% of whom are independent, including its Chair.

The professional profile of each member of the ARC is available on the corporate website:

<https://neinorhomes.com/gobierno-corporativo-y-sostenibilidad/consejo-de-administracion/composicion-y-comisiones>

5.3. Meetings held and attendance

The Appointments and Remuneration Committee held 10 meetings in the reporting period, on the following dates:

- 27 February 2019 (Madrid).
- 1 April 2019 (Barcelona).
- 2 April 2019 (Bilbao).
- 8 April 2019 (Madrid).
- 8 May 2019 (Bilbao).
- 24 July 2019 (Bilbao).
- 22 October 2019 (Madrid).
- 30 October 2019 (Bilbao).
- 4 December 2019 (Bilbao).
- 12 December 2019 (Madrid).

All members of the ARC and the Committee's Secretary have attended the meetings held by the Committee. In addition, apart from other directors, the following members attended:

Otros asistentes										
	27/02/2019	01/04/2019	02/04/2019	08/04/2019	08/05/2019	24/07/2019	22/10/2019	30/10/2019	04/12/2019	12/12/2019
Dirección General Financiera					✓	✓		✓	✓	
Dirección de Auditoría Interna y Cumplimiento						✓		✓	✓	

5.4. Activity

In accordance with the functions assigned to the ARC, the main issues discussed at the meetings held during the year are listed below:

(*) *Matters brought before the Board for approval and/or ratification*

- Presentation of the key results obtained in 2018 and salary and incentives milestones in 2019.
- Approval of the annual operating report of the Appointments and Remuneration Committee.
- Proposal and approval to the Board of candidates to fill the vacancy of directors who have voluntarily left their posts.
- Approval of changes to the membership of the Audit and Control Committee, the Appointments and Remuneration Committee and the Real Estate Investment Committee.
- Presentation and approval of the new CEO of the company.
- Review of the Annual Report on the Remuneration of Directors for the 2018 financial year. (*)
- Periodic presentation of the overview of the company's staff and personnel structure.
- Report on the remuneration derived from the "Management Incentive Plan" on the second accrual date.
- Resignation of Mr Juan Velayos Lluís and report on his departure conditions. Report on the advisory services contract to be signed with Mr Juan Velayos Lluís.

- Report on the appointment by co-option of Mr Francisco de Borja García-Egotcheaga Vergara
- Report on the succession of the company's chief executive.
- Presentation and approval of the new Chief Operating Officer.
- Review and submission for Board approval of the remuneration plan and amounts for the CEO, Executive Vice President and other employees for 2019.
- Review of the Long Term Incentive Plan and the Talent Incentive Plan
- Information on the self-evaluation process of the Board and its committees.
- Proposal for the modification of senior management employment contracts.
- Presentation of the evaluation of the functioning and quality of the tasks of the Board of Directors, the performance of the Chairman and Chief Executive Officer of the Company and other matters, pursuant to Article 18.1 of the Board of Directors Rules of the Company and the annual report on the functioning of the Appointments and Remuneration Committee. (*)
- Analysis of the performance of the CEO and the rest of the company's employees Approval of the bonus proposed for 2019 and of the wage bill and incentives proposed for 2020
- Presentation of the work programme to be developed in the year 2020.
- Approval of the planning and work programme to be carried out by the internal audit management on the segregation of duties in key areas.

6. Real Estate Investment Committee (REIC)

Neinor Homes' Real Estate Investment Committee (REIC) was set up by the Company's Board of Directors on 14 May 2015 as a body with reporting, supervisory and advisory functions within its remit, as specified in the Rules thereof.

6.1. Functioning

In accordance with Article 4 of the REIC Rules, the Committee is required to meet *"at least, four times per year,"* as well as *"... when any of its members requests it or when duly called by the chairman of the Committee. The chairman is to call the meeting whenever the Board of Directors or its chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority."*

The meetings of the REIC are convened by the Committee secretary, who forwards notice of each meeting *"to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three (3) working days before the date of the meeting"*.

The REIC adopts resolutions by simple majority vote.

The Secretary is responsible for drawing up the minutes, which include a summary of deliberations and decisions, the names of the persons attending and details of the votes cast.

6.2. Membership

Article 1 of the Neinor Homes Real Estate Investment Committee Rules establishes the membership of the REIC, which *"shall be made up of at least three and a maximum of seven members"*, who shall be *"appointed by the Board of Directors of the Company"*, and the *"majority of the members of the Commission shall be non-executive directors"*. Also, *"The Board shall appoint the Committee Chairman."*

The members of the REIC at 31 December 2019 were as follows:

Name	Position	Category
Aref H. Lahham	Chairman	Proprietary Director
Borja Garcia-Egocheaga	Member	Executive Director
Ricardo Martí Fluxá	Member	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Van J. Stults	Member	Proprietary Director
Andreas Segal	Member	Independent Director
Jorge Pepa	Member	Executive Director

As a noteworthy key issue, on 12 December 2019, the Company received a communication from the external director Mr Juan Pepa, chairman of the committee until that date, informing it of his resignation as a member of the Company's Board of Directors, as the professional responsibilities of the investment fund he had set up were more demanding and prevented him from devoting the necessary time to his work as a director. Even so, until that date, he participated in the Real Estate Investment Committees, fulfilling his functions.

In substitution of this director and as chairman of the real estate investment committee, the appointments and remuneration committee proceeded to appoint Mr Aref H. Lahham as chairman of the committee. Mr Lahham represents the maximum shareholder of the company.

In addition, this year Mr Garcia-Egocheaga, Mr Stults and Mr Segal have joined such committee.

In addition, the Committee has a Secretary, Mrs Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

Neinor Homes complies with the established requirements since it has 7 members in its REIC, 72% of whom are non-executive directors (29% independent, 29% proprietary and 14% external).

The professional profile of each REIC member is available on the corporate website:

<https://neinorhomes.com/gobierno-corporativo-y-sostenibilidad/consejo-de-administracion/composicion-y-comisiones>

6.3. Meetings held and attendance

The Real Estate Investment Committee has held 5 meetings in the reporting period, which took place on the following dates:

- 27 February 2019 (Madrid).
- 8 May 2019 (Bilbao).
- 24 July 2019 (Bilbao).
- 30 October 2019 (Bilbao).
- 4 December 2019 (Bilbao).

The meetings were attended by all members of the REIC and the Committee Secretary. In addition to other directors, other members attended, as detailed in the following table:

Otros asistentes	27/02/2019	08/05/2019	24/07/2019	30/10/2019	04/12/2019
Dirección General Financiera	✓	✓	✓	✓	✓
Dirección General Inmobiliaria		✓	✓	✓	✓
Dirección General de Operaciones	✓		✓	✓	✓
Dirección General de Negocio	✓	✓	✓	✓	✓

6.4. Activity

The main matters examined and dealt with by the committee within its remit were as follows:

(*) *Matters brought before the Board for approval and/or ratification*

- Review of 2019-2023 Business Plan.
- Review of the terms and conditions of the financing to be provided by Goldman Sachs and JP Morgan
- Update on the status of acquisitions and launches in the financial year 2019.
- Review of the land acquisition program and launch of promotions for 2019. Land requirements, Business plan.
- Periodic overview of the development activity.
- Strategic review of the Las Mesas Casares and Almenara developments.
- Sotogrande MSI approvals.
- Business Plan Update / Opex optimization plan.
- Review of the southeast region.

- Review of complementary activities: servicing and legacy.
- Periodic marketing and construction start approvals
- Review of corporate operations opportunities and development of new business lines.

It is noteworthy that the approval of land acquisition transactions, and the launch of developments that cannot be delayed until the earliest date of an REIC meeting, is done by its members by e-mail, after emailing the documentation relating to such investment (basically ICM (Investment Committee Memorandum) and 2nd GO VS or Viability Study) to the Committee members for analysis and approval. Accordingly, these approvals are also given by the Committee without the need to hold a physical meeting.