



AEDAS HOMES, S.A.

(Incorporated in Spain in accordance with the Spanish Companies Act - Ley de Sociedades de Capital)

AEDAS HOMES 2022 COMMERCIAL PAPER NOTES PROGRAM
Maximum outstanding balance €150,000,000

**INFORMATION MEMORANDUM (*DOCUMENTO BASE INFORMATIVO*) OF THE
ADMISSION (*INCORPORACIÓN*) OF COMMERCIAL PAPER NOTES (*PAGARÉS*) ON
THE ALTERNATIVE FIXED-INCOME MARKET (*MERCADO ALTERNATIVO DE
RENTA FIJA*)**

Aedas Homes, S.A. (“**AEDAS Homes**” or the “**Issuer**”), and together with the entities of the group, which is headed by the Issuer (the “**Group**”), a public limited company (*sociedad anónima*) incorporated under the laws of Spain, with corporate address at Paseo de la Castellana 130, 5th Floor, 28046, Madrid, registered in the Madrid Companies Register in volume 34,868, page 55, section 8, sheet M-627110, 1st inscription, with tax identification number A-87586483 and LEI number 9598005H67MP8U20RW81, will request the admission (*incorporación*) of the commercial paper notes (*pagarés*) (the “**Notes**”) to be issued under the Aedas Homes 2022 Commercial Paper Notes Program and on the Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*) (“**MARF**”) in accordance with this information memorandum (documento base informativo) (the “**Information Memorandum**”).

MARF is a multilateral trading facility (*sistema multilateral de negociación*) (“**MTF**”) and it is not a regulated market, pursuant to the provisions of Royal Decree Law 21/2017 of 29 December, on urgent measures to adapt Spanish law to the European Union securities market legislation (the “**RDL 21/2017**”) (*Real Decreto-ley 21/2017, de 29 de diciembre, de medidas urgentes para la adaptación del derecho español a la normativa de la Unión Europea en materia del mercado de valores*). The Information Memorandum (*Documento Base Informativo*) for the admission to trading of the Commercial Paper is the document required in Circular 2/2018, of 4 December, of MARF, on admission and removal of securities on the Alternative Fixed-Income Market (*Circular 2/2018, de 4 de diciembre, sobre incorporación y exclusión de valores en el Mercado Alternativo de Renta Fija*) (the “**Circular 2/2018**”).

The Notes will be represented by book entry form (*anotaciones en cuenta*) and the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (“**IBERCLEAR**”), together with its participating entities, will be the entity entrusted with the book-keeping (*registro contable*) of the Notes.

Investment in the Notes involves certain risks.

Potential investors should consider carefully and fully understand the risks set forth herein under “Risk Factors”, along with all other information contained the Information Memorandum (*Documento Base Informativo*), prior to making investment decisions with respect to the Notes.

MARF has not made any kind of verification or check with regard to the Information Memorandum (*Documento Base Informativo*) nor over the rest of the documentation and information contributed by the Issuer in compliance with the requirements set forth by the Circular 2/2018.

The Notes issued under the program are targeted exclusively at qualified investors and professional clients pursuant to the provisions set out in Article 205 of the recast text of Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October, approving the revised Securities Market Act, in the wording currently in force (*Ley del Mercado de Valores*) (the “Securities Market Act”) and Article 39 of Royal Decree 1310/2005, of 4 November, which partially implements Securities Market Act 24/1988 of July 28, 1988, as regards acceptance of securities for trading on official secondary markets, public offerings for sale or subscription and the prospectus required for this purpose (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) (the “RD 1310/2005”), respectively, or any provision which may replace or supplement it in the future.

No action has been taken in any jurisdiction to permit a public offering of the Notes or permit the possession or distribution of the Information Memorandum (*Documento Base Informativo*) or any other offer material where a specific action is required for said purpose. The Information Memorandum (*Documento Base Informativo*) must not be distributed, directly or indirectly, in any jurisdiction in which such distribution represents a public offering of securities. The Information Memorandum (*Documento Base Informativo*) is not a public offering for the sale of securities nor a request for a public offering to purchase securities, and no offering of securities shall be made in any jurisdiction in which such offering or sale would be considered in breach of the applicable legislation. In particular, the Information Memorandum (*Documento Base Informativo*) does not represent a prospectus approved and registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “CNMV”) and the subscription of the Notes issued under the program does not represent a public offering pursuant to the provisions set out in Article 34 of the Securities Market Act, which removes the obligation to approve, register and publish a prospectus at the CNMV.

DEALERS

Banco Santander, S.A., Banco de Sabadell, S.A. Bestinver Sociedad de Valores., S.A. and Norbolsa S.V., S.A.

REGISTERED ADVISOR (ASESOR REGISTRADO)

PKF Attest Servicios Empresariales, S.L.

PAYING AGENT

Banco Santander, S.A.

IMPORTANT NOTICE

Potential qualified investor should not base their investment decision on information other than that contained in the Information Memorandum (*Documento Base Informativo*).

The dealers assume no liability for the content of the Information Memorandum (*Documento Base Informativo*). Each of the dealers has signed a placement agreement with the Issuer for placement of the Notes, but neither the dealers nor any other entity has made any commitment to underwrite the issue without prejudice to the ability of the dealers to acquire Notes on their own name.

There is no guarantee that the price of the Notes in MARF will be maintained. There is no assurance that the Notes will be widely distributed and actively traded on the market because at this time there is no active trading market. Nor is it possible to ensure the development or liquidity of the trading markets for the Notes.

PRODUCT GOVERNANCE RULES UNDER MiFID II

THE TARGET MARKET SHALL CONSIST EXCLUSIVELY OF ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS

Exclusively for the purposes of the process of approval of the product which is to be carried out by each manufacturer, the conclusion has been reached, having assessed the target market for the Notes, that: (i) the target market for the Notes consists solely of “eligible counterparties” and “professional clients”, in accordance with the meaning attributed to each of these expressions in the Directive 2020/1504/EU of the European Parliament and of the Council of October 7, 2020 amending Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the “MiFID II”) and its implementing regulations (in particular, in Spain, the Securities Market Act and its implementing regulations); and that (ii) all channels for the distribution of the Notes to eligible counterparties and professional clients are appropriate. Accordingly, in each issuance of Notes, the manufacturers shall identify the potential target market using the list of five categories mentioned in number 18 of the Guidelines on MiFID II Product Governance Requirements, published on 5 February 2018, by the European Securities and Markets Authority (“ESMA”).

Any person, who following the initial placement of the Notes, offers the Notes, sells it, makes it available in any other way or recommends it (the “Distributor”) shall be required to take into account the assessment of the target market made by the manufacturer. Any Distributor subject to the provisions of MiFID II shall nevertheless be responsible for making its own assessment of the target market for the Notes (whether by applying the target market assessment made by the manufacturer or by perfecting such assessment), and for determining the appropriate distribution channels.

PROHIBITION ON SELLING TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes are not intended to be offered, sold or made available in any other way, nor should they be offered, sold or made available, to retail investors in the European Economic Area (the “**EEA**”). “Retail investor” shall be understood for these purposes to refer to any person to whom either or both of the following definitions is/are applicable: (i) ‘retail client’ within the meaning of section (11) of article 4(1) of MiFID II; (ii) client within the meaning of Directive 2002/92/EC, provided that they cannot be classed as a professional client based on the definition contained in section (10) of article 4(1) of MiFID II; or (iii) retail client according to the implementing legislation of MiFID II in any Member State of the EEA (in particular, in Spain, according to the definition of article 204 of the Securities Market Act and its implementing legislation). For this reason, none of the key information documents required by Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (the “**Regulation 1286/2014**”) has been prepared for the purposes of the offering or sale of the Notes, or to make it available to retail investors in the EEA, and therefore, any of such activities could be unlawful pursuant to the provisions of Regulation 1286/2014.

SELLING RESTRICTIONS

No action has been taken in any jurisdiction to permit a public offering of the Notes or the possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where such action is required for said purpose and in particular in the United Kingdom or the United States of America.

Financial promotion: it has only been communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General compliance: it has been complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from otherwise involving the United Kingdom.

The Notes have not been and will not be registered under the Securities Law of 1933 of the United States of America, with its respective amendments (the “**Securities Law**”) and may not be offered or sold in the United States unless it is registered or exempt from registration under the Securities Law. There is no intention to register any Notes in the United States or to make an offer of any kind of the securities in the United States.

PROHIBITION ON MARKETING AND SALE TO RUSSIAN PERSONS OR ENTITIES

In view of the gravity of the situation, on 25 February 2022 the Council adopted two legislative measures regarding Russia’s actions destabilising Ukraine imposing further restrictive measures in the financial sector, limiting the access of Russian citizens and entities to the EU capital markets: (i) Council Decision (CFSP) 2022/327 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine (Decision 2022/327) and (ii) Council Regulation 2022/328 amending Regulation (EU) N° 833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine (Regulation 2022/328).

FORWARD-LOOKING STATEMENTS

Certain statements in the Information Memorandum may be prospective in nature and therefore constitute forward-looking statements. These forward-looking statements include, but are not limited to, any statements that are not declarations of past events set out in the Information Memorandum including, without limitation, any statements relating to future financial positions and the results of the operations carried out by the Issuer, its strategy, business plans, financial situation, its development in the markets in which the Issuer currently operates or that it could enter into in the future and any future legislative changes that may be applicable. These statements may be identified because they make use of prospective terms such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may”, “must”, “plan”, “predict”, “project”, “propose” or “try”, or as the case may be, their negatives or other variations and other similar or comparable words or expressions referring to the results from the Issuer’s operations or its financial situation or offer other statements of a prospective nature. Forward-looking statements, due to their nature, do not constitute a guarantee and do not predict future performance. They are subject to known and unknown risks, uncertainties and other items such as the risk factors included in the section called “Risk Factors” in the Information Memorandum. Many of these situations are not in the Issuer’s control and may cause the actual results from the Issuer’s operations and its actual financial situation to be significantly different from those suggested in the forward-looking statements set out in the Information Memorandum. The users of the Information Memorandum are warned against placing complete confidence in the forward-looking statements.

Neither the Issuer, nor its executives, advisors, nor any other person make statements or offer certainty or actual guarantees as to the full or partial occurrence of the events expressed or insinuated in the forward-looking statements set out in the Information Memorandum.

The Issuer will update or revise the information in the Information Memorandum as required by law or applicable regulations. If no such requirement exists, the Issuer expressly waives any obligation or commitment to publicly present updates or revisions of the forward-looking statements in the Information Memorandum to reflect any change in expectations or in the facts, conditions or circumstances that served as a basis for such statements.

FORECASTS OR ESTIMATES

The Information Memorandum does not contain forecasts or estimates of future earnings or results for any period.

ALTERNATIVE PERFORMANCE MEASURES

The Information Memorandum includes financial figures and ratios such as “EBITDA”, among others, that are considered to be Alternative Performance Measures (“**APM**”) in accordance with the Guidelines published by the European Securities and Markets Authority (ESMA) in October 2015.

The APM originate or are calculated based on the financial statements in the audited consolidated annual accounts or the interim consolidated summarised financial statements subject to limited review by the Company’s auditors, generally adding or deducting amounts from the items in those financial statements, the result of which uses a nomenclature habitual in business and financial terminology, but not used by the General Accounting Plan in Spain approved by Royal Decree 1514/2007 or by the International Financial Reporting Standards issued by the International Accounting

Standards Board (IASB) adopted by the European Union (“IFRS-EU”). The APM are presented so that a better assessment may be made of the financial performance, cash flows and the financial situation of the Issuer since they are used by the Company to take financial, operating

or strategic decisions within the Group. Nevertheless, the APM are not audited and are not required or presented in accordance with the General Accounting Plan in Spain approved by Royal Decree 1514/2007 or IFRS-EU. The APM therefore must not be taken into consideration on an isolated basis, but rather as information supplementing the audited consolidated financial information regarding the Company. The APM used by the Company and included in the Information Memorandum may not be comparable to the same or similarly named APM by other companies.

ROUNDING

Certain figures in the Information Memorandum, including financial, market and certain operating data, have been rounded for ease of reference. Accordingly, in certain cases, the sum of the numbers shown in a column or row of a table may not exactly add up to the total figure shown for the column or row, and the sum of certain figures expressed as a percentage may not exactly add up to the total percentage shown.

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1. RISK FACTORS

The Issuer believes that the risk factors set forth in this section represent the principal risks inherent in investing in the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The order in which these risks are described does not necessarily reflect a greater probability of their materialization.

If any of these risks, or any others not described herein, were to materialize, the Group's activity, business, financial condition and results of operation, and the Issuer's capacity to make the repayments corresponding to the Notes upon maturity, could be adversely affected, in which case the market price of the Notes could fall, resulting in the total or partial loss of any investment made in it.

The Issuer, moreover, gives no assurance that the account of risk factors provided below in this section is exhaustive; it is possible that the risks described in the Information Memorandum may not be the only ones which the Issuer and of the companies of the Group are exposed to and there may be other risks, currently unknown or which, at this point in time, are not considered significant, which in themselves or in conjunction with others (whether identified in the Information Memorandum or not) could potentially have a material adverse effect on the Group's activity, business, financial condition and results of operations and the Issuer's capacity to make the repayments corresponding to the Notes upon maturity, in which case the market price of the Notes could decrease as a result and any investment made in it could be totally or partially lost.

Potential investors should consider carefully and fully understand the risks set forth in this section, along with all other information contained the Information Memorandum prior to making any investment decision and reach their own view prior to making any investment decision.

1.1. Risks relating to the Issuer and the Group

Our activity is geographically concentrated in certain regions of Spain and we have therefore greater exposure to developments affecting the Spanish market than more diversified businesses.

We are a Spanish homebuilding company, the entirety of whose assets and operations are currently located in eighteen provinces of Spain—Madrid, Barcelona, Malaga, the Balearic Islands, Alicante, Valencia, Valladolid, Seville, Cordoba, Granada, Almeria, Las Palmas, Murcia, Navarra, Biscay, Pontevedra, Tarragona and Zaragoza—. We are therefore dependent on the overall condition of the Spanish housing market and, in particular, on the condition of the housing market in the regions where we are focused, which may increase in the future as we expand our operations in new regions and provinces. The housing market and the homebuilding industry are generally cyclical and are affected by changes in general economic conditions, such as employment levels and job growth, interest rates, inflation, tax laws and consumer confidence. Cycles in the industry typically unfold in four phases—recovery, expansion, hyper supply and recession—going through multiyear cycle of booms and bursts periods.

We have a significant industry and geographic concentration risk relating to the Spanish residential property market in the above-mentioned regions, and an investment in the Notes may therefore be subject to greater risk than investments in securities issued by companies with more diversified portfolios. Accordingly, our performance and the value of our Notes may be significantly affected by events beyond our control affecting Spain,

and the Spanish residential property market in particular, such as a downturn in the Spanish economy, changing demand for residential property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions, the condition of financial markets, the availability of credit, the financial condition of potential buyers, interest rate and inflation rate fluctuations, accounting and control expenses and other developments. Many of these conditions have been significantly impacted by the consequences of the outbreak of the COVID-19 pandemic in Spain and despite the general improvement consequence of the vaccination process, it can continue to be affected by COVID-19 potential long term consequences. In the event of another prolonged economic downturn affecting the Spanish housing market in general or the regions on which we focus, we could experience declines in demand for our properties, which could in turn lead to a decline in the average selling price of our units and in the value of our land bank. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Prior to the COVID-19 pandemic, the Spanish economy had been gradually recovering during the last four years, with GDP, unemployment, consumption and other economic indicators revealing a steady improvement. However, there is no guarantee such improvement can be sustained. The GDP decline in 2020 for Spain was -10.80% as a result of the COVID-19 pandemic, which created substantial uncertainty about the strength of the Spanish economy and the pace of recovery and as of the date of the Information Memorandum, the European Commission records a 5.1% GDP growth for Spain in 2021 and forecasts a 4.0% GDP growth for 2022 (Source: *European Commission Spring 2022 Economic Forecast*). Any adverse changes in the Spanish economy could reduce investor confidence and lead to decreased residential property demand, and thereby could negatively affect earnings and have a material adverse effect on our results of operations. If the current economic conditions continue to deteriorate, including in connection with the COVID-19 pandemic, our business, results of operations, financial condition and prospects may be materially and adversely affected. We cannot predict whether or when economic circumstances may worsen or improve, or what impact if any, such circumstances could have on our business. Any of these trends may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, the political and social tensions in Catalonia could adversely affect the economic prospects of Catalonia or Spain as a whole or otherwise adversely affect the value of our land bank and our business, results of operations, financial condition and prospects. As of March 31, 2022, approximately 12.6% of our land bank in terms of GAV is located in Catalonia. Considerable uncertainty exists regarding the outcome of political and social tensions in Catalonia, as well that the Government formed by a coalition of parties could introduce changes in legislation, policies and other factors which could further significantly impact the environment in which we operate in Catalonia and Spain as a whole, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, our land bank is characterized by the concentration of several plots in each of the areas or sites where we are present. While we believe that this allows us to more strategically phase in developments, this concentration increases our exposure to adverse developments in particular locations. The significant concentration of our land bank may result in greater volatility and other risks associated with non-diversification, and any downturn in such market may have a material adverse effect on our business, financial condition, results of operations or prospects.

Furthermore, while we are focused on building first and long-term homes, we estimate that around 21% of the potential housing units in our portfolio could be used as second homes for vacation or holiday use. The related land is mainly located in the provinces of Alicante, Malaga, Tarragona, Pontevedra and the Balearic Islands. We expect that part of the demand in these regions will be from foreign, non-Spanish buyers, who have different drivers, behaviours and dynamics than customers in other regions where the demand is focused on first homes and primary accommodations. Furthermore, demand for second homes for vacation or holiday use tends to be particularly sensitive to general economic conditions. In particular, a great portion of the foreigners acquiring second homes in Spain come from the United Kingdom and any depreciation of the British pound relative to the euro or tax change, including as a result of Brexit or the COVID-19 pandemic, may have a negative impact in their demand to acquire second homes in Spain.

In the event of another prolonged economic downturn affecting the Spanish housing market in general or the regions on which we focus, we could experience declines in demand for our properties, which could in turn lead to a decline in the average selling price of our units and in the value of our land bank. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

The coronavirus (COVID-19) global pandemic has had an adverse effect on our business and results of operations.

In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures have adversely affected workforces, customers, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in our markets.

More than two years after the outbreak of COVID-19 pandemic, this situation continues to affect the global economy. As of the date of the Information Memorandum, although the COVID-19 vaccine rollout has progressively become widespread, especially in advanced economies and in many middle-income countries, some countries have recently been forced to reintroduce strict lockdown measures to battle the rapid spread of the new variants of the virus (such as the so-called “Omicron” or “Delta”). The full extent to which the COVID-19 pandemic impacts our business, results of operations, financial condition and prospects will depend on future developments, which are currently highly uncertain and cannot be predicted.

These future developments include, but are not limited to, the duration, spread, severity and impact of the COVID-19 pandemic, the successful rollout of the vaccination plan and its effectiveness against current and new strains, the possibility and/or impact of further waves of infections in Spain, the effects of the pandemic on our customers and suppliers, the duration of future declarations of emergency and any associated remedial actions and stimulus measures adopted by the Spanish government and the European Union, including measures to assure social distancing in response to further waves of infections and to what extent normal economic and operating conditions can resume. We are also unable to predict the extent, implementation and effectiveness of any government-funded benefit programs and stimulus packages on employment levels and on demand for homebuilding.

The COVID-19 pandemic could have further material adverse effects on our business, results of operations, financial condition and prospects if:

- the duration, scope and severity of the pandemic result in sustained deterioration in the economic environment in Spain;
- as a result of continuing and future COVID-19 outbreaks or other deterioration in public health as a result of the pandemic in Spain, governments approve new emergency measures;
- political, legal and regulatory actions and policies in response to the pandemic are adverse to our business, which may prevent us from restarting work on our development projects or result in material increases in our costs in our effort to comply with such laws and regulations;
- as a result of unemployment or reduced income or increased costs ensuing from the pandemic, there are credit constraints to purchase property and the liquidity of potential buyers is affected due to protracted pandemic effects;
- we are unable to maintain staffing at the levels necessary to operate our business due to the continued spread or increased virulence of COVID-19 or related coronavirus strains or resultant health complications, causing employees and contractors to be unable or unwilling to work;
- adverse capital and credit market conditions increase our cost of capital or affect our ability to raise capital, and our cash generation is not sufficient to sustain our needs; or
- tax rates are increased to fund the cost of various government initiatives initiated in connection with the COVID-19 pandemic.

Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

COVID-19's linkages to other risk factors.

While we have taken steps to address the impact of the COVID-19 pandemic, there are always uncertainties associated with changes to our operational practices and whether they will be successful in mitigating the targeted risks of COVID-19 or cause other adverse effects to our business, financial condition and results of operations due to their unforeseen impact on our ability to operate our business in the future. If, among other factors, the adverse impacts stemming from the COVID-19 pandemic were to cause our results of operations or cash flows to continue to be worse than anticipated or otherwise adversely impact certain of our assets, such as PP&E, tax credits, and inventories, we could conclude in future periods that additional provisions or other liabilities are required, which could have material adverse effects on our business, results of operations, financial condition and prospects. Any such future provisions or liabilities could be significant.

To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition and prospects, it may also have the effect of heightening many of the other risks described in this Risk Factors section.

The favourable low interest rate environment has resulted in comparably high valuations of real estate portfolios in Spain. Any rise in interest rates could have material adverse effects on the Spanish real estate market and on us.

The 2008 global financial and economic crisis and the slow and uncertain recovery of the global economy prior to the COVID-19 pandemic resulted in an uncertain economic

outlook that increased demand for stable and largely predictable cash flows, primarily in the Spanish real estate sector. The continued low interest rate level in Europe, largely due to the European Central Bank's quantitative easing program, contributes to this trend. Low interest rates have also made mortgages more affordable for homebuyers.

These developments could reverse themselves if, for example, interest rates were to rise. A rise in interest rates could result from a change in monetary policy by the European Central Bank or an improvement of the general economic situation, which could lead to greater interest in investments with a higher yield and less interest in real estate investments. Rising interest rates could adversely impact us in a number of other ways: the discount rate used to calculate the fair value of real estate portfolios tends to rise as the market prices paid for the units tend to decline. Rising interest rates therefore generally have a negative impact on the fair value of our real estate portfolio. Higher interest rates may also affect the ability of homebuyers to access financing to purchase new properties.

The EURIBOR rate is market-determined and may rise or decline at any time. According to the Bank of Spain, the one-year EURIBOR rate was 0,390% as of May 31 2022. In this context, and if interest rates continue to rise, this will lead to an increase in mortgage loan costs and may negatively affect the availability or attractiveness of mortgage loans as a source of financing for the purchase of residential property and, accordingly, reduce demand for our homes. Prospective customers who could obtain a mortgage loan at current interest rates may be deterred by the possibility of increased interest rates in the future (and, in turn, higher monthly interest payments) and instead elect to remain in their current property. Customers who had been looking to invest in property could also be deterred by the possibility of increased interest rates, as higher interest rates could negatively affect their investment returns and ultimately inhibit demand of our houses.

Limited availability of mortgage lending on acceptable terms or at all may constrain growth in sales volumes and prices in the Spanish homebuilding industry. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it more difficult for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. If our potential homebuyers or the buyers of our potential homebuyers' existing homes cannot obtain suitable financing for any of the above reasons, it will be more difficult for us to sell our products. Moreover, an increase in interest rates could affect the attractiveness of an investment in residential property, which could also adversely affect our ability to sell our products, and result in both a decrease in the value of our real estate portfolio and an increase in our financing costs, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Any such development would require us to recognize corresponding losses from the resulting fair value adjustments of our investment properties, resulting in a negative income from such adjustments.

Negative publicity could adversely affect our reputation as well as our business, financial results.

Favourable brand reputation is essential to us, and our business and growth strategy are dependent in part on the maintenance of the integrity of the AEDAS Homes brand and its reputation for quality. Unfavourable media related to our industry, company, brands, marketing, personnel, operations, business performance, or prospects may affect the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity can be disseminated has increased dramatically with

the capabilities of electronic communication, including social media outlets, websites, blogs or newsletters. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage our reputation, have a negative effect in our relationship with sellers of land and contractors and reduce the demand for our homes, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Competition in the real estate market may affect the ability of the Group to make appropriate acquisitions and to secure buyers at satisfactory prices.

The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable land, financing, raw materials, skilled management, contractors and labor resources. Competitors include real estate developers with in-depth knowledge of local markets, as well as property portfolio companies, including funds that invest nationally and internationally, institutional investors, foreign investors, financial institutions and *Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria* (“SAREB”). Competitors may have greater financial resources than us and/or a greater ability to borrow funds to acquire land, and may have the ability or inclination to acquire land at a higher price or on terms less favourable than those we may be prepared to accept or to pay a higher compensation to contractors. The appearance of other players in the market, including competitors backed by international funds with a business model similar to ours, could lead to an increase in competition in the real estate market in general and the Spanish homebuilding market in particular. Competition could also increase as a result of consolidation in the sector. We also compete with sellers of existing homes, including foreclosed homes, and with rental housing. These competitive conditions can reduce the number of homes we deliver, negatively impact our selling prices, reduce our profit margins, and cause impairments in the value of our inventory or other assets. Competition can also affect our ability to acquire suitable land (in particular, taking into account that the pool of fully permitted land in Spain for residential property development—which is our main target—is considerably limited), raw materials and skilled contractors at acceptable prices or other terms, which could decrease our margins and materially adversely affect our business, results of operations, financial condition and prospects. Furthermore, many measures included in the National Housing Plan for 2018-2021, whose term has been extended until December 31, 2022 by Royal Decree 42/2022, of January 18, which regulates the State Plan for access to housing 2022-2025 (*Bono Alquiler Joven and the Plan Estatal para el acceso a la vivienda 2022-2025*), incentivize either rental housing or the refurbishment of the existing housing park, which could favor the interests of some of our competitors to our detriment or adversely affect demand for our houses. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our growth and profitability depend upon our ability to identify and acquire land plots suitable for our purposes.

Our mid and long-term growth depends upon our ability to successfully identify and acquire fully permitted land plots for residential property development at commercially reasonable prices, in the appropriate geographic locations and with terms that meet our profitability targets. Our business model requires us to acquire land on an ongoing basis to replenish our land bank and maintain sufficient supply for medium-term development. In particular, our 2017-2023 Housing Development Plan, which relies on a number of important assumptions regarding future economic, competitive and other conditions and our future operations and business decisions, many of which are outside our control, requires us to buy land in the coming years. The requirements to buy land may

be increased if we decide to increase our run-rate target housing starts. However, our ability to acquire land plots that satisfy our investment criteria may be adversely affected by the willingness of land sellers to sell them at commercially viable prices, the availability of financing to acquire them, the accuracy of our property valuations and assumptions used to estimate property values and expected returns, regulatory requirements including those in relation to zoning, housing density and the environment and other market conditions. In addition, the ongoing recovery in the real estate market in Spain and the emergence of competitors with a business model and strategy similar to ours may lead to increased demand among developers for fully permitted land, which may make it more difficult for us to acquire suitable plots at commercially viable prices or at all and could lead to an increase in our land acquisition costs.

While we believe the assumptions which underlie the 2017-2023 Housing Development Plan targets are reasonable, they are inherently subject to significant business, operational, economic and other risks and uncertainties, including those described elsewhere in the Information Memorandum, many of which are outside our control. If such assumptions prove to be incorrect, we may not be able to achieve some or all of our 2017-2023 Housing Development Plan targets and other anticipated results included in the Information Memorandum at the estimated dates set forth herein, or at all. We can provide no assurance that we will be able to achieve our 2017-2023 Housing Development Plan targets and other anticipated results included in the Information Memorandum at the estimated dates set forth herein, or at all. Actual results may vary significantly from our targets and anticipated results. Such targets and anticipated results should not be regarded as a forecast, guarantee or representation by the Issuer that it will achieve these targets and anticipated results at the estimated dates set forth herein, or at all. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, future Spanish National Housing Plans may further exacerbate demand for land. If the availability of fully permitted land plots that are suitable for our purposes becomes limited, our ability to grow could be significantly limited, the number of homes we may be able to develop and sell could be reduced, and our costs could be substantially increased, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our due diligence of potential acquisitions may not identify all possible risks and liabilities.

Even if an acquisition is completed, there can be no assurance that due diligence examinations carried out by us or third parties in connection with such acquisition have revealed, or will in the future reveal, all of the risks associated with it, or the full extent of such risks. Properties we have acquired or may acquire or invest in may be subject to hidden defects that were not apparent at the time of acquisition. This risk is aggravated by the fact that most purchase agreements we have entered into contain indemnity exclusions and limitations. To the extent that we underestimate or fail to identify risks and liabilities associated with an acquisition, we may be subject, for example, to risks relating to defects in title or environmental liabilities requiring remediation. Any of these risks may have a material adverse effect on our business, results of operations, financial condition and prospects.

We undertake certain of our acquisitions and development projects with a business partner, and are therefore subject to the risks associated with joint ownership.

Whereas as of March 31, 2022, we have entered into joint venture arrangements in respect of ten developments, our principal joint ventures are in collaboration with our

main shareholder, Castlake, through a framework agreement for the acquisition of permitted land entered into in April 2019, in connection with which we still have capital expenditure in residential developments pending.

Joint venture arrangements, and any minority stakes we may have in the future, may expose us to the risk that:

- business partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in us having to pay the business partner's share or risk of losing our investment;
- business partners have economic or other interests that are inconsistent with our interests and are in a position to take or influence actions contrary to our interests and plans, which may create impasses on decisions and affect our ability to implement our strategies;
- disputes develop between us and business partners, with any litigation or arbitration resulting from any such disputes increasing our expenses and distracting our management from their other managerial tasks;
- we are liable for the actions of business partners; and
- a default by a business partner constitutes a default under mortgage loan financing documents relating to an investment, which could result in a foreclosure and the loss of all or a substantial portion of our investment.

Any of the foregoing may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business depends upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers.

As part of our strategy to have a scalable model of operations, we rely on the services of contractors (which, in turn, rely on the services of sub-contractors) to develop and monitor our projects, help sell our homes and provide post-construction warranty service. These outsourced services include: architectural design, construction and, to some extent, sale of our units. 32 different contractors are working in our 84 development sites under construction as of March 31, 2022. If we are unable to hire qualified and reliable contractors for any of our projects, our ability to successfully complete projects in time or with the required quality or to sell our units within the expected timeframes and price could be impaired

Despite the contractor selection and monitoring processes that we have implemented, our contractors may fail to meet our standards and deadlines. If our contractors fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to our failure to properly supervise any such contractors, this could have a material adverse effect on our business, results of operations, financial condition and prospects. Moreover, we generally rely on contractors to select and obtain building materials. Despite our detailed specifications and quality control procedures, in some cases, contractors may use improper construction processes or defective materials. Defective products widely used by the homebuilding industry can result in the need to perform extensive repairs to large numbers of homes. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from contractors, materials suppliers and insurers.

In addition, although we attempt to verify the compliance of contractors with HSE regulations (as defined herein), laws and other applicable laws and regulations regularly, certain failures by contractors to comply with such laws and regulations could render us liable in respect of these obligations and we could also suffer damage to our reputation. In particular, under certain circumstances, we could be jointly and severally liable for any failure by our contractors to (i) comply with health and safety laws; (ii) pay the salaries of their employees; or (iii) pay applicable social security contributions. Our liability in such cases would expire, respectively, (i) upon termination of the relevant agreement; (ii) one year following termination of the relevant agreement; and (iii) three years following termination of the relevant agreement. In the case of such violations we could incur significant obligations which could have a material adverse effect on our financial condition and our reputation.

In addition, pursuant to the Spanish Civil Code, failure by contractors to pay subcontractors, may entitle subcontractors to seek redress from the property's owner or developer, up to an amount equivalent to the amounts owed in turn by the owner or developer against the contractor. Consequently, in case the contractors breach their payment obligations, there is a potential risk subcontractors claim the amounts owed to them by the contractor directly to us.

Furthermore, contractors have been and may continue to be adversely affected by economic downturns or bad management decisions. We may hire a contractor that subsequently becomes insolvent, causing cost overruns and project delays and increasing the risk that we will be unable to recover costs in relation to any defective work performed by such contractor, to the extent such costs are not covered by insurance or other security provided by the contractor. The insolvency or other financial distress of one or more of our current contractors could have a material adverse impact on our business, results of operations, financial condition and prospects.

We may be unable to develop and sell our homes successfully or within the expected time frames.

Property developments typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows, if any, can be generated. It generally takes approximately six to twelve months from the time we initiate the marketing of a development to the time we have pre-sold 30% of the units of a development.

Moreover, consumer protection laws related to mortgage loans, such as Law on Real Estate Credit Agreements (*Ley 5/2019, de 15 de marzo, de contratos de crédito inmobiliario*) ("**Law 5/2019**"), which results in certain pre-contractual and transparency obligations for financing institutions granting mortgage loans and a change in the tax payer for some stamp duty taxes (which could increase competition among financial entities), and other autonomous regions' regulations that results in certain additional protections for consumers, may increase the period needed for the execution of each mortgage loan by customers, delaying the period to formalize sales.

During the construction of development projects, we may encounter unexpected operational issues or other difficulties, including those related to technical engineering issues, the insolvency of our contractors, regulatory changes, disputes with third-party contractors, sub-contractors and suppliers, supply chain availability and cost increases, accidents, bad weather, natural disasters (such as floods and fires) and changes in purchaser requirements that may require us to amend, delay or terminate a development project.

Any failure to meet deadlines could expose us to additional costs and result in termination of contracts or contractual penalties (or enforcement of bank guarantees by a purchaser) and could also affect our reputation, which could materially adversely affect our business, results of operations, financial condition and prospects.

In addition, following development, we may be unable to sell all or some of the units of a development within the expected time frames due to reasons such as changes in economic or market conditions. In such cases, even if alternate schemes, such as renting with a purchase option, are pursued to set off a potential fall in demand, our inventory of completed but unsold units would increase, leading to additional costs, including property tax and common expenses (*gastos de comunidad*) corresponding to the unsold units. Alternatively, we may have to sell units at significantly lower margins or at a loss, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Significant unanticipated costs might arise in relation to the execution of our projects.

We are subject to risks related to the cost of executing our projects. Unanticipated costs can arise due to a number of factors, including:

- increases in the acquisition costs in relation to new land plots;
- errors, omissions and other human factors (including those of senior management and key personnel);
- increases in costs of building materials (such as lumber, framing, concrete and steel);
- labor shortages or increases in costs of labor;
- events affecting our contractors, such as their insolvency;
- changes in regulation or tax rules;
- increases in costs of sub-contractors and professional services;
- lack of certain materials due to the Ukrainian conflict; or
- unforeseen technical and ground conditions (for example, the presence of archaeological artefacts or unforeseen geological characteristics).

Before commencing a development, we estimate costs based on certain assumptions, estimates and judgments, which may ultimately prove to be inaccurate. In addition, if a contractor or supplier's cost estimates or quotes are incorrect, we may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays in our development projects if the estimate is incorrect by a large enough margin that the project is better served by finding an alternative contractor or supplier. We may be unable to pass on such increases in construction costs, in whole or in part, to customers, especially if they have already entered into purchase contracts, as those contracts generally fix the price of the homes at the time the contracts are signed, which may be well in advance of the construction of the homes.

Any unanticipated costs arising during the execution of our development projects, or a failure to effectively manage them, may result in losses or lower profits than anticipated or cause material construction delays, which could have a material adverse effect on

our business, results of operations, financial condition and prospects. In addition, sustained increases in construction costs may, over time, erode our margins, particularly if pricing competition or weak demand restricts our ability to pass additional costs of materials and labor on to homebuyers. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Demand for our homes depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness of our products.

Trends in customer preferences have an impact on demand for new residential properties, and any unanticipated changes in such trends, or our misunderstanding of such trends, could have a material adverse effect on our business, results of operations, financial condition and prospects. For example, changes to the general consumer interest in purchasing a home compared to choosing other housing alternatives, such as rental housing, could have a material adverse effect on demand for our homes. Over the past ten years, the number of people living in rented accommodation, as opposed to purchased accommodation, has gradually increased in Spain, primarily driven by restricted access to residential mortgage lending, uncertainty regarding the evolution of residential property prices and regulatory changes in taxation. According to Eurostat, the percentage of households in Spain living in rented accommodation as their primary residence as of 2020 was 24.9% starting to move towards the Eurozone average of 30.0%.

In addition, events outside of our control may occur that shift customers' perceptions of the attractiveness or quality of our products, including: (i) preference for a specific neighbourhood or location in a certain region (in particular, in a region in which we do not own land), (ii) macroeconomic or employment dynamics that concentrate demand in a specific area (such as the establishment of a large employer in the area) or (iii) preference for a specific home design typology (such as multifamily condominiums or detached houses). In particular, changes in customer preferences and needs due new habits or customs derived from the pandemic, like working from home, may have a significant effect on customer demand for new homes.

In addition, given our policy of offering customized units to accommodate customer preferences, pursuant to which buyers may make elections on decoration styles, layout and certain premium options, it may be difficult for us to sell any customized units to a different buyer in case the initial buyer withdraws. Such units may take longer to sell, may have to be sold at a lower price, or additional re-customization expenses may need to be incurred, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

A decrease in residential property demand due to a decrease in population resulting from in changes in foreign or intra-country migration trends such as the one that happened between 2010 and 2013, could also affect demand for home units in the regions where we operate. This could lead to less demand and potentially lower sales, which could ultimately deter us from generating revenues. Similarly, lower rates of household formation and other demographic changes in those areas could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, uncertainty regarding the evolution of residential property prices may also adversely affect demand for our homes. The general perception among consumers of the continuous increase in property prices over time has, in the past, contributed to an increase in home ownership and demand for new residential property in Spain.

However, the financial crisis and its economic impact in Spain demonstrated that property prices and demand could fall rapidly (and even more so for second homes, which predominate in some of our focus regions). Changes in the attractiveness of an investment in residential property could adversely affect our ability to sell our homes and have a material adverse effect on our business, results of operations, financial condition and prospects.

Land and real estate properties can be illiquid assets and can therefore be difficult to sell.

As of March 31, 2022, we have a sizeable land bank in Spain and, as a result, we are more exposed to changes in prices of land than most of our peers. Land and real estate properties can be relatively illiquid, meaning that they may not be easily sold and converted into cash. Although we acquire land plots for development purposes in connection with our development business and generally expect to sell such assets in the form of residential units following development, we may seek to, or be required to, sell entire land plots in certain circumstances, including due to changes in development plans, failure to obtain regulatory approvals, our decision not to proceed with the development, changes in economic or property market conditions or financial distress. In addition, we also selectively sell land plots in order to increase margins by taking advantage of opportunistic sale conditions and/or to accelerate consolidation in areas where we own several plots. Land illiquidity may affect our ability to value, or dispose of or liquidate part of our land bank in a timely fashion and at satisfactory prices when required or desirable and we may incur additional costs until we sell the land. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may suffer uninsured losses or suffer material losses in excess of insurance proceeds.

While we have, and many of our contractors have, general liability, property, workers compensation and other business insurance, such insurance policies are intended to protect us against a portion only of our risk of loss from claims, subject to certain self-insured retentions, deductibles and coverage limits. Accordingly, it is possible that this insurance will not be adequate to address all warranty, construction defect and liability claims to which we are subject. Additionally, the coverage offered and the availability of general liability insurance for construction defects are currently limited and policies that can be obtained are costly and often include exclusions based upon past losses those insurers suffered.

As a result of the above, our properties or developments could suffer physical damage, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks such as cybersecurity attacks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies. In addition, we could be liable to repair damage to a property or development or construction defects caused by uninsured risks out of our own funds. We would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to liability claims from third parties.

Our land and homebuilding activities could give rise to legal claims brought against us in respect of the materials used and any defects existing in the buildings sold, including possible deficiencies attributable to third parties under agreements entered into with us,

such as architects, engineers and building contractors. With respect to the construction of our residential development projects, we are exposed to various risks relating to defective construction work or the use or installation of defective construction materials by third-party suppliers or contractors. If the materials that are used in the works do not correspond with the materials included in the quality specifications report, or in any way deviates from the original projects, customers could have a right to terminate their contracts and could accuse us of false advertising which could have a big impact on our reputation.

The warranty, guarantee or indemnity protection set forth in our contracts with such third-party suppliers and contractors, and the arrangements with insurance providers to insure against certain risks, may prove to be insufficient or may not adequately protect us against relevant risks. Furthermore, we may not be able to enforce claims in the respective amount, or at all, due to the third-party contractor's or supplier's insolvency, or for other reasons. Significant liabilities may not be identified or may only come to light after the expiry of our warranty, guarantee or indemnity claims. Any claims relating to defects arising from or related to one of our residential development projects may give rise to contractual or other liabilities, which can extend, depending on the relevant contractual or statutory provisions, for ten years following completion of the development project and may not be covered by claims against our contractors or suppliers. Unexpected levels of expenditure attributable to such construction defects or defective construction materials arising in relation to a residential development project may have a material adverse effect on our business, results of operations, financial condition and prospects. Pursuant to the Spanish Civil Procedure Law, homeowner associations (*comunidades de propietarios*) have a direct right to file class actions in which all of the neighbours in a community can participate, exponentially increasing the amounts at claim.

We may also face liability as a result of non-compliance with deadlines for units' delivery, non-performance with obligations to sellers of land plots or third-party contractors and conveyance of defective property title or property misrepresentation. In particular, real estate developers are liable for a ten-year period in respect of any damages arising from building deterioration, provided that such deterioration is caused by flaws or improper execution in the design or construction of the building. The foregoing could result in civil or criminal liability towards third parties, as well as reputational harm, especially if public safety is impacted. We are also subject to claims for injuries that occur in the course of construction activities. The aforementioned liabilities may not be insurable or may exceed our insurance limits, and we may eventually need to divert financial and management resources from the operation of our business and incur additional costs, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, pursuant to Law 38/1999 of 5 November Regulating Construction (*Ley de Ordenación de la Edificación* or "**LOE**"), we would qualify as a "developer" (*promotor*), and we would therefore be jointly responsible, together with the participants intervening in the building construction process, vis-à-vis our customers for any material damages in our homes caused by any defect in the construction of these homes. Unlike the case with the other construction participants, the liability that the LOE imposes on us is not linked to a breach of our duties (*i.e.*, the liability does not depend upon our actions or negligence). The developer is not subject to a typical or specific risk, but takes liability for the acts (and failures to act) of all other individuals/legal entities involved in the development. Accordingly, under the LOE the developer is a *de facto* guarantor of the obligations of third parties. As such, any damages caused by a third party involved in the construction process could have a material adverse effect on our business, results of operations, financial condition and prospects.

Since 2018 was the first year in which we delivered housing units, the number and amounts of claims from customers are not material as of March 31, 2022. However, it is possible that, as the number of deliveries increases, the number of these claims, and the aggregate amount claimed thereunder (or the aggregate expenses that addressing those claims would require) may also increase.

Our pre-sales may not materialize on the terms agreed, if at all.

Our pre-sales for a given development may not materialize on the terms agreed, if at all, following withdrawal of buyers or the cancellation of existing reserve contracts for other reasons. For example, we may not be able to perform our obligations under our reserve contracts due to various reasons such as an increase in costs making the development not viable, not being able to obtain the construction license and not reaching the level of pre-sales necessary to launch the development. In such cases, we may need to refund our customers, which due to the deposit agreement entered into when the sale is committed, would mean our paying double of the funds that they had advanced or our customers may terminate their contracts or seek to renegotiate the terms of their contracts to obtain more favourable terms and we may also be required to compensate these customers. After the first state of emergency ended, the requests for resolution of deposits raised significantly, whereas the requests for resolution of contracts increased significantly in the months of September, October and December 2020. The occurrence of any of these events could affect our pre-sales and eventual revenues and have a material adverse effect on our business, results of operations, financial condition and prospects.

We depend upon our management team and on the expertise of our key personnel, and may be unable to attract and retain a highly skilled and experienced workforce.

The success of our business depends, among others, upon the recruitment, retention and development of highly skilled, competent people at all levels of the organization.

In particular, we have a management team with an extensive track record in the housing development industry in Spain, with over 120 years of combined experience in the industry. Our success depends, to a significant degree, upon the continued contribution of our management team, who are critical to the overall management of the Issuer and its Group as well as its culture, strategic direction and operating model. Our ability to retain our management team or to attract suitable replacements is dependent upon competition in the labor market. The unexpected loss of the services of any member of our management team, a limitation in their availability or a failure by us to develop a succession plan for our management team could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, experienced employees in the homebuilding industry are fundamental to our ability to generate, obtain and manage business opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Our success may make our employees attractive hiring targets for competitors, and in order to retain key employees we may be required to keep pace with increases in remuneration in the market. Failure to attract and retain such personnel or to ensure that their experience and knowledge is retained within the Issuer and its Group even when they leave the Group, through retirement or otherwise, may materially adversely affect our business, results of operations, financial condition and prospects.

Natural disasters and severe weather conditions could delay deliveries and increase costs of new homes in affected areas, which could harm our sales and results of operations.

Certain of our homebuilding operations are conducted in areas that are subject to natural disasters, including earthquakes, droughts, floods, wildfires and severe weather. In particular, seismic activity in the area of Granada and the frequent floods in the East of Spain may affect the integrity of our assets as well as impact their development. The occurrence of natural disasters or severe weather conditions can delay new home sales, increase costs by damaging inventories and lead to shortages of labor and materials in areas affected by the disasters, and can negatively impact the demand for new homes in affected areas. If our insurance does not fully cover business interruptions or losses resulting from these events, then any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on information technology systems and face a risk of misappropriation of customer and employee data from our information systems.

We are dependent on sophisticated information technology (“IT”) systems, including in relation to our internal reporting and the sale of our products. IT systems are vulnerable to a number of problems such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centres and computer viruses. IT systems need regular upgrading; we may be unable to implement necessary upgrades on a timely basis or at all and upgrades may not function as anticipated. Failure to protect the Group’s operations from cyber-attacks could result in the loss of sensitive information, which could result in reputational damage, litigation and remediation costs. A major disruption to our IT systems could have a material adverse effect on our business, results of operations, financial condition and prospects.

In the ordinary course of our business, we receive and maintain certain personal financial and other information about our customers and employees, mainly exchanging data with our technological partners, construction companies and marketing agencies. The use and handling of this personal information is regulated by evolving and increasingly demanding laws and regulations at the sub-national, national and international levels, as well as by certain third party contracts. If we or any of our third-party service providers fail to transmit customer information in a secure manner, if our security and information systems are compromised as a result of data corruption or loss, a cyberattack or a network security incident, or if our employees, franchisees or vendors fail to comply with data protection laws and regulations (and as a result, information about our customers and employees is obtained by unauthorized persons or used inappropriately), we could be subject to liabilities and penalties, damage to our reputation, litigation or government enforcement actions, substantial costs and a loss of consumer confidence, all of which may materially adversely affect our business, results of operations, financial condition and prospects.

In spite of our continued efforts to comply with the General Data Protection Regulation 2016/679 (the “GDPR”) and similar regulations, we also face the risk that customer data that we collect, through Salesforce our client relationship management system or Prinex, our enterprise resource planning system as well as through other cloud technologies for marketing purposes for any of our other businesses, may be stolen or misappropriated. Our customers may be discouraged from providing us with their data and our business model could be negatively affected as a result, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our operating performance is subject to risks associated with the real estate and homebuilding industry generally.

Our principal activity is the development and sale of residential properties, which carries numerous inherent risks and is subject to fluctuations and cycles in value and demand, which are beyond our control.

Long-term demand for new residential property is directly related to, inter alia, population growth and the rate of new household formation. These trends, along with the general perception among consumers of the continuous increase in property prices over time, have, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. However, the financial crisis and its economic impact in Spain demonstrated that property prices and demand could fall rapidly. There is no assurance that the recent increase in demand will continue, or that any future recovery would result in a recovery of residential property prices and sales volumes to levels experienced in the past, especially following the COVID-19 pandemic and Brexit.

The residential real estate market started to recover in 2014 in some Spanish provinces, just as the Spanish economy showed signs of improvement. After years of recession, Spain's economy began to grow again from 2014 until 2019 due to better labor market prospects, strengthened confidence, lower economic uncertainty and falling energy prices (source: Spanish National Statistics Institute (*Instituto Nacional de Estadística* or "INE")). In 2019 the GDP expanded by 2% whereas in 2020, there was a decline at -10.80% as a result of the COVID-19 pandemic followed by a partial recovery of 5% during 2021 (source: INE). The European commission on their Spring 2022 Economic Forecast projected a 4.0% GDP growth for Spain in 2022. However, there can be no assurance that this expected growth and the general recovery of the Spanish housing market will be achieved or sustained as there continues to be uncertainties in the EU and Spanish economic and political outlook and the further impact of the COVID-19 pandemic outbreak cannot be fully assessed. Despite the growth in GDP, the unemployment rate in Spain continues to be high (13,65% in the first trimester of 2022 (source: INE)) and Spain's Government debt as a percentage of GDP is one of the largest in the Eurozone (close to 120% in 2021 (source: Eurostat)). In addition, as of March 31, 2022, the Spanish economy faces challenges due to internal factors such as the uncertainty in relation to the Spanish government's capacity to obtain enough legislative support to pass certain laws in the context of a left wing coalition government, as well as the uncertainty surrounding Catalonia's independence. In addition, the Spanish economy may be materially adversely affected by the ongoing COVID-19 pandemic. Furthermore, other geopolitical uncertainties such as the war in Ukraine, volatility in commodity prices or a negative market reaction to central bank policies may affect the growth of the Spanish economy and, in particular, disposable income or the cost and availability of credit and, consequently, may have a material adverse effect on our business, results of operations, financial condition and prospects.

The Spanish real estate and homebuilding market may generally be further adversely affected by, inter alia, the following factors:

- changes in short-term and long-term interest rates and the inflation rate;
- employment levels, cost of living and real income dynamics;
- decrease in residential property demand due to population decrease, lower levels of household formation and other demographic changes;
- foreign and intra-country immigration trends;

- availability and affordability of mortgage loans and other forms of credit for homebuyers, including private party and government mortgage loan programs and restrictive measures by banking authorities;
- consumer confidence generally and potential homebuyers confidence in particular;
- financial system and credit market stability;
- regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices;
- increases in personal income tax rates, decreases in the deduction of mortgage loan interest payments and increases in real estate taxes (such as VAT incurred in the acquisition of new residential property);
- supply and prices of available new or resale residential property and other housing alternatives, such as rental housing;
- general consumer interest in purchasing a home compared to choosing other housing alternatives;
- supply chain availability or cost increases;
- acquisition risks related to the land plots (including due to deficiencies in the due diligence process);
- changes in government and local authorities' regulation or policies, including infrastructure policies and planning and environmental regulations; and
- political uncertainties.

Any of these factors could reduce the funding available for our developments, have an impact delaying the obtention of permits and licenses, or decrease demand for our products, which could materially adversely affect our business, results of operations, financial condition or prospects. If the recovery experienced in the Spanish real estate market over the last half decade were to slow or stop, or there were an economic downturn, the resulting decline in demand for new homes would negatively impact our business, results of operations, financial condition and prospects.

Additionally, the increase in the prices of raw materials and energy has a direct impact on construction costs and the profitability of the sector since this inflationary pressure may not be fully passed on to customers. The conflict in Ukraine has aggravated tensions over the supply and price of raw materials that had been produced since the Covid-19 crisis, which is being translating into a decrease in the purchasing power of households and, consequently, in a greater difficulty of access to housing, both by way of the purchase as well as the rental, which could ultimately lead to a decrease in the profitability of real estate operations.

The Group may be unable to effectively manage its planned growth.

The Group plans to significantly expand its business operations in the coming years. It has limited experience operating within its current structure, and the expansion of its business is expected to place significant demands on its administrative, operational and financial personnel and systems. The Group may be unable to achieve the anticipated benefits of any such growth or expansion or it may incur greater costs than expected in

attempting to achieve the anticipated benefits. Growth or expansion could disrupt its ongoing operations and divert management resources that would otherwise focus on developing its existing business, in which case it may need to employ additional personnel or consultants. There can be no assurance that the Group will be able to employ or retain the necessary personnel, to successfully implement a disciplined management process and culture with local management, or that its expansion operations will be successful. The Group's inability to manage effectively its planned expansion could have a material adverse impact on its business, results of operations, financial condition and prospects.

The Group's acquisition and divestiture activities may present risks not contemplated at the time of the transactions.

Prior to entering into an agreement to acquire any property, the Group performs due diligence on the proposed asset. There can be no assurance, however, that due diligence examinations carried out by the Group or third parties in connection with any properties the Group has acquired or may acquire did or will reveal all of the risks associated with that asset, or the full extent of such risks. Properties the Group acquires or invests in may be subject to hidden material defects that were not apparent at the time of acquisition.

To the extent that the Group and other third parties underestimate or fail to identify risks and liabilities associated with an asset, the Group may be subject to one or more of the following risks: defects in title; environmental liabilities or structural or operational defects or liabilities requiring remediation and/or not covered by indemnities or insurance; lack or insufficiency of permits and licenses (e.g., occupancy and activity licenses from municipal authorities); an inability to obtain permits enabling the property to be used as intended; or the acquisition of properties that are not consistent with the Group's business strategy or that fail to perform in accordance with expectations. Any of these consequences may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group uses a number of estimates and assumptions in the preparation of its financial statements, which could prove to be incorrect.

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by management to be reasonable under the circumstances at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources.

1.1 Risks Related to Valuations, Forward-Looking Statements and Financial Information included in the Information Memorandum

We may achieve lower revenue in our development projects than our estimated gross development values indicate.

Estimating the future value of property is inherently subjective due to the individual nature of each property and is heavily affected by broader market conditions outside of our control. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes and interest and

inflation rate fluctuations also contribute to the uncertainty and potential volatility of forward-looking valuations.

The estimated gross development values (such estimated gross development values being referred to as “GDVs”) relating to our planned developments are estimates only and are ascertained on the basis of assumptions (including assumptions regarding items such as demand for homes, Average Sales Price, price increases and assumed number of units within developments), which may prove inaccurate. There is no assurance that the GDVs relating to our land bank and our proposed developments will reflect the actual sales prices achieved of any developments built on the land. Any failure to sell as many residential units as anticipated, or for the sales prices expected, could result in us not achieving our GDVs. There can be no assurance that our valuations of land in our financial statements or our GDVs for our land bank and proposed developments will reflect the actual sale prices achieved of either the land itself or any developments built thereon.

Any of the above factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

1.2 Risks relating to general economic, political and demographic conditions

Inflation may adversely affect us by increasing costs beyond what we can recover through price increases.

The outlook for euro area activity and inflation has become very uncertain and depends crucially on how the Russian war in Ukraine unfolds, on the impact of current sanctions and on possible further measures. Although the rate of inflation has been low for the last several years, following a series of exceptional energy price shocks and the conflict in Ukraine amongst other factors implied that headline inflation in the baseline sharply rose and is projected to remain at very high levels in the coming months, before easing slowly towards target. It is projected to average 6.8% in 2022, decrease to 3.5% in 2023 and 2.1% in 2024. (source: June 2022 ECB Macroeconomic projections).

Inflation can adversely affect us in the future by increasing costs of land, materials and labor. In addition, significant inflation is often accompanied by higher interest rates, which have a negative impact on demand for our homes. In an inflationary environment, we may be precluded from raising home prices enough to keep up with the rate of inflation which would reduce our profit margins and could have a material adverse effect on our business, results of operations, financial condition and prospects.

A future decline in land values could result in significant write-downs.

Inventory risks are inherent to our business. There are risks derived from controlling, owning and developing land and if housing demand declines, we may own land or home sites we acquired at costs we will not be able to recover fully, or on which we cannot build and sell homes profitably. Also, there can be significant fluctuations in the value of our owned undeveloped land, building lots and any future housing inventories as a result of changes in market conditions. If market conditions were to deteriorate significantly in the future, we could be required to take significant write downs with regard to our land inventory, which would decrease the asset values reflected on our balance sheet and adversely affect our earnings and our stockholders' equity. In addition, we may have to sell homes or land for lower than anticipated profit margins, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, we may seek to, or be required to, sell entire land plots in certain circumstances, including due to changes in development plans, failure to obtain regulatory approvals, its decision not to proceed with the development, changes in economic or property market conditions or financial distress. In this regard, land illiquidity may affect our ability to value, or dispose of or liquidate part of its land bank in a timely fashion and at satisfactory prices when required or desirable and it may incur additional costs until selling the land, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

1.3 Regulatory and legal risks

Homebuilders are subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change.

The residential communities and multifamily apartment developments that we build are subject to a large variety of national, regional and local laws, regulations and administrative requirements relating to, among other things, zoning, construction permits or entitlements, construction materials, density, building design and property elevation and building codes. These include laws requiring the use of construction materials that reduce the need for energy-consuming heating and cooling systems. In some instances, we must also comply with laws, regulations or orders of the relevant authorities, that require commitments from us to provide roads and other offsite infrastructure (such as parks and other public improvements), and may require them to be in place prior to the commencement of new construction. Moreover, pursuant to certain laws and regulations, such as the LOE, we are a *de facto* guarantor of the obligations of third parties in connection with the construction of our house units and liable for any damages caused by such third parties, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Residential homebuilding and apartment development are also subject to a variety of laws, regulations and administrative requirements concerning the protection of health and the environment. These environmental laws include such areas as waste handling, water management, groundwater and wetlands protection, subsurface conditions and air quality protection and enhancement. Environmental laws and existing conditions may result in delays, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict homebuilding activity in environmentally sensitive regions or areas.

These laws, regulations and administrative requirements often provide broad discretion to the relevant authorities and may result in fees and assessments or building moratoriums. A material change in relevant laws, regulations or administrative requirements, or the interpretation thereof, or delays in such interpretation being delivered, may delay or increase the cost of our development activity or prevent us from selling residential units already developed. In particular, changes in (but not limited to) the following areas could have a significant adverse impact on our business and operating results: requirements to provide subsidized housing; planning or urbanization requirements; law regarding land classification; building regulations, including functionality, safety and habitability requirements applicable to new developments; insurance regulations; labor or social security laws; health and safety regulations; tax regulations; or environmental and sustainability requirements. Any of the foregoing factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

The construction of new developments involves health, safety and environmental (“HSE”) risks.

Operating in the homebuilding industry poses certain HSE-related risks. A significant HSE incident at one of our developments could put our employees, contractors, sub-contractors or the general public at risk of injury or death and could lead to litigation, significant penalties, delays in the construction or damage to our reputation (which could, in turn, have a negative impact on our ability to generate new business).

In addition, when we acquire land we do not conduct environmental surveys on the plots of land, as they are usually fully permitted land we rely in the warranties provided by the seller. However, there is a risk that hazardous or toxic substances are found and we may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under or in a property currently or formerly owned by us, whether or not we caused or knew of the pollution. The costs of such removal, investigation or remediation or those incurred for our defense against HSE claims may be substantial, and they may not be covered by warranties and indemnities from the seller of the affected land or by our insurance policies. They may also cause substantially increased costs or delays in developments. The presence in our developments of non-HSE-compliant substances, or the failure to remove such substances, may also adversely affect our ability to sell the relevant developments' units. Furthermore, laws and regulations may impose liability for the release of certain materials into the air, water or earth and such release may form the basis for liability to third persons for personal injury or other damages as well as potential criminal liability.

Any breach of HSE compliance, including any delay in responding to changes in HSE regulations, particularly in light of evolving EU standards and potential new implementing legislation, may result in penalties for non-compliance with relevant regulatory requirements. Monitoring and ensuring HSE best practices may become increasingly expensive for us in the future, and HSE risks may become more acute as we undertake larger-scale projects, or during periods of intense activity. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business may be adversely affected if we fail to obtain, or if there are any material delays in obtaining, the required permits and approvals for our development projects or if the approved planning regulations and/or permits are subsequently challenged.

While we mostly acquire fully permitted land and primarily acquire ready to build land, in order to begin the construction of our development projects we must obtain separate building, urbanization and environmental permits, licenses and other approvals, and in order to be able to deliver built units to clients we must obtain separate first occupancy, activity and other approvals and or permits (together the "Permits") from relevant administrative authorities. Our ability to obtain the Permits required to build homes is dependent on our ability to meet the relevant regulatory and planning requirements. Moreover, granting of Permits is regulated at a regional and municipal level and may be subject to the relevant authorities' discretion. Given that we own land in 51 different municipalities, with different political parties in office, we may need to meet different requirements for each municipality and be subject to various authorities' discretion in granting Permits. In addition, the timing to obtain the Permits also varies depending on the region or municipality. Any failure to obtain required Permits on favourable terms or at all or any material delays in obtaining such Permits could have a material adverse impact on our business, results of operations, financial condition and prospects. As of March 31, 2022 there were projects representing 9,454 expected housing units whose Permits were pending (with an aggregated GAV of €825 million).

Moreover, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of our units or

even incompleteness of a particular development on the expected terms or at all, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

Furthermore, we occasionally acquire fully permitted land which is not ready to build land in respect of which zoning has been approved, but where the relevant urban planning and allotment processes have not been fully approved and/or implemented. With respect to any such acquisition, there can be no assurance that we will be successful in our attempts to carry out any such planning and allotment processes or to secure all the necessary Permits on a timely basis or on economically viable terms, or at all, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In the future we may invest, if an opportunity is identified, in land that is not fully permitted land but land in transformation where we assess that the value chain can be profitable. In those specific cases, we can get involved in the urban planning process and there is a risk that we may not be successful in handling those processes and ultimately that we are not capable of turning those land plots into fully permitted land where the foreseen projects can be developed.

Our sector is subject to numerous regulations in matters of money laundering, corruption and securities laws.

We operate in the real estate sector, which is a risk sector in matters of money laundering and corruption, due to the fact, among others, that (i) homebuilders, developers, and contractors may be required to interact with government officials for a variety of reasons, including negotiating contracts, obtaining construction and development permits or environmental approvals, overseeing inspections, and meeting the requirements for daily operations; (ii) reliance on third parties such as architects, engineers, suppliers, contractors, or joint venture partners is an essential part; and (iii) the frequency with which bad actors seek to launder illicit gains through the purchase of property is specially high.

We are subject to numerous regulations and rules in matters of anti-money laundering, anti-bribery and corruption and securities law, such as: the Spanish Royal Decree 304/2014, of 5 May 2014, approving the Regulation corresponding to Law 10/2010, on the Prevention of Money Laundering and Terrorist Financing; the Spanish Royal Decree 1816/1991, of 20 December 1991, on economic transactions abroad; the Spanish Organic Law 10/1995, of 23 November, approving the Criminal Code (the “**Criminal Code**”); any applicable legislation enacted by member states and signatories implementing the OECD (Organization for Economic Cooperation and Development), Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and any other applicable law addressing bribery, corruption or money laundering. In order to comply with them we have set up measures and policies in our compliance program, which includes a Code of Conduct, a Compliance Committee and an Anti-Corruption Policy, that apply to our employees, advisors, directors and, in some instances, third parties.

If we or any of our employees, advisors, directors or relevant third parties fail to comply with our obligations, we could be liable under the Criminal Code for an offence and sanctions range from fines to the winding up of the company, which may affect our operations and would have a significant impact on our reputation.

Changes in certain laws and regulations may affect demand for our homes.

Demand for our homes may be directly or indirectly affected by a number of laws, regulations and government policies, including regarding lending, appraisal, foreclosure and short sale practices, leases and eviction of illegal occupants, government mortgage loan programs, down payment assistance programs and taxes. For example, increases in personal income tax rates have in the past adversely affected demand for residential properties. In addition, taxes and duties relating to the acquisition of real estate property (such as Value Added Tax incurred in the acquisition of new residential property) are an important part of the cost of acquiring or owning a home, and an increase in such taxes may have a material adverse impact on demand for residential property. As a result, our real estate activity can be affected by direct and indirect taxation, in particular transfer taxes, stamp duties, real estate property taxes and Value Added Tax, which is subject to the interpretation and scrutiny of the corresponding Spanish tax authorities (whether national, regional, or local). Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

As of March 31, 2021, the Catalanian Parliament and Government have already passed certain laws that impact the real estate sector, such as Decree Law 1/2015 of 24 March (“**Law 1/2015**”), on extraordinary and urgent measures for occupancy of residential units acquired in foreclosure process, Decree Law 17/2019 of 23 December on mandatory social rent and relocation, as amended by the Decree Law 1/2020 of 21 January (“**DL 17/2019**”) and Law 11/2020 establishing limitations on lease rentals in Catalonia (“**Law 11/2020**”). Although a partial unconstitutionality appeal has been admitted in respect of DL 17/2019 and it is foreseeable that a further appeal will be filed in respect of Law 11/2020, both legislations are still in force completely or partially. In other regions such as the Valencian Community further legislations (Law 3/2020 of 30 December 2020, “**Law 3/2020**”) have been adopted to impose an additional tax on unoccupied dwellings for “big” landowners based on the number of square meters owned, or in the Balearic Islands processes have been initiated to temporarily expropriate the use of certain dwellings owned by financial institutions and big landowners. This type of legislations can be perceived as granting and protecting squatters rights, excessive taxes and expropriatory, diminishing the perception of legal certainty in the Spanish real estate market and could ultimately discourage investment in the regions.

National, regional or local tax regulations may have a material impact on our business.

Given our business, we are regularly involved in the acquisition, exploitation and disposal of real estate assets in Spain. As a result, we and our customers are subject to direct and indirect taxation (*i.e.* transfer taxes, stamp duties, real estate property taxes and Value Added Tax), which is subject to changes in the national, regional or local tax regulations and to the interpretation or scrutiny of the corresponding Spanish tax authorities. Although we believe that we are in material compliance with applicable tax laws (including in connection with our real estate and financing activities), we may be subject to a reassessment by the tax authorities and, in that event, it cannot be disregarded that the Spanish tax authorities’ interpretation of such laws may differ from ours. We cannot discard the possibility that such reassessments may materially affect our business, results of operations, financial condition and prospects.

Additionally, there is currently a draft bill being discussed at national level in matters of housing and one of the measures that is on the table is the mandatory social leasing for “big” landowners of up to 30% of their holding and a tax on unvacated properties. Although the Government has refused to include these measures on the draft and prefers to pursue those results by way of incentives, if these measures were to be included in the draft it could have an impact on the investors’ appetite. So called “big” landowners could potentially increase the available housing stock if they elect to dispose of part of

their property in order to avoid being subject to that fiscal burden and potential restrictions, which could mean an increase in the offer and therefore drive down the prices of the housing market.

1.4 Risk relating to our indebtedness

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes.

While we have limited amounts of debt as of March 31, 2022, we may incur additional debt in the future.

As of March 31, 2022, we would have had total outstanding indebtedness of €469.4 million, including the Notes. The indenture will allow us to incur substantial additional indebtedness, including in respect of committed borrowings of up to €55 million under the revolving credit facility.

The degree to which we will be leveraged following the issuance of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including a rise in interest rates or a deterioration of the Spanish real estate and banking sectors;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of interest on our indebtedness and the repayment of principal, thereby reducing the availability;
- of such cash flow to fund working capital, capital expenditures, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- restricting us from exploiting business opportunities or making acquisitions or investments;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Failure to satisfy our debt obligations could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The indenture and the revolving credit facility Agreement contain covenants that impose significant operating and financial restrictions on us. These agreements limit our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

All these limitations will be subject to significant exceptions and qualifications. The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the revolving credit facility Agreement. A breach of any of these provisions could result in a draw stop or an event of default under the revolving credit facility Agreement. Upon the occurrence of any event of default under the revolving credit facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the lenders could cancel the availability of the revolving credit facility and/or elect to declare all amounts outstanding under the revolving credit facility, together with accrued interest, immediately due and payable. In addition, any default under the revolving credit facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Notes. If our creditors, including the creditors under the revolving credit facility, accelerate the payment of those amounts, we cannot assure you that our assets would be sufficient to repay in full those amounts, to satisfy all other liabilities which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

If we cannot obtain sufficient capital on acceptable terms, we may be unable to acquire land for our developments or may experience increased costs and delays in the completion of our development projects.

The real estate development industry is capital-intensive and requires significant up-front expenditures to acquire land plots and carry out development activity. Following the acquisition of a land plot, we incur many costs even before we begin to build homes.

Depending on the stage of development a land plot is in when we acquire it, these may include costs of preparing land, finishing and entitling lots, installing roads, sewers, water systems and other utilities, taxes and other costs related to ownership of the land on which we plan to build homes.

The availability of external financing might be limited and lenders may impose several requirements for any financing to be granted to us. For example, financial institutions typically require that at least 30% of the expected housing units of a development project be presold before committing to grant a development loan for such project. In addition, our ability to draw funds under a given development loan may be subject to our compliance with certain further milestones. Our inability to meet such milestones or any other requirements imposed by our lenders may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, lenders may require increased amounts of equity to be invested in a project in connection with both new loans and the extension of existing loans or higher interest rates. Moreover, if we choose to seek additional financing to fund our operations through the capital markets, continued volatility in these markets may restrict our access to such financing. If we are not successful in obtaining sufficient funding for our planned capital and other expenditures, we may be unable to acquire additional land for development or to develop our existing land bank. Moreover, if we cannot obtain additional financing to fund the purchase of land under our purchase contracts, we may incur contractual penalties, fees and increased expenses from the write-off of due diligence and pre-acquisition costs. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, results of operations, financial condition and prospects.

We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these "Risk Factors", many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that we will realize revenue growth and operating improvements that we anticipate or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources (including borrowings under the revolving credit facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures (e.g. land plot acquisitions);
- sell assets;
- obtain additional debt or equity capital; or

- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our revolving credit facility agreement and the indenture and any future debt may limit our ability to pursue any of these measures, all of which could have a material adverse effect on our business, results of operations or financial condition.

Any failure to make payments on our indebtedness, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, results of operations or financial condition. There can be no assurance that any assets which we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be on a timely basis or in a sufficient amount. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We will be able to incur substantial additional indebtedness in the future. Although the indenture and the revolving credit facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the indenture and the revolving credit facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

The indebtedness that we have incurred, or that we may incur in the future, even within the limits set forth in our business strategy, could reduce our financial flexibility. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, our borrowings and any hedging arrangements that we may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If we are required to repay borrowings early, we may be forced to sell assets when we would not otherwise choose to do so and below our expected prices in order to make the payments and we may be subject to prepayment penalties. We may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, our costs could increase. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, our obligations under certain of our financing agreements are secured through security interests such as mortgages over assets (in particular, as of March 31, 2022, land plots with an aggregate GAV of €881 million were mortgaged in connection with our loans).

Spanish tax legislation may restrict the deductibility, for Spanish tax purposes, of all or a portion of the interest on our indebtedness, thus reducing the cash flow available to service our indebtedness.

The Spanish Corporate Income Tax Law contains a general limitation on the deductibility of certain net financial expenses incurred by a Spanish Corporate Income Tax (CIT) taxpayer (or by the Corporate Income Tax consolidated group to which such entity belongs) exceeding 30% of its annual operating profit (defined as EBITDA subject to certain adjustments); €1 million will be deductible in any case. Deductible interest after the application of these limitations is referred to as the “Maximum Threshold.”

The apportionment of non-deducted interest in a given fiscal year may be deducted in the following fiscal years, subject to the Maximum Threshold in each subsequent fiscal year. If the amount of net financial expenses in a given fiscal year is below the Maximum Threshold, the difference between the net financial expenses deducted in that year and the Maximum Threshold may increase such Maximum Threshold in the immediate subsequent 5 years.

The impact of these rules on our ability to deduct interest paid on indebtedness could increase our tax burden and therefore negatively impact our business, financial position, results of operations and prospects.

The interests of our principal shareholders may conflict with yours as a holder of the Notes.

Our principal shareholder, Castlake (the “**Main Shareholder**”), owns 71,522% of our voting share capital. The interests of the Main Shareholder and the interests of the holders of the Notes may not be aligned in certain strategic decisions, which could materially adversely affect the interests of the holders of the Notes.

The Main Shareholder has the power to, among other things, affect our legal and capital structure and our day-to-day operations and may have an incentive to increase the value of its investments or cause us to distribute funds at the expense of our financial condition, which could impact our ability to make payments on the Notes. In addition, our Main Shareholder has the power to elect our entire Board of Directors and appoint our CEO and, therefore, effectively control many other major decisions regarding our operations. Moreover, two of our directors are proprietary directors representing our Main Shareholder.

We cannot assure you that the interests of our Main Shareholder will not conflict with your interests as a holder of the Notes.

1.5 Risks relating to the Notes

Market risk

These are fixed-income securities and their market price is subject to possible fluctuations, mainly concerning the interest rate. Consequently, the Issuer cannot guarantee that the Notes will be traded at a market price that is equal to or higher than the subscription price.

Credit risk

The Issuer is liable with its assets for the payment of the Notes. The credit risk would materialize were the Issuer unable to comply with commitments assumed, and this could generate a possible economic loss for the counterparty.

Risk of change in the Issuer's solvency

The Issuer's solvency could be deteriorated as a result of an increase in borrowings or

due to deterioration in its financial ratios, which would represent a decrease in the Issuer's capacity to meet its debt commitments.

There is no active trading market for the Notes, in which case the ability to sell the Notes may be limited

The Issuer cannot assure the Notes holders as to the liquidity of any market in the Notes, their ability to sell the Notes or the prices at which would be able to sell their Notes. Future trading prices for the Notes will depend on many factors, including, among other, prevailing interest rates, the Issuer operating results and the market for similar securities.

Although an application will be made for the Notes to be listed on the MARF, the Issuer cannot assure that the Notes will be or will remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission (*incorporación*) to MARF market, the failure to be approved for admission (*incorporación*) or the exclusion (whether or not for an alternative admission (*incorporación*) to listing on another stock exchange) of the Notes from the MARF market may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

Additionally, the Issuer points out that it has not signed any liquidity undertaking whatsoever with any entity *vis-à-vis* the Notes to be issued under the Program. Consequently, investors may not find counterparty for the Notes.

Risk of change in the Issuer's credit rating

The Issuer's credit rating may be lessened as a consequence of an increase in its indebtedness, as well as of the impairment of financial ratios, which would imply a deterioration of the Issuer's ability to meet its debt commitments.

The Issuer has a BB- stable outlook by Fitch Ratings Inc. ("**Fitch**"), Ba2 stable outlook by Moody's Investor Service ("**Moody's**"), and B+ stable outlook by S&P Global Ratings ("**S&P**"), (Fitch, Moody's and S&P will be jointly referred to as the "**Rating Agencies**").

However, there is no guarantee that the previous rating will be maintained throughout the term of the Notes Programme. This credit rating could be revised upwards or downwards, suspended or even withdrawn by the Rating Agencies. Its revision to the downwards suspension or withdrawal of the credit rating from the Rating Agencies could difficult the Issuer's access to the debt markets and have an impact on its financial capacity.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in the Information Memorandum (*Documento Base Informativo*) or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes;

- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

As the Notes are registered with IBERCLEAR, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes are in dematerialised form and are registered with IBERCLEAR. Consequently, no physical notes have been or will be issued. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within IBERCLEAR'S account-based system. The investors are therefore dependent on the functionality of IBERCLEAR'S account-based system.

Title to the Notes is evidenced by book entry form (*anotaciones en cuenta*), and each person shown in the Spanish Central Registry managed by IBERCLEAR and in the registries maintained by the respective participating entities in IBERCLEAR as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation by making payments through IBERCLEAR. Notes holder must rely on the procedures of IBERCLEAR and its participants to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book entry forms (*anotaciones en cuenta*) and registries as described in the previous paragraph. In addition, the Issuer has no responsibility for the proper performance by IBERCLEAR or its participants of its obligations under their respective rules and operating procedures.

Risk relating to Spanish Insolvency Law

According to the classification and order of priority of debt claims laid down in Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Act, in its current wording (the “**Insolvency Law**”), in the event of insolvency (*concurso*) of the Issuer, claims relating to the Notes (which are not subordinated pursuant Article 281.1 of the Insolvency Law) will be ordinary claims (*créditos ordinarios*). Those ordinary claims will rank below creditors with privilege (*créditos privilegiados*) and above subordinated credits (*créditos subordinados*) (unless they can be classed as such under Article 281.1 of the Insolvency Law) and would not have any preference among them.

According to Article 281.1 of the Insolvency Law, the following claims, among others, are classed as subordinated claims:

- (i) Claims which, having been communicated late, are included by the insolvency administrators (*administradores concursales*) in the list of creditors, and those which, having not been communicated or having been communicated late, are

included in such list as a result of subsequent communications, or by the judge when resolving on an action contesting the list.

- (ii) Claims corresponding to surcharges and interest of any kind, including late-payment interest, except for those corresponding to claims which are secured by an in rem guarantee, up to the amount covered by the respective guarantee.
- (iii) Claims held by any of the persons specially related to the debtor, as referred to in Articles 282 and 283 of the Insolvency Law.

The Notes issued in accordance with the content of the Information Memorandum may not comply with the sustainability requirements established in the Governing Rules for Financing Associated with Sustainability to be approved by the Issuer

The Issuer might approve the Issuer's Governing Rules for Financing Associated with Sustainability to regulate the use of the funds obtained through the "instruments associated with sustainability" to finance and/or refinance, in full or in part, eligible projects. The Issuer's Governing Rules for Financing Associated with Sustainability will be communicated by Aedas Homes to the MARF via supplement to the Information Memorandum for the appropriate purposes.

In this regard, the Issuer will request a "second party opinion" from a highly regarded independent third-party expert regarding the Issuer's capacity to integrate environmental, social and corporate governance factors (ESG) that are relevant to its strategy and to report on them. Therefore, if such "second party opinion" is favourable, the Notes to be issued under the Information Memorandum may be considered to be an "instrument associated with sustainability". The final opinion of the expert will be communicated by the Issuer to the MARF as detailed in the corresponding supplement to the Information Memorandum for the appropriate purposes.

No "second party opinion" will be included nor form part of the Information Memorandum. The "second party opinion" shall not expressly or implicitly represent an opinion on the Issuer's compliance with environmental, social and governance (ESG) objectives in general, or the Sustainable Development Objectives of the United Nations in particular, or its approval. Neither the Issuer nor any Collaborating Entity makes any statement regarding compliance with those objectives by the Issuer.

In any case, the Notes issued in accordance with the provisions of the Information Memorandum may be incompatible with investor requirements or expectations, or with other market definitions or relevant regulations for sustainability assets, since there may not be any relationship between the issue of the Notes and the attainment of the ESG objectives that the Issuer has identified. Neither the Issuer nor any Collaborating Entity makes any statement otherwise. The funds obtained through the issue of the Notes will be used for the general corporate needs of the Issuer and its group. Neither the Issuer nor any Collaborating Entity will accept any liability with respect to any external party holding the Notes for any damages or losses that may arise, is related to or has any relationship with the Issuer's incapacity to attain the objectives and fulfil the statements that may be made within the framework of each issue of Notes.

2. FULL NAME OF THE ISSUER, ADDRESS AND ITS CORPORATE TAX CODE

2.1 Issuer's general information

The legal name of the issuer is Aedas Homes, S.A. The commercial name of the issuer is "AEDAS Homes".

The Issuer was incorporated on 9 June 2016 for an unlimited term in Spain and subject to the laws of the Kingdom of Spain under the corporate name of SPV Spain 19, S.L.U.

On 12 September 2017, the Issuer changed its corporate form from a Spanish limited liability company (*sociedad de responsabilidad limitada*) to a Spanish public limited company (*sociedad anónima*).

The Issuer has its registered office at Paseo de la Castellana, 130, 5th Floor, 28046 Madrid, Spain.

The share capital stock of the Issuer is represented by 46,806,537 shares with a par value of €1 each, meaning a nominal value of €46,806,537.00. The shares are fully subscribed and paid in.

The Issuer's corporate tax code is A-87586483 and its legal entity identifier (LEI) code is 9598005H67MP8U20RW81.

The website of the Issuer's group is www.aedashomes.com.

2.2 The Issuer's corporate purpose and activity

The Issuer's is a holding company. Its corporate purpose is to acquire, develop, manage, market and promote all types of real estate assets, in order to hold, use, administer, sell or lease such assets.

In addition, the Issuer may carry out the above-listed activities, in part or in full, indirectly through ownership interests in companies with a similar corporate purpose. To that end, the Issuer may acquire, manage and transfer securities of any type, –including but not limited to shares, convertible bonds, ownership units, and holdings of any other type.

The Issuer's core activity is the acquisition and development of land for the purposes of residential development, with a focus on first residence and long-stay second residence (where customers are expected to live for at least five months each year) in high demand locations. The Issuer's main product is multifamily homes targeted at the mid to mid-high segment of the housing market, but also has capacity to develop high-end homes.

2.3 Brief description of the Issuer and the Group

A. History

The Issuer was incorporated on 9 June 2016 under the corporate name SPV Spain 19, S.L.U. The Issuer was incorporated as a result of the subscription and payment by Structured Finance Management (Spain), S.L. of all of its shares.

On 5 July 2016, the sole shareholder of the Issuer sold 100% of the shares to Hipoteca 43 Lux, S.à r.l., which is owned by funds managed by Castl lake, L.P. ("**Castl lake**"). Castl lake began researching the Spanish real estate market in 2009 and made initial investments on behalf of its funds in non-performing loans. The Issuer's incorporation in 2016 was a continuation of Castl lake's investment strategy with regard to its land portfolio. As part of that strategy, Castl lake appointed Merlin Properties as the Issuer's independent advisor.

On 18 July 2016, the Issuer's corporate name was changed to Aedas Homes Group, S.L.U.

On 29 June 2017, the Issuer (as absorbing company) and Aedas Homes, S.L. (as

absorbed company) merged. The merger by absorption implied: (i) the dissolution and extinguishment of Aedas Homes, S.L.; (ii) the *en bloc* transfer of all the latter's assets and liabilities to the Issuer, which acquired all of its rights and obligations by universal succession, and also the absorbing company Aedas Homes Group, S.L.U., took the name of the absorbed company, soon after the merger the Issuer was named Aedas Homes, S.L.

On 12 September 2017, the Issuer's legal form of incorporation was changed to that of a public limited company (*sociedad anónima*) so that it took the name of Aedas Homes, S.A.

The shares representing the share capital of the Issuer have been trading at the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges since 20 October 2017.

As of March 31, 2021, Hipoteca 43 Lux, S.à r.l. (the "**Majority Shareholder**") had an approximately 71,522% stake on the Issuer's share capital and therefore it is the majority shareholder.

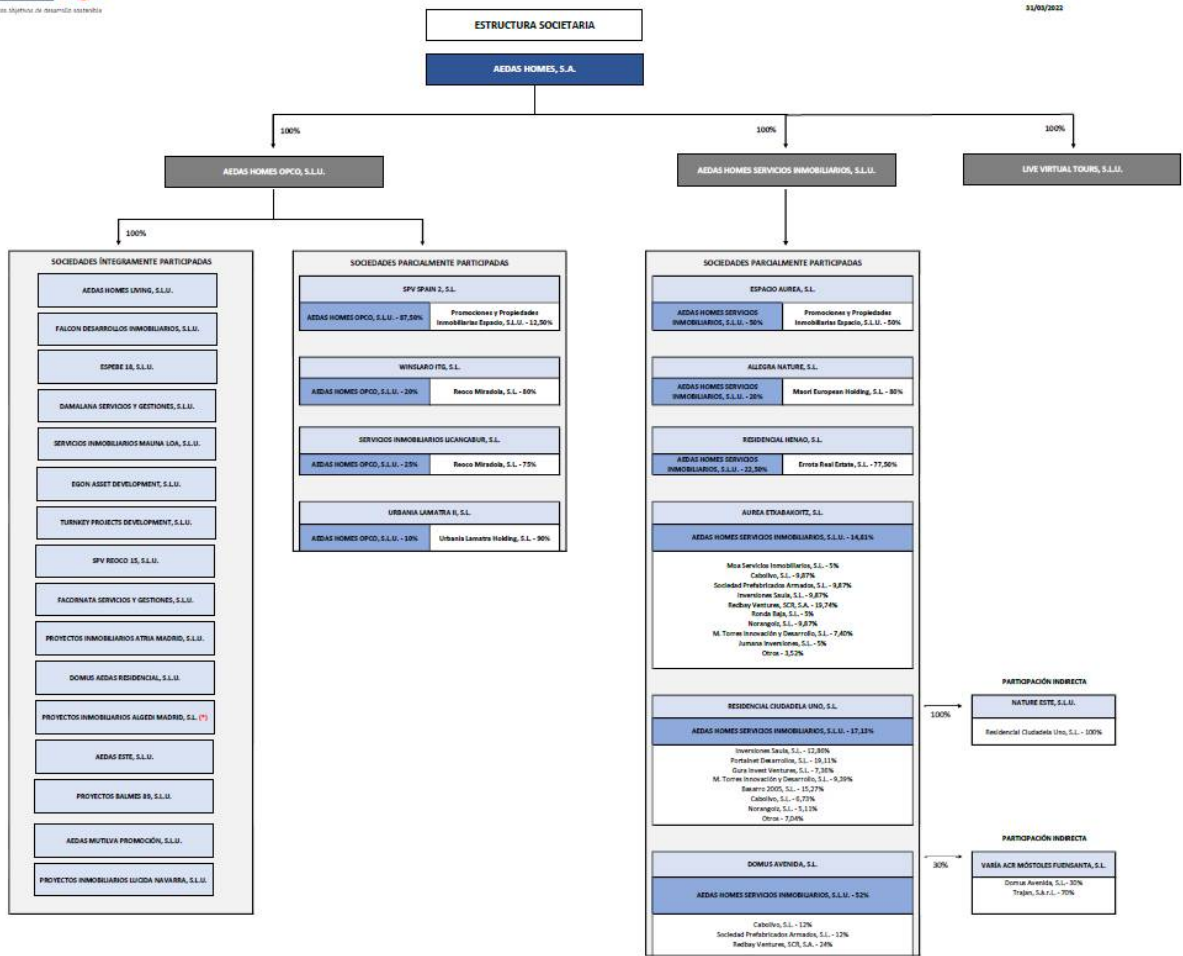
On May 21 2021, AEDAS Homes issued a €325 million Green Bond, at an annual interest rate of 4% with maturity in August 2026. The bond is listed at the Global Exchange Market (GEM) of Euronext Dublin.

On July 29, 2021, AEDAS Homes acquired Aurea Homes assets for a total transaction price of c.€50 million.

B. Corporate structure

The Issuer heads up a group of enterprises and carries out its business activities either directly or through investments in other companies with an identical or similar corporate object.

The corporate structure of the group comprising the Issuer and its subsidiaries (as of the date of the Information Memorandum (*Documento Base Informativo*)), is the following:

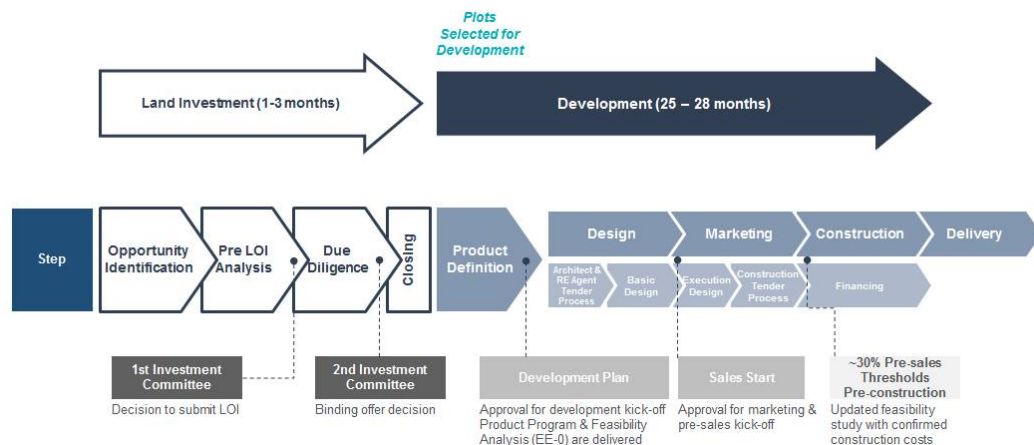


(*) Aedas Homes Opción, S.L.U. es propietaria del 80% de las participaciones sociales representativas del capital social, y Proyectos Inmobiliarios Lucida Navarra, S.L. del 20% restante.

C. Strategy

The Issuer manages all the stages in the value chain of the residential development process starting from land investment through to delivery of homes and post-sale service.

The graphic below provides a general overview of the Issuer's value chain.



(i) Land investment

The Issuer seeks and assesses land investment opportunities through a detailed follow-up process which comprises: (i) opportunity identification; (ii) pre-letter of intent analysis; (iii) decision to submit the letter of intent; (iv) due diligence; (v) binding offer decision; and (vi) closing.

At this stage, the Issuer relies on the expertise of its regional branches as their experienced regional teams have in-depth knowledge of niche markets in their respective regions and long-term relationships with local private companies, local teams of financial entities, public administrations, suppliers and other relevant stakeholders in each such region. This provides the Issuer with a competitive advantage in identifying land investment opportunities.

While the Issuer leverages its local market knowledge, it centralizes and controls all the research, negotiation, due diligence and transaction closing processes from its head office in Madrid.

(ii) Housing development

The housing development process comprises five main phases: (i) product definition; (ii) design; (iii) marketing; (iv) construction; and (v) delivery and post-delivery (which includes a distinct customer care program and program to measure the net promoter score (“NPS”) in the whole commercial cycle of the customer).

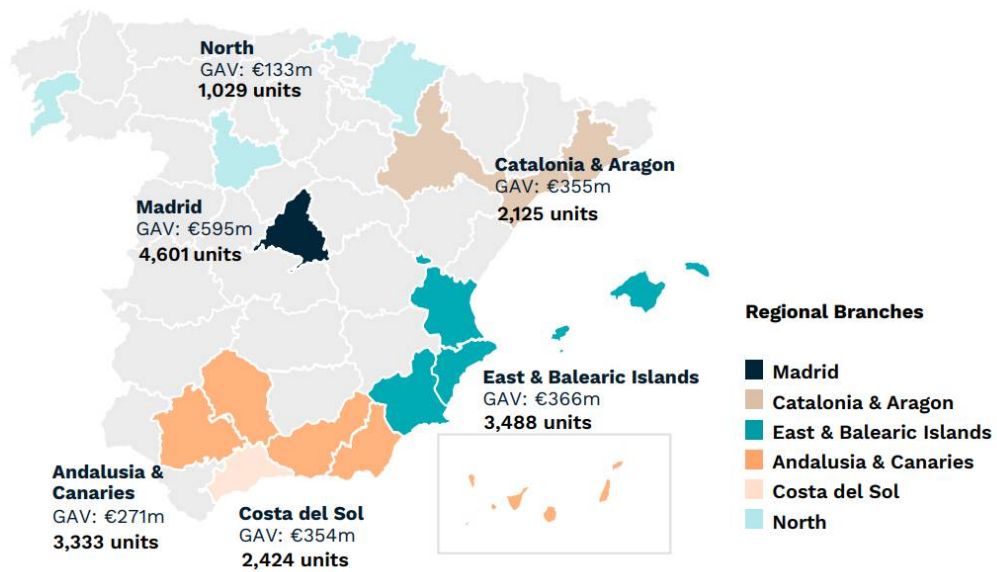
Once a particular land plot (or group of land plots, depending on the relevant development) enters the product definition phase, even though the Issuer retains control over all critical decisions in the process, it relies on services of third-party service providers (which, in turn, may rely on the services of sub-contractors) to generally develop its development projects. These outsourced services include architectural design, construction, technical surveillance (supervised by in-house technical managers) and, to some extent, sale of its units. In order to optimize the efficiency of the development processes, the Issuer has systematized its operations and implements competitive processes among qualified professionals to select its service providers.

D. Portfolio

The Issuer conducts its business exclusively in Spain and, particularly, in the following regions: Madrid; North, which comprises Valladolid, Navarra, Pontevedra and Biscay; Catalonia & Aragon, which comprises the provinces of Barcelona, Tarragona and Zaragoza; East & Balearic Islands, which comprises the provinces of Valencia, Alicante, the Balearic Islands and Murcia; Costa del Sol, which comprises a region comprising the coastal towns and communities along the coastline of the province of Málaga; and Andalusia & Canaries, which comprises the provinces of Seville, Granada, Almeria, Cordoba and Las Palmas; having its land bank located in eighteen provinces —Madrid, Barcelona, Málaga, Balearic Islands, Alicante, Valencia, Valladolid, Seville, Granada, Tarragona, Navarra, Pontevedra, Murcia, Zaragoza, Las Palmas, Biscay, Almeria and Cordoba.

The graphic below shows the geographic breakdown of the Issuer’s landbank as of March 2022:

AEDAS Homes in Spain



E. Organizational structure

From an organizational perspective, the Issuer's top management, financial, procurement and administrative functions are centralized, whereas its residential development activity is jointly led with six regional branches: Centre, Catalonia & Aragon, East & Mallorca, Costa del Sol, Andalusia & Canary Island and North. This organizational structure enables the Issuer to maintain control over the quality and implementation of its industrialized business model, while keeping its residential development activities close to their roots so that it obtains the local knowledge necessary for the success of its developments. Each of the Issuer's regional branches is staffed with an experienced branch manager, development managers, technical managers and back office personnel.

Below shows the composition of the management committee and the regional directors as of March 31, 2022:



As of March 31, 2022, the number of people employed by the Group was 303 direct employees distributed among the Regional Branches of: Madrid, North, Catalonia & Aragon, East & Balearic Islands, Costa del Sol and Andalusia & Canaries.

F. Financial information

Unless otherwise indicated, the summary financial information presented herein is derived from the consolidated audited financial information of the Group as of and for each of the financial years ended March 31, 2021 and 2022.

The selected financial information included in this section should be read together with the audited consolidated accounts for the Issuer attached.¹

The following Statements are presented: (i) Consolidated Income Statement, (ii) Financial structure, and (iii) Consolidated Cash Flow Statement corresponding to the fiscal years ended on March 31, 2022 and March 31, 2021.

i) Income statement

¹ Annual accounts for the fiscal year ended on March 31, 2022 pending to be approved by the General Shareholders' meeting of the Issuer at the date of the Information Memorandum.

STATEMENT OF PROFIT OR LOSS				
	2021/22	2020/21	Change	
			€	%
REVENUE - PROPERTY DEVELOPMENT	746.7	667.6	79.1	12%
REVENUE - LAND SALES	14.7	4.3	10.4	242%
REVENUE - SERVICES RENDERED	4.2	-	4.2	-
REVENUE	765.6	671.9	93.7	14%
COST OF GOODS SOLD	(542.6)	(482.9)	(59.7)	12%
COST OF SERVICES	(0.7)	-	(0.7)	-
GROSS PROFIT	222.3	188.9	33.4	18%
GROSS MARGIN, %	29.0%	28.1%	-	90bp
SALES AND MARKETING COSTS	(29.4)	(20.4)	(9.0)	44%
OTHER OPERATING EXPENSES	(6.7)	(8.4)	1.7	(20%)
NET DEVELOPER MARGIN	186.1	160.2	25.9	16%
NET DEVELOPER MARGIN, %	24.3%	23.8%	-	50bp
OVERHEAD	(38.7)	(29.4)	(9.3)	32%
OTHER INCOME AND EXPENSES	1.5	2.5	(1.0)	40%
EBITDA	148.9	133.2	15.7	12%
EBITDA MARGIN, %	19.5%	19.8%	-	(30bp)
DEPRECIATION AND AMORTISATION	(3.2)	(2.2)	(1.0)	45%
NET FINANCE COST	(19.8)	(14.2)	(5.6)	39%
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	0.4	(0.4)	0.8	(200%)
IMPAIRMENT LOSSES	(1.3)	(2.9)	1.6	55%
PROFIT BEFORE TAX	125.0	113.5	11.5	10%
INCOME TAX	(31.1)	(28.5)	(2.6)	9%
PROFIT FOR THE YEAR	93.9	85.1	8.8	10%
NET PROFIT MARGIN, %	12.3%	12.7%	-	(40bp)
NON-CONTROLLING INTERESTS	0.8	(0.0)	0.8	-
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	93.1	85.1	8.0	9%

Source: Company Management Report.

The Company's FY 2021/22 statement of profit or loss clearly evidences the progress made on execution of the business plan committed to with its shareholders:

- Revenue increased by 14% to €765.6m; €746.7m came from home sales, €14.7m from land sales and €4.2m by the new service business. The gross margin widened by 90 basis points to 29% compared to the previous financial year.
- Direct costs amounted to €36.1m (+25% year-on-year), of which €29.4m were sales and marketing costs. Indeed, sales and marketing expenses increased by 44% due to the significant growth in the number of developments launched to meet the rising number of deliveries projected under the 2021/25 Strategic Plan.
- Overheads increased by 32% to €38.7m, driven by the need to add resources to enable delivery of the targets committed to and the launch of the Company's Digital Strategy Plan, which will make all of its processes more efficient and enable it to reach out to its customers in a new and higher-impact manner.
- EBITDA was a significant 12% higher year on-year, at €148.9m, implying a margin of 19.5%, which is very close to the targeted margin of 20%.
- Financing costs increased by 39% to €19.8m, due to the change in financing structure, with more long-term, fixed rate corporate debt and the borrowing cost incurred on developments after completion.

- €93.1m in net profit lifts ROE² to 9.5%, (up from 8.6% in FY 2020/21).

ii) Financial structure

(€m)	31 March 2022	31 March 2021	31 March 2020	Change vs Mar 2021	Change vs Dec 2020
(A) Secured debt	106.3	169.4	139.1	(63.1)	(32.8)
(B) Corporate debt	363.1	188.2	212.1	174.9	151.0
Syndicated Loan + ICO	-	131.5	150.0	(131.5)	(150.0)
Commercial paper programme (MARF)	38.1	56.7	62.1	(18.6)	(24.0)
High Yield Bond (with guarantee)	325.0	-	-	325.0	325.0
(C) Amortised cost-IFRS	(10.4)	(5.3)	(4.7)	(5.1)	(5.7)
(D) Gross Financial Debt (A+B+C)	459.0	352.3	346.5	106.7	112.5
(E) Available cash	185.7	123.5	86.1	62.2	99.6
Net Financial Debt (D-E)	273.3	228.8	260.4	44.5	12.9
(F) Cash tied to developments	54.3	62.6	50.1	(8.3)	4.2
TOTAL CASH (E+F)	240.0	186.2	136.1	53.8	103.9

As of March 31, 2022, the group's Net Financial Debt totalled €273m, up €44.5m over the year due an increase in corporate debt €174.9m.

	31 March 2022	31 March 2021	31 March 2020
LTC ¹	18.0%	16.4%	19.9%
LTV ²	13.2%	12.0%	13.3%
Net financial debt / EBITDA	1.8x	1.7x	4.0x
Average cost of debt	3.61%	2.83%	2.87%
Interest coverage	7.6x	9.4x	5.4x

(1) Calculated as Net Financial Debt divided by inventory

(2) Calculated as Net Financial Debt divided by total GAV

- Slight increase in leverage in terms of NFD/EBITDA and LTV ratio due to significant land investment, growing volume of activity and dividend payment.
- Careful management ensures low leverage rates are maintained, despite scaled-up activity levels.
- Increase in average cost of debt due to new capital structure, with greater weight of fixed-rate debt and longer repayment terms.

b) Cash Flow

² Calculated as operating profit divided by average equity

(€m)	FY 2021/22	FY 2020/21	Change
Group profit before tax	125.0	113.5	11.5
Adjustments for finance income/costs	19.8	14.2	5.6
Net finance cost	31.6	27.1	4.5
Borrowing costs capitalised in inventories	(11.8)	(12.0)	0.7
Change in fair value of financial instruments and exchange differences	0.0	(0.4)	0.4
Share of profit/(loss) of associates	(0.4)	0.4	(0.8)
Asset impairment losses (net)	1.3	2.9	(2.9)
EBIT	145.7	128.2	17.5
Depreciation/amortisation and impairment charges	3.2	4.9	(1.7)
EBITDA	148.9	133.2	15.7
Other adjustments to profit	3.5	(22.5)	26.0
Other cash used in operating activities	(28.2)	(13.7)	(14.5)
Change in working capital excluding land purchases/sales	55.4	(88.4)	143.8
Change in working capital derived from land purchases/sales	(169.7)	(63.2)	(106.5)
(A) Net cash used in operating activities	9.9	(54.5)	64.4
Investments in group companies and associates	(55.0)	(3.2)	(51.8)
Investments in other PP&E and intangible assets	(2.9)	(1.1)	(1.8)
Investments in other financial assets	(7.4)	-	-
Proceeds from the sale of investments in group companies and associates	2.4	-	-
Proceeds from the sale of other financial assets	20.5	-	-
(B) Net cash used in investing activities	(42.4)	(4.3)	(38.1)
Repurchase/sale of own shares	(14.2)	(24.3)	10.1
Issuance and repayment of borrowings	198.8	133.1	65.7
Dividends and payments on other equity instruments	(98.3)	-	-
(C) Net cash from financing activities	86.3	108.9	(22.6)
Net increase in cash and cash equivalents (A+B+C)	53.9	50.1	3.8

Source: Company Management Report.

- Cash and cash equivalents stood at €186.2m at March 31, 2021. At March 31, 2022, that figure had risen by €53.9m to €240.0m. That increase is attributable to net cash inflows from operating activities of €9.9m, net cash outflows from investing activities of €42.4m and net inflows from financing activities of €86.3m.
- The inflows from operating activities were mainly attributable to the €125.8m increase in the balance of inventories, the €18.5m increase in trade receivables and other current assets and the €84.4m increase in customer down payments, in line with the Company's strong sales momentum.
- The main drivers of the net cash used in investing activities - of €42.4m – were the investment in Áurea Homes (payment of €49.5m) and a cash inflow of €20.5m as a result of the cancellation of term deposits.
- As for the net cash flows from financing activities, in FY 2021/22, AEDAS Homes adapted its financing structure, taking out the €100.0m syndicated loan with the proceeds from the issuance of the €325.0m green bonds due August 2026.

3. FULL NAME OF THE SECURITIES ISSUE

AEDAS HOMES 2022 Commercial Paper Notes Program.

4. RESPONSABILITY OF THE INFORMATION

Mr. David Martínez Montero, on behalf of AEDAS Homes, as Chief Executive Officer (*Consejero Delegado*) and expressly authorized, hereby assumes responsibility for the content of the Information Memorandum (*Documento Base Informativo*).

Mr. David Martínez Montero is expressly authorized to grant any public or private documents as may be necessary for the proper processing of the Notes by virtue of the resolutions adopted by the Issuer's general shareholders meeting on 11 September 2017 and by the Issuer's board of directors on 29 April 2019.

Mr. David Martínez Montero hereby declares that the information contained in the Information Memorandum (*Documento Base Informativo*) is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect the content.

5. FUNCTIONS OF THE REGISTERED ADVISOR (*ASESOR REGISTRADO*) OF MARF

PKF Attest Servicios Empresariales, S.L. is a limited liability company (*sociedad de responsabilidad limitada*) with taxpayer identification code B-95221271, registered at the Commercial Register of Bizkaia in Volume 4205, Page 122, Sheet BI-34713, with registered office at Bilbao, Alameda de Recalde 36 ("**PKF Attest**" or the "**Registered Advisor**").

PKF Attest is admitted as registered advisor (*asesor registrado*) company of MARF pursuant to the resolutions of the board of directors of AIAF Fixed-Income Market published by means the Operating Statement 14/2014, of 12 November, on the admission (*incorporación*) of registered advisors to the Alternative Fixed Income Market.

PKF Attest has been designated as registered advisor (*asesor registrado*) of the Issuer. As a consequence of such designation, PKF Attest shall enable the Issuer to comply with the obligations and responsibilities to be assumed on incorporating its issues into the multilateral trading system, MARF, acting as specialist liaison between MARF and the Issuer, and as a means to facilitate the insertion and development of the issues of Notes under the securities trading regime.

PKF Attest shall provide the MARF with periodic information required by this party and the MARF, to its term, may obtain whatever information it requires from this party with regard to the actions it carries out and with its corresponding obligations. To this end, it may perform as many actions as required, where appropriate, to verify the information that has been provided.

The Issuer shall have, at any moment, a designated registered advisor filed with the "MARF Registered Advisors Registry" (*Registro de Asesores Registrados del Mercado*).

PKF Attest, as registered advisor (*asesor registrado*) of the Issuer, will provide advisory services to the Issuer (i) on the admission (*incorporación*) to the MARF of the Notes to be issued under the aegis of the AEDAS HOMES 2022 Commercial Paper Notes Program, (ii) on compliance with whatsoever obligations and responsibilities that correspond to the Issuer for taking part on the MARF, (iii) on compiling and presenting the financial and business information required by the same, and (iv) in order to ensure that the information complies with such regulatory requirements.

In relation to the admission (*incorporación*) of the Notes into MARF, PKF Attest, as

registered advisor (*asesor registrado*) of the Issuer:

- (i) has verified that the Issuer complies with the requirements of the MARF regulations for admission (*incorporación*) of the Notes into this market;
- (ii) has assisted the Issuer in drawing up the Information Memorandum (*Documento Base Informativo*);
- (iii) has revised all of the information that the Issuer has provided to MARF in accordance with the application for admission (*incorporación*) of the Notes into MARF; and
- (iv) has verified that the information provided to MARF by the Issuer complies with all the regulatory requirements and does not leave out any relevant information that could lead to confusion among potential investors.

Once the Notes are admitted (*incorporados*) into MARF, PKF Attest, as registered advisor (*asesor registrado*) of the Issuer, will:

- (i) verify the information that the Issuer prepares and send this information to MARF on a periodic or one-off basis and will verify that this information complies with all the requirements concerning content and deadlines set out in the regulations;
- (ii) advise the Issuer on any events that could affect compliance with the obligations assumed by this party at including its Notes on the MARF. It will also provide advice on the best way of treating these events to avoid breach of such obligations;
- (iii) report any events to the MARF that could represent a breach by the Issuer of its obligations, in case it notices any potential and relevant breach that had not been rectified following notification; and
- (iv) manage, deal with and respond to inquiries and requests for information from the MARF with regard to the Issuer's situation, progress of the activity, the level of compliance with its obligations and any other data that the MARF deems relevant.

For the foregoing purposes, PKF Attest, as registered advisor (*asesor registrado*) of the Issuer, will perform the following actions:

- (i) it will maintain regular and necessary contact with the Issuer and will analyse any exceptional situations that could arise concerning the price trend, trading volumes and other relevant circumstances surrounding the trading of the Notes;
- (ii) it will sign the declarations which, in general, have been set out in the regulations, as a consequence of including the Notes on the MARF, as well as with regard to the information required from companies that have securities on this market; and
- (iii) as expeditiously as possible, it will forward the communications received in response to inquiries and requests for information to the MARF.

6. TOTAL AMOUNT OF THE SECURITIES ISSUED

The maximum nominal amount of the Aedas Homes 2022 Commercial Paper Notes Program will be one hundred and fifty million euros (€150,000,000) (the "**Program**").

This amount is understood to be the maximum outstanding amount to which the aggregate nominal value of the Notes in circulation—issued under the Program and

admitted (*incorporados*) to the MARF by virtue of the Information Memorandum (*Documento Base Informativo*) — shall be limited at any given point in time.

7. DESCRIPTION OF THE TYPE AND CLASS OF SECURITIES. NOMINAL VALUE

The Notes are discounted securities that represent a debt for the Issuer, accrue interest and are reimbursable for its nominal value on maturity.

An ISIN Code (International Securities Identification Number) will be assigned to each issue of the Notes with the same maturity.

Each Notes will have a nominal value of one hundred thousand euros (€100,000), meaning that the maximum number of securities in circulation at any given time cannot exceed one thousand five hundred (1,500).

8. STRUCTURING OF THE NOTES ISSUED IN ACCORDANCE WITH THE INFORMATION MEMORANDUM AS SUSTAINABILITY-LINKED INSTRUMENTS

The International Capital Markets Association (ICMA) describes the five basic components of the Sustainability-Linked Bond Principles (“SLBP”) (i) selection of the key performance indicators (KPIs); (ii) calibration of the sustainability performance targets; (iii) bond characteristics; (iv) reporting; and (v) verification.

The sustainability-linked instruments are defined as instruments whose financial and/or structural characteristics may vary depending on whether or not the issuer attains certain predefined Sustainability or ESG targets.

The SLB principles are voluntary process guidelines that recommend transparency and the reporting of the use of the funds obtained and encourage integrity in the performance of the financing market linked to sustainability.

To consult further information regarding the SLB principles and sustainability-linked financing instruments, see the Q&A documents available on the ICMA website.

(<https://www.icmagroup.org/green-social-and-sustainability-bonds/questions-andanswers/>).

AEDAS Homes will approve its reference regulatory framework for the sustainability-linked financing describing the rules that govern the issues of sustainable debt by the Issuer. In this regard, a highly regarded independent third-party expert will review those governing rules and confirm if (i) the Reference Regulatory Framework for the Issuer’s sustainability-linked financing is in line with the SLB principle; and if (ii) it offers reasonable assurance (which is the highest level of assurance) regarding Issuer’s commitments and the contribution of the sustainability-linked instruments. The final approval reference regulatory framework for the sustainability-linked financing by AEDAS Homes and the corresponding opinion of the independent third-party expert will be communicated by AEDAS Homes to the MARF via supplement to the Information Memorandum for the appropriate purposes.

9. APPLICABLE LEGISLATION AND JURISDICTION GOVERNING THE SECURITIES

The Notes will be issued in accordance with Spanish legislation applicable to the Issuer and to the Notes. More specifically, the Notes will be issued in accordance with the Spanish Companies Act, the Securities Market Act, and their respective implementing or concordant regulations.

Jurisdiction over any dispute which may arise in relation to the Notes shall correspond exclusively to the Courts and Tribunals of the city of Madrid.

10. REPRESENTATION OF THE SECURITIES THROUGH BOOK ENTRY FORM (ANOTACIONES EN CUENTA)

The Notes to be issued under the Program will be represented by book entry form (*anotaciones en cuenta*), as set out in the mechanisms for trading on the MARF to which admission (*incorporación*) of the securities will be sought.

IBERCLEAR, with registered office in Madrid, Plaza de la Lealtad, 1, will be in charge of the accounting records, together with its participating entities, pursuant to the provisions of article 8.3 of the Securities Market Act and Royal Decree 878/2015 of October 2 on the clearing, settlement and registration of marketable securities represented by book entry forms (*anotaciones en cuenta*), on the legal regime governing central securities depositories and central counterparties and on transparency requirements of issuers of securities admitted to trading on an official secondary market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*), as amended by Royal Decree 827/2017 of September 1 and Royal Decree 1464/2018 of December 21, by which the Royal Decree 878/2015 of October 2 is modified.

11. CURRENCY OF THE ISSUE

The Notes to be issued under the Program will be in euros.

12. CLASSIFICATION OF THE SECURITIES: ORDER OF PRIORITY

The Notes are secured by no in rem guarantees or third parties. The capital and interest of the Notes are secured on the Issuer's entire assets.

According to the classification and order of priority of debt claims laid down in the Insolvency Law, claims relating to the Notes (which are not subordinated pursuant to Article 281.1 of the Insolvency Law) will be ordinary claims (*créditos ordinarios*). Those ordinary claims will rank below creditors with privilege (*créditos privilegiados*) and above subordinated credits (*créditos subordinados*) (unless they can be classed as such under Article 281 of the Insolvency Law,) and would not have any preference among them.

13. DESCRIPTIONS OF THE RIGHTS INHERENT TO THE SECURITIES AND THE PROCEDURE FOR EXECUTING THESE RIGHTS. METHODS AND DEADLINES FOR PAYMENT OF THE SECURITIES AND HANDOVER OF THE SAME

Pursuant to the currently applicable legislation, the Notes will afford the investor by which it is acquired no present and future voting rights over the Issuer.

The economic and financial rights of the investor associated to the acquisition and holding of the Notes will be those arising from the conditions of the interest rate, yields and redemption prices with which they are issued and which are set out in sections 14, 15, and 17.

The payment date for the Notes to be issued under the Program will be the same date as the issue itself, and the effective value of the Notes will be paid to the Issuer by Banco Santander, S.A., Banco de Sabadell, S.A., Fidentiis Equities S.V., S.A. and Norbolsa S.V.,

S.A. (as dealers) or by the investor, as the case maybe, through the payment agent of the Issuer into the account specified under the payment agency agreement on each date of issue.

Banco Santander, S.A., Banco de Sabadell, S.A., Fidentiis Equities S.V., S.A. and Norbolsa S.V., S.A. (as dealers) or the Issuer, as appropriate, could issue a nominative and non-negotiable certificate of acquisition. This document will provisionally substantiate the subscription of the Notes until the appropriate book entry form (*anotación en cuenta*) is made, and will grant the holder the right to request the pertinent certificate of legitimation (*certificado de legitimación*).

In addition, the Issuer will notify the payment to MARF and to IBERCLEAR through the corresponding certificate.

14. ISSUE DATE. PROGRAM VALIDITY

The Program will be in force for one year from the date of approval of the Information Memorandum (*Documento Base Informativo*) by the MARF.

As this is a continuous type of Program, the Notes may be issued, subscribed and admitted (*incorporados*) on any day during the validity period of the same. However, the Issuer reserves the right not to issue new securities when it deems such action appropriate, pursuant to the cash needs of the Issuer or because it has found more advantageous conditions of funding.

The issue date and disbursement date of the Notes will be indicated in the complementary certificates (*certificaciones complementarias*) corresponding to each issue. The date of issue, disbursement and admission (*incorporación*) of the Notes may not be subsequent to the expiry date of the Information Memorandum (*Documento Base Informativo*).

15. NOMINAL INTEREST RATE. INDICATION OF THE YIELD AND CALCULATION METHOD

The annual nominal interest rate for the Notes will be set in each issue.

The Notes will be issued under the Program at the interest rate agreed by and between each Dealer (as this term is defined under section 15 below) or the investors and the Issuer. The yield will be implicit in the nominal value of the Notes, to be reimbursed on the maturity date.

The interest rate at which the Dealers transfer the Notes to third parties will be the rate freely agreed by and between the relevant Dealer with the interested investors.

As these are discounted securities with an implicit rate of return, the cash amount to be paid out by the investor varies in accordance with the issue interest rate and period agreed.

Thus the cash amount of the Notes may be calculated by applying the following formulas:

- When securities are issued for a maximum term of 365 days:

$$E = \frac{N}{1 + i_n \frac{n}{365}}$$

- When securities are issued for more than 365 days:

$$E = \frac{N}{(1 + i_n)^{n/365}}$$

Whereby:

N= nominal amount of the Notes

E = cash amount of the Notes

n = number of days of the period to maturity

i_n = nominal interest rate, expressed as an integer value

A table is included to help the investor, specifying the cash value tables for different rates of interest and redemption periods, and there is also a column showing the variation of the effective value of the Notes by increasing the period of this by 10 days.

EFFECTIVE VALUE OF A €100.000 NOTIONAL NOTE

(Less than one year term)

Nominal rate (%)	7 DAYS			14 DAYS			30 DAYS			60 DAYS		
	Suscription price (euros)	IRR/AER R (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.995,21	0,25	-6,85	99.990,41	0,25	-6,85	99.979,46	0,25	-6,85	99.958,92	0,25	-6,84
0,50	99.990,41	0,50	-13,69	99.980,83	0,50	-13,69	99.958,92	0,50	-13,69	99.917,88	0,50	-13,67
0,75	99.985,62	0,75	-20,54	99.971,24	0,75	-20,53	99.938,39	0,75	-20,52	99.876,86	0,75	-20,49
1,00	99.980,83	1,00	-27,38	99.961,66	1,00	-27,37	99.917,88	1,00	-27,34	99.835,89	1,00	-27,30
1,25	99.976,03	1,26	-34,22	99.952,08	1,26	-34,20	99.897,37	1,26	-34,16	99.794,94	1,26	-34,09
1,50	99.971,24	1,51	-41,06	99.942,50	1,51	-41,03	99.876,86	1,51	-40,98	99.754,03	1,51	-40,88
1,75	99.966,45	1,77	-47,89	99.932,92	1,76	-47,86	99.856,37	1,76	-47,78	99.713,15	1,76	-47,65
2,00	99.961,66	2,02	-54,72	99.923,35	2,02	-54,68	99.835,89	2,02	-54,58	99.672,31	2,02	-54,41
2,25	99.956,87	2,28	-61,55	99.913,77	2,27	-61,50	99.815,41	2,27	-61,38	99.631,50	2,27	-61,15
2,50	99.952,08	2,53	-68,38	99.904,20	2,53	-68,32	99.794,94	2,53	-68,17	99.590,72	2,53	-67,89
2,75	99.947,29	2,79	-75,21	99.894,63	2,79	-75,13	99.774,48	2,78	-74,95	99.549,98	2,78	-74,61
3,00	99.942,50	3,04	-82,03	99.885,06	3,04	-81,94	99.754,03	3,04	-81,72	99.509,27	3,04	-81,32
3,25	99.937,71	3,30	-88,85	99.875,50	3,30	-88,74	99.733,59	3,30	-88,49	99.468,59	3,29	-88,02
3,50	99.932,92	3,56	-95,67	99.865,93	3,56	-95,54	99.713,15	3,56	-95,25	99.427,95	3,55	-94,71
3,75	99.928,13	3,82	-102,49	99.856,37	3,82	-102,34	99.692,73	3,82	-102,00	99.387,34	3,81	-101,38
4,00	99.923,35	4,08	-109,30	99.846,81	4,08	-109,13	99.672,31	4,07	-108,75	99.346,76	4,07	-108,04
4,25	99.918,56	4,34	-116,11	99.837,25	4,34	-115,92	99.651,90	4,33	-115,50	99.306,22	4,33	-114,70
4,50	99.913,77	4,60	-122,92	99.827,69	4,60	-122,71	99.631,50	4,59	-122,23	99.265,71	4,59	-121,34

EFFECTIVE VALUE OF A €100.000 NOTIONAL NOTE

(Less than one year term)

(Equal to one year term)

(More than one year term)

Nominal rate (%)	90 DAYS			180 DAYS			365 DAYS			731 DAYS		
	Suscription price (euros)	IRR/AER (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)	Suscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.938,39	0,25	-6,84	99.876,86	0,25	-6,83	99.750,62	0,25	-6,81	99.501,19	0,25	-6,81
0,50	99.876,86	0,50	-13,66	99.754,03	0,50	-13,63	99.502,49	0,50	-13,56	99.006,10	0,50	-13,53
0,75	99.815,41	0,75	-20,47	99.631,50	0,75	-20,39	99.255,58	0,75	-20,24	98.514,69	0,75	-20,17
1,00	99.754,03	1,00	-27,26	99.509,27	1,00	-27,12	99.009,90	1,00	-26,85	98.026,93	1,00	-26,72
1,25	99.692,73	1,26	-34,02	99.387,34	1,25	-33,82	98.765,43	1,25	-33,39	97.542,79	1,25	-33,19
1,50	99.631,50	1,51	-40,78	99.265,71	1,51	-40,48	98.522,17	1,50	-39,87	97.062,22	1,50	-39,58
1,75	99.570,35	1,76	-47,51	99.144,37	1,76	-47,11	98.280,10	1,75	-46,29	96.585,19	1,75	-45,90
2,00	99.509,27	2,02	-54,23	99.023,33	2,01	-53,70	98.039,22	2,00	-52,64	96.111,66	2,00	-52,13
2,25	99.448,27	2,27	-60,93	98.902,59	2,26	-60,26	97.799,51	2,25	-58,93	95.641,61	2,25	-58,29
2,50	99.387,34	2,52	-67,61	98.782,14	2,52	-66,79	97.560,98	2,50	-65,15	95.175,00	2,50	-64,37
2,75	99.326,48	2,78	-74,28	98.661,98	2,77	-73,29	97.323,60	2,75	-71,31	94.711,79	2,75	-70,37
3,00	99.265,71	3,03	-80,92	98.542,12	3,02	-79,75	97.087,38	3,00	-77,41	94.251,96	3,00	-76,30
3,25	99.205,00	3,29	-87,55	98.422,54	3,28	-86,18	96.852,30	3,25	-83,45	93.795,46	3,25	-82,15
3,50	99.144,37	3,55	-94,17	98.303,26	3,53	-92,58	96.618,36	3,50	-89,43	93.342,27	3,50	-87,93
3,75	99.083,81	3,80	-100,76	98.184,26	3,79	-98,94	96.385,54	3,75	-95,35	92.892,36	3,75	-93,64
4,00	99.023,33	4,06	-107,34	98.065,56	4,04	-105,28	96.153,85	4,00	-101,21	92.445,69	4,00	-99,28
4,25	98.962,92	4,32	-113,90	97.947,14	4,30	-111,58	95.923,26	4,25	-107,02	92.002,23	4,25	-104,85
4,50	98.902,59	4,58	-120,45	97.829,00	4,55	-117,85	95.693,78	4,50	-112,77	91.561,95	4,50	-110,35

Given the diversity of the issue rates that are forecast to be applied throughout the term of the Program, we cannot predetermine the resultant return for the investor (IRR). In any case, it will be determined, for Notes up to 365 days, with the formula detailed below:

$$IRR = \left[\left(\frac{N}{E} \right)^{\frac{365}{d}} - 1 \right]$$

in which:

IRR= Effective annual interest rate, expressed as an integer value

N= Nominal amount of the Notes

E = Cash amount at the time of subscription or acquisition

d = Number of calendar days between the date of issue (inclusive) and the date of maturity (exclusive)

IRR will be the annual interest of the Notes described in this section for periods of time longer than 365 days.

16. DEALERS, PAYING AGENT AND DEPOSITARY ENTITIES

16.1 Dealers

The initial dealers of the Program (jointly, the “**Dealers**”) are:

Banco Santander, S.A.

Tax Identification Number: A-39000013

Address: Paseo de Pereda, 9-12, 39004 Santander

Banco de Sabadell, S.A.

Tax Identification Number: A-08000143

Address: Avenida Óscar Esplá, 37, 03007 Alicante

Bestinver S.V., S.A.

Tax Identification Number: A-83563767

Address: Calle Velázquez 140, 2º Derecha, 28006 Madrid

Norbolsa S.V., S.A.

Tax Identification Number: A-48403927

Address: Plaza Euskadi, 5, planta 26 de Torre Iberdrola, 48009 Bilbao

The Issuer and each of the Dealers have executed a placement agreement for the Program for placement of the Notes, which includes the possibility of selling to third parties.

The Issuer reserves the right at any time to vary or terminate the relation with any of the Dealers in accordance with the corresponding placement agreement and to appoint a successor Dealer and additional or successor Dealers. Notice of any change in the dealer shall promptly be communicated, if applicable, to MARF by means of the corresponding other relevant information notice (*comunicación de otra información relevante*).

16.2 Paying Agent

Acting under the paying agency agreement and in connection with the Notes, the paying agent acts solely as agent of the Issuer, and does not assume any obligations towards or relationship of agency or trust for or with any of the holders of the Notes (the “**Paying Agent**”).

The initial Paying Agent is Banco Santander, S.A.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent in accordance with the corresponding paying agency agreement and to appoint a successor agent provided, however, that the Issuer shall at all times maintain a single Paying Agent. Notice of any change in the Paying Agent shall promptly be communicated, if applicable, to MARF by means of the corresponding addendum to the issue document (*adenda al documento de emisión*).

16.3 Depositary entities

Although IBERCLEAR will be the entity entrusted with the book-keeping (*registro contable*) of the Notes, the Issuer has not designated a depositary entity for the Notes. Each subscriber may designate, from among the participants in IBERCLEAR, which entity to deposit the securities with Holders of the Notes who do not have, directly or indirectly through their custodians, a participating account with IBERCLEAR may participate in the Notes through bridge accounts maintained by each of Euroclear Bank, SA/NV and Clearstream Banking, Société Anonyme, Luxembourg.

17. REDEMPTION PRICE AND PROVISIONS CONCERNING MATURITY OF THE SECURITIES. DATE AND METHODS OF REDEMPTION

The Notes to be issued under Program will be redeemed for their nominal value on the date given in the document proving acquisition. Where appropriate, the corresponding withholding at source will be applicable.

As they are expected to be included for trading on the MARF, the redemption of the Notes will take place pursuant to the operating rules of the clearance system of said market. To this end, the Paying Entity, shall pay, on the maturity date, the nominal amount of the Notes to the legitimate holder of the same, accepting no liability whatsoever vis-à-vis reimbursement by the Issuer of the Notes on the maturity thereof.

If reimbursement falls on a non-business day in accordance with the TARGET 2 calendar (Trans European Automated Real-Time Gross Settlement Express

Transfer System), reimbursement will be deferred to the first subsequent business day. Neither of the aforementioned will have any effect whatsoever on the amount to be paid.

18. VALID DEADLINE WITHIN WHICH REIMBURSEMENT OF THE PRINCIPAL MAY BE CLAIMED

Pursuant to the provisions set out in article 1,964 of the Spanish Civil Code, reimbursement of the nominal value of these securities will no longer be callable five years after maturity thereof.

19. MINIMUM AND MAXIMUM ISSUE PERIOD

During the validity of the Information Memorandum (*Documento Base Informativo*), the Notes may be issued with a redemption period of between three business days (3) and seven hundred and thirty calendar days (730) (that is, twenty four months).

20. EARLY REDEMPTION

The Notes will not include an early redemption option either for the Issuer (*call*) or for the holder of the Notes (*put*). Notwithstanding the foregoing, the Notes may be redeemed early providing that, on whatsoever grounds; they are in the legitimate possession of the Issuer.

21. RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES

In accordance with current legislation, there are no specific or general restrictions on the free transferability of the Notes to be issued.

22. TAXATION OF THE SECURITIES

In accordance with legislation in force, the Notes are classified as financial assets with implicit yield. Income resulting from the Notes is considered to be income from movable capital, and subject to Personal Income-tax (the “**PIT**”), Corporate Income Tax (the “**CIT**”) and Non-residents Income-tax (the “**NRIT**”) and to its withholding system, under the terms and conditions set out in the respective regulatory laws and other rules that implement said laws.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of the Information Memorandum:

- Law 35/2006, of 28 November, governing Personal Income-tax and partial amendment of the laws on Corporate Tax, Non-residents Income-tax and Wealth (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (the “**PIT Law**”), as well as those contained in articles 74 *et seq* of Royal Decree 439/2007, of 30 March, which approves the Regulation on Personal Income-tax and modifies the Regulations on Pension Funds and Plans approved through Royal Decree 304/2004, of 20 February (*Real Decreto 439/2007, de*

30 de marzo, por el que se aprueba el Reglamento del Impuesto sobre la Renta de las Personas Físicas y se modifica el Reglamento de Planes y Fondos de Pensiones, aprobado por Real Decreto 304/2004, de 20 de febrero).

- Law 27/2014, of 27 November, of the Corporate Income Tax Law (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the “**CIT Law**”) as well as articles 60 *et seq* of the Corporate Income Tax Regulations approved through Royal Decree 634/2015, of 10 July (*Reglamento del Impuesto sobre Sociedades aprobado por el Real Decreto 634/2015, de 10 de julio*).
- Royal Legislative Decree 5/2004, of 5 March, which approves the recast text of the Non-residents Income Tax Law (*Real Decreto Legislativo 5/2004, de 5 de marzo, por el que se aprueba el texto refundido de la Ley del Impuesto sobre la Renta de no Residentes*) and those contained in Royal Decree 1776/2004 of July 30, 2004 which approves the regulations in respect of Non-residents Income Tax (*Real Decreto 1776/2004, de 30 de julio por el que se aprueba el Reglamento del Impuesto sobre la Renta de no residentes*).

All the above, without prejudice to any regional tax regimes which may be applicable, particularly those corresponding to the historic territories of the Basque Country and the Regional Community of Navarre, or any other regimes that could be applicable due to the particular circumstances of the investor.

As a general rule, in order to dispose of or obtain reimbursement of financial assets with implicit yield that are subject to withholding at the time of the transfer, redemption or reimbursement, prior acquisition of the same as well as the transaction price must be evidenced by a public notary or the financial institutions obliged to withhold. The financial institutions through which the payment of interest is made or which intervene in the transfer, redemption or reimbursement of the securities are obliged to calculate the yield attributable to the securities holder and notify this to both the holder of the security and the Tax Authorities. The Tax Authorities must also be provided with the data of those persons involved in the aforementioned transactions.

Likewise, ownership of the Notes is subject, if applicable, to Wealth Tax and the Inheritance and Gift Tax on the date of accrual of said taxes, by virtue of the provisions set out in regulations in force in each case.

In any case, given that this summary is not a thorough description of all the tax considerations, we recommend investors to consult with their own legal or tax advisors, who may render tailored advice in view of their specific circumstances. Additionally, investors and potential investors should take into consideration the changes in legislation or interpretation criteria's that may take place in the future.

Investors that are individuals with tax residence in Spain

Personal Income Tax

Generally, income from movable capital obtained from the Notes (*pagarés*) by individuals that are tax resident in Spain is subject to withholding tax at the current

rate of 19%. The withholding carried out may be deducted against the PIT's payable amount, giving rise, where appropriate, to the tax returns provided for in the current legislation.

Furthermore, the difference between the asset's subscription or acquisition value and its transfer, redemption, exchange or reimbursement value will be considered as an implicit income from movable capital and will be included in the taxable savings base for the financial year when the sale, redemption or reimbursement takes place. Tax will be paid at the rate in force from time to time, which for the year 2021 is at 19% up to €6,000, 21% from €6,000.01 up to €50,000, 23% from €50,000.01 up to €200,000 and 26% from 201,000.01 upwards.

In order to transfer or reimburse the assets, the prior acquisition of the same must be evidenced by public notaries or financial institutions obliged to withhold, as well as the transaction price. The issuer shall not reimburse when the holder fails to substantiate such status through the corresponding certificate of acquisition.

In the case of income obtained through the transfer, the financial institution acting on behalf of the transferring party will be obliged to withhold.

In the case of income obtained from the reimbursement, the issuer or the financial institution responsible for the transaction will be required to withhold.

Moreover, to the extent that the securities are subject to the special tax regime contained in Additional Provision One of Law 10/2014, of 26 June, governing the legal system, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (the "**Law 10/2014**"), the reporting obligations set out in article 44 of Royal Decree 1065/2007, of 27 July, will be applicable to securities issued at a discount for a period of 12 months or less.

In the case that the First Additional Disposition of Law 10/2014 is non-applicable, or if it does apply, the repayment period for the securities is greater than twelve months, then general information obligations shall be applicable.

Wealth Tax

Individuals with tax residency in Spain will be subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December each year, the applicable rates ranging between 0.2 per cent and 3.5 per cent, without prejudice to the specific legislation approved, where appropriate, by each Autonomous Community.

Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax

rates can range between 0 per cent and 81.6 per cent subject to any specific regional rules, depending on relevant factors.

Investors that are entities with tax residence in Spain

Corporate Income Tax

Income obtained by CIT taxpayers arising from these financial assets is exempt from withholding tax providing that the Notes (i) are represented by book-entry form (*anotaciones en cuenta*) and (ii) are traded in a Spanish official secondary market of securities, or MARF. If the exemption is not applicable, such withholding will be made at the rate currently in force of 19%. The withholding carried out may be credited against the CIT payable tax amount.

The procedure for applying the exemption described in the previous paragraph will be the one set out in the Order of 22 December 1999.

The financial institutions that take part in the transfer or reimbursement transactions will be obliged to calculate the yield attributable to the securities holder and to inform this to both the holder as well as the Tax Authorities.

Notwithstanding the foregoing, to the extent that the securities are subject to the special tax regime contained in Additional Provision One of Law 10/2014, of 26 June, governing the legal system, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (the "**Law 10/2014**"), the reporting obligations set out in article 44 of Royal Decree 1065/2007, of 27 July, in the wording given to it by Royal Decree 1145/2011, of 29 July, will be applicable to securities issued at a discount for a period of 12 months or less.

Wealth Tax

Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

Legal entities do not pay Inheritance and Gift Tax.

Investors that are not tax resident in Spain

Non-residents income-tax for investors not resident in Spain acting through a permanent establishment

Non-resident investors with a permanent establishment in Spain will be subject to a tax regime similar to the one described for investors that are legal entities resident in Spain.

Non-residents income-tax for investors not resident in Spain not acting through permanent establishment

To the extent that the requirements set forth in Additional Provision One of Law 10/2014 are met and that the non-resident investor without permanent establishment accredits its condition, income derived from the Notes will be exempt from NRIT. In the case of Notes issued at a discount for a period of 12 months or less, in order for that exemption to apply, the procedure set forth in article 44 of Royal Decree 1065/2007, of July 27, according to the wording given to it by Royal Decree 1145/2011, of July 29, will be applicable.

In any case, the interest and other income derived from the transfer to third parties of own capital, obtained other than through a permanent establishment, by residents of another Member State of the European Union or by permanent establishments of those residents located in another Member State of the European Union, will be exempt.

If no exemption applies, the income resulting from the difference between the value of redemption, transfer, and reimbursement or exchange of the securities issued under the Program and their subscription or acquisition value, obtained by investors without tax residence in Spain, will generally be subject at the tax rate of 19%, without prejudice to what is established in the tax treaties signed by Spain.

Wealth Tax

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 in respect of each tax year would be subject to Wealth Tax at the applicable rates ranging between 0.2 per cent. and 3.5 per cent., without prejudice to any other exemption that may be applicable.

Notwithstanding, after the Court of Justice of the European Union judgement of September 3rd 2015 (Case C-127/12), individuals that are not resident in Spain for tax purposes but who are resident in an European Union or European Economic Area Member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Inheritance and Gift Tax

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation. The tax rate will range between 0 and 81.6%.

However, if the deceased, heir or the donee are resident in an European Union or European Economic Area member State, depending on the specific situation, the

applicable rules will be those corresponding to the relevant autonomous regions according to the law.

Also, as a consequence of the Judgements of February 19, 2018 and March 21 and 22, 2018, the Supreme Court has declared that the application of state regulations when the deceased, heir or donee is resident outside of a Member State of the European Union or the European Economic Area violates Community law to the free movement of capital, so even in that case it would be appropriate to defend the application of regional regulations in the same cases as if the deceased, heir or donee was resident in a Member State of the European Union. The General Directorate for Taxation has also ruled in accordance with those judgements (V3151-18 and V3193-18).

Disclosure obligations in connection with payments on the Notes

In the event that the requirements and formalities provided for in Law 10/2014 and in article 44, section 4, of RD 1065/2007 are complied with, applicable to the extent that the Notes are originally registered with Iberclear, no withholding tax will be levied on the income derived from the Notes obtained by legal entities subject to PIT and by non-residents in Spanish territory to the extent that certain formalities are complied with.

Among others, the entities that hold the Promissory Notes registered in third party accounts in IBERCLEAR or, where applicable, the entities that manage the securities clearing and settlement systems based abroad that have an agreement signed with IBERCLEAR, must submit to the Issuer, in due time and form, a declaration in accordance with the model that appears as an annex to RD 1065/2007 which, in accordance with what is recorded in their records, contains the following information:

- a) identification of the Notes;
- b) date of payment of the yield (or redemption date if they are Promissory Notes issued at a discount or segregated);
- c) total amount of the yield (or total amount to be repaid, in either case, if they are Notes issued at a discount or in stripped form);
- d) amount of income corresponding to personal income taxpayers; and
- e) the amount of income to be paid in full (or the total amount to be repaid in the case of discounted or stripped promissory notes).

The said declaration must be submitted on the business day prior to the date of each redemption of the Notes, reflecting the situation at the close of business on that same day.

Failure to comply with the requirements to apply Law 10/2014 or article 44 of Royal Decree 1065/2007 and failure to file the return within the aforementioned period will

result in the entire return paid to the holders of the Notes being subject to withholding tax on account of IRNR (currently at the tax rate of 19%).

Without prejudice to the foregoing, and in the event that the withholding is due to the failure to file the return, the holders of the Notes who are legal entities subject to PIT and non-residents may receive a refund of the amount initially withheld provided that the entities obliged to do so send the Issuer the aforementioned return before the 10th day of the month following the month in which the maturity has occurred. In this case, the Issuer shall, as soon as it receives the aforementioned statement, pay the amounts withheld in excess.

If the declaration is not sent to the Issuer within the periods mentioned in the preceding paragraphs, investors who are not resident for tax purposes in Spain and who do not act in relation to the Notes through a permanent establishment in Spain may, where applicable, apply to the Tax Authorities for a refund of the amount withheld in excess, subject to the procedure and declaration form provided for in Order EHA/3316/2010 of 17 December 2010. Potential investors are advised to consult their advisors on the procedure to be followed, in each case, in order to request the aforementioned refund from the Spanish Tax Authorities.

Without prejudice to the foregoing, the Issuer must inform the Tax Authorities of the identity of the IRPF taxpayers and PIT taxpayers who are holders of the Notes issued by the Issuer, as well as IRNR taxpayers who obtain income from such Notes through a permanent establishment located in Spanish territory.

Indirect taxation in the acquisition and transfer of the securities issued

Whatever the nature and residence of the investors, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

23. PUBLICATION OF THE INFORMATION MEMORANDUM (*DOCUMENTO BASE INFORMATIVO*)

The Information Memorandum (*Documento Base Informativo*) will be published on the MARF's website (www.bmerf.es).

24. DESCRIPTION OF THE PLACEMENT SYSTEM AND, WHERE APPROPRIATE, SUBSCRIPTION AND ADMISSION (*INCORPORACIÓN*) OF THE ISSUE

Placement by the Dealers

The Dealers may act as intermediaries in the placement of the Notes, notwithstanding which the Dealers may subscribe Notes on their own behalf.

For these purposes, the Dealers may ask the Issuer on any working day from 10:00h to 14:00h (CET) for quotes of volume and interest rates for potential issuances of

Notes in order to carry out the relevant prospection processes concerning demand among qualified investors and professional clients.

The amount, interest rate, date of issuance and payment, due date and other terms for each issuance so arranged shall be determined by agreement by and between the Issuer and the Dealer(s) concerned in each specific issuance. The terms of these agreements will be confirmed by sending a document setting out the terms of the issue to be remitted by the Issuer to the relevant Dealer.

In the event that an issuance of the Notes is initially subscribed by the Dealers to be subsequently passed on to the final investors, it is stated that the price shall be freely agreed by and between the interested parties and might not coincide with the issue price (i.e. with the cash amount).

Issue and subscription of the Notes directly by investors

It is also possible that final investors having the status of qualified investors and/or professional clients that may subscribe the Notes directly from the Issuer, providing they comply with all current legal requirements.

In such cases, the amount, interest rate, date of issuance and payment, due date and other terms of each issuance so arranged shall be determined by agreement by and between the Issuer and the final investor concerned in each specific issuance.

25. COSTS FOR LEGAL, FINANCIAL AND AUDITING SERVICES AND OTHER SERVICES PROVIDED TO THE ISSUER IN RELATION TO THE EXECUTION OF THE PROGRAM

The costs for all legal, financial and auditing services and other services provided to the Issuer in relation to the execution of the Program amount to approximately fifty thousand euros (50,000€) not including taxes but including the fees of MARF and IBERCLEAR.

26. ADMISSION (*INCORPORACIÓN*)

26.1 Application for admission (*incorporación*) of the securities to the MARF. Deadline for admission (*incorporación*)

An application will be filed for the admission (*incorporación*) of the Notes described in the Information Memorandum (*Documento Base Informativo*) to the MTF known as the Alternative Fixed-Income Market (MARF). The Issuer hereby undertakes to carry out all of the formalities required so that the Notes are listed on the aforementioned market within a deadline of seven business days from the date the Notes are issued under the Program, which is the same as the payment date.

The date of admission (*incorporación*) of the Notes to the MARF must in any event be a date falling within the period for which the Information Memorandum (*Documento Base Informativo*) is valid, and which precedes the respective Notes maturity date.

Under no circumstances will the deadline exceed the maturity of the Notes. In the event of breach of the aforementioned deadline, the reasons for the delay will be notified to MARF and will be published in the webpage of the MARF (by means of the corresponding other relevant information notice (*comunicación de otra información relevante*)). This is without prejudice to any possible contractual liability that may be incurred by the Issuer.

MARF has the legal structure of a MTF, under the terms set out in Article 26 and Article 44 et seq. of RDL 21/2017.

The Information Memorandum (*Documento Base Informativo*) is that required by the Circular 2/2018, and the procedures applicable to the admission and removal on the MARF set out in its own regulations and other applicable regulations.

Neither MARF nor the CNMV nor the Dealers have approved or carried out any kind of check or verification with regard to the content of the Information Memorandum (*Documento Base Informativo*), the audited annual accounts of the Issuer. The intervention of MARF does not represent a statement or recognition of the full, comprehensible and consistent nature of the information set out in the documentation provided by the Issuer.

Potential investors should consider carefully and fully understand the Information Memorandum (*Documento Base Informativo*), prior to making investment decisions with respect to the Notes.

The Issuer hereby expressly states that it is aware of the requirements and conditions demanded for the admission (*incorporación*), permanence and exclusion of the Notes at the MARF, according to current legislation and the requirements of MARF, and hereby agrees to comply with them.

The Issuer hereby expressly places on record that it is aware of the requirements for registration and settlement on IBERCLEAR. The settlements of transactions will be performed through IBERCLEAR.

26.2 Publication of the admission (*incorporación*) of the issues of the Notes

The admission (*incorporación*) of the Notes will be reported on the MARF's website <http://www.bmerf.es>.

27. Liquidity agreement

The Issuer has not signed any liquidity undertaking whatsoever with any entity *vis-à-vis* the Notes to be issued under the Program.

In Madrid, on June 21, 2022.

As the person responsible for the Information Memorandum (*Documento Base Informativo*):

Mr. David Martínez Montero
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ANNEX

CONSOLIDATED ANNUAL ACCOUNTS OF THE ISSUER FOR THE FISCAL YEARS ENDED ON MARCH 31, 2021 AND MARCH 31, 2022

Consolidated annual accounts of the issuer for the fiscal years ended on March 31, 2021:

<https://www.aedashomes.com/en/dam/jcr:303f346c-7404-4ded-b261-fd0cba0bd556/Estados%20Financieros%20Consolidados%20Ingles.pdf>

Consolidated annual accounts of the issuer for the fiscal years ended on March 31, 2022 (pending to be approved by the General Shareholders' meeting of the Issuer at the date of the Information Memorandum):

<https://www.aedashomes.com/es/dam/jcr:c51d66f3-72c1-412f-8885-cd77d1784f52/Cuentas-Anuales-Consolidado-AEDAS-2022.xhtml>