

**PROPOSAL AND REPORT ISSUED BY THE BOARD OF DIRECTORS OF NEINOR HOMES,
S.A. IN RELATION TO THE RE-ELECTION OF MR. JORGE PEPA AS EXECUTIVE DIRECTOR,
INCLUDED IN ITEM SIX OF THE AGENDA OF THE 2021 ORDINARY GENERAL
SHAREHOLDERS' MEETING**

1. INTRODUCTION

This report is issued by the Board of Directors of Neinor Homes, S.A. (the "**Company**"), in accordance with items four and five of article 529 decies of the consolidated text of the Spanish companies law approved by Royal Legislative Decree 1/2010 of 2 July ("**Spanish Companies Law**"), and its purpose is to justify the proposal for the re-election of Mr. Jorge Pepa as executive director of the Company to be submitted for approval at the Ordinary General Shareholders' Meeting of the Company to be called for 30 March 2021 and 31 March 2021, on first and second call, respectively, under item Six of its agenda.

In accordance with item four of article 529 decies of the Spanish Companies Law, the proposal for the appointment or re-election of members of the board of directors who are not considered independent directors is the responsibility of the board of directors. In addition, such proposal must be accompanied by a justifying report from the board of directors assessing the competence, experience and merits of the proposed candidate, and preceded by a report from the appointments and remuneration committee.

By virtue of the foregoing, and taking into consideration the proposal of the Board of Directors to propose the re-election of Mr. Jorge Pepa as executive director of the Company, this report is drafted in order to (i) justify its proposal; and (ii) assess the competence, experience and merits of the proposed candidate for the office of executive director, all in accordance with items four and five of article 529 decies of the Spanish Companies Law, and taking into consideration the favourable report issued by the Appointments and Remuneration Committee in accordance with item six of article 529 decies of the Spanish Companies Law. Such report is attached as an **Annex** to this report.

For the purposes of article 518.e) of the Spanish Companies Law, it is also stated that this report contains information on the identity, curriculum and category to which the proposed candidate belongs.

Consequently, the Board of Directors issues this report on the re-election of Mr. Jorge Pepa and sets forth the valuation of his competence, experience and merits in view of the favourable report of the Appointments and Remuneration Committee attached hereto.

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2. ASSESSMENT OF THE COMPETENCE, EXPERIENCES AND MERITS OF THE PROPOSED CANDIDATE

The competence, experience and merits of Mr. Jorge Pepa are inferred from his curriculum vitae, from which results his suitability for the office of executive director.

Mr. Pepa holds a degree in Business Administration from the University of San Andrés in Buenos Aires (Argentina) and until his appointment as Executive Vice President of the Company, he was a Director at 1810 Capital Investments S.L., a real estate investment company.

Mr. Pepa has more than 15 years of experience in investment banking, where he has held various offices throughout his professional career. He began his career in the New York office of Deutsche Bank as part of the Emerging Markets team covering institutional clients in Central America and the Andean Region. Later, he was Vice President in the New York office of Credit Suisse, where he was in charge of Latin American client accounts. He has also been Executive Director in the New York office of UBS, where he was responsible for the Latin American private finance division.

Mr. Pepa is currently an executive director of the Board of Directors and a member of the Land Investment Committee.

3. RATIONALE FOR THE PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors considers that the existence of executive directors is the most appropriate and efficient alternative for the management of the Company's and its group's businesses, where immediacy in high-level strategic decision making, as well as leadership capacity, are key factors.

In view of the foregoing, the Board of Directors considers that in order for an executive director of the Company to adequately perform his supervisory and control duties, as well as the other duties inherent to the office, he must adequately combine: (i) proven competence and experience; (ii) experience in the area in which the Company carries out its activity; (iii) possibility of dedication, knowledge, commitment and absolute involvement in the Company's business; and (iv) additional knowledge to that of the activity itself, such as in financial aspects.

Likewise, it is hereby stated that, in accordance with the provisions of the Company's director selection policy, the Board of Directors has assessed the honourability, solvency and competence of the candidate for re-election, as well as his qualifications, training, availability, commitment to perform his duties and knowledge of Spanish and English. As it has been appreciated during the time that Mr. Pepa

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has held the position of director of the Company, the Board has valued his integrity, conduct and professional career, which it considers to be in line with the principles set forth in the Company's Code of Ethics. Mr. Pepa does not meet any of the conditions that would disqualify him from being re-elected as a director, as provided for in the Company's director selection policy.

Mr. Jorge Pepa's professional career and curriculum vitae demonstrate his competence and merits to hold the office of executive director. His extensive experience in the Company and his deep knowledge guarantee a correct continuity in the successful management of the Company's interests.

The above, as well as the reasons indicated by the Appointments and Remuneration Committee for such re-election (which this body endorses), implies that the Board of Directors considers that the re-election of Mr. Jorge Pepa as executive director of the Company is justified and convenient, in the belief that such re-election will provide continuity to the management of the Company and the group carried out so far.

4. CATEGORY

Mr. Jorge Pepa has been performing, and will continue to perform, management duties in the Company, due to his appointment as an executive director of the Company. Therefore, in accordance with the provisions of the applicable regulations, Mr. Jorge Pepa shall be considered an executive director.

5. CONCLUSIONS

In view of the foregoing, the Board of Directors considers justified and convenient the favourable report issued by the Appointments and Remuneration Committee for the re-election of Mr. Jorge Pepa as executive director of the Company for the statutory three year period.

Consequently, the Board of Directors proposes his re-election as a director, with the category of executive, to the Ordinary General Shareholders' Meeting to be called for 30 and 31 March 2021 on first and second call, respectively.

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6. RESOLUTION PROPOSAL

The resolution proposal submitted for approval by the Ordinary General Shareholders' Meeting of the Company is as follows:

“Reelection, where appropriate, of Mr. Jorge Pepa as director, with the category of executive director, for the statutory period of three years

Re-elect Mr. Jorge Pepa, of legal age, of Argentinian nationality, with Argentinian passport number [...] in force and with domicile for these purposes at calle Ercilla, 24, second floor, Bilbao (Spain), at the proposal of the Board of Directors and with the favorable report from the Appointments and Remuneration Committee, as director of Neinor Homes, S.A. with the category of “executive director” for the statutory period of three years from the date of this General Shareholders Meeting.

The proposed reelection is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr. Jorge Pepa, as well as regarding the role played within Neinor Homes, S.A. since his appointment, together with the aforementioned report from the Appointments and Remuneration Committee. These reports have been made available to the shareholders as from the publication of the notice of the General Shareholders Meeting.

Mr. Jorge Pepa may accept his appointment by any means valid in law.”

Bilbao, 24 February 2021

ANNEX

FAVOURABLE REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF NEINOR HOMES, S.A. REGARDING THE RE-ELECTION OF MR. JORGE PEPA AS EXECUTIVE DIRECTOR

1. INTRODUCTION

The Appointments and Remuneration Committee of Neinor Homes, S.A. (the "**Company**"), in accordance with the item six of article 529 decies of the consolidated text of the Spanish companies law approved by Royal Legislative Decree 1/2010 of 2 July ("**Spanish Companies Law**"), issues this favourable report in relation to the proposal for the re-election of Mr. Jorge Pepa, as executive director, for the statutory three year period, to be submitted for the approval of the Ordinary General Shareholders' Meeting of the Company, to be called for 30 March 2021 and 31 March 2021, on first and second call, respectively, under item Six of its agenda.

The re-election that the Board of Directors is proposing is due to the upcoming expiration of Mr. Jorge Pepa's period of office as a member of the Board of Directors of the Company. Given the way in which he has performed his duties, it is being considered his re-election as a director of the Company with the category of executive.

Pursuant to item six of article 529 decies of the Spanish Companies Law, the proposal for appointment or re-election of any non-independent director must be also preceded by a report from the Appointments and Remuneration Committee. In this regard, this report is drafted in order to comply with the provisions of the aforementioned article.

2. ASPECTS CONSIDERED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE

In view of the proximity of the end of the period of appointment as director of Mr. Jorge Pepa, the Appointments and Remuneration Committee issues this report in relation to his possible re-election as executive director of the Company.

Within the framework of the same, the Appointments and Remuneration Committee has considered the following main aspects:

- the need for the Board of Directors, in light of the current policy for the selection of directors, to continue to have a broad representation of highly qualified professionals who, with their

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- contributions, enrich the debates and the decision making, in order to ensure the continuity of the project developed so far, which, under the current structure, has proven to be fully effective;
- his performance during the period of office that is now ending, the suitability of his professional profile to the particularities of the business carried out by the Company, as well as his combination of the necessary competences to lead the supervisory function currently carried out by the Board of Directors;
 - the honourability, solvency and competence of the candidate for re-election, as well as his qualifications, training, availability, commitment to perform his duties and knowledge of Spanish and English;
 - the integrity, conduct and professional background of the candidate for re-election, in accordance with the Company's Code of Ethics;
 - that Mr. Pepa does not meet any of the conditions that would disqualify him from being re-elected as a director, as provided for in the Company's director selection policy
 - the favourable opinions received from the rest of the directors and, particularly, from the independent directors, in relation to his continuity as executive director of the Company; and
 - the availability of competences, experience and merits to hold the office of executive director, proving a relevant academic background for the performance thereof, as well as for their in-depth knowledge of the Company and its group.

The above has enabled this committee to appreciate that his re-election as an executive director of the Company will bring significant advantages to the governing body.

3. CONCLUSION

The Appointments and Remuneration Committee, in view of the foregoing, considers justified and reports favourably that Mr. Jorge Pepa is re-elected director, with the category of executive director, supporting the proposal for his re-election.

Bilbao, 24 February 2021