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REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF NEINOR HOMES, S.A. BASED ON THE PROPOSED AGREEMENT ON THE APPROVAL OF THE COMPANY REMUNERATION POLICY, INCLUDED IN ITEM FOURTEEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 1 AND 2 APRIL 2020, ON FIRST AND SECOND CALL, RESPECTIVELY

1. OBJECT OF THE REPORT

Under article 529 novodecies of the consolidated text of Spanish Companies Act, enacted by Royal Legislative Decree 1/2010, of 2 July ("**Spanish Companies Act**"), as well as article 15.5.(vii) of the Rules of the Board of Directors of Neinor Homes, S.A. ("**Neinor**" or "**Company**"), the Appointments and Remuneration Committee, in its meeting of 26 February 2020, prepared and approved this report to justify and explain the proposed approval of the Company Remuneration Policy, which will be brought to the Board of Directors so that the Board, in turn, can submit it for approval at the General Shareholders' Meeting of the Company.

As a consequence of the end of the term of the Remuneration Policy in 2019, the Appointments and Remuneration Committee has carried out a review of such policy from a global perspective and in a rigorous manner. The objective of the review process has been to submit for approval to the General Shareholders' Meeting, a Remuneration Policy that seeks to continue the Company's remuneration policy in force in the previous years and, therefore, it maintains to a large extent the previous wording. However, the Appointments and Remuneration Committee has considered appropriate, once the Company has the obligation to approve a new Remuneration Policy, to also include the following modification in relation to the previous wording: (i) including a new long term incentive plan, and (ii) the modification of certain conditions of the contracts of the executive directors.

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The new Remuneration Policy of the Company which approval is proposed to the General Shareholders' Meeting is attached hereto as **Annex**. This text of the Remuneration Policy will substitute and replace the text that up to this moment has been in effect, as set out in the latest Annual Remuneration Report and submitted to consultative vote by the Board of Directors.

2. IN-FORCE PERIOD

In accordance with article 529 novodecies of the Spanish Companies Act, the Remuneration Policy will be applicable during the 2020, 2021, and 2022 accounting periods, except for when the Company General Shareholders' Meeting agrees to its amendment or substitution during this period.

3. CONCLUSION

Given all of the above, in accordance with article 529 novodecies of the Spanish Companies Act, the Appointments and Remuneration Committee of Neinor brings this proposal to the Company Board of Directors so that it may in turn propose it to the Shareholders' Meeting for approval.

Madrid, February [●], 2020



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ANNEX

DIRECTORS' REMUNERATION POLICY