



January 2021

Annual Report 2020: Conflict of Interest and Related Party Transactions

(Governance, Risk and Compliance Area)



Neinor
H O M E S

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Neinor Homes Conflict of Interest and Related Party Transactions

As established in the Spanish Companies Act¹ and in the internal regulations², the Audit and Control Committee must analyze, among other matters, the transactions with related parties carried out by Neinor Homes, in order to submit them to the Board of Directors for its approval. Some of them, due to their materiality and at the discretion of the CAC and the Director of GRC, have been requested and have been submitted for approval together with the corresponding ad hoc report on them.



Model background

- **Conflict of Interest and Related Party Transactions Standard** was approved by the Board of Directors on Sep. 15th, 2015. The last amendment was approved by the Monitoring and Control Committee on Feb. 27th, 2019 and reported to the Board of Directors. The procedure was communicated to the staff and published in the corporate website.
- The **procedure** works as follows:
 - **Continuous communication channel** for related party transactions and conflict of interest.
 - **Every transaction reported is analyzed, recorded and documented** and either approved or denied by GRC Area, that can request assistance from the Head of Legal.
 - **The approval is shared with the one concerned** through a written authorization.
 - **Denied transactions with a material fee or those that requires a final decision are submitted to the Audit and Control Committee** with an executive report of the transaction.
 - Records with all the Conflicts of Interests and Related Party Transactions are kept **by the Governance, Risk and Compliance Area**.
 - **Reporting annually** conflict of interest and related party transactions to the **Audit and Control Committee**.
 - Sending and **receiving a written letter signed by the members of the board of directors with their confirmation** of not being exposed to any conflict of interest nor participated or being aware of any related party transactions.
 - **Analysis of the invoicing received or carried out with companies related** to the board of directors or the management directors.



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❖ Material transactions carried out during 2020

a

1 transaction of asset purchasing by related parties to Neinor employees or staff

Checked market prices, not below business plan. ERP prices unaltered, nor any discount applied over recorded prices. **Authorized transaction, analyzed and recorded by GRC Area.**

b

3 transactions of asset purchasing by the external sale force or by the related parties of external sales force company of Neinor Homes

Checked sale price is adequate with market price. The established order selection of properties has been respected by the sales force company. **Authorized transaction, analyzed and recorded by GRC Area. Also provided training and instructions on the procedures to the Company's sales force by GRC Area.**

c

Transactions related to shareholders/advisors/managers

- **GLOBAL HESPERIDES, S.L.** acquires a portfolio of 72 units in Axial Homes, Bolueta Homes and San Just Homes promotions (Aura Homes and Hacienda Homes for rent) with a value of € 20 m.
 - **GLOBAL HESPERIDES, S.L.** acquires a portfolio of 10 units with its annexes in Aura Homes promotion, for rent, with a value of € 4,2 m.
- Both analyzed and recorded by GRC Area, with their respective independence report prepared by GRC and approved by the Audit and Control Committee.**

❖ Transactions analyzed but not carried out in 2020

d

1 transaction analyzed not carried out

In mid-March **1810 CAPITAL INVESTMENTS, S.L.U.** intends to acquire a portfolio of 30 units with its annexes in Aura Homes promotion with a value of € 12,1 m.

The operation was analyzed by GRC Area, but it was not presented to the CAC because, due to the instability caused by the pandemic, the offer was withdrawn.



Final Assessment 2020

No conflicts of interest nor related party transactions have materialized.

No major risks regarding conflicts of interests and related party transactions within Neinor Group.

Two transactions have been submitted to the Audit and Control Committee for approval.

¹ The regulation referred to is Article 529 ter and Article 529 quaterdecies of Royal Legislative Decree 1/2010, of July 2nd, approving the consolidated text of the Spanish Companies Act.

² The internal regulations referred to are Regulations of the Board of Directors (Article 5.4.xvi), Audit and Control Committee Charter (Article 10.c) and Standard of Conflict of Interest and Related Party Transactions.

Neinor Homes Conflict of Interest and Related Party Transactions. Details of 2020

(Material transactions carried out during 2020)

a

1 transaction of asset purchasing by related parties to Neinor employees or staff

One purchasing transaction performed by the sister of a member of the Neinor Experience team in Amara Homes.

It was checked that the prices were the same as those of the sales rate loaded in the ERP, with no discounts or commissions. GRC Area has approved the transaction.

b

3 transactions of asset purchasing by the external sale force or by the related parties of external sales force company of Neinor Homes

Three purchasing transactions performed by external sale force:

- A Real Estate Agent interested on purchasing an asset from Servicing's portfolio that is a 22% joint venture, that is, the property belongs to several people and Kutxabank only owns 22% of that asset. The value of that 22% owned by Kutxabank is € 31,900.
- An employee of AMAT FINQUES S.L. (our marketer for this promotion) made a purchase transaction of a storage room in Sant Just Homes II in state-subsidized home conditions, where she has previously acquired a home with its annexes, authorized in 2019.
- A Real Estate Agent who is going to market a foreclosed asset from Kutxabank is interested in buying it, despite not having been published as of the date of communication.

In all of them it has been checked that the purchase price was adequate and that ERP prices had not been modified nor any discount applied over recorded prices. GRC Area has approved all the transactions. Regarding the first and last point, GRC requested the express authorization of Kutxabank, which gave its approval, and explained all the details of them, including that the buyers are the Real Estate Agents. Additionally, regarding the unpublished asset of Kutxabank, it has been published for 4 weeks to provide concurrence and publicity.

c

Transactions related to shareholders/ advisors/ managers

We are referring to our relationship and businesses with different companies related to shareholder/advisors/managers that can create a potential conflict of interest:

- **GLOBAL HESPERIDES, S.L.** acquires a portfolio of 72 units in Axial Homes, Bolueta Homes and San Just Homes promotions (Aura Homes and Hacienda Homes for rent) with a value of € 20 m (sale price with a 1.71% discount applied) and with a guaranteed 6% income for 3 years.
- **GLOBAL HESPERIDES, S.L.** acquires a portfolio of 10 units with its annexes in Aura Homes promotion, for rent, with a value of € 4,2 m, under the same conditions as the previous operation, signing an annex to said contract.

GRC Area verified the analysis of all the information, the discount offered, the convenience of the operation and its external and internal characteristics, recalculated the profitability both explicit and implicit, checked the prices and carried out market studies, ... and all of this was reflected in two reports that were forwarded to the CAC who, after reviewing and requesting additional information and the monitoring of the clauses requested by GRC, approved the operations.

(Transactions analyzed but not carried out in 2020)

d

1 transaction analyzed not carried out

We are referring to one transaction analyzed but not carried out:

- **1810 CAPITAL INVESTMENTS, S.L.U.** intends to acquire a portfolio of 30 units with its annexes in Aura Homes promotion with a value of € 12,1 m (sale price with a 5% discount applied).

As in the operations of the previous point, GRC Area verified the analysis of all the information, the discount offered, the convenience of the operation and its external and internal characteristics, recalculated the profitability both explicit and implicit, checked the prices and carried out market studies, ... and reflected it all into a report that was finally not presented to the CAC because the operation fell due to the instability caused by the pandemic.