

**REGULATIONS OF THE
BOARD OF DIRECTORS OF
FADESA INMOBILIARIA S.A.**

**Approved by the Board of Directors of
FADESA INMOBILIARIA, S.A. on March 1st, 2004**

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CHAPTER I. PRELIMINARY

Article 1. Purpose

The object of these Regulations is to determine the principles underlying the actions by the Board of Directors of Fadesa Inmobiliaria S.A., the basic rules of its organization and operation and the rules of conduct of its members.

Article 2. Definitions

For the purposes of these Regulations the following definitions shall be applicable:

“Senior Management” – the Executive Directors and those executives reporting directly to the Company’s organ of governance, Executive Committee or Managing Directors.

“External Advisors” – those individuals or corporations, and in the latter case, the executives or employees thereof providing advisory, consultancy or similar services to any of the companies forming the Fadesa Group.

“Directors” – the members of the Board of Directors of Fadesa Inmobiliaria, S.A.

“Executive Directors” – the Managing Directors of Fadesa Inmobiliaria, S.A. and all those Company Directors with executive or management duties at the same or at the subsidiaries thereof and, in all cases, those with have a stable contractual relationship of an employment or mercantile nature with the Company or its Subsidiaries, other than that associated with their Directorship, and those who have any decision-taking powers in relation to any part of the Company’s business, or that of its Group, whether by delegation or long-lasting powers of attorney granted by the Board or by other instances of the Company or its Subsidiaries.

“External or non executive Directors” – those Directors who are not considered Executive Directors according to the preceding definition.

“Proprietary Directors” – those Directors of Fadesa Inmobiliaria S.A. proposed by individual or group shareholders on the strength of a stable stake in the share capital considered by the Board, regardless of any right or entitlement to a seat on the organ of governance, bearing in mind the stake held in the Company by non-stable shareholders, sufficiently significant to put the proposal to the General Meeting or to agree on their appointment.

“Independent Directors” – those External Directors of recognized professional prestige who are able to contribute their experience and know-how to the company’s governance and who, being neither Executive Directors nor Proprietary Directors, are appointed as such after meeting the conditions determined in these Regulations.

“Fadesa” – Fadesa Inmobiliaria S.A. and the subsidiaries or affiliates that fulfil, in relation to the same, the circumstances foreseen in article 4 of the Spanish Securities Market Act.

“Affiliates” – all controlled or dependent companies or firms that fulfil in relation to the Company the conditions in the hypotheses provided in article 4 of the Spanish Securities Market Act.

“Related Persons” – in relation to any person included in the subjective scope of application of these Regulations: (i) a spouse or person with a similar degree of relationship, except in transactions affecting their individually-owned private property; (ii) offspring under legal age, subject to parental control; and those of legal age who live with and depend financially on such person; (iii) companies that are effectively controlled by the same, on the terms and conditions established in article 4 of the Spanish Securities Market Act, (iv) companies in which they hold any management office; (v) any other person or firm acting on their behalf or in their interest; and (vi) such other persons or firms that are attributed the present consideration due to the legal provisions in force from time to time.

For the purposes of articles 36, 37 and 39:

- 1º. The spouse of the Director or persons with an equal degree of relationship.
- 2º. The ascendants, descendants and siblings of the Director or of the Director’s spouse.
- 3º. The spouses of the ascendants, descendants and siblings of the Director.
- 4º. The companies in which the Director, personally or through an intermediary, fulfils any of the circumstances considered in article 4 of the Spanish Securities Market Act.

And in relation to bodies corporate that are Directors, the following:

1. The partners affected, in relation to any of the Company’s Directors, by any of the circumstances considered under article 4 of the Spanish Securities Market Act.
2. The Directors, whether appointed *de iure* or *de facto*, receivers and proxies holding general powers of attorney in the body corporate that is a Director.
3. The companies forming part of the same Group, as defined in article 4 of the Spanish Securities Market Act, and their shareholders.
4. Persons who, in relation to the representative of the body corporate that is a Director, are considered persons related to the Directors as established in the preceding paragraph.

“Company” – Fadesa Inmobiliaria S.A., with its registered office in Corunna at Avenida de Alfonso Molina s/n and holder of Spanish Tax ID card number A-15036510.

“Competing Company” – that (i) performing the same, similar or complementary type of activity as some of the member companies of Fadesa; and (ii) usually and effectively tendering against any of the said companies for the same or similar projects, business opportunities or investment.

“Securities” – any securities, whether fixed income or variable income, issued by Fadesa Inmobiliaria S.A. and by the subsidiaries forming part of the Fadesa Group listed on the Stock Market or other official trading exchanges. In all cases, this term shall include financial instruments entitling their holders to acquire or convey such Securities or others indexed to the same.

Article 3. Subjective scope of application of the Regulations

The rules set forth in these Regulations shall be applicable to the Company Directors as well as the members of its Senior Management, insofar as their application is appropriate to the specific nature of the latter, notwithstanding the extension of certain rules contained herein to persons other than those aforementioned when this is expressly determined.

Article 4. Interpretation

1. The present Regulations shall be interpreted in accordance with the applicable norms contained in statute or the Articles of Association.
2. In general terms, it shall be up to the Secretary to the Board of Directors, in consultation when deemed necessary with the Chair or the Managing Director, to resolve any doubts arising over the application of these Regulations. Notwithstanding, the Directors may submit their queries for consideration by the Board of Directors, the opinion of which shall prevail in all cases.

Article 5. Amendment of the Regulations

1. Reforms of these Regulations shall be at the Chair’s initiative, or that of three Directors or the Audit Committee, who must attach their proposal for amendment with an explanatory report.
2. Proposals of amendment must be reported on by the Audit Committee.
3. The text of the proposal, the explanatory report by its authors and the reports of the Audit Committee must be attached to the notice of the meeting of the Board that is to discuss the same.
4. Any amendment of the Regulations shall require a resolution passed on the matter by a majority of the members of Board of Directors to be valid.

Article 6. Distribution

1. The persons to whom these Regulations are applicable have the obligation to know and fulfil the same. To that end, the Secretary to the Board shall provide them with a copy when they accept their respective appointments or are effectively hired, as appropriate.
2. The Board of Directors of the Company shall take the appropriate measures to ensure the contents of these Regulations are distributed among the shareholders and the investing public at large, through the media mentioned herein. In all cases, these Regulations shall be sent to the Spanish National Securities Exchange Commission (CNMV) and presented for registration at the Companies' Register. The Board shall also report its approval to the General Meeting of Shareholders, as well as the successive amendments thereof.

CHAPTER II. FUNCTIONS OF THE BOARD

Article 7. General supervisory duties

1. Except in matters reserved to the competence of the General Meeting of Shareholders, the Board of Directors is the Company's maximum decision-making body, as it is entrusted, legally and by the Articles of Association, with the administration and representation of the Company.
2. Notwithstanding the foregoing, the Board of Directors is essentially organized as a supervision and control body, with the management of the ordinary company business delegated to the executive bodies and management team, and with its activity focussing on general supervisory duties.
3. The powers that by statute or the Articles of Association are reserved for sole hearing by the Board may not be delegated, nor may others that are required for responsible performance of its general supervisory duties.

Among others, the Board has the following duties:

- a) Approval of the general strategies of the Company.
- b) Appointment, remuneration, and if appropriate, dismissal of the persons forming the Senior Management of the Company and its subsidiary companies.
- c) Supervision of management activities and appraisal of the Company's executives.
- d) Identification of the main risks to the Company and implementation and monitoring of the appropriate internal control and information systems.
- e) Determining the policies of information and communication with the shareholders, markets and public opinion.

- f) Establishing the policy of treasury stock within the framework determined, if any, by the General Meeting of Shareholders.
- g) Those specifically foreseen in these Regulations.
- h) In general, decisions concerning corporate or financial operations of special significance for the Company as determined by the Board of Directors itself.

Article 8. Creation of value for the shareholders

1. The criterion that must govern the actions of the Board of Directors is the maximization of the long-term value of the Company, in the interest of the shareholders.
2. In application of the preceding criterion, the Board shall determine and review the corporate and financial strategies of the Company in keeping with the following guidelines:
 - a) Planning by the Company must concentrate on long-lasting earning and on maximizing long-term cash flows.
 - b) New investment projects must be adopted on the basis of obtaining an adequate return.
 - c) Operations by the Company must be constantly reviewed in order to optimize their profitability.
3. Maximization of the Company's value in the interest of the shareholders must be pursued by the Board of Directors with respect at all times for legal requirements, always acting in good faith in the performance of contracts with workers, suppliers, financiers and customers and, in general, observing the ethical duties necessary to conduct the business in a responsible manner.

Article 9. Distribution of information concerning the Company.

1. The Board of Directors shall take the necessary measures to distribute such information as it deems appropriate from time to time concerning the Company among the shareholders and the investing public at large. To these ends, it shall use the most efficient means among those available to ensure that information reaches its addressees equally and without delay.

Specifically, the Board shall make use of the Company web page as a means for the shareholders to exercise their right to information and for distribution of information. To these ends, the web page shall have at least the content established in article four of the Ministerial Order dated December 26th, 2003, on the annual corporate governance report and other information instruments for listed companies and other institutions.

2. The Board of Directors of the Company shall prepare an annual corporate governance report describing the main aspects of the rules and practices

followed by the Company on this matter in compliance with the terms of article 116.4 of the Securities Market Act and the Ministerial Order dated December 26th, 2003, on the annual corporate governance report and other information instruments for listed companies and other institutions. The said report shall be submitted to the National Securities Exchange Commission as relevant information and shall be distributed as established in the preceding section.

The annual corporate governance report shall contain at least the contents established in article one of the said Ministerial Order. Furthermore, the means of publication of that report and its disclosure to the shareholders shall be as provided in the said Ministerial Order.

CHAPTER III. COMPOSITION OF THE BOARD

Article 10. Quantitative composition

1. As established in the Articles of Association, the Board of Directors shall be formed by a minimum of five (5) and a maximum of fifteen (15) members.
2. The Board shall submit a proposal to the General Meeting of Shareholders on the number of Directors that, according to the circumstances of the Company, and in compliance with the provisions of its Articles of Association, is most appropriate to ensure proper representation and effective operation of the body.

Article 11. Qualitative composition

1. The Board of Directors, exercising its powers of proposal to the General Meeting of Shareholders and of co-option to cover vacancies, shall ensure that External Directors are amply in majority in the composition of the Board.
2. The Board shall also ensure that, within the majority group of the External Directors, Independent Directors represent a significant proportion.
3. In any case, Independent Directors must not be affected by any of the following circumstances:
 - (a) Having now or in the recent past a direct or indirect relation (i) of a professional, employment or commercial nature, (ii) relevant in terms of the amount or nature of the services rendered and (iii) maintained now or in the past with Fadesa, Proprietary Directors or companies in the Group whose shareholding interests these represent, lending institutions participating in an outstanding manner in the financing of Fadesa or organizations receiving significant financial contributions from Fadesa.
 - (b) Being a director of another company that has Proprietary Directors in the Company.
 - (c) Having bonds of family relationship to the third degree of blood relations, or second degree of affinity, or other bonds of another nature that may have the

same significance vis-à-vis Executive Directors, Proprietary Directors or members of the Senior Management of the Company.

- (d) Being the direct or indirect owner of a stake in the Company's share capital in excess of 2%.
 - (e) Being a member of the Board of Directors of more than four (4) listed companies.
4. In the event of any of the Independent Directors, or one being proposed as such, incurring in any of the circumstances described in section 3 above, the Board of Directors may evaluate the waiving such a circumstance, following a report by the Appointments and Remunerations Commission, providing notice of this in the Annual Report.
 5. The Director may become fit for further appointment as an Independent Director when the term of two years has lapsed from ceasing to incur in the impediment affecting him under paragraph 3 above, notwithstanding the power of the Board of Directors to proceed to waive this within the terms of section 4 above.

CHAPTER IV. STRUCTURE OF THE BOARD OF DIRECTORS

Article 12. The Chair of the Board

1. The Chair of the Board of Directors shall be chosen from among its members. The decisions on the scope of the powers of the Chair and, in particular, whether or not he or she is to act with the powers inherent to the chief executive of the Company shall be made by the Board itself at the moment of appointment.
2. The Chair shall have the ordinary power to convene the Board of Directors, to draw up the agenda for its meetings and to moderate the discussions. The Chair, however, must convene the Board and include matters on the Agenda when so requested by at least one third of the total number of Directors.
3. In the event of a tied vote, the Chair shall cast the deciding vote.

Article 13. The Deputy Chair

1. The Board may appoint a Deputy Chair, who shall stand in for the Chair in the event of incapacity or absence.
2. The Board may also appoint other Deputy Chairs, in which case the duties described above shall fall to the First Deputy Chair, who shall, in turn, be replaced if necessary by the Second Deputy Chair, and so on.

Article 14. The Secretary to the Board

1. Director status is not required for appointment as Secretary to the Board of Directors.

2. The Secretary shall aid the Chair in its tasks and must ensure proper operation of the Board, most especially providing the Directors with the necessary advice and information, keeping the corporate documentation, duly recording the proceedings of the meetings in the minutes books and certifying the resolutions passed by the body.
3. The Secretary shall safeguard the formal and material legality of the actions by the Board and shall guarantee that its procedures and rules of governance are complied with and regularly reviewed.
4. The Secretary shall also take charge of verifying fulfilment by the Company of the regulations on corporate governance and its interpretation according to the terms of these Regulations. It shall also analyze the recommendations in matters of corporate governance for possible inclusion in the internal regulations of the Company.

Article 15. The Deputy Secretary to the Board

1. The Board of Directors may appoint a Deputy Secretary, who need not be a Director, to assist the Secretary to the Board of Directors and stand in for him or her in the event of vacancy, illness or absence from duty.
2. The Deputy Secretary may attend the meetings of the Board of Directors to stand in for the Secretary, or to aid the latter when it is so decided by the Chair.

Article 16. Delegate Bodies

1. The Board of Directors shall appoint an Executive Committee from among its members and one or more Managing Directors, determining which persons are to hold these offices, and the manner in which they are to act, with the power to delegate upon them, fully or partially, temporarily or permanently, all the powers for which delegation is not prohibited, according to statute and the Articles of Association.

The Executive Committee, in addition to the powers delegated to it, shall be entrusted with submitting proposals to the Board of Directors on and monitoring of the financial, commercial and investment strategy of Fadesa.

The Executive Committee shall have at least three (3) and a maximum of five (5) members.

2. The Executive Committee shall be governed by the following rules of operation:
 - a) The Executive Committee shall hold its ordinary meetings at least as frequently as the Board of Directors and, at the initiative of the Chair, as often as deemed appropriate for the proper operation of the Company.

- b) Notice of the meetings of the Executive Committee shall be effected by any written means addressed personally to each member, at least one day prior to the date of the meeting, except if the Chair considers there are extraordinary circumstances, in which case the Executive Committee may be called without such prior notice.
- c) The Executive Committee shall be validly incorporated when attended by at least half of its members, either in person or by proxy. When Directors who are members of the Executive Committee are not able to attend the meeting personally, they may delegate their representation on another of the members attending by means of a letter addressed to the Chair.
- d) The meetings shall be chaired by the Chair of the Board of Directors, and the Secretary to the Board shall act as Secretary. In the absence of the Chair, the duties of the same shall be performed by the Deputy Chair, if a member of the Commission, and failing that, by the Director appointed by the Commission.
- e) The resolutions shall be adopted by an absolute majority of those attending the meeting. In the event of a tied vote, the Chair of the Board shall cast the deciding vote.
- f) In all other matters, the Executive Committee shall be governed, where applicable, by the rules established for the Board of Directors in the Articles of Association and the present Regulations.

Article 17. Audit Committee y Advisory Commissions

1. The Board of Directors may form commissions to perform advisory duties and make proposals. In all cases, the following commissions shall be formed:
 - (a) an Audit Committee; and
 - (b) an Appointments and Remunerations Commission.

Notwithstanding the possible assignment of such other duties as may be decided by the Board of Directors, the two commissions aforementioned shall have powers to report, advise and submit proposals on the matters determined in the following articles. The powers of the Audit Committee and Appointments and Remunerations Commission to submit proposals do not preclude the Board from being able to decide on its own initiative.

2. The Audit Committee and Advisory Commissions shall regulate their own operation subject to the terms foreseen in these Regulations and such other rules as the Board may set, appointing the Chair of the Commission concerned, who must be an External Director in all cases, and shall meet when convened. The Secretary to the Commission or Commissions shall be the Secretary to the Board of Directors, the Deputy Secretary, or one of the members of the Commission concerned, as established in each case. In all matters not specifically established, the rules of operation established by these Regulations

in relation to the Board shall be applied, as long as they are compatible with the nature and duties of the Commission concerned.

Article 18. The Audit Committee: composition and offices

The Board of Directors shall form an Audit Committee that shall comprise at least three [3] and a maximum of five [5] members. The majority of the members shall be External Directors and there must be Independent Directors among them.

The Audit Committee shall have powers to report, supervise, advise and submit proposals on those matters within its sphere of competence.

The members of the Audit Committee shall appoint a Chair from among their number, who must be an External Director in all cases. The Chair shall hold office for four years, and may be re-elected, if appropriate, once one year has elapsed from the date of abandoning the position. Notwithstanding this, the Chair may cease to hold office before the four year period elapses, if so required due to the term of office as a Director indicated in the Articles of Association.

The Secretary to the Board of Directors, the Deputy Secretary or one of the members of the Audit Committee, as established in each case, shall act as the Secretary to the Commission.

Article 19. Operating rules of the Audit Committee

The Audit Committee shall meet whenever called by its Chair, who must convene it whenever requested to do so by the Board of Directors, its Chair or by two of the members of the Commission and, in any case, whenever it is necessary for the proper exercise of its duties.

Any member of the management team or Company staff called to the meetings of the Audit Committee must attend and provide their collaboration and facilitate access to the information available in their possession. The Audit Committee may also require the external auditors to attend its meetings.

The Chair of the Audit Committee shall chair its meetings and moderate its discussions.

The Audit Committee shall be considered to have a quorum when the meeting is attended, in person or duly represented, by a majority of its members.

The rules of operation established for the Board of Directors in the Articles of Association concerning the calling of meetings, quorums and adoption of resolutions shall be applied, except when not compatible with the nature and duties of the Audit Committee.

The Audit Committee shall prepare an annual report on its activities that shall include the management report of the Company.

Article 20. Competences of the Audit Committee

Notwithstanding such other duties as may be assigned by the Board of Directors, the Audit Committee shall have the following competences:

- a) To report to the General Meeting of Shareholders on matters posed within it on matters of its competence.
- b) To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the external auditors for the Company and its consolidated group, including the rules of engagement, the scope of their professional mandate and, if appropriate, revocation or non renewal.
- c) To supervise operation of the internal audit services that may be established by the Board of Directors, prior to the relevant report by the Appointments and Remunerations Commission, as well as to report on the appointment of the Director of those services.
- d) To know the process of financial information and internal control systems of the Company.
- e) To maintain relations with external auditors in order to receive information on matters that might imperil their independence, and any others related to the process of performance of accounts auditing, as well as other communications foreseen, if any, in the legislation on auditing and the technical regulations on auditing.

When performing these duties, the Audit Committee may obtain, within the terms foreseen in these Regulations, aid from experts when it is felt that, for reasons of independence or specialization, the technical resources available to Fadesa will not suffice. The Commission may also obtain collaboration by any member of the Senior Management.

Article 21. The Appointments and Remunerations Commission

1. The Appointments and Remunerations Commission shall be formed by at least three [3] and a maximum of five [5] members. The majority of its members shall be External Directors and there must be Independent Directors among them.
2. Notwithstanding such other duties as may be assigned by the Board, the Appointments and Remunerations Commission shall have the following basic responsibilities:
 - a) To prepare and review certain criteria that must be followed to form the Board of Directors and appoint candidates.
 - b) To report on the proposals for appointment of Directors so that the Board may proceed directly to appoint them (co-option) or undertake to submit them to a decision of the General Meeting of Shareholders.

- c) To report on the members who must form part of the Executive Committee and Audit Committee and of the Appointments and Remunerations Commission.
 - d) To report on the system and amount of the annual remunerations of the Directors.
 - e) To report on the appointment or severance of executives reporting directly to the Managing Director.
 - f) To report on contracts and remuneration of the members of the Senior Management.
 - g) To report on the appointment of the persons who are to represent the Company on the Boards of Directors of the most relevant subsidiaries and affiliates determined by the Board.
 - h) To report on the waivers and other authorizations the Board of Directors may grant vis-à-vis the duties of the Directors, as well as transactions between the Company and shareholders, Directors and Senior Management that are subject to prior approval by the Board according to these Regulations.
3. Application for information to the Appointments and Remunerations Commission shall be formulated by the Board of Directors or its Chair. The Commission may also consider the suggestions put to it by the Chair, the members of the Board, or the shareholders of the Company.
4. The Appointments and Remunerations Commission shall meet whenever called by its Chair, which must always do so whenever the Board or its Chair requests the issue of a report or implementation of proposals and, in all cases, whenever convenient for proper performance of its duties.

CHAPTER V. OPERATION OF THE BOARD

Article 22. Meetings of the Board of Directors

1. The Board of Directors shall meet at least once a quarter and, at the initiative of the Chair, as often as deemed appropriate for proper running of the Company. The Board must meet whenever requested by at least three (3) of its members, in which case it will be called by the Chair to meet within fifteen days of the request.
2. Notice of ordinary meetings shall be given by any written means addressed personally to each Director by the Secretary or Deputy Secretary, following the instructions given by the Chair, at least one day before the date of the meeting, except if the Chair considers the circumstances extraordinary, in which case the meeting of the Board may be called without fulfilling the said term.

3. The Board shall prepare an annual schedule of ordinary meetings. At least once a year, the Board shall assess its operation and the quality of its work.

Article 23. Proceedings of the meetings

1. The Board shall be validly called to order when attended by half plus one of its members, either in person or by proxy.

When they are not able to attend the Board meeting personally, the Directors shall ensure that any representation specifically granted in favour of another member of the Board includes the appropriate instructions, as long as drafting of the agenda so allows. The Chair shall moderate the discussion, ensuring and encouraging all the Directors to participate in the deliberations by the body.

2. Except in the cases when another voting quorum has been specifically established in these Regulations and in those cases where it is a legal requirement, resolutions shall be adopted by an absolute majority of those present. In the event of a tied vote, the Chair will cast the deciding vote.

CHAPTER VI. APPOINTMENT AND SEVERANCE OF DIRECTORS

Article 24. Appointment of Directors

1. The Directors shall be appointed by the General Meeting of Shareholders or by the Board of Directors, according to the regulations set forth in the Public Limited Liability Companies Act.
2. The proposals for appointment of Directors submitted by the Board of Directors for consideration by the General Meeting of Shareholders, as well as any decisions on appointment passed by the Board by virtue of the powers of co-option legally attributed to it, must be preceded by the relevant proposal report by the Appointments and Remunerations Commission.

When the Board does not follow the recommendations made by the Appointments and Remunerations Commission, it must justify its actions and leave a record of its reasons in the minutes.

Article 25. Appointment of External Directors

The Board of Directors and the Appointments and Remunerations Commission, within the scope of their competences, shall ensure that the candidates chosen are persons of recognized solvency, competence and experience, and they must ensure the maximum thoroughness in relation to those considered for Independent Director posts, who must fulfil the stipulations indicated to these ends in these Regulations.

Article 26. Re-election of Directors

The proposals for re-election of Directors that the Board of Directors decides to submit to the General Meeting of Shareholders shall be subject to a prior report by the Appointments and Remunerations Commission.

Article 27. Term of office

1. Directors shall hold office for a term of four years, and may be re-elected for one or more terms of the same duration.
2. Directors appointed by co-option shall hold office until the date of the following General Meeting of Shareholders, or until the legal term to hold the General Meeting that is to resolve on approval of the accounts of the preceding financial year has elapsed.

Article 28. Severance of Directors

1. Directors shall cease to hold office when the term for which they were appointed has elapsed, when so decided by the General Meeting of Shareholders, or at the instance of the Board of Directors in any of the cases provided in section 2 below.
2. Directors must offer to resign from the Board of Directors in the following cases and formalize such resignation if the Board deems fit:
 - a) In the case of Executive Directors, whenever the Board considers this appropriate.
 - b) In the case of Proprietary Directors, on conveyance of the stake in the Company due to which they were appointed.
 - c) When they are affected by any of the cases of incompatibility or prohibition established by statute or internally.
 - d) When the Board so requests, due to breach of their obligations as Directors.
 - e) When their continued presence on the Board may put the interests of Fadesa at risk.
 - f) When there are significant changes in their professional situation, or in the conditions by virtue of which they had been appointed as Directors.
 - g) When, due to acts for which the Director is to blame, the Board considers that his or her continuance in office may cause severe damage to the corporate assets or reputation.

Article 29. Objectiveness and secrecy of voting

1. In accordance with the provisions of Article 37 of the present Regulations, Directors affected by proposals of appointment, re-election or severance shall abstain from intervening in the deliberations and voting concerning them.
2. All voting by the Board of Directors concerning the appointment, re-election or severance of Directors shall be secret.

CHAPTER VII. ACCESS BY DIRECTORS TO COMPANY INFORMATION

Article 30. Right to receive information

1. The Directors must diligently inform themselves concerning the running of the Company, to which end they may request information from the Senior Management of the Company, previously informing the Chair. Moreover, the Directors may request, through the Chair, the Deputy Chair, the Managing Director or Secretary to the Board, such information as may reasonably be required on the Company. The right to information also covers subsidiaries, whether national or foreign. In general, each member of the Board must have access to all the information reported to the Board of Directors.
2. The Chair, the Deputy Chair, the Managing Director or Secretary to the Board of Directors shall strive to cope with the Director's requests by providing the information directly, or offering the appropriate contacts within the organization. If, in the opinion of the Chair, the request may damage the corporate interests, the matter will be submitted to a decision by the Board of Directors or the Executive Committee (which shall report to the Board).

Article 31. Expert advice

1. In order to obtain aid in performance of their duties, the External Directors may apply for legal advisors, accountants, financial or other experts to be hired at the expense of Fadesa.

Such commissions must necessarily concern specific problems of a certain importance and complexity arising in the performance of the duties of office.

2. The application to hire external advisors must be presented to the Chair of the Company and may be rejected by the Board of Directors or by the Executive Committee (which shall inform the Board) if in their opinion:
 - a) it is not required for proper performance of the duties entrusted to the External Directors;
 - b) its cost is not reasonable considering the importance of the problem and the assets and revenue of the Company;
 - c) the technical assistance obtained may be provided adequately by experts and technicians at Fadesa; or

- d) it may be a risk to the confidentiality of the information that must be considered.

CHAPTER VIII. REMUNERATION OF THE DIRECTORS

Article 32. Remuneration of the Directors.

1. Directors shall be entitled to receive the remuneration set by the General Meeting of Shareholders in accordance with the provisions of the Articles of Association and the reports by the Appointments and Remunerations Commission.
2. The Board shall ensure that the remuneration of the Board is moderate, notwithstanding usual practice on the market being taken into account. Moreover, the Board shall ensure that the amount of the remuneration for the External Directors is sufficient to offer incentives to their dedication, without hindering their independence.
3. The Appointments and Remunerations Commission shall prepare an annual report on the remuneration of the Directors for submission to the Board of Directors itself. Its contents shall be adapted to the regulations contained in the Annual Corporate Governance Report and the Company's Annual Report.
4. The remunerations arising from membership of the Board of Directors shall be compatible with other professional or employment considerations the Director is entitled to for any other executive or consultancy duties, if any, performed for the Company or its Group.

CHAPTER IX. DUTIES OF THE DIRECTORS

Article 33. General duties

When performing their duties, Directors shall act with the diligence of an orderly company owner and faithful representative, and must faithfully fulfil their duties under statute or the Articles of Association in relation to the corporate interest, deemed to be the interest of the Company, and are obliged, in particular, to:

- a) Assign with sufficient continuity the time and effort required to follow the Company's management matters regularly, and to prepare adequately the meetings of the Board and the delegate bodies to which they belong, with the obligation to gather sufficient information to do so and to obtain such collaboration or assistance as may be appropriate.
- b) To attend the meetings of the bodies on which they sit and to participate actively in the deliberations so their opinion may have an effective contribution to the decision taken.

In the event that, for a justified reason, they are not able to attend the meetings called, they shall strive to grant powers of attorney and instructions to the Director acting as their proxy, as provided in these Regulations.

- c) To perform any specific duty that is entrusted by the Board of Directors and is reasonably included in their commitment to devote their time and efforts.
- d) To oppose resolutions that breach the Law, the Articles of Association or the corporate interest, and to request their position be recorded in the minutes when this is considered appropriate to protect the corporate interest.

Article 34. Duty of confidentiality

Even after ceasing to hold office, Directors must preserve the secrecy of confidential information, and are bound to secrecy in connection with information, data, reports or antecedents known to them due to holding office, without being able to report them to third parties or allowing them to be disclosed when this may be damaging to the interests of the Company.

This duty of confidentiality shall not apply in cases in which the law allows communication or disclosure to a third party or when, if appropriate, information is requested by or must be submitted to the relevant supervisory authorities, in which case the transmission of such information must be effected in accordance with legal provisions.

If the Director is a company, the duty of secrecy shall fall upon its representative, without prejudice to any obligation he or she may have to inform the said company.

Article 35. Duty of non competition

1. Service as a Director shall be incompatible with direct or indirect holding of stakes and office in administration, management or rendering of professional services in Companies that Compete with Fadesa when, due to the importance or significance of the stake or the duties performed, the Board of Directors, having heard the opinion of the Appointments and Remunerations Commission at the instance of the Director, considers the same to be damaging to the interests of the Company or a hindrance for the exercise of the duties of Director with due independence of criterion.
2. Before accepting any management position at any other company or firm that may be considered a Competing Company, the Director must consult the Appointments and Remunerations Commission.

Article 36. Duty to report

1. Directors must inform the Company of any securities they own, according to the terms foreseen in the Internal Rules of Conduct on matters related to the Securities Markets.
2. Directors must report, in all cases and without prejudice to the limitations established in these Regulations, on the performance, whether for personal benefit or that of others, of activities constituting the corporate object of the Company or any similar or complementary activities, as well as stakes held in

Competing Companies, or offices or duties held in these. Such information shall be included in the Company's annual report.

3. Directors must inform the Company of other directorships or Senior Management posts held in other non-competing companies.
4. Directors must notify the Company of significant changes in their professional situation and those that, in their best opinion, may affect the status or condition by virtue of which they were appointed as Directors.
4. Directors must inform the Company of judicial, administrative or other types of claims brought against them that, due to their importance, could have a severe effect on the reputation of Fadesa.
5. Directors must inform the Company of any shareholder agreements that may have been signed by the Director personally or by the individual or corporation that may have appointed the same, or on whose behalf he or she may be acting, with other shareholder(s) or representative(s) of shareholders, with a view to exercising voting rights at the General Meetings of Shareholders in order to restrict or constrain the free conveyance of shares, or in any other way to affect the interests of the Company or the duties of the Board of Directors.

Article 37. Conflicts of interest

1. Directors shall strive to avoid situations that may give rise to a direct or indirect conflict of interest between Fadesa and the Directors or any Related Persons, and in all cases, must report these situations to the Secretary to the Board with sufficient advance notice.
2. Directors must refrain from attending and intervening in deliberations that affect matters in which they may have a personal interest.
3. In all cases, situations of conflict of interest involving Company Directors shall be recorded as information in the annual corporate governance report in the legally established manner.
4. Whenever a Director receives delegations of votes under the regime of public requests for representation, which situation shall always exist when, pursuant to the terms established in article 107.3 of the Public Limited Liabilities Companies Act, the Director in question represents more than three shareholders, he or she may not exercise the right to vote corresponding to the shares represented on those points of the agenda in which the Director, or the firm represented, incurs in a situation of conflict of interest, or when the following decisions are concerned: (i) appointment or ratification of the director; (ii) dismissal, severance or cessation of the director; (iii) exercise of corporate action for liability brought against the director; or (iv) approval or ratification, when appropriate, of operations by the Company with the director concerned, companies controlled or represented by the same, or with persons acting on his or her behalf.

Article 38. Contracts and operations with Fadesa.

Directors may not enter into contracts or perform professional or commercial operations with Fadesa, unless they report these in advance to the Board of Directors and, after hearing the Appointments and Remunerations Commission, the Board approves signing of the contract or performance of the operation. In the case of contracts that Fadesa normally signs, or ordinary operations with Fadesa, a generic authorization for the line of operations and terms of execution shall suffice.

Article 39. Taking advantage of business opportunities of Fadesa

1. For the purposes of this section, taking advantage of business opportunities of Fadesa is understood to be any possibility of making an investment, performing an operation linked to the assets of Fadesa, or a commercial operation of interest to Fadesa which the Director comes to hear of through the duties of his or her office, or by using the means and information belonging to Fadesa and which thus deprives the latter of the possibility of doing so.

The Director may only take advantage of a business opportunity in his or her own benefit if, after offering it to Fadesa, the Company decides not to take advantage, and as long as such use is authorized by the Board, following a report by the Appointments and Remunerations Commission.

2. Directors may not use the name of Fadesa or invoke their status as Company Directors to perform operations for personal benefit of on behalf of Related Persons.

Article 40. Unpublished information

1. Use by Directors of unpublished information from Fadesa for private purposes shall only be appropriate if the following conditions are fulfilled:
 - a) that such information is not applied in relation to operations to acquire or sell Securities;
 - b) that its use does not cause any damage whatsoever to Fadesa; and
 - c) that Fadesa does not have an exclusive right or similar legal position concerning the information to be used.
2. To complement the condition foreseen in letter a) above, the Director must abide by the rules of conduct established in the laws on the stock market and, especially, those established in the Company's Internal Rules of Conduct on matters related to the Securities Exchanges.

Article 41. Indirect obligations

The obligations set forth in the preceding articles, in matters related to the obligation not to compete, duty to report, conflicts of interest, contracts and operations with Fadesa, and taking advantage of business opportunities, will be applicable to the Directors, both directly and in relation to any Related Person, except where this is

not appropriate due to the nature of the obligation. Exceptionally, the prohibition on rendering professional services to Competing Companies shall be strictly personal for the Director, thus the provision thereof by Related Persons shall not be prohibited pursuant to the terms of article 35.1 above, without prejudice to the possibility that it may give rise to a conflict of interest also covered by these Regulations.

Article 42. Extension of certain duties of the Directors

The duties of the Directors listed in articles 34 to 40, inclusive, shall be applicable to the following persons (including their respective Related Persons): (i) controlling shareholders of the Company and (ii) individuals representing bodies corporate which are Directors.

Article 43. Duties of Senior Management

The duties listed in articles 34 to 40, inclusive, shall be applicable to the following persons (including their respective Related Persons): (i) members of the Company's Senior Management, and (ii) such other executives as may be individually designated by the Board of Directors.

Article 44. Waiver of fulfilment of duties by the Directors

In those cases where authorization by the Board of Directors is not expressly foreseen, the Board may, exceptionally and in advance, following a report by the Appointments and Remunerations Commission stating that no damage is caused to Fadesa and there is no breach of any applicable rules under statute or Articles of Association, waive the fulfilment of certain obligations by Directors.

Mr. Manuel Jove Capellán
Chair

Mrs. María Felipa Jove Santos
1st Deputy Chair

Mr. Manuel Jove Santos
2nd Deputy Chair

Mr. José Luis Macía Sarmiento
Managing Director

Mr. José María Castellano Ríos
Nieto
Member

Mr. José Enrique Fernández-Llamazares
Member

Mr. Joaquín Sánchez-Izquierdo Aguirre

Mr. José Luis Suárez Barragato

Mr Modesto Rodríguez Blanco
Member