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DIRECTORS' REPORT OF NEINOR HOMES, S.A. IN RELATION TO THE PROPOSED BYLAW AMENDMENT OF THE COMPANY

1. Purpose of the report

The Board of Directors of Neinor Homes, S.A. (“**Neinor Homes**” or the “**Company**”) prepares this report (the “**Report**”) to justify the proposed resolution to amend the Company's Bylaws (the “**Bylaws**”) included under item 11 of the agenda of the General Shareholders' Meeting scheduled to be held on April 23, 2022.

This report is issued by the Company’s Board of Directors pursuant to article 286 of the consolidated version of the Spanish Companies Act, passed by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”), which requires the directors to prepare a written report justifying the reasons for the proposed amendments to the Bylaws. In compliance with the above-mentioned provision and in order to make it easier for shareholders to understand the amendments submitted to the consideration of the General Shareholders' Meeting, the purpose and justification of the amendments to the Bylaws are set forth below, and the proposed resolution submitted for approval by the General Shareholders' Meeting is included.

2. Purpose and general justification of the proposal

The amendment of Bylaws, whose approval is proposed to the General Shareholders’ Meeting has a dual purpose:

- (i) on the one hand, to adapt the Bylaws to the amendments introduced in the Law 5/2021, of April 12, amending the revised text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with respect to the promotion of long-term shareholder involvement in listed companies (the “**Law 5/2021**”); and
- (ii) on the other hand, to incorporate certain improvements by adapting the Bylaws to the amendments introduced by the reform of the Good Governance Code of Listed Companies, approved by the National Securities Market Commission on June 26, 2020 (the “**Good Governance Code**”).

3. Detailed justification of the proposal

The following is a more detailed justification and explanation of the proposed amendments:

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a) Proposed amendment of Article 2 (Corporate purpose) of the Company's Bylaws

The proposed modification in Article 2 (Corporate purpose) of the Company's Bylaws seeks to add to the Company's activity, the rental of all types of real estate and urban development operations, on and for the Company and through or for third parties.

b) Proposed amendment of Article 23 (Place and time of the Meeting. Adjournment of Meetings)

The purpose of the proposed change in Article 23 (Place and time of the Meeting. Adjournment of Meetings) of the Bylaws is to adapt and complement the regulations of the General Shareholders' Meetings in order to contemplate the possibility that they may be held exclusively by telematic means, under the terms set forth in the new Article 182 bis of the Spanish Companies Act introduced by virtue of Law 5/2021.

c) Proposed amendment of Article 34 (Compensation of the position) of the Company's Bylaws.

The only purpose of the proposed change in Article 34 (Compensation of the position) of the Company's Bylaws is to improve its wording by adding the concept of "remuneration in kind".

d) Proposed amendment of Articles 42 (Audit and Control Committee. Composition, authority and functioning) and 43 (Appointments and Remuneration Committee. Composition, authority and functioning) of the Company's Bylaws.

The proposed changes to Articles 42 and 43 of the Company's Bylaws seeks to adapt their content to the modifications introduced by the Good Governance Code in force, mainly introducing changes in the basic functions to be performed by the Audit and Control Committee and the Appointments and Remuneration Committee.

4. Proposed resolution to be submitted for approval by the General Shareholders' Meeting.

"Examination and approval, as the case may be, of the amendment of the following articles of the Company's Bylaws

A. Amendment of Article 2 of Title I.

B. Amendment of Article 23 of Title IV.

C. Amendment of Article 34 of Title IV.

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D. Amendment of Articles 42 and 43 of Title IV.

To approve the amendments to certain articles of the Company's Bylaws in accordance with the terms of the proposal included in the directors' report prepared for this purpose and made available to the shareholders from the date of the call of this General Shareholders' Meeting. The purpose of the amendments to the Bylaws is to (i) adapt the Bylaws to the regulatory changes introduced following the approval of Law 5/2021, of April 12, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies; and (ii) to incorporate certain improvements of a technical nature, in order to clarify the meaning of certain issues, improve their wording and facilitate their better understanding.

In particular, it is proposed to amend the following articles of the Company's Bylaws, grouped under each Title of the aforementioned Bylaws that brings together a group of articles that are considered to be substantially independent, all in the terms set forth in the directors' report prepared for this purpose, which shall henceforth have the following wording:

A. Amendment of Article 2 of Title I of the Company's Bylaws:

To amend Article 2 (Corporate Purpose) of the Bylaws, to introduce into the Company's activity, the leasing of all types of real estate and urban planning operations, on and for itself or through or for third parties, so that it shall henceforth have the following wording:

“Article 2.- Corporate purpose

The purpose of the Company is the promotion, management, commercialization, development and leasing of all kind of urban real estate operations, for and on its own behalf or through or for third parties.

These activities may also be carried out by the Company, entirely or partially, indirectly through shareholdings or equity interests in other companies with similar corporate purpose as a consequence of holding any type of securities –including, but not limited to, shares, convertible debentures, quotas of any kind and others–.”

B. Amendment of Article 23 of Title IV of the Company's Bylaws:

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To amend Article 23 (Place and time for holding the Meeting. Adjournment of Meetings) of the Company Bylaws, to enable the possibility of holding the General Shareholders' Meeting exclusively by telematic means, so that it shall henceforth read as follows:

“Article 23.- Place and time of the Meeting. Adjournment of Meetings

- 1. The General Shareholders Meeting will be held at the place indicated in the call within the municipality of the registered office. If the call does not state the place the meeting is to be held, the Meeting will be deemed to have been called to be held at the company's registered office.*
- 2. The General Shareholders Meeting may resolve its own postponement for one or more consecutive days, on proposal of the directors or a number of shareholders representing at least one fourth of the capital attending the meeting. Regardless of the number of sessions, the General Shareholder Meeting will be treated as one sole event, with one set of minutes for all of the sessions.*
- 3. The General Shareholders Meeting also may be suspended temporarily, in the cases and in the manner contemplated in its Regulations.*
- 4. The General Shareholders Meeting may be convened to be held exclusively telematically, without the physical attendance of the shareholders or their representatives. The Board of Directors will be responsible for determining all the procedural aspects necessary to hold it exclusively by telematic means, in compliance with the law, the articles of association and the General Meeting Regulations.”*

C. Amendment of Article 34 of Title IV of the Company's Bylaws:

To amend Article 34 (Remuneration for the position) of the Company's Bylaws, in order to improve its wording, introducing the concept of “remuneration in kind”, which shall henceforth be as follows:

“Article 34.- Compensation of the position

- 1. The directors will receive compensation for performance of their duties by virtue of membership on the Board of Directors as the collegial decision-making body of the Company, as well as on the committees they belong to.*

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2. *The compensation of the directors in their capacity as such referred to in the preceding section will have three components: (a) a fixed annual amount, (b) per diems for attendance, and (c) a remuneration in shares or linked to its evolution, without prejudice to the Board of Directors Regulations.*

3. *The total amount of the compensation the Company may pay to its group of Directors in the categories contemplated in the preceding paragraph may not exceed the amount determined for that purpose by the General Shareholders Meeting. The amount so fixed by the Meeting will be maintained until modified by a new resolution of the General Shareholders Meeting, in accordance with the provisions of applicable legislation.*

The specific determination of the corresponding amount in the aforesaid categories for each of the directors will be made by the Board of Directors in accordance with the director compensation policy, which will be approved, at least every three years, by the General Meeting. To that end, it will take account of the positions filled by each director within the collegial body and the director's membership on the various committees and attendance at their meetings.

4. *Directors performing executive duties in addition will be entitled to receive the compensation for performance of those responsibilities contemplated in the contract entered into for that purpose between the director and the Company.*

That contract will be adapted to the director compensation policy to be approved by the General Meeting, and must contemplate the amount of fixed annual compensation, the annual variable compensation and any multi-year variable compensation, including the parameters for earning it, as well as any possible indemnification for termination of the contract, provided that the termination is not motivated by breach of the director's duties as such, as well as any possible commitments of the Company to pay other remuneration in kind such as amounts as insurance premiums or contribution to savings or pension schemes.

5. *The Board of Directors fixes the compensation of the directors for performance of their executive duties and, with the required legal majority, approves the contracts of inside directors with the Company, which must be adapted to the compensation policy approved by the General Meeting.*

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6. *The directors will be entitled to be compensated by way of the delivery of shares, or by delivery of option rights on shares or by compensation indexed to the value of shares, provided that the application of any such compensation scheme is previously resolved by the General Shareholders Meeting. That resolution, if applicable, will determine the maximum number of shares that may be assigned in each year to this system of compensation, the exercise price or the system for calculation of the exercise price of stock options, the value of the shares, if any, taken as a reference and the term of the plan.*

The Company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

7. *The director compensation policy as applicable will be adjusted to the compensation scheme contemplated in these Articles and in the Board of Directors Regulations, will*

be of the legally-contemplated scope and will be submitted by the Board of Directors for approval of the General Shareholders Meeting with the frequency established by law. The remuneration policy will be proposed by the Appointments and Remuneration Committee for its approval by the Board of Directors.

8. *The Company will secure civil liability insurance for its directors on the usual terms commensurate with the circumstances of the Company.”*

D. Amendment of Articles 42 and 43 of Title IV of the Company's Bylaws:

To amend Articles 42 (Audit and Control Committee. Composition, authority and functioning) and 43 (Appointments and Remuneration Committee. Composition, authority and functioning) of the Company Bylaws, adapting their content to the amendments introduced by the current Good Governance Code, mainly introducing changes in the basic functions to be performed by the Audit and Control Committee and the Appointments and Remuneration Committee, the wording of which shall henceforth be as follows:

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“Article 42.- Audit and Control Committee. Composition, authority and functioning

1. *The Board of Directors will constitute a permanent Audit and Control Committee, an internal body of an informational and consulting nature, with no executive functions, with rights of information, advice and proposal within the scope of its authority as indicated in section 5 of this article. The Audit and Control Committee will be comprised of a minimum of three and a maximum of five directors, appointed by the Board of Directors itself. They must be non-executive directors. The majority of the Audit and Control Committee members will be independent and they will have as a whole, knowledge and experience in accounting, auditing and risk management, both financial and non-financial, especially its Chairman.*
2. *The Board of Directors will also appoint its Chairman from among the independent directors that are members of that Committee. In addition, the Board of Directors also may appoint a Vice-Chairman if deemed appropriate, being applicable to the appointment of the Vice-Chairman the provisions for the appointment of the Chairman.*
3. *The position of Secretary of the Audit and Control Committee will be performed by the person appointed by the Board of Directors. The Secretary of the Audit and Control Committee may not be a member of such Committee, in which case it may not be a member of the Board of Directors. The Secretary of the Audit and Control Committee may be different to the Secretary of the Board of Directors.*
4. *The directors that are a part of the Audit and Control Committee will remain in that office for so long as their appointments as directors of the Company remain in effect, unless the Board of Directors resolves otherwise. Renewal, re-election and removal of the directors comprising the Committee will be governed by resolutions of the Board of Directors.*

The position of Chairman will be exercised for a maximum of four years, at the end of which the Chairman may not be re-elected as such until one year has passed after leaving office, without prejudice to continuing or being elected as a member of the Committee.

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5. *Notwithstanding any other task that may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee will exercise the following basic functions:*
- (i) Reporting to the General Meeting of shareholders on matters raised by shareholders in the General Meeting that fall under its responsibility and, in particular, in relation to the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has performed in this process.*
 - (ii) Supervising the effectiveness of the internal control of the Company and its group, the internal audit and their systems for managing risks, including tax risk and analyzing, in collaboration with the auditors, any significant weaknesses of the internal control system detected during the external audit, without affecting its independence. For these purposes and, if applicable, they may present recommendations or proposals to the Board and the corresponding term for its monitoring.*
 - (iii) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for the possibility of communications being made anonymously, respecting the rights of both the reporting and the reported party.*
 - (iv) Supervising the preparation and presentation of the statutory financial and non-financial statements and presenting recommendations or proposals to the Board of Directors directed to safeguard its integrity. In addition, the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – must also be supervised, reviewing compliance with regulatory requirements, the accurate*

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delimitation of the consolidation perimeter, and the correct application of accounting principles.

- (v) Making proposals to the Board of Directors, for submission to the General Meeting of shareholders, regarding the selection, appointment, re-election and replacement of the external auditors, taking responsibility of the process of selection, in accordance with applicable laws and regulations, as well as the terms of the audit engagement, and regularly gathering information from the external auditors regarding the audit plan and its execution, while also preserving the auditors' independence in the exercise of their functions.*
- (vi) Supervising the activity of the Company's internal audit function.*
- (vii) Establishing appropriate relationships with the external auditors in order to receive information, for examination by the Audit and Control Committee, on matters that may threaten the auditors' independence and any other matters relating to the audit process, and, where applicable, the authorization of the services other than those prohibited in the terms set out by applicable law, as well as any other communications provided for in audit legislation and other audit standards. In any event, the Audit and Control Committee shall receive, each year, written confirmation from the external auditors of their independence from the Company and entities directly or indirectly related to it and individualized and detailed information about any additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with audit legislation.*
- (viii) Issuing a report each year, prior to the audit report, expressing an opinion on whether the independence of the external auditors or audit companies is jeopardized. This report shall give an opinion on the provision of the additional non-audit services referred to in the preceding paragraph, both individually considered and as a whole, and in relation to the auditors' independence regime or to the audit regulations.*
- (ix) Reporting to the Board of Directors, prior to Board meetings, on all matters provided by law, the Articles of Association or the Board of*

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Directors Regulations and, in particular, on the following matters: (i) the financial and non-financial information the Company must publish periodically; (ii) the creation or acquisition of interests in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens; and (iii) transactions with related parties, in accordance with the provisions of any applicable legislation at any given time.

- (x) With regard to the external auditor: (i) to ensure its remuneration does not compromise its quality or independence; (ii) supervise that the Company notifies as a material event any change of external auditor to the National Securities Market Commission (Comisión Nacional del Mercado de Valores), accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same; (iii) to ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence and (iv) and (iv) in the event of resignation of the external auditor, investigate the circumstances that may have caused such resignation.*
 - (xi) To meet any company employee or manager, even ordering their appearance without the presence of another senior officer.*
 - (xii) Any others given to it by the Board of Directors in its corresponding Regulations.*
- 6. The Audit and Control Committee will meet, ordinarily on a quarterly basis, in order to review the periodic financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation. It also will meet at the request of any of its members and when called by its Chairman. 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. There will be a quorum when one half plus one of the directors that are members of the Committee are present*

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in person or by proxy, adopting its resolutions by majority vote. In the event of a tie, the Chairman will not have a casting vote.

- 7. The Board of Directors may develop the foregoing set of rules in its corresponding Regulations.*

Article 43.- Appointments and Remuneration Committee. Composition, authority and functioning

- 1. The Board of Directors will constitute a permanent Appointments and Remuneration Committee, an internal body of an informational and consulting nature, with no executive functions, with rights of information, advice and proposal within the scope of its authority as indicated in section 5 of this article. The Appointments and Remuneration Committee will be comprised of a minimum of three and a maximum of five directors, appointed by the Board of Directors itself, on proposal of the Chairman of the Board. They must be non-executive directors. The majority of the members of the Appointments and Compensation Committee will be independent directors.*
- 2. The Board of Directors will also appoint its Chairman from among the independent directors that are members of that Committee. In addition, the Board of Directors also may appoint a Vice-Chairman if deemed appropriate, being applicable to the appointment of the Vice-Chairman the provisions for the appointment of the Chairman.*
- 3. The position of Secretary of the Appointments and Remuneration Committee will be performed by the person appointed by the Board of Directors. The Secretary of the Appointments and Remuneration Committee may not be a member of such Committee, in which case it may not be a member of the Board of Directors. The Secretary of the Appointments and Remuneration Committee may be different to the Secretary of the Board of Directors.*
- 4. The directors that are a part of the Appointments and Remuneration Committee will remain in that office for so long as their appointments as directors of the Company remain in effect, unless the Board of Directors resolves otherwise. Renewal, reelection and removal of the directors comprising the Committee will be governed by resolutions of the Board of Directors.*

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5. *Notwithstanding any other task that may be assigned thereto from time to time by the Board of Directors, the Appointments and Remuneration Committee will exercise with independence the following basic functions:*
- (i) Evaluating the skills, knowledge and experience required on the Board of Directors. For these purposes, it will define the functions and skills required of candidates that are to fill each vacancy and will evaluate the time and dedication necessary for them to be able to effectively perform their duties.*
 - (ii) Establishing a goal for representation of the least represented gender on the Board of Directors, and developing guidance on how to achieve that goal.*
 - (iii) Making proposals to the Board of Directors of independent directors to be appointed by co-option or for submission to decision by the General Shareholders Meeting, and proposals for re-election or removal of those directors by the general shareholders meeting.*
 - (iv) Reporting on proposals for the appointment of the other directors to be appointed by co-option or for submission to decision by the General Shareholders Meeting, and proposals for their re-election or removal by the General Shareholders Meeting.*
 - (v) Reporting on proposals for appointment and removal of managerial employees and the basic terms of their contracts.*
 - (vi) Examining and organising the succession of the chairman of the Board of Directors and the chief executive of the Company and, if appropriate, making proposals to the Board of Directors so that that succession will occur in an orderly and planned manner.*
 - (vii) Proposing to the Board of Directors the compensation policy for directors and general managers or those performing their functions as senior management under the direct supervision of the Board, executive committees or managing directors, as well as the individual compensation and other contractual conditions of inside directors, verifying and ensuring compliance therewith.*

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(viii) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

6. The functioning of the Appointments and Remuneration Committee will be governed by the rules determined by the Board of Directors in its corresponding Regulations.”

And for the appropriate legal purposes, the Directors of the Company formulate this report, in Madrid, on February 23, 2022.