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*This document, which is not a prospectus, constitutes a document with information describing the transaction and its impact on the issuer as referred to in article 1, sections 4.g) and 5.f), respectively, (the “**Document**”), of Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC (“**Regulation 2017/1129**”), relating to Neinor Homes, S.A. (“**Neinor**” or the “**Company**”). This Document does not require the approval envisaged in article 20 of Regulation 2017/1129 and, therefore, it has not been approved by any authority. All the references made to Neinor or to the Company must be understood as including all the companies that form part of the business group of which Neinor is the parent (hereinafter, the “**Neinor Group**”). This Document is available on the Company's website (www.neinorhomes.com).*



Neinor Homes, S.A.

*The transaction to which this Document refers is the merger through absorption of Quabit Inmobiliaria, S.A. (“**Quabit**”), as the absorbed company, by Neinor, as the absorbing company, with the termination, via dissolution without liquidation, of Quabit, and the transfer of Quabit's assets and liabilities as a whole to Neinor, which will acquire, by universal succession, all the rights and obligations of Quabit (the “**Merger**”). The Merger will take place under the terms envisaged in articles 22 et seq. of Law 3/2009 of 3 April on structural changes to companies (“**Law on Structural Changes to Companies**”).*

*As a result of the Merger, holders of Quabit class A ordinary shares (the “**Quabit Class A Shares**”) will receive shares in Neinor in exchange. The exchange ratio of the shares of Neinor and Quabit as the companies participating in the Merger (each a “**Participating Company**” and together the “**Participating Companies**”) will be of one newly issued share in Neinor, each of a nominal value of 10 euros, of the same characteristics and with the same rights as the existing shares in Neinor at the time of their issue, for every 25.9650 Quabit Class A Shares, of a nominal value of 0.50 each. Neinor will effect the exchange for Quabit Class A Shares via newly issued ordinary shares. To that end, Neinor will increase its share capital by the sum necessary to cover the exchange via the issue and putting into circulation of the number of new ordinary shares required. In accordance with article 304.2 of the consolidated text of the Law on Corporate Enterprises approved by Legislative Royal Decree 1/2010 of 2 July (“**Law on Corporate Enterprises**”), no pre-emptive rights will be provided for current Neinor shareholders, and the subscription of the shares will be reserved for holders of Quabit Class A Shares.*

The maximum number of Neinor shares to be issued to effect the Merger exchange is 5,599,216 ordinary shares in Neinor, each of a nominal value of 10 euros, which represents a capital increase of a maximum nominal sum of 55,992,160 euros plus the corresponding merger premium. The maximum sum of the capital increase may be lower depending on (i) the treasury shares held by Quabit or Quabit Class A Shares that Neinor, where applicable, holds when the Merger becomes effective; or (ii) the delivery, where appropriate, of cash to meet the “odd-lots”. Neinor will request admission to trading for the new shares issued to effect the Merger exchange on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market), and will perform all required legal procedures to that end.

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26 March 2021

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IMPORTANT NOTICE

This Document has not been approved or registered by the Spanish Securities Market Commission (“CNMV”) nor any other supervisory authority in another jurisdiction. In any case, the Document is subject to the Spanish law applicable at the time it is published and it is not aimed at any natural or legal person resident in other jurisdictions.

The ordinary shares of Neinor have not been and are not intended to be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States of America except pursuant to an applicable exemption from the registration requirements of such Act.

THE NOTICE, PUBLICATION OR DISTRIBUTION OF THIS DOCUMENT IN JURISDICTIONS OTHER THAN SPAIN MAY BE RESTRICTED BY LAW AND, THEREFORE, ANY PERSON SUBJECT TO THE LAWS OF ANY JURISDICTION OTHER THAN SPAIN MUST INFORM ITSELF AND OBSERVE THE APPLICABLE REQUIREMENTS.

This Document is solely for information purposes and is not aimed at providing a financial advisory service nor making an offer to sell, subscribe, exchange, acquire or solicitation to acquire any type of securities, financial products or services of Neinor or of any other companies stated in the Document. Any persons acquiring securities of the Participating Companies must do so based on their own judgement or because of the securities' suitability for their purpose and based solely on the information contained in the public documentation drafted and registered by Neinor or Quabit, receiving advice if they consider this necessary or appropriate based on the circumstances.

As referred to in this Document (see *“Risk factors—Risk factors relating to the Merger—This Document includes public information on Quabit, and Neinor has had limited access to the non-public information related to Quabit”*), it is expressly warned that this Document contains information obtained from third parties and public information, whose accuracy, veracity and integrity have not been checked. None of the Neinor directors, managers or employees are implicitly or expressly obligated to guarantee that the information is accurate, precise, full or complete or maintain it updated or correct it in the event of detecting any deficiency, error or omission. Likewise, when reproducing such content through any means, any changes deemed appropriate can be added or the current elements partially or fully omitted and, in the event of a discrepancy with this Document, no liability is assumed by the Company. This statement must be taken into account by all the persons or entities adopting decisions or drafting or disclosing opinions regarding the securities issued by the Company and, in particular, by the analysts and investors who access this Document. They are all warned of the need to consult the public documentation and information disclosed or registered before the CNMV by the Participating Companies.

The information incorporated by reference to this Document may include forward-looking statements, projections, objectives, estimates and forecasts which have not been verified by an independent entity, and the accuracy, completeness or correctness thereof should not be relied upon. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words “may”, “will”, “should”, “plan”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, or the negative of these words or other variations on these words or comparable terminology. All forecasts and other statements that are not statements of historical fact are forward-looking statements that may, or may not, occur or that may materialize in a manner different from that anticipated. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Participating Companies, or industry results, to be materially different from those expected. These factors, among others, refer to the market situation, macroeconomic factors, regulatory and government guidelines; movements in domestic and international stock markets, exchange rates and interest rates; changes in the financial position of the customers, debtors and counterparties, etc. Such factors, together with the risk factors stated in the “Risk factors” section of this Document, may adversely affect the business of the company resulting from the Merger and the behaviour and results described. Other unknown or unpredictable variables, or where there are uncertainties about the performance and potential impacts, may lead to materially different results to those described in the projections and estimates. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Participating Companies and the environment in which they expect to operate in the future, which may not be fulfilled. Previous financial statements and growth rates must not be understood as a guarantee of performance, future results or share performance and price

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(including profit per share). Due to such uncertainties and risks, recipients are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual future results or profits.

They are also warned that this Document contains unaudited financial information. In particular, the information incorporated by reference to this Document contains certain alternative performance measures ("**APMs**") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057), which must be considered as additional information and they do not, in any event, replace the financial information prepared under the International Financial Reporting Standards (the "**IFRS**"). Likewise, the definition and calculation of those measures may differ from other similar measures calculated by other companies and, therefore, they may not be comparable. For details about the APMs used and for the reconciliation of certain management indicators with the indicators shown in the consolidated financial statements prepared under the IFRS check the financial statements of the Participating Companies incorporated by reference to this Document, in accordance with that stated in the "*Explanatory Note*" section. Likewise, the information incorporated by reference to this Document may contain information regarding the industry and market of the Participating Companies or other types, from the internal research and estimates made by the Participating Companies (based on the knowledge and experience of their management teams in the market in which they operate), which have not been audited or reviewed by each Participating Company nor verified, unless otherwise expressly stated, by independent sources. Recipients should not place undue reliance on this information.

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EXPLANATORY NOTE

The Document comprises:

- (i) the information prepared expressly for this Document and contained in its text;
- (ii) the Auditor's (as defined in section 1.3 of this Document) special report on the compilation of the condensed consolidated pro forma financial information of Neinor and Quabit as at 31 December 2020, together with the explanatory notes on the condensed consolidated pro forma financial information as at 31 December 2020 and for the twelve month financial year ended on 31 December 2020, attached as an **Appendix** to this Document; and
- (iii) the following documents, which are incorporated by reference to this Document and are not included as attached documents, together with an indication of where to consult them:
 1. Neinor's consolidated financial statements ("**CAC 2020**"), its audit report and consolidated management report ("**IGC 2020**"), which includes the annual corporate governance report ("**IAGC 2020**") for the year ending 31 December 2020 (https://www.neinorhomes.com/uploads/informes_financieros/180/en/Consolidated-Annual-Accounts-2020.pdf);
 2. Quabit's consolidated financial statements ("**CAC Quabit 2020**"), its audit report and consolidated management report ("**IGC Quabit 2020**"), which includes the annual corporate governance report ("**IAGC Quabit 2020**"), for the year ending 31 December 2020 (<https://www.grupoquabit.com/sites/default/files/resultados-informes/2021/02/Cuentas%20Anuales%20consolidadas%20Quabit%202020.pdf>);
 3. Quabit's Universal Registration Document approved by the CNMV on 26 November 2020 (https://www.grupoquabit.com/sites/default/files/2020-11/2020.11.26_Documento_publicado_en_web_CNMV.pdf) ("**DRU Quabit**")
 4. the joint merger plan (https://www.neinorhomes.com/uploads/documentos_contenidos/489/documento/210111-Neinor-Quabit-Joint-Merger-Plan.pdf);
 5. the report from Neinor's directors regarding the joint merger plan, including a report on the capital increase inherent to the Merger (https://www.neinorhomes.com/uploads/documentos_contenidos/567/documento/002.Informe-CdA-Neinor-ENG.pdf);
 6. the report from Quabit's directors regarding the joint merger plan (https://www.neinorhomes.com/uploads/documentos_contenidos/568/documento/Informe-Administradores-Proyecto-Fusion.pdf);
 7. the report from the independent expert designated by the Companies Register of Bilbao, KPMG Auditores, S.L. ("**KPMG**"), on the joint merger plan (https://www.neinorhomes.com/uploads/documentos_contenidos/571/documento/Report-from-KPMG-Auditores-regarding-the-joint-merger-plan.pdf);
 8. the individual and consolidated financial statements and management reports of Neinor and Quabit for the last three financial years, together with the corresponding audit reports (<https://www.neinorhomes.com/shareholders-and-investors/financial-information/mergers/>) (the individual financial statements of Neinor and Quabit for the year ending 31 December 2020, include the merger balance sheets, together with the corresponding audit reports);

9. Neinor's articles of association in force (https://www.neinorhomes.com/uploads/documentos_contenidos/585/documento/0011.By-laws-Neinor.pdf);
10. Quabit's articles of association in force (https://www.neinorhomes.com/uploads/documentos_contenidos/587/documento/0012.EESS-Quabit.pdf);
11. Neinor Homes, S.A.'s articles of association after the Merger, which will be those in force at present, except for article 5 on share capital, which will be amended as a result of the capital increase and the issuance of shares to be carried out to effect the Merger exchange (https://www.neinorhomes.com/uploads/documentos_contenidos/589/documento/0013.By-laws-post-merger-Neinor.pdf);
12. the identity of the current directors of Neinor and Quabit (and their corresponding appointment dates) (https://www.neinorhomes.com/uploads/documentos_contenidos/591/documento/0014.Identity-of-directors-of-the-participating-entitites.pdf);
13. the announcement of Neinor's General Meeting that will resolve on the Merger (https://www.neinorhomes.com/uploads/documentos_contenidos/595/documento/20210224-Neinor-Convocatoria-JGO-2021-ENG.pdf);
14. the announcement of Quabit's General Meeting that will resolve on the Merger (<https://www.grupoquabit.com/sites/default/files/junta-accionistas/2021/02/26/4155-9457-4123%20v%205%2C%20KRAKEN%20-%20QUABIT%20-%20OIR%20Convocatoria%20Junta%20General%202021%20DEF.pdf>);
15. the resolutions proposed to Neinor's General Meeting that will resolve on the Merger (https://www.neinorhomes.com/uploads/documentos_contenidos/607/documento/20210224-Neinor-Propuesta-de-acuerdos-JGO-ENG.pdf);
16. the resolutions proposed to Quabit's General Meeting that will resolve on the Merger (<https://www.grupoquabit.com/sites/default/files/junta-accionistas/2021/02/26/4136-5109-8923%20v%207%20Proyecto%20Kraken%20-%20Propuestas%20de%20acuerdos%20QUABIT%20-%20Consolidado%20DEF%20con%20propuesta%20rtodos.pdf>);
17. inside information notices from Neinor on 26 February 2020, 1 April 2020, 7 January 2021, 11 January 2021 and 24 February 2021 with registration numbers 41, 134, 657, 663 and 750 (<https://www.cnmv.es/portal/verDoc.axd?t={b4f8da35-0305-4502-953b-25944ebe48d7}>), (<https://www.cnmv.es/portal/verDoc.axd?t={d686a7f6-238d-4e35-89e9-76f76666934f}>), (<https://www.cnmv.es/portal/verDoc.axd?t={9d41cb30-a2a3-422c-915b-1c276aeacf32}>), (<https://www.cnmv.es/portal/verDoc.axd?t={93d61174-6956-462e-907c-fe0c84d2f47b}>) and (<https://www.cnmv.es/portal/verDoc.axd?t={81726a17-65cf-4b52-8795-385cf852cec1}>), other relevant information notices on 23 September 2020, 11 January 2021, 5 February 2021, 16 February 2021 and 26 February 2021 with registration numbers 4601, 6559, 7018, 7109 and 7503 (<https://www.cnmv.es/portal/verDoc.axd?t={fdae8911-d697-40e7-96d9-af541b8814b1}>), (<https://www.cnmv.es/portal/verDoc.axd?t={d761d1dd-4cfa-4f26-a60a-8b2b5eaab4d7}>), (<https://www.cnmv.es/portal/verDoc.axd?t={fc5ec071-0146-4892-b894-d721946fa5f0}>), (<https://www.cnmv.es/portal/verDoc.axd?t={3ae7d647-914e-48c5-aec5-856b4efd9b3b}>) and (<https://www.cnmv.es/portal/verDoc.axd?t={142f48bb-d7e7-436f-a872-0ce973648f3a}>);
18. inside information notices from Quabit on 24 June 2020, 30 July 2020 and 11 January 2021, with registration numbers 295, 395 and 662 (<https://www.cnmv.es/portal/verDoc.axd?t={64305ad5-5521-4ee0-bfa9-90be7f9f070e}>), (<https://www.cnmv.es/portal/verDoc.axd?t={5f19f7c2-95a0-470f-a16e-4ee0-bfa9-90be7f9f070e}>);

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[66c85f75f84d}](https://www.cnmv.es/portal/verDoc.axd?t=%7b4b94e148-82e1-48e7-9dff-5fba13c970ed%7d)) and (<https://www.cnmv.es/portal/verDoc.axd?t=%7b4b94e148-82e1-48e7-9dff-5fba13c970ed%7d>), other relevant information notices on 30 April 2020, 31 July 2020, 22 September 2020, 25 February 2021 and 26 February 2021 with registration numbers 1918, 3880, 3895, 4571, 7415 and 7535 (<https://www.cnmv.es/portal/verDoc.axd?t={a8f58be9-cbe5-436c-875e-b4f602a6cde6}>), (<https://www.cnmv.es/portal/verDoc.axd?t={4f1159c0-5ff8-4fbc-8b4a-8a7fecc8b262}>), (<https://www.cnmv.es/portal/verDoc.axd?t={73bdf5c9-84f6-4343-92a3-d95b6c18636c}>), (<https://www.cnmv.es/portal/verDoc.axd?t={aa4eb795-3bef-46a7-ac13-c73bdcc4ce47}>), (<https://www.cnmv.es/portal/verDoc.axd?t={ce4bc00c-0442-4c21-a660-a662b03d48fd}>) and (<https://www.cnmv.es/portal/verDoc.axd?t={18669fa9-f26f-4416-b5b0-94c55a5122c6}>).

Unless otherwise stated, the references in this Document made to other documents, e.g. other reports and websites, are merely for information purposes; consequently, those documents are not incorporated by reference to this Document and must not be considered to be a part hereof for any purposes.

RISK FACTORS

The Merger implies certain risks. Investors must take into account and carefully assess the following risks and uncertainties, together with other information provided in this Document (including the information incorporated by reference hereto and, in particular, the risk factors included in the DRU Quabit), in the joint merger plan and in any other document made available to the shareholders and investors in accordance with the applicable regulations within the framework of the Merger. If any of the following risks and uncertainties take place, the business, prospects, results of operations, financial condition and cash flows of the company resulting from the Merger may be adversely affected. Likewise, the stated risks may have an adverse effect on the share price of the company resulting from the Merger, and the shareholders and investors could lose all or part of their investment.

There may also be other risks and uncertainties of which Neinor is currently unaware or that Neinor does not currently believe are material or that are specific of Neinor that could negatively harm the Merger, the Company's securities including the newly issued as a result of the Merger, or the business, governance, prospects, results of operations, financial condition and cash flows of the company resulting from the Merger and which, if they occur, could cause the value of the shares of the company resulting from the Merger to decline and the shareholders to lose all or part of their investment. Consequently, the risks and uncertainties described below are not the only ones to which the Merger is exposed, the Company's securities, including new ones issued as a result of the Merger, and the company resulting from the Merger.

RISK FACTORS RELATING TO THE MERGER

The Merger may not be effective if certain conditions precedent are not met

The effectiveness of the Merger is subject to certain conditions precedent, as stated in section 3.2.2 of this Document, which are as follows: (i) obtaining consents in connection with the Merger (or, where applicable, the corresponding waivers of the exercise of any rights as a result of the Merger, in particular early-maturity clauses) from Neinor's and Quabit's main lenders or creditors, provided that they are relevant to the Merger, and, if applicable, executing agreements with such lenders or creditors in terms reasonable satisfactory to Neinor taking into account the terms agreed in the Joint Merger Plan for its execution; (ii) if necessary, the communication of the Merger to the relevant competition authorities and, if applicable, obtaining the authorisation or non-opposition to the Merger, whether express or implied, by the aforementioned authorities, as well as obtaining any necessary authorisation by the CNMV or any regulatory authority for the execution and effectiveness of the Merger; and (iii) following the consultation with the Finance and Tax Department of the Biscay Provincial Council, it is confirmed that (a) the special framework for mergers, divisions, transfers of assets, exchanges of securities, global assignments of assets and liabilities and change of registered office of a European company or a European cooperative society from one Member State of the European Union to another set out in Chapter VII of Title VI of the Provincial Law on Corporate Income Tax in the Historical Territory of Biscay ("**NFIS**") is applicable to the Merger (the "**Special Tax Framework**"); and (b) under that Special Tax Framework, the treatment of any income recorded in the profit and loss account of Neinor as a result of a negative merger difference is not subject to income tax ("**IS**") for either Neinor or Quabit.

Compliance with the aforementioned conditions precedent does not depend only on the Participating Companies, but on the competent administrative authorities in each case and, in relation to the preceding condition (i), on Neinor's and Quabit's main lenders or creditors, and failure to comply with any or all of those conditions may impede, delay or, in any other way, materially and adversely affect the effectiveness of the Merger, so there is no guarantee that the Merger will take place or, if it does, that it will be subject to compliance with any of the conditions imposed by the stated third parties; in particular, compliance with those imposed by the competition authorities or Neinor's and Quabit's main lenders or creditors. If the Merger does not take place, this could imply certain financial and regulatory costs and, where applicable, reputational costs for the Participating Companies, which could materially and adversely affect the value of their shares and the future business plans, business, prospects, results of operations, financial condition and cash flows of the Participating Companies.

The Merger and the Agreement with Avenue may have tax implications with a material impact on Neinor, Quabit and their partners

In relation to the condition precedent (iii) described in the risk factor above, Neinor expects to submit as soon as possible a binding consultation to the Finance and Tax Department of the Biscay Provincial Council (the “**Binding Consultation**”) to confirm a number of matters which may affect the Merger and the parties involved, specifically, it requested confirmation (i) regarding the applicability of the Special Tax Framework to the Merger (including the existence of valid economic reasons and the express confirmation that the tax losses and other unused tax credits of Quabit or, where applicable, of the consolidated income tax group where Quabit is the parent company (the “**Quabit Tax Group**”) do not invalidate the Merger's economic reason); (ii) regarding the non-inclusion in Neinor's income tax base of the book income arising from the business combination by applying Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts, approved by Royal Decree 1514/2007 of 16 November 2007 (the “**PGC**”) and, where applicable, the permanent nature of the difference between book income and the tax base; (iii) regarding Neinor's subrogation in the tax credits generated by Quabit under the common territory standards (mainly, the tax losses, net financial expenses and goodwill amortisation) with the NFIS limits, which are the reception standards; and (iv) regarding the income tax treatment of Neinor and Quabit of the financial income which may arise from the Agreement with Avenue (as defined in section 3.2.1) and, where applicable, the possibility of offsetting them without limit with the unused net financial expenses and tax losses that Neinor acquires from Quabit in the Merger.

Although we believe that there are arguments for the Binding Consultation to be issued by the Finance and Tax Department of the Biscay Provincial Council be favourable to the Merger's interests (and the Agreement with Avenue) confirming the matters raised, the merger processes are especially complex operations, and the use of the Special Tax Framework (among others, regarding the subrogation of tax rights generated by the acquired company) is always a controversial matter and subject to a special review by the competent tax administration verification bodies based on the facts prior to, at the time of and subsequent to it, and the specific circumstances of each case. In any case, and even if there is a favourable answer to the Binding Consultation from the Biscay Provincial Council, we cannot rule out that, in a potential verification procedure from the tax authorities, they will not share our interpretation, and the result of the adjustment may materially affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The Company will be the universal successor of Quabit as a result of the Merger and, therefore, it will assume Quabit's rights and obligations, especially the tax ones

Applying the Special Tax Framework to the Merger implies that the Company assumes Quabit's tax obligations and rights under the terms set out in article 84 of Corporate Income Tax Act 27/2014 of 27 November (“**LIS**”). Therefore, the company resulting from the Merger may be subject to verification by the competent tax authorities regarding the rights and obligations generated by Quabit (and its subsidiaries) transferred to the Company through universal succession and, in that case, we cannot rule out that the interpretation of those laws by the Spanish tax authorities may differ to that applied, giving rise to the capitalisation of some tax liabilities or a reduction in the tax credits and deferred tax assets of the company resulting from the Merger, which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

In particular, Quabit recognised a deductible goodwill pursuant to article 89.3 of the repealed consolidated text of the Corporate Income Tax Act approved by Legislative Royal Decree 4/2004 of 5 March (article 12.6 of the LIS), which arose in the 2008 tax period as a result of the merger by absorption of 18 companies. As a result of the verification procedure carried out by the tax authorities regarding Quabit in relation to the tax periods for 2007, 2008 and 2009, the merger goodwill and the unused tax losses and those available for carryforward of Quabit transferred to the company resulting from the Merger may be substantially reduced. On 9 July 2020, the Spanish National Court (*Audiencia Nacional*) dismissed the appeal, confirming the decision issued by the Central Tax Appeal Board (*Tribunal Económico-Administrativo Central*) which, in turn, ratified the criteria followed by the tax authorities. An appeal was filed against that decision at the Supreme Court (*Tribunal Supremo*) and the appeal is pending admissibility at the date of this Document.

Likewise, Quabit is the parent company of an income tax consolidation group and of a group which is taxed under the Value Added Tax ("VAT") system for companies. Belonging to both groups means that this company and, consequently, the company resulting from the Merger must be jointly and severally liable (e.g. together with the other group companies) for paying the tax debts, excluding the penalties.

At the date of this Document, there is no record of the existence of administrative or legal proceedings in progress (other than those stated) which affect Quabit (or the companies belonging to its income tax and/or VAT group) which may have a potential material impact on the company resulting from the Merger; nevertheless and, considering that some tax regulations (or parts thereof) may be subject to different interpretations, we cannot rule out the potential existence of discrepancies with the Spanish tax authorities which determine a potential reduction of the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

This Document includes public information on Quabit, and Neinor has had limited access to the non-public information related to Quabit

When drafting this Document, Neinor has based itself on the public information published by Quabit, such as the DRU Quabit approved by the CNMV on 26 November 2020, the financial statements published by Quabit, and the regulated information published by Quabit, which is incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

Neinor has not independently verified the accuracy, veracity and integrity of any of the financial, regulatory, operational or other data related to Quabit disclosed in its public information nor in any of the documents published by Quabit and incorporated by reference to this Document, including the full content of the DRU Quabit. Moreover, Neinor has not participated in the drafting, materiality judgement, probability, specificity or adverse material effect, nor in the validation, of the information contained in the DRU Quabit and, specifically, in the description of the risk factors contained therein. Quabit's public information may be inaccurate or incomplete, omit material issues, or not be updated. Although Neinor does not have any evidence to indicate that the information on Quabit analysed, including the information reviewed in the due diligence process as indicated below, before the approval and signature of the joint merger plan by its board of directors is inaccurate, incomplete, omits material issues or is not updated, it cannot guarantee that such information is accurate, complete and updated, which, if not, could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger as well as a potential reputational cost.

Similarly, prior to the approval and signing of the joint merger plan, which contains the terms of the Merger, Neinor performed a legal and operational due diligence process on Quabit as the absorbed company, with a necessarily limited scope. Neinor's analysis and risk evaluation prior to the approval and signing of the joint merger plan was based on the accuracy and completeness of the information of Quabit available. Neinor could not independently verify the accuracy or completeness of all the information and, in any case, and as a result, investors are cautioned not to place undue reliance on such information.

Hidden or unknown liabilities and defects may emerge after the Merger

Given the necessarily limited nature of the legal and operational due diligence process on Quabit referred to in the preceding risk factor, all the assets and liabilities transferred and acquired, by universal succession, by Neinor as a result of the Merger may be subject to hidden material liabilities or defects that were not apparent or known by Neinor or which were not detected at the time of the review, or contingencies derived from past events which Neinor was unaware or could not anticipate. Therefore, the company resulting from the Merger may incur unexpected liabilities and contingencies and further unplanned costs.

Not identifying those hidden liabilities or defects may prevent Neinor from fully or partially meeting the purposes and objectives on which the decision to carry out the Merger were based (set out in section 3.1 of this Document) or from meeting them in the expected degree and way, specifically, not fully achieving the expected efficiency, optimisation of the cost structure, increased presence in Spain, complementarity and market positioning. Those hidden liabilities or defects could, in any case, materially and adversely affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger, as well as could imply a potential reputational cost.

For such purposes, the Merger exchange ratio was set by the boards of directors of the Participating Companies as a result of the joint merger plan on 11 January 2021 after receiving the corresponding fairness opinions from independent third parties regarding the fairness of the exchange ratio, and in accordance with the valuation methods described in section 3.4.4 of this Document so, if the aforementioned hidden liabilities and defects emerge before the Merger is effected, this could affect the share value of the Participating Companies.

Neinor may be unable to integrate Quabit's business from an operational perspective

Quabit's integration into Neinor after the Merger could prove to be complex and may imply difficulties beyond Neinor's control, and the costs, benefits and synergies deriving from such integration may not be in line with expectations. For example, Neinor may have to deal with difficulties and obstacles as a result of, among other issues, conflicts between the respective business cultures or policies of Neinor and Quabit, or the need to implement, integrate and harmonise diverse business operating procedures and financial, accounting, reporting, information and other systems of both companies. Such difficulties could materially and adversely affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger, the Company's ability to maintain, after the Merger, relationships with the employees and suppliers or other business relations, or generate unexpected damages and expenses. There is also an integration risk related to the service provision and retention of customers which, until the Merger, were part of Quabit's business, as well as the transition of Quabit's business, which could materially and negatively affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

To consolidate the anticipated benefits of the Merger, Neinor must, in an efficient and effective way, successfully combine its business with Quabit's, overcoming the difficulties arising from the process. In the event it cannot reach its objectives (within the anticipated timeframe, or at all), or if the assumptions for its expectations were incorrect, the anticipated benefits and the efficiency, cost structure optimisation, increased presence in Spain, complementarity and market positioning, as a result of the Merger, may not be fully realised (or at all), or may be realised but longer than expected, this could materially and negatively affect the business, prospects, financial condition and results of operations of the company resulting from the Merger.

Additionally, since most of Neinor's management needs to focus on the issues arising from the integration with Quabit and not on the normal business operations of Neinor, this could have an adverse effect on Neinor's business, especially considering the general economic conditions, which may evolve adversely in Spain. The company resulting from the Merger may not be able to react in a timely and effective way to the market changes while it is involved in the process of integrating both businesses.

Likewise, certain key employees may leave the company resulting from the Merger due to factors related to the difficulty in integrating the Participating Companies, the difficulties in an efficient management of a larger number of employees, or the uncertainty about the company resulting from the Merger. If Neinor is unable to manage the integration of both companies efficiently, this could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The pro forma financial information prepared by Neinor and included in this Document is provided as an example and may not adequately represent, or may substantially differ from, the situation of the company resulting from the Merger

As a result of the Merger providing a significant gross change for Neinor, in accordance with the definition of it set out in article 1(e) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, the Company includes in this Document pro forma financial information which describes how the Merger might have affected the Company's assets, liabilities and earnings had the Merger been undertaken at the commencement of the period being reported on or at the date reported.

This information is not audited nor has been reviewed by the Auditor (without prejudice to the special report drafted by the Auditor stating that the pro forma financial information has been properly compiled on the basis of the criteria used, and the

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

assumptions and scenarios defined, by the directors of the Company and that the stated basis is consistent with the Company's accounting used in the drafting of the consolidated annual accounts of the Company as at 31 December 2020) and is prepared solely for information purposes. For more details about that pro forma information, see section 5.6 of this Document.

The pro forma financial information, which has not been audited nor reviewed by the Auditor, does not represent the financial condition and actual operations of the company resulting from the Merger, nor does it aim to project Neinor's operating results in any future period or the financial condition of Neinor at any future date, and does not show any adjustment to the expenses that must be made to integrate those groups in Neinor's business model, nor other expenses which must be incurred by Neinor to carry out that integration. Likewise, that information may differ, in some aspects, from the information made public by Quabit as a result of making certain necessary adjustments in relation to the preparation of the pro forma financial information.

Also, if other criteria are used to draft the pro forma financial information, the results may be different and, therefore, the information provided may not be comparable with the data obtained using different assumptions.

As a result, the unaudited pro forma financial information, which has not been audited nor reviewed by the Auditor, must not be used as an indicator of the future results of Neinor's operations once Quabit's assets and liabilities are included in the Company, and investors are warned about this circumstance.

RISK FACTORS ON THE ACTIVITIES OF THE COMPANY RESULTING FROM THE MERGER, GOVERNANCE AND/OR FINANCIAL INFORMATION IMMEDIATELY AFTER THE MERGER

The risk factors of the company resulting from the Merger are set out in the "Risk Factors" section described below and in the "Risk Factors" section of the DRU Quabit, both incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section since those risks may continue to apply to the company resulting from the Merger.

Risks related to the business of the company resulting from the Merger

The company resulting from the Merger's growth and profitability will depend on its ability to identify and acquire fully permitted land plots suitable for its purposes

The mid- and long-term growth of the company resulting from the Merger will depend upon its ability to successfully identify and acquire fully permitted land plots for residential property development at reasonable prices, in the appropriate geographic locations and with terms that meet its profitability targets. Our business model requires it to continually buy land to replace our land bank and have sufficient supply for medium-term development. At 31 December 2020, the combined land bank of the Company and Quabit would enable the company resulting from the Merger to build over 16,000 dwellings.

The ability of the company resulting from the Merger to acquire fully permitted land plots may be adversely affected by the willingness of land sellers to sell them at commercially viable prices, the availability of financing to acquire them, regulatory requirements including those in relation to zoning, housing density and the environment and other market conditions. In addition, a recovery in the real estate market in Spain and the emergence of competitors with a business model and strategy similar to the company resulting from the Merger may lead to increased demand among developers for land, which may make it more difficult to acquire suitable plots at viable prices. If the availability of fully permitted land plots becomes limited, the ability of the company resulting from the Merger to grow could be significantly limited, the number of homes it may be able to develop and sell could be reduced, and the costs could be substantially increased. Any of the foregoing could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Furthermore, the company resulting from the Merger may consider acquiring land plots that are not fully permitted. In such cases, it is possible that all the necessary permits may not be obtained on a timely basis or on economically viable terms, which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The activity of the company resulting from the Merger will be geographically concentrated and its industry is cyclical in nature, so an economic slowdown or adverse changes in the Spanish housing market conditions (including those arising from the Coronavirus Pandemic) could adversely affect the demand for homes

The company resulting from the Merger is a Spanish homebuilding company whose assets and operations will be located entirely in Spain, with a focus on Madrid, Barcelona, the Basque Country, Guadalajara, Valencia, Alicante, the main cities along the Andalusian coast and the Balearic Islands. Therefore, the company resulting from the Merger is dependent on the overall condition of the Spanish housing market and on the condition of the housing market in Spain and, particularly, in the regions where it is focused.

The housing market and the homebuilding industry are generally cyclical and tend to be affected by changes in the general economic conditions. After the global financial crisis which started in 2007, the Spanish economy had showed signs of recovery in recent years (with a gross domestic product (“GDP”) growth of 3% in 2018 and 2% in 2019 according to the National Statistics Institute (*Instituto Nacional de Estadística*)). The recovery of the Spanish economy after the crisis had a positive impact on the domestic property market, where prices have performed favourably since 2015 (data published by TINSA). Nevertheless, at the start of 2020, the health crisis caused by the outbreak of COVID-19 (the “**Coronavirus Pandemic**”) and the measures adopted by the governments to limit its effects had a negative impact on the global economy. As a result of this exceptional situation, in the first half of the year the world economy suffered a steep drop which especially affected certain geographical areas and activity sectors. In Spain, the impact was especially significant in the first half of the year and, although the economy has shown signs of reactivation, the GDP levels continue to be considerably below those prior to the Coronavirus Pandemic (Bank of Spain's Quarterly Report on the Spanish Economy).

At present, the economic outlook is highly uncertain mainly as a result of the Coronavirus Pandemic, the availability of vaccines in the coming months and the measures which may be adopted by the governments to tackle the crisis. To that end, the demand for the products of the company resulting from the Merger, the supply of the services it hires or its ability to carry out its activity in an ordinary way may be affected by (a) potential restrictions on mobility or suspension of business activities, and (b) disruptions in tourism, travel and transport (to which the company resulting from the Merger will be highly exposed since it has a significant presence in prime tourist destinations where both Spaniards and foreigners have second homes). Moreover, the economic impact of the Coronavirus Pandemic may negatively affect the ability of the customers of the company resulting from the Merger to buy its products, which could, in turn, *inter alia*, reduce the value of the assets and investments of the company resulting from the Merger, limit its ability to finance future operations or lower its revenues and margins.

Although the Bank of Spain upgraded its economic outlook during the last quarter of 2020 as a result of the development and start of the vaccination processes at worldwide level and, in particular, in the European Union (the Bank of Spain estimates that Spain's GDP will fall between 10.7% and 11.6% in 2020, and expects growth of between 4.2% and 8.6% in 2021), the current situation continues to be highly uncertain. In this regard, the impact of the Coronavirus Pandemic on the business and results of the operations of the company resulting from the Merger in the coming quarters will depend on several factors beyond the control of the company resulting from the Merger.

Furthermore, the geographical concentration of the company resulting from the Merger in the aforementioned territories may significantly expose it to the changes in the economic conditions of those regions. For example, our operations in the main cities and along the coast of Andalusia, Valencia, Alicante and the Balearic Islands are more oriented towards second homes for holiday use and the demand in those regions tends to be from foreign, non-Spanish buyers, who have different drivers, behaviours and dynamics than customers in other regions where the demand is more for first homes. In the event of another prolonged economic downturn affecting the Spanish housing market, or new outbreaks of the Coronavirus Pandemic, in general or the regions on which the company resulting from the Merger will focus, the demand for properties may decrease, which could, in turn, lead to a decline in the average selling price of homes and in the value of its land bank. Any of the above circumstances could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger may be affected by several risks related to its indebtedness

The indebtedness incurred by Neinor, including that received from Quabit through the transfer, by universal succession, of all its assets and liabilities as a result of the Merger, or the indebtedness that may be incurred in the future by the company resulting from the Merger, even within the limits set forth in its business strategy, could reduce the financial flexibility of the company resulting from the Merger. In this regard, the financial debt of Neinor and Quabit at 31 December 2020 amounted to 332,994 thousand euros and 69,155 thousand euros, respectively, while the gross asset value as at 31 December 2020 of the aforementioned companies amounted to 1,540 million euros and 504.6 million euros, respectively.

If certain extraordinary or unforeseen events occur, including a breach of financial covenants, the borrowings and any hedging arrangements entered into by the company resulting from the Merger may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If required to repay borrowings early, the company resulting from the Merger may be forced to sell assets when it would not otherwise choose to do so and below the expected prices in order to make the payments. The company resulting from the Merger may also be subject to prepayment penalties. It may also be difficult or costly to refinance indebtedness as it matures and, if interest rates are higher when the indebtedness is refinanced, its costs could increase.

The use of indebtedness may increase exposure to certain events such as economic crises and deterioration in the condition of its investments or the Spanish real estate and banking sectors. Moreover, most of the loans and credits of the company resulting from the Merger are tied to a benchmark index (e.g. Euribor) and not covered by interest rate transactions. In 2020, a one percentage point rise in the interest rate applicable to Neinor's current indebtedness would have increased the Company's financial costs by approximately 1.9 million euros. In this regard, a rise in interest rates may have a negative impact on the margins of the company resulting from the Merger or make it difficult to refinance indebtedness upon maturity. All these factors could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Neinor's obligations under its facility agreements are secured through certain security interests such as mortgages over assets. In the case of Quabit, the security and collateral granted *vis-à-vis* third parties or credit institutions are detailed in section 8.3 of the DRU Quabit.

Without prejudice to the foregoing, and as stated in section 3.2.2, the planned Merger is subject to obtaining consent for the Merger (or, where applicable, the corresponding waivers of the exercise of any rights as a result of the Merger, in particular early-maturity clauses) from Neinor's and Quabit's main lenders or creditors, provided that they are relevant to the Merger, and, if applicable, executing agreements with such lenders or creditors in terms reasonable satisfactory to Neinor taking into account the terms agreed in the joint merger plan for its execution.

To that end, debt haircuts were negotiated with Quabit's main creditors which would imply a reduction of between 16% and 18% in Quabit's gross debt (i.e. between 45 and 50 million euros). Therefore, the loan-to-value ratio of the company resulting from the Merger would be between 20% and 25%. As explained in section 2.1.5(C) of this Document, within the framework of the Merger, Neinor has signed an amendment to the facility agreement entered into on 4 April 2019 with, among others, Deutsche Bank AG, London Branch, as the original lender, Neinor and several subsidiaries of the Neinor Group with the aim of (i) increasing the financing amount granted by virtue thereof by an additional 83 million euros to make the cash payments within the framework of the Merger; (ii) adding J.P. Morgan AG as the lender of that additional tranche; and (iii) agreeing other amendments to adapt the facility agreement and the commitments acquired therein to the situation after the Merger.

Revenues in the development projects may be lower than those estimated in the gross development values ("GDVs")

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

The estimated GDVs relating to the planned developments from the company resulting from the Merger are only estimates and are ascertained on the basis of assumptions (including 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 estimated GDVs relating to the land bank and the proposed developments will reflect the actual sales prices achieved by 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 the company resulting from the Merger not achieving the estimated GDVs. There can be no assurance that the valuations of land in the financial statements or the GDV estimates for the land bank and proposed developments of the company resulting from the Merger reflect the actual sales prices achieved of either the land itself or any developments built thereon.

Any of the above factors could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

If the company resulting from the Merger cannot obtain sufficient capital on acceptable terms, it may be unable to acquire land for the developments or may experience increased costs and delays in the completion of the 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. Although part of the land plots is acquired by using equity, it is also necessary to borrow funds from third parties, whose availability, especially for land acquisition and development financing, may be constrained regionally or nationally. 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. In addition, if the company resulting from the Merger chooses to seek additional financing to fund its operations through the capital markets, the volatility in these markets may restrict, hamper or increase the cost to access such financing.

If the company resulting from the Merger is not successful in obtaining sufficient funding for the expenditures, it may be unable to acquire additional land for development or to develop its existing land bank. Moreover, if it cannot obtain additional financing to fund the purchase of land under the purchase agreements, it 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 penalties and, therefore, in cost increases. Any of the foregoing events could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Discontinuation of the Servicing Agreement may have a material adverse effect on the business of the company resulting from the Merger, results of operations, financial condition or prospects

In 2015, Neinor entered into an exclusive servicing contract with Kutxabank and another 23 companies within the Kutxabank and Cajasur groups (the “**Servicing Agreement Counterparties**”) to service the property portfolio owned by Kutxabank for an initial period of 7 years, extendable for additional periods of one year each (the “**Servicing Agreement**”). In the year ending 31 December 2020, revenue from the Servicing Agreement amounted to 23.572 thousand euros.

The Servicing Agreement can be terminated by the Servicing Agreement Counterparties if the company resulting from the Merger fails to meet certain performance requirements or if a default event occurs. Default events include fraud or repeated gross negligence, breach of anti-money laundering obligations and the occurrence of a “change of control” over the shareholding of the company resulting from the Merger implying that such control is acquired either by a direct competitor of Kutxabank (a “direct competitor” is defined as a finance service provider with a market share of more than 3% in the Spanish financial market or 10% in the Basque Country financial market) or by a third party that is not compliant with the international requirements of commercial reputation for being included in any list of commercial sanctions of the European Union.

In addition, if during two successive years, the degree of achievement of the annual sales target of a specific group of assets (land, new builds, second-hand properties) is below 30% of the target provided for in the annual budget approved for each of those years, the right to exclusivity in relation to the sale of these assets (not in relation to the rest of assets under management) will be lost. That clause will not apply if the benchmark prices used for marketing the corresponding group are not in line with the market price for these kinds of assets or in case of adverse market circumstances (understanding such circumstances as those that coincide with a decrease of more than 10% in the amount of real estate transactions or in the prices for such assets, as per the information issued by the Ministry of Transport, Mobility and Urban Agenda or any other official real estate indices).

If the Servicing Agreement is terminated for any reason or not renewed once the current seven-year contract term comes to an end, the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger may be adversely affected.

The company resulting from the Merger may require more time to sell the legacy portfolio and it could have a lower value than estimated or could require additional investments to be marketable

As part of the strategy of the company resulting from the Merger, the intention is to complete the sale of the property assets acquired from Kutxabank in May 2015 (the “**Legacy Portfolio**”) before January 2023. However, there can be no assurance that these assets will be sold during the anticipated timeframe (which could lead the company resulting from the Merger to incur additional costs) or at the prices expected.

At 31 December 2020, the Legacy Portfolio was made up of 217 assets. The assets are located in different municipalities and areas in Spain and are of a diverse and different nature between one another. A lower than expected amount of proceeds from the sale of the Legacy Portfolio could result in a cash flow shortfall and may have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Notwithstanding the intended sale of the Legacy Portfolio, the company resulting from the Merger may have to recognise additional impairment charges (for example, as a result of devaluation of the assets of the portfolio), which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger may be unable to develop and sell its 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 to generate any positive cash flows. It generally takes approximately 9 months from the time a development is launched to the time that 30% of the homes are sold.

During the construction of development projects, the company resulting from the Merger may encounter unexpected operational issues or other difficulties, including those related to technical engineering issues, regulatory changes, disputes with third-party contractors, sub-contractors and suppliers, accidents, natural disasters and changes in purchaser requirements that may require us to amend, delay or terminate a development project.

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

Following development, it 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, the inventory of completed but unsold units of the company resulting from the Merger will increase, leading to additional costs, including property tax and service charges corresponding to the unsold units. Alternatively, it may have to sell units at significantly lower margins or at a loss, which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

A fall in land values could lead to significant deterioration

Inventory risks are inherent to the activity of the company resulting from the Merger. There are risks arising from the control, ownership and development of land plots and, if the demand for homes falls, the company resulting from the Merger could become the owner of land plots or housing sites acquired at a cost that would not enable it to recover in full, or on which it would be unable to build and sell homes for a profit.

Likewise, there may be significant fluctuations in the values for undeveloped land, buildable plots and future stocks of homes as a result of changes in market conditions. If market conditions deteriorate significantly in the future, the company resulting from the Merger may need to recognise major impairment in the value of its land stocks, which would reduce the value of its assets on the balance sheet and negatively affect its earnings and equity. Moreover, the company resulting from the Merger would have to sell homes or land at lower than expected profit margins, which would have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger's business depends upon the availability, skills and performance of contractors, sub-contractors and other service suppliers

The strategy of the company resulting from the Merger is to have a scalable model of operations. This model relies on the services of third-party contractors (which, in turn, rely on the services of sub-contractors) to develop and monitor its projects, help sell its products and provide post-construction warranty service. These outsourced services include architectural design, construction, project management (reporting to internal project managers) and, to some extent, sale of units. At 31 December 2020, Neinor had 32 developments under construction with 19 contractors and Quabit had 12 developments under construction with two contractors, where its subsidiary Quabit Construcción, S.A., was the constructor of 11 developments (91.7% of the total). If the company resulting from the Merger is unable to hire qualified and reliable third-party contractors for any of its projects, its ability to successfully complete projects in time or with the required quality or to sell its units within the expected timeframes and price could be impaired. Moreover, in accordance with Building Act 38/1999 of 5 November, the company resulting from the Merger could be classified as a "developer", so it would be jointly and severally liable, together with those involved in the process of constructing the building, *vis-à-vis* its customers for the property damage in the homes due to defects in their construction.

Despite the contractor selection and monitoring processes implemented, the contractors of the company resulting from the Merger may fail to meet the agreed standards and deadlines. In particular, even if the company resulting from the Merger attempts to verify the contractors' compliance with health, safety and environmental regulations, labour laws and other applicable laws and regulations, any failure by contractors to comply could render it liable in respect of these obligations.

In addition, such third-party contractors have been and may continue to be adversely affected by economic downturns or bad management decisions. The company resulting from the Merger may hire a contractor that subsequently becomes insolvent, causing cost overruns and project delays and increasing the risk that it will be unable to recover costs in relation to any defective work performed by such contractor, to the extent that 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 the current contractors could have a material adverse impact on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Notwithstanding the foregoing, Neinor has implemented strict protocols for hiring contractors, which include, among others, the following essential requirements: the social security and tax clearance documents, a copy of the civil liability insurance and of the insurance clearance, the annual accounts of the latest financial year or a copy of the CNAE certificate from the Tax Agency. Moreover, the main factors considered by Neinor when approving a construction company are its experience in residential construction, its business capacity (revenues) and its degree of indebtedness. Neinor has also implemented the monthly monitoring of payments to suppliers by the construction companies regarding the chapters with greater weighting, which account for 80% of it, with the objective of checking whether such construction companies pay their main suppliers on time and in form.

Furthermore, Neinor currently has a construction company within its group with the objective, among others, of controlling and mitigating the risk of hiring third parties. Likewise, the integration of Quabit Construcción, S.A. will reinforce that position, so the control over external companies will be strengthened.

The pre-sales may not materialise under the terms agreed at the time the contract is signed, if at all

Although the pre-sale to sale conversion of the Company until 31 December 2020 was 88%, the pre-sales revenue (the expected revenue that will be generated by homes that have been pre-sold) may be adjusted following withdrawal by the buyers, new contracts, early cancellation of existing contracts or changes in the scope of projects in progress.

Moreover, the company resulting from the Merger may not be able to perform its obligations under the pre-sale contracts for various reasons such as an increase in costs making the development not viable, not being able to obtain the construction licence and not reaching the level of pre-sales necessary to launch the development. As a consequence, the company resulting from the Merger may need to refund its customers for the funds that they had advanced or its customers may terminate their contracts or seek to renegotiate the terms of their contracts to obtain more favourable terms. The occurrence of any of these events could affect the pre-sales and potential revenues and have a material adverse effect on the business, prospects, financial condition and results of operations of the company resulting from the Merger.

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

The company resulting from the Merger is subject to risks related to the cost of executing its projects. Unanticipated costs can arise due to a number of factors, including: (i) increases in the acquisition costs in relation to new land plots; (ii) errors, omissions and other human factors (including those of senior management and key personnel); (iii) increases in costs of raw materials (such as concrete and steel); (iv) labour shortages or increases in costs of labour; (v) events affecting its contractors, such as their insolvency; (vi) increases in costs of sub-contractors and professional services; (vii) unforeseen technical and ground conditions (for example, the presence of archaeological artefacts or unforeseen geological characteristics); and (viii) acquisition of not fully permitted land.

Before commencing a development, Neinor and Quabit estimate costs based on certain assumptions, estimates and judgements, which may ultimately prove to be inaccurate. In addition, if a contractor's or supplier's cost estimates or budgets are incorrect, additional costs may be incurred or products and services will have to be sourced at a higher price than anticipated, and delays may be faced in the development projects if the estimate is incorrect by a large enough margin for the project to be better served by finding an alternative contractor or supplier.

Any unanticipated costs arising during the execution of the development projects of the company resulting from the Merger, 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 the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger may depend on the management team and on the expertise of the key personnel, and may be unable to attract and retain a highly skilled and experienced workforce

The success of Neinor's business depends on the recruitment, retention and development of highly skilled, competent people at all levels of the organisation. In particular, Neinor has a management team with significant experience in the Spanish housebuilding industry, which has developed a sound reputation and strong relationships both internally and externally. The success of the company resulting from the Merger depends, to a large extent, on the continued contribution of the senior managers, who are fundamental for its management, culture, strategic direction and operating model. The ability of the company resulting from the Merger to retain senior management or attract suitable replacements depends on the competition in the labour market. The unexpected loss of the services from any member of senior management, a limitation in their availability or the failure to develop a succession plan for the senior management could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

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 the ability to source attractive land acquisition opportunities. The success of the company resulting from the Merger may make the 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 company resulting from the Merger, even when they leave, through retirement or otherwise, may materially adversely affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

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

Land and real estate properties can be relatively illiquid, meaning that they may not be easily sold and converted into cash. Although Neinor acquires land plots for development purposes in connection with its development business and generally expects to sell such assets in the form of residential units following development, the company resulting from the Merger may seek, or be required, to sell 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. Such illiquidity may affect the ability to value, or dispose of or liquidate part of its land portfolio in a timely fashion and at satisfactory prices when required or desirable and it may incur additional costs until the land is sold. This could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger may incur a variety of costs to engage in future growth or expansion of its operations and the anticipated benefits may never be realised.

The company resulting from the Merger intends to grow its operations in existing markets, and it may expand into new markets or seek to acquire other homebuilders. It may be unable to achieve the anticipated benefits of any such growth or expansion (including through acquisition) 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 the existing business, in which case it may need to employ additional personnel or consultants who are knowledgeable of such markets. There can be no assurance that the company resulting from the Merger 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. Accordingly, any such expansion could expose the company resulting from the Merger to significant risks, beyond those associated with operating the existing business, and may have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Risks related to the real estate and construction industries

The operating results of the company resulting from the Merger will be subject to the risks related to the real estate and homebuilding sector in general

The main activity of the company resulting from the Merger will be 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 its 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.

The Spanish real estate and homebuilding market may generally be adversely affected by, *inter alia*, the following factors: (i) changes in short-term and long-term interest rates and the inflation rate; (ii) employment levels, cost of living and real income dynamics; (iii) decrease in residential property demand due to population decrease, lower levels of household formation and

other demographic changes; (iv) foreign and intra-country immigration trends; (v) availability and affordability of mortgage loans and other forms of credit for homebuyers, including private party and government mortgage loan programmes; (vi) consumer confidence generally and potential homebuyers confidence in particular; (vii) financial system and credit market stability; (viii) regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices; (ix) 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); (x) supply and prices of available new or resale residential property and other housing alternatives, such as rental housing; (xi) general consumer interest in purchasing a home compared to choosing other housing alternatives; (xii) acquisition risks related to the land plots; (xiii) changes in government and local authorities' regulation or policies, including infrastructure policies and planning and environmental regulations; and (xiv) political uncertainties.

Any of these factors could reduce the funding available for the developments of the company resulting from the Merger or decrease demand for its products, which could materially adversely affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Demand for housing depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness or quality of the products

Trends in customer preferences have an impact on demand for new residential properties, and any unanticipated changes in such trends, or the misunderstanding by the company resulting from the Merger of such trends, could have a material adverse effect on its business, results of operations, financial condition or prospects. Moreover, the trends in customer preferences may be affected by unexpected situations such as the Coronavirus Pandemic.

In addition, events beyond the control of the company resulting from the Merger may occur that shift customers' perceptions of the attractiveness or quality of its products, including: (i) preference for a specific neighbourhood or location in a certain region (in particular, in a region in which the company resulting from the Merger does 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); (iii) preference for a specific home design typology (as the rent properties or single-family homes), or (iv) general quality of the used materials and products.

Any of the foregoing circumstances may have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Constraints on the availability of mortgage lending or interest rate increases may adversely affect the demand for housing

The purchase of residential property in Spain is usually facilitated through mortgage lending, and the business of the company resulting from the Merger therefore partly depends on the ability of the customers to obtain such mortgage lending for the purchase of their homes. The access to such loans may vary based on the different reasons which the company resulting from the Merger cannot control. In the year ending 31 December 2020, 79.2% of Neinor's customers and 84.68% of Quabit's customers purchased units with mortgage loans.

Following the global financial crisis that started in 2007, access to residential mortgage lending in Spain has been restricted due to a number of factors including (i) the exit of a number of mortgage providers from the Spanish market; (ii) more stringent equity requirements for Spanish financial entities; (iii) a more cautious approach to valuations of properties by surveyors (which, in turn, reduces the value of the mortgage loan that can be obtained on a given property); (iv) stricter underwriting standards by lenders that have resulted in more stringent mortgage application requirements for borrowers, including increased down payments; and (v) the strategy by certain lenders to limit their lending exposure in relation to specific types of housing developments. Tighter loan qualifications make it more difficult for a borrower to finance the purchase of a new home or the purchase of an existing home from a potential "move-up" buyer who wishes to purchase one of our homes.

Exceptional situations such as that caused by the Coronavirus Pandemic could hurt or hamper the granting of mortgage credits and, therefore, negatively affect the demand for homes in Spain.

In addition to the foregoing, mortgage lending rates in Spain are predominantly based on floating interest rates tied to EURIBOR. According to the Bank of Spain, the average rate of the one-year EURIBOR was - 0.497% in December 2020. The EURIBOR rate is market-determined and may rise or decline at any time. A rise in interest rates would increase 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 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 choose 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.

Limited availability of mortgage lending 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 the potential homebuyers of the company resulting from the Merger or the buyers of such potential homebuyers' existing homes cannot obtain suitable financing for any of the above reasons, it will be more difficult to sell our products, which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The Spanish homebuilding market could become increasingly competitive

The residential homebuilding market in Spain is currently fragmented. Neinor currently competes mainly with local and regional residential homebuilders and traditional Spanish developers which, within the locations of the targeted sites, compete for the acquisition of land, hiring of contractors and sale of residential properties. The appearance of new players in the market backed by international funds with a business model similar to the company resulting from the Merger could lead to an increase in competition in the Spanish homebuilding market. Competition could also increase as a result of consolidation in the sector.

Increased competition could prevent the company resulting from the Merger from acquiring land, hiring contractors or selling homes at the expected price and time, which could materially adversely affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Legal and regulatory risks

The activity of the company resulting from the Merger may be adversely affected if it fails to obtain, or if there are any material delays in obtaining, the required permits and approvals for the development projects, or if the planning regulations or permits approved are challenged subsequently

While the Company currently primarily purchases fully permitted land plots, to begin the construction of the development projects it must obtain separate building, planning and environmental permits, licences and other approvals (together the "Permits") from the relevant administrative authorities. The ability of the Company to obtain the Permits required to build homes depends on its ability to meet the relevant regulatory and planning requirements. Moreover, the granting of Permits is regulated at a regional and municipal level and may be subject to the relevant authorities' discretion. Given that the company resulting from the Merger will own land in 26 provinces, it may need to meet different requirements for each municipality and be subject to various authorities' discretion in granting Permits. The deadline for obtaining the Permits also varies depending on the region or municipality. At the date of this Document, 5 out of the 6 construction licences requested by Neinor and Quabit in 2020 had not yet been granted. Moreover, approximately 44.2% of Quabit's land bank consists of land plots not fully permitted, so the company resulting from the Merger will have to manage the process to transform those plots. 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 the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Furthermore, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of the units or even incompleteness of a particular development on the expected terms or at all, which could have a material adverse impact on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Taxes are an important part of the cost of acquiring or owning a home, and a change in the national, regional or local tax regulations may have a material impact on demand for residential property

Given the activity of the company resulting from the Merger, it will be regularly involved in the acquisition, operation and disposal of real estate assets in Spain. As a result, the real estate activity of the company resulting from the Merger can be affected by direct and indirect taxation, in particular transfer taxes, real estate property taxes and VAT, which is subject to the interpretation and scrutiny of the corresponding Spanish tax authorities (whether national, regional, including those applicable in the historical regions (*comunidades o territorios forales*) of Spain, or local).

Although the Company believes that it is in material compliance with applicable tax laws (including in connection with its real estate and financing activities), the company resulting from the Merger 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. We cannot rule out the possibility that such reassessments may materially affect the business, operating income, financial condition or prospects of the company resulting from the Merger.

The Company and its subsidiary Neinor Norte, S.L are subject to the tax legislation of Bizkaia (Basque Country), pursuant to the Economic Agreement with the Basque Country, approved by Law 12/2002, of 23 May, as (i) the Company and Neinor Norte, S.L have their tax domicile in the Basque Country; and (ii) the revenues of both entities earned in the common territory of Spain do not exceed specific thresholds (i.e., less than 75% of the total revenues for each entity). However, depending on the revenue generated by these entities in the Spanish common territory in subsequent years, it cannot be ruled out that Neinor and its regional subsidiary may become subject to the Spanish Corporate Income Tax applicable in the common territory of Spain in subsequent tax years. In that event, although the laws applicable in Bizkaia and the common territory of Spain are similar, there are some differences that may have an impact on the taxation of the companies, including, amongst others, the deductibility of the expenses estimated by Neinor and its subsidiary resident in the Basque Country (in particular, as to net financial expenses), and different tax rates. Moreover, the consolidated tax group existing with the Company as parent could be broken. Such consequences may materially affect the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

The company resulting from the Merger may be exposed to liability claims from third parties

The nature of the business of the company resulting from the Merger exposes it to potential liability claims from third parties. The company resulting from the Merger may face legal proceedings as a result of a wide range of events, including: (i) actual or alleged deficiencies in the homes (including due to the construction materials used); (ii) non-compliance with deadlines for the delivery of units; (iii) non-performance of the obligations to sellers of land plots or third-party contractors; and (iv) 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 *vis-à-vis* third parties, as well as reputational harm, especially if public or personal safety is impacted. These liabilities may not be insurable or may exceed the insurance limits arranged, and the company resulting from the Merger may eventually need to divert financial and management resources from the operation of its business and incur additional costs, which could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

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 the developments of the company resulting from the Merger could put its employees, contractors, sub-contractors or the general public at risk and could lead to litigation, significant penalties or damage to its reputation (which could, in turn, have a negative impact on its ability to generate new business).

In addition, the company resulting from the Merger may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances, whether or not it caused or knew of the pollution. The costs of such removal, investigation or remediation or those incurred for its defence 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 the insurance policies arranged by the company resulting from the Merger. They may also cause substantially increased costs or delays in developments. The presence in the developments of non-HSE-compliant substances, or the failure to remove such substances, may also adversely affect its ability to sell the relevant developments' units. Furthermore, laws and regulations may impose liability on the company resulting from the Merger for the release of certain materials into the air, water or earth and such release may form the basis for liability vis-à-vis third parties 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 European Union 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 the company resulting from the Merger in the future, and HSE risks may become more acute as it undertakes larger-scale projects, or during periods of intense activity. Any of the foregoing could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

Homebuilders are subject to complex and substantial regulations whose implementation, interpretation or enforcement are subject to change

As a homebuilder, the company resulting from the Merger is required to comply with national, local and other laws and substantial regulations and administrative requirements and policies which relate to, among other matters, planning, developing, building, land use, health and safety, environment, consumer protection and employment.

These laws and regulations often provide broad discretion to the relevant authorities. Local, regional, national and European Union authorities may impose penalties for non-compliance with applicable laws. A material change in relevant law, regulations or policies, or the interpretation thereof, may delay or increase the cost of the development activity of the company resulting from the Merger or prevent it from selling residential units already developed. In particular, changes in (but not limited to) the following areas could have a significant adverse impact on the business and operating income of the company resulting from the Merger: planning or zoning requirements; law regarding land classification; building regulations; insurance regulations; labour or social security laws; health and safety regulations; tax regulations; or environmental and sustainability requirements. Any of the foregoing could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the company resulting from the Merger.

RISK FACTORS RELATING TO THE EQUITY SECURITIES

The shares offered in the Merger's exchange are reserved for the holders of Quabit Class A Shares, so Neinor's current shareholders will see their interest in the Company's capital diluted

The businesses of Neinor and Quabit will be integrated by merging Quabit into Neinor, with the termination without liquidation of Quabit and the transfer, by universal succession, of all its assets and liabilities to Neinor. As a result of the Merger, the holders of Quabit Class A Shares will receive newly issued shares in Neinor, in accordance with the exchange ratio envisaged in section 3.4.2 of this Document. To that end, Neinor will increase its share capital by the sum necessary to cover the exchange of Quabit shares via the issue and putting into circulation of new ordinary shares, whose subscription will be reserved for the holders of Quabit Class A Shares, without there being pre-emptive rights in accordance with article 304.2 of the Law on Corporate Enterprises.

Therefore, the current shareholders of Neinor cannot subscribe the new ordinary shares that are issued as a result of the Merger, and their interest could be diluted by a percentage of up to 7.00% (see section 4.5.2 of this Document for more information about this calculation).

The value of the Neinor shares may be affected by the Coronavirus Pandemic

The exceptional situation arising from the Coronavirus Pandemic has generated heavy stock market declines, especially in the first half of 2020, a slowdown in global economic activity and high uncertainty about its medium- and long-term impact on local and global economic activity.

The uncertainty surrounding the Coronavirus Pandemic and its effects on the world economy, at the date of this Document, may increase financial market volatility. The Coronavirus Pandemic could, among other effects, negatively affect the market value and the trading of the Neinor shares, including those offered in exchange for the purpose of the Merger.

See *"Risks related to the business of the company resulting from the Merger—The activity of the company resulting from the Merger will be geographically concentrated and its industry is cyclical in nature, so an economic slowdown or adverse changes in the Spanish housing market conditions (including those arising from the Coronavirus Pandemic) could adversely affect the demand for homes"* for more information about how the Coronavirus Pandemic may affect the activities and results of the company resulting from the Merger.

The Company may at some point in the future issue additional shares or convertible securities, which may dilute shareholders' interest in the Company

Following the Merger, the company resulting from the Merger may decide to carry out additional issuances of shares or issue convertible securities in the future. New shares could be issued through a capital increase, in exchange for a monetary contribution, or through the exercise of conversion rights by holders of bonds convertible into shares or similar instruments convertible into shares. Shareholders could see their shareholding in the company resulting from the Merger's share capital diluted by any such capital increases if they do not exercise their pre-emptive rights or if such rights are totally or partially excluded, in accordance with the Law on Corporate Enterprises.

On 6 March 2017, the Company's sole shareholder resolved to authorise the board of directors, in accordance with article 297.1.b) of the Law on Corporate Enterprises, to increase share capital without previously convening a general meeting by a maximum nominal amount equal to 50% of the Company's share capital at the time of listing the Company's shares on the Barcelona, Bilbao, Madrid and Valencia stock markets. The board of directors may exercise that authorisation within five years, on one or more occasions and at any time, and subject to any conditions that it may deem appropriate. The authorisation includes the power to exclude the pre-emptive right of shareholders, limited in general to 20% of the Company's capital at the time of listing the Company shares on the Barcelona, Bilbao, Madrid and Valencia stock markets.

Therefore, the company resulting from the Merger can carry out in the future further capital increases without previously convening a general shareholders' meeting. In that case, the shareholders of the company resulting from the Merger may see their stake diluted when they do not exercise the pre-emptive rights or if they are partially or fully excluded.

The Company cannot assure that it will be able to pay dividends (and, even if able, that the Company would do so)

The dividend payment must be approved in a resolution from the general shareholders' meeting at the proposal of the board of directors (or a resolution from the board of directors if there is an interim dividend). The Company's ability to distribute dividends and its amount depends on a number of circumstances and factors including, but not limited to, the availability of distributable reserves and the consolidated net profit attributable to the Company in any financial year, the Company's profitability, the equity that can be generated by the company, the financial condition of the Company at any given time, its liquidity needs, the restrictions on the dividend payout and refund of contributions envisaged in the facility agreements and other relevant factors, which may also be affected by the risk factors described in this Document.

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To that end, and in accordance with that set out in the prospectus for the Company's listing approved by the CNMV on 16 March 2017, since the listing of the Company shares, the general meeting and the board of directors of Neinor have only approved one distribution of dividends, as stated in the corresponding inside information notice dated 7 January 2021, with registration number 657, and the other relevant information notice dated 5 February 2021, with registration number 7018.

In the future, the company resulting from the Merger may not have cash available to pay dividends and, even if it has adequate cash, the shareholders or board of directors of the company resulting from the Merger may choose not to distribute dividends by the expected amount or not at all based on its own decision or to comply with contractual obligations, mainly corresponding to facility agreements signed by the Participating Companies which continue to be in force once the Merger is effective. Consequently, the company resulting from the Merger cannot assure that it will pay dividends in the future.

1. PERSONS RESPONSIBLE FOR DRAWING UP THE DOCUMENT, THIRD PARTY INFORMATION AND EXPERTS REPORT

1.1 PERSONS RESPONSIBLE FOR THE DOCUMENT

Mr Borja García-Egotxeaga Vergara, Chief Executive Officer of Neinor, acting pursuant to the resolutions from the Company's board of directors dated 11 January 2021 and 26 March 2021, in the name and on behalf of Neinor, assumes the liability for the content of this Document.

1.2 RESPONSIBILITY STATEMENT

Mr Borja García-Egotxeaga Vergara states that the information contained in this Document is, to the best of his knowledge, in accordance with the facts and that it makes no omission likely to affect its import.

1.3 EXPERTS OR AUDITOR'S STATEMENT OR REPORT

The pro forma financial information contained in section 5.6 of this Document includes a report from the auditor of Neinor, that is, Deloitte, S.L., which states that the pro forma financial information has been properly compiled on the basis of the criteria used, and the assumptions and scenarios defined, by the directors of the Company and that the stated basis is consistent with the Company's accounting used in the drafting of the consolidated annual accounts of the Company as at 31 December 2020. The Auditor's report on the pro forma financial information is incorporated to this Document as an Appendix and its inclusion has been authorised by it.

Deloitte, S.L., with registered office at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, is registered with the Companies Register of Madrid under Volume (*Tomo*) 13650, Section (*Sección*) 8, Page (*Folio*) 188, Sheet (*Hoja*) M-54414, and with the Official Register of Chartered Accountants under no. S-0692 (the "**Auditor**").

The Auditor is currently the auditor of the Company and Neinor Group for the financial year 2020, in accordance with the re-election resolution of Neinor's general shareholders' meeting on 1 April 2020. Likewise, its re-election for financial year 2021 has been submitted for approval to the next ordinary general shareholder's meeting of the Company. See the "*Engagement period*" section in the audit reports which form part of the Company's annual financial statements that are incorporated by reference to this Document for more information on the relationship between the Auditor and the Company.

Likewise, KPMG Auditores, S.L., with registered office at Paseo de la Castellana, 259C, 28046, Madrid, was appointed by the Companies Register of Bilbao on 19 January 2021 as the sole independent expert to draft a single report, in accordance with the second paragraph of article 34.1 of the Law on Structural Changes to Companies and article 349.2 of the Companies Register Regulations, on the justification of the exchange ratio and the assets and liabilities provided by Quabit as the company being terminated in the Merger, among other matters. KPMG is registered with the Companies Register of Madrid under Sheet (*Hoja*) M-188.007, Volume (*Tomo*) 11,961, Page (*Folio*) 90, Section (*Sección*) 8, and with the Official Register of Chartered Accountants under no. S-S0702.

The report from the independent expert is incorporated by reference to this Document, in accordance with that stated in the "*Explanatory Note*" section.

1.4 STATEMENT REGARDING INFORMATION SOURCED BY A THIRD PARTY

The Document contains information about the entities of the Neinor Group and all the companies that form part of the business group whose parent company is Quabit (the "**Quabit Group**"), and the markets where they operate. That information has been obtained, in certain cases, from a third party or public sources. Likewise, the Document contains information on Quabit which was obtained by Neinor based on the financial statements audited by Quabit's auditors, the DRU Quabit, other public information available on Quabit's website (www.grupoquabit.com) and other public sources. Where information has been sourced from a third party or obtained from public sources, it has been accurately reproduced, either directly or by its incorporation by reference, and as far as Neinor is aware and is able to ascertain from information published by that third party or in the corresponding public source, no facts have been omitted which would render the reproduced information inaccurate or misleading, without prejudice to that stated in the risk factors (see "*Risk factors—Risk factors*").

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relating to the Merger—This Document includes public information on Quabit, and Neinor has had limited access to the non-public information related to Quabit”).

1.5 REGULATORY STATEMENTS

Neinor states that:

- (a) the Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129; and
- (b) the Document has not been subject to the scrutiny and approval by the CNMV in accordance with article 20 of Regulation (EU) 2017/1129.

2. INFORMATION ABOUT NEINOR AS THE ISSUER AND ABSORBING COMPANY AND ABOUT QUABIT AS THE ABSORBED COMPANY

2.1 INFORMATION ABOUT NEINOR

2.1.1 General information

The Company's legal name is Neinor Homes, S.A. and its commercial name is Neinor. Neinor is a Spanish company (*sociedad anónima*) incorporated according to Spanish law, registered with the Companies Register of Bilbao under volume 5495, page 190, sheet BI-65308, (telephone number: +34 90010022), with registered office and tax residence at calle Ercilla, 24, 2ª planta, Bilbao (Spain), tax number A-95786562 and legal entity identifier (LEI) 959800FW4JL65YWSQ217. It was incorporated by means of a notarial deed granted on 4 December 2014 before the notary of Bilbao, Mr Vicente-María del Arenal Otero, under number 1681 of its official record.

Neinor's website is www.neinorhomes.com. The Company's website and its content do not form part of nor are they incorporated to this Document, whether by reference or in another way, unless otherwise stated in this Document.

Neinor's individual and consolidated financial statements for financial year 2020 have been audited by the Auditor, whose identification details are stated in section 1.3 above, are filed in the corresponding CNMV's public registers and have been incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

2.1.2 Business overview

This section includes a number of cross references to the content in each case required in the documents incorporated by reference, in accordance with that stated in the "Explanatory Note" section.

(A) Main activities, including the main categories of products sold and/or services performed in the last financial year

Information about the latest financial year is set out in:

- Note 1 of CAC 2020.
- Note 6 of CAC 2020.
- Section 1 of IGC 2020.

(B) Any significant changes impacting the operations and main activities since the end of the period covered by the latest published audited financial statements

Since 31 December 2020, the end of the year covered by the latest published audited financial statements of the Company, no major changes have taken place which affect the operations and main activities of the Company other than the Merger addressed by this Document, except for the acquisition completed on 4 January 2021 by the group company Promociones Neinor 1, S.L.U. of 100% of Sardes Holco, S.L.U., a company which owns nine developments for rental located in Alicante, Badalona, Gerona, Madrid, Malaga, Sabadell, Terrassa and Valencia. The overall price for the transaction was approximately 58 million euros, of which around 5.7 million euros were prepaid in December 2020 (the "Acquisition of Sardes").

(C) A brief description of the principal markets including a breakdown of total revenues by operating segment and geographic market for the last financial year

The information available regarding the latest financial year is set out in:

- Note 4.13 of CAC 2020.
- Note 6 of CAC 2020.
- Note 22.1 of CAC 2020.
- Section 1 of IGC 2020.

The following table shows the breakdown for Neinor's total revenues by geographic market for the year ending 31 December 2020:

Geographic market	North	Centre	East	South West	East Coast	South East	Total
Revenues (thousand euros)	143,157	184,744	114,497	52,488	8,291	69,624	572,801

2.1.3 Investments

(A) A description of the material investments made since the date of the last published financial statements and which are in progress and/or for which firm commitments have already been made, together with the anticipated source of funds

Since 31 December 2020, the end of the year covered by the latest published financial statements, the Company has not made material investments which are in progress or for which firm commitments have already been made, except for the Acquisition of Sardes as referred to in section 2.1.2(B) of this Document.

2.1.4 Corporate governance

(A) Names, business addresses and functions within Neinor of the members of the administrative bodies

That information is set out in:

- Section C of the IAGC 2020.

The business address of all the members of Neinor's board of directors is calle Ercilla 24, 2ª planta, Bilbao (Spain).

Prior to the signature of the joint merger plan, and subject to the effectiveness of the Merger, a framework agreement has been entered into with Mr Félix Abánades that provides for the subscription, once the Merger is effective, of (i) a senior management agreement under which Mr Abánades will be hired by Quabit Construcción, S.A. —a subsidiary of Quabit at the date of the joint merger plan— as a senior manager with executive functions, where Mr Abánades will retain his remuneration conditions and the other terms and conditions established in the agreement signed between Quabit and Mr Abánades on 1 June 2017; and (ii) a service provision agreement with Mr Abánades under which he will hold a senior advisor position within Neinor's senior management and board of directors.

(B) Identity of major shareholders

That information is set out in:

- Note 15.1 of CAC 2020.

Likewise, the following table provides public information available on the CNMV's website regarding the ownership of Neinor's voting rights at the date of publication of this Document.

Shareholder	Total voting rights		
	% Direct	% Indirect	% Total
Orion European Real Estate Fund V, SLP	0.000	28.009 ⁽¹⁾	28.009
Adar Capital Partners LTD	0.000	17.444 ⁽²⁾	17.444
Bank of Montreal	0.000	5.209 ⁽³⁾	5.209

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- (1) Indirectly through Pyxis Lux V Lux, S.à r.l.
 (2) Indirectly through Adar Macro Fund LTD.
 (3) Indirectly through F&C Management Limited, F&C Managers Limited and F&C Investment Business Limited.

The following table provides public information available on the CNMV's website regarding the effective ownership of Neinor's voting rights through financial instruments at the date of publication of this Document.

Shareholder	Total voting rights through financial instruments
	% Total
Adar Capital Partners LTD ⁽¹⁾	1.899

(1) Indirectly through Adar Macro Fund LTD.

(C) Number of employees

That information is set out in:

- Note 22.3 of CAC 2020.

2.1.5 Financial information

(A) Financial statements (annual and half-yearly) covering the period of 12 months prior to the publication of the Document

The Company's annual financial statements (individual and consolidated with the Neinor group companies) which cover the period of 12 months prior to the publication of this Document form part thereof, in accordance with that stated in the "Explanatory Note" section.

(B) Where audit reports on the historical financial information have been refused by statutory auditors or contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason for this must be given and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full

The audit reports on the historical financial information are presented as part of the Company's annual financial statements and are incorporated by reference to this Document in accordance with that stated in the "Explanatory Note" section.

To that end, the corresponding audit reports on the historical financial information do not include qualifications, modifications, disclaimers or emphasis of matter.

(C) A description of any significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement

Since 31 December 2020, the end of the year covered by the latest published audited financial statements, there have not been any significant changes in the Company's financial position.

Notwithstanding the foregoing, on 29 January 2021, and within the framework of the Merger, Neinor has signed an amendment to the facility agreement entered into on 4 April 2019 with, among others, Deutsche Bank AG, London Branch, as the original lender, Neinor and several subsidiaries of the Neinor Group with the aim of (i) increasing the financing amount granted by virtue thereof by an additional 83 million euros to make the cash payments within the framework of the Merger; (ii) adding J.P. Morgan AG as the lender of that additional tranche; and (iii) agreeing other amendments to adapt the facility agreement and the commitments acquired therein to the situation after the Merger.

On 2 March 2021, Neinor distributed a gross cash dividend amounting to 0.5 euros per share, with the right to receive this subject to the resolution adopted on 1 April 2020 based on item 6 on the agenda of the Company's annual general meeting.

Lastly, the board of directors has submitted to the general shareholders' meeting that will resolve on the Merger the redemption of 4,615,608 Neinor shares held as treasury shares at the date of the joint merger plan (and prior to the Merger's proposal resolution).

(D) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects for at least the current financial year

That information is set out in:

- Note 27 of CAC 2020.
- Note 28 of CAC 2020.
- Section 5 of IGC 2020.
- Section 7 of IGC 2020.

(E) Where applicable, the management report referred to in articles 19 and 29 of Directive 2013/34/EU

The individual and consolidated management reports covered by the historical financial information are presented as part of the Company's annual financial statements and are incorporated by reference to this Document in accordance with that stated in the "Explanatory Note" section.

2.1.6 Legal and arbitration proceedings

(A) Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Neinor is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on Neinor or the group's financial position or profitability, or provide an appropriate negative statement

That information is set out in:

- Note 4.11 of CAC 2020.
- Note 16 of CAC 2020.
- Note 20.2 of CAC 2020.

2.1.7 Summary of information disclosed under Regulation (EU) No 596/2014

(A) For entities within the scope of Regulation (EU) No 596/2014, a summary of the information disclosed under Regulation (EU) No 596/2014 over the last 12 months, which is relevant as at the date of the Document

Results

- Inside information notice published on 26 February 2020, where Neinor informed the market, among other things, of the prepayment of the Company's first dividend, the launch of Neinor Rental, and the targets for 2020.
- Inside information notice published on 24 February 2021. where Neinor informed the market, among other things, of the annual results for financial year ended 31 December 2020.

Corporate transactions

- Other relevant information notice published on 23 September 2020, where Neinor informed the market of the acquisition of 75% of Renta Garantizada to consolidate the Company's focus on the residential market in Spain.

Business and financial position

- Inside information notice published on 1 April 2020, where Neinor informed the market of the Company's situation within the context of the Coronavirus Pandemic.

- Inside information notice published on 7 January 2021, where Neinor informed the market of the distribution of a gross cash dividend amounting to 0.5 euros per share with the right to receive it, pursuant to the resolution adopted on 1 April 2020, under item 6 on the agenda, by the Company's annual general meeting.
- Other relevant information notice published on 5 February 2021, where Neinor informed the market of the payment date of the dividend stated in the preceding section.
- Other relevant information notice published on 16 February 2021, where Neinor informed the market of the acquisition of a portfolio of residential building to rent.

The notices are incorporated by reference to this Document, in accordance with that stated in the “*Explanatory Note*” section.

2.2 INFORMATION ABOUT QUABIT

2.2.1 General information

Quabit's legal name is Quabit Inmobiliaria, S.A. and its commercial name is Quabit. Quabit is a Spanish company (*sociedad anónima*) incorporated according to Spanish law, registered with the Companies Register of Madrid under Volume 27993, Page 105, Sheet M-504462, (telephone number: +34 914364898), with registered office at Calle Poeta Joan Maragall 1, planta 16, Madrid, (Spain), tax number A-96911482 and legal entity identifier (LEI) 959800Z4NN7U3AHJ2F59. It was incorporated by means of a notarial deed granted on 29 September 1999 before the notary of Valencia, Mr Alberto Domingo Puchol, under number 4189 of its official record.

Quabit's website is www.grupoquabit.com. Quabit's website and its content do not form part of nor are they incorporated to this Document, whether by reference or in another way, unless otherwise stated in this Document.

Quabit's individual and consolidated financial statements for 2020 have been audited by PricewaterhouseCoopers Auditores, S.L., with registered office at Paseo de la Castellana, 259 B, 28046, Madrid, are filed in the corresponding CNMV's public registers and have been incorporated by reference to this Document, in accordance with that stated in the “*Explanatory Note*” section. PricewaterhouseCoopers Auditores, S.L. is registered with the Companies Register of Madrid under volume 9,267, book 8,054, page 75, section 3, sheet M-87850-1, and with the Official Register of Chartered Accountants under no. S-0702.

2.2.2 Business overview

This section includes a number of cross references to the content in each case required in the documents incorporated by reference, in accordance with that stated in the “*Explanatory Note*” section.

(A) Main activities, including the main categories of products sold and/or services performed in the last financial year

Information about the latest financial year is set out in:

- Note 5 of CAC Quabit 2020.
- Section 1.4 of IGC Quabit 2020.
- Section 5.1 of the DRU Quabit.

(B) Any significant changes impacting the operations and main activities since the end of the period covered by the latest published audited financial statements

Since 31 December 2020, the end of the year covered by the latest published audited financial statements, there have not been any significant changes impacting Quabit's operations and main activities other than the Merger addressed by this Document.

(C) A brief description of the principal markets including a breakdown of total revenues by operating segment and geographic market for the last financial year

Information about the latest financial year is set out in:

- Note 5 of CAC Quabit 2020.
- Section 1.4 of the IGC Quabit 2020
- Section 5.1 of the DRU Quabit.

2.2.3 Investments

- (A) **A description of the material investments made since the date of the last published financial statements and which are in progress and/or for which firm commitments have already been made, together with the anticipated source of funds**

Since 31 December 2020, the end of the year covered by the latest published audited financial statements, Quabit has not made material investments which are in progress or for which firm commitments have already been made.

2.2.4 Corporate governance

- (A) **Names, business addresses and functions within Quabit of the members of the administrative bodies**

That information is set out in:

- Section C of IAGC Quabit 2020.
- Section 12.1 of DRU Quabit.

- (B) **Identity of major shareholders**

That information is set out in:

- Note 15.2 of CAC Quabit 2020.
- Section A.2 of IAGC Quabit 2020.
- Section 16 of DRU Quabit.

Likewise, the following table provides public information available on the CNMV's website regarding the ownership of Quabit's voting rights at the date of publication of this Document:

Shareholder	Total voting rights		
	% Direct	% Indirect	% Total
Félix Abánades López	3.371	15.105 ⁽¹⁾	18.476
Gescooperativo, S.A., S.G.I.I.C.	0.000	3.519 ⁽²⁾	3.519

(1) Indirectly through Grupo Rayet, S.A.U. and Restablo Inversiones, S.L.U.

(2) Indirectly through Rural Mixto 50 FI, Rural Mixto 75 FI, Rural Mixto 25 FI, Rural Renta Variable España FI, Rural Mixto 15 FI, Gescooperativo Gestión Conservador FI and Rural Mixto 20 FI.

The following table provides public information available on the CNMV's website regarding the effective ownership of Quabit's voting rights through financial instruments at the date of publication of this Document.

Shareholder	Total voting rights through financial instruments
	% Voting rights

Shareholder	Total voting rights through financial instruments
Félix Abánades López	1.832

(C) Number of employees

That information is set out in:

- Note 25 of CAC Quabit 2020.
- Section 15.1 of DRU Quabit.
- Section 6 of IGC Quabit 2020.

2.2.5 Financial information

(A) Financial statements (annual and half-yearly) covering the period of 12 months prior to the publication of the Document

Quabit's annual financial statements (individual and consolidated with the Quabit group companies) which cover the period of 12 months prior to the publication of this Document form part thereof, in accordance with that stated in the "Explanatory Note" section.

(B) Where audit reports on the historical financial information have been refused by statutory auditors or contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason for this must be given and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.

The audit reports on the historical financial information are presented as part of Quabit's annual financial statements and are incorporated by reference to this Document in accordance with that stated in the "Explanatory Note" section.

In this regard, the corresponding audit reports on the historical financial information do not include qualifications, modifications, disclaimers or emphasis of matter, except for the emphasis paragraph included in CAC Quabit 2020, which is reproduced in full: *"We draw attention to notes 1 and 3.1.d) to the consolidated financial statements, which describe the merger process being carried out by the Parent Company and which will involve its absorption by Neinor Homes, S.A., the satisfactory completion of which has been considered probable by the Parent Company's directors in order to, among other matters, perform the analysis and consideration of the Group's liquidity risk. Our opinion has not been modified in relation to this matter"*.

(C) A description of any significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.

Since 31 December 2020, the end of the year covered by the latest published audited financial statements, there have not been any significant changes in Quabit's financial position.

(D) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects for at least the current financial year

That information is set out in:

- Notes 1 and 3 of CAC Quabit 2020.
- Section 10 of DRU Quabit.

(E) Where applicable, the management report referred to in articles 19 and 29 of Directive 2013/34/EU

The individual and consolidated management reports covered by the historical financial information are presented as part of Quabit's annual financial statements and are incorporated by reference to this Document in accordance with that stated in the "Explanatory Note" section.

2.2.6 Legal and arbitration proceedings

- (A) **Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Quabit is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on Quabit or the group's financial position or profitability, or provide an appropriate negative statement.**

That information is set out in:

- Notes 22 and 29 of CAC Quabit 2020.
- Section 18.6 of DRU Quabit.

2.2.7 Summary of information disclosed under Regulation (EU) No 596/2014

- (A) **For entities within the scope of Regulation (EU) No 596/2014, a summary of the information disclosed under Regulation (EU) No 596/2014 over the last 12 months, which is relevant as at the date of the Document**

Business and financial position

- Other relevant information notice published on 30 April 2020, where Quabit informed the market of the measures implemented to mitigate the situation of the health crisis caused by the Coronavirus Pandemic.
- Inside information notice published on 24 June 2020, where Quabit informed the market of the signing of its debt refinancing with several funds and entities advised by Avenue Europe International Management L.P. ("**Avenue**").
- Inside information notice published on 30 July 2020, where Quabit informed the market of the agreement reached with Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. ("**SAREB**") to cancel the debt of approximately 20 million euros.
- Other relevant information published on 25 February 2021, where Quabit informed the market of the annual results for financial year ended 31 December 2020.

Shareholder agreements

- Other relevant information notice published on 31 July 2020, where Quabit informed the market of the existence of certain agreements which restrict or condition the free transferability of the non-voting Quabit class B shares (the "**Quabit Class B Shares**").

Financial instruments

- Other relevant information notice published on 31 July 2020, where Quabit informed the market of the granting of a public deed corresponding to Quabit's capital increase to offset credits by issuing the Quabit Class B Shares.
- Other relevant information notice published on 22 September 2020, where Quabit informed the market of the amendment to the terms and conditions of certain warrants issued by Quabit and of the issuance of new warrants.

The notices are incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

3. DESCRIPTION OF THE MERGER

The main purpose of the Merger is to integrate the businesses of Neinor and Quabit. The legal structure chosen is the merger through absorption, in accordance with articles 22 and following of the Law on Structural Changes to Companies.

Specifically, the integration will be a merger through absorption of Quabit (absorbed company) by Neinor (absorbing company), with the termination, via dissolution without liquidation, of Quabit, and the transfer of Quabit's assets and liabilities as a whole to Neinor, which will acquire, by universal succession, all the rights and obligations of Quabit.

As a result of the Merger, the holders of Quabit Class A Shares will receive newly issued shares in Neinor in exchange, while all the Quabit Class B Shares will be redeemed due to the Merger since they will be acquired by purchase (redemption), all of this in accordance with that agreed with its only holder, i.e. Cedarville Spain, S.L.U. ("**Cedarville**"), prior to the signing of the joint merger plan.

3.1 PURPOSE AND OBJECTIVES OF THE MERGER

3.1.1 Purpose of the Merger for Neinor, for Quabit and for their respective shareholders

There are numerous reasons favouring the merger of the Participating Companies, especially the following:

- **Combination of complementary businesses:** the Merger would create an ambitious real estate project, with a combined high quality land bank that would allow the construction of more than 16,000 homes by the company resulting from the Merger within the framework of real estate developments expected to be carried out in the medium term. The combination would also make it possible to integrate the aforementioned combined land bank under a well-defined property development platform with a combined capacity to deliver housing.
- **Combination value drivers:** the Merger would generate various additional benefits due to the integration, that the Participating Companies would not be able to achieve separately, including
 - a. *Operational benefits:* through the integration of the Quabit Group's building capabilities into the company resulting from the Merger, as well as through the definition of a more efficient operational structure; and
 - b. *Financial and accounting benefits:* by rationalising the structure of financial costs associated with the existing debt of Quabit and optimising Quabit's assets transferred to Neinor under the transaction.
- **Leadership:** the access to a high-quality land portfolio that would allow to complement Neinor's current portfolio would reinforce the position of the company resulting from the Merger's leadership in the Spanish real estate development market, with the aim of increasing its relevance in the Spanish construction market.
- **Capital structure:** the Merger would foster the rationalisation of Quabit's capital structure through the creation of a group with a net leverage (loan-to-value) below 30%. The implementation of the joint business plan would permit the resulting company to pursue a conservative financial policy, without the need for additional external funds in the medium term to achieve housing development and delivery targets.
- **Property platform:** the Merger would reinforce the value proposal of Neinor's property division by contributing high-quality land for development and rental housing in locations with high demand.
- **Increased share size and liquidity:** shareholders of the Participating Companies would hold a stake with a potential higher degree of liquidity as a result of the addition of a new shareholder base to the company resulting from the Merger as well as the increase in market capitalization of the company resulting from the Merger.

As a result of the Merger, the Quabit shareholders will cease to have that status (since, once the Merger is effective, Quabit will be terminated and integrated into Neinor), and the holders of Quabit Class A Shares will become Neinor shareholders in proportion to their respective stake, in accordance with the exchange ratio, without requiring any special actions on their part. When the holders of Quabit Class A Shares become Neinor shareholders, they will have the same legal and bylaw rights and duties corresponding to the current Neinor shareholders.

As shareholders of the Participating Companies, both the holders of Quabit Class A Shares which become Neinor shareholders as a result of the Merger plus the Neinor shareholders expect their investment to be reinforced due to the Merger, by creating shareholder value for the resulting company for the reasons set out in this section 3.1.

For more information on the value generated by the Merger and the purpose of the transaction for the Participating Companies and their shareholders, see the presentation on the joint merger plan reported to the market on 11 January 2021 by Neinor, through the relevant information notice on corporate transactions, with registration number 6559, which is incorporated by reference to this Document, and the directors' reports of Neinor and Quabit, also incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

3.1.2 Description of any anticipated benefits resulting from the Merger

After the Merger, and in accordance with the estimates obtained by the Company at 2020 year-end, the company resulting from the Merger will have a gross asset value of approximately 2 billion euros. Moreover, the company resulting from the Merger will become the leader in residential developments in Spain, with development capacity expected to be over 16,000 homes.

The company resulting from the Merger would reinforce its presence in the main residential markets in expansion areas (Centre, East, East Coast, North and South East), especially in the Centre, where Quabit concentrates nearly 60% of its portfolio, with land plots for development of over 4,000 homes, and in the South East, with a further 1,100 homes. The Company believes that Quabit's portfolio has high complementarity, enabling Neinor to expand its customer base towards a more affordable housing segment.

Regarding indebtedness, the Merger envisages a restructuring of Quabit's debt through refinancing and haircuts that will help establish a sustainable combined capital structure. To that end, the debt haircut negotiated with Quabit's main creditors would imply a reduction of between 16% and 18% in Quabit's gross debt (i.e. between 45 and 50 million euros). Therefore, the loan-to-value ratio of the company resulting from the Merger will be between 20% and 25%. Likewise, major operational, financial and tax synergies are expected to be achieved as a result of Neinor absorbing Quabit.

The Merger is expected to have a positive impact on the stakeholders of the Participating Companies, including their employees, customers, shareholders and creditors. Among others, the Merger is expected to improve shareholder profitability and generate higher organic capital to support growth, with a sustainable combined capital structure, while providing greater ability to attract talent and improve the training capability and development of the current employees through new opportunities.

The presentation of the joint merger plan disclosed by Neinor on 11 January 2021 through the other relevant information notice on corporate transactions, with registration number 6559, contains detailed information about the anticipated benefits of the Merger, and is incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

3.2 CONDITIONS OF THE TRANSACTION

3.2.1 Information on the procedures and terms of the Merger and the governing law of the Merger executing the transaction

In accordance with articles 22 et seq. of the Law on Structural Changes to Companies, to have a better understanding of the Merger process, below is a brief identification and description of its main events in chronological order, with the relevant provisions of the regulations governing it.

(A) Approval and signature of the joint merger plan

The joint merger plan, on which it is based, the structure and the criteria for the Merger, which are reproduced herein where necessary, was approved and signed by the boards of directors of the Participating Companies in their respective meetings held both on 11 January 2021, all of this in accordance with article 30 of the Law on Structural Changes to Companies.

The joint merger plan was drafted in accordance with articles 30 and 31 of the Law on Structural Changes to Companies and, therefore, it includes the provisions required as the minimum necessary content. Together with that minimum content, the joint merger plan envisages and sets out other factors related to the structural changes whose inclusion was deemed appropriate by the directors of the Participating Companies. Without prejudice to the fact that the joint merger plan is incorporated by reference to this Document, its main content is summarised below:

I. Identification of the entities participating in the Merger

In accordance with article 31.1 of the Law on Structural Changes to Companies, section 2 of the joint merger plan identifies the Participating Companies by reference to their names, their corporate forms, their registered offices, the identification details of Neinor's registration with the Companies Register of Bilbao and the identification details of Quabit's registration with the Companies Register of Madrid and their tax numbers.

II. Merger exchange

– Acquisition by purchase (redemption) of Quabit Class B Shares

As stated in section 3.1 of the joint merger plan, in relation to Quabit Class B Shares, Quabit's board of directors, considering the agreement signed with various funds and entities advised by Avenue as described in section 1.1.2 of the joint merger plan (the "**Agreement with Avenue**"), has proposed to the same general shareholders' meeting at which a decision will be made on approving the Merger (and prior to the proposed Merger resolution) the acquisition by purchase (redemption) of all Quabit Class B Shares for their complete redemption within the context of the execution of the Merger pursuant to article 26 of the Law on Structural Changes to Companies; therefore, only Quabit's ordinary shares (the Quabit Class A Shares) will be exchanged.

– Exchange ratio

In accordance with article 31.2 of the Law on Structural Changes to Companies, section 3.2 of the joint merger plan contains the Merger's exchange ratio, which will be 1 ordinary share of Neinor, each with a nominal value of 10 euros, of the same characteristics and with the same rights as the Neinor shares existing at the time of their issuance, for every 25.9650 Quabit Class A Shares, each with a nominal value of 0.50 euros, the only class that will be in circulation at the time of the exchange. The exchange ratio was determined based on the actual value of the assets and liabilities of the Participating Companies and where no supplementary cash compensation is envisaged (notwithstanding the cash payments to meet the "odd-lots" as described in the joint merger plan).

The justification for the proposed exchange ratio is set out in the report from the Neinor directors, summarised in section 3.4.4 of this Document, and the report from the Quabit's directors, in accordance with the requirements of article 22 of the Law on Structural Changes to Companies.

– Method for effecting the exchange. Capital increase to effect the exchange of Quabit Class A Shares

Section 3.3 of the joint merger plan states that Neinor will effect the exchange for Quabit Class A Shares, in accordance with the exchange ratio established in the preceding section, via newly issued ordinary shares.

For such purposes, sections 4.2.1 and 4.3.1 of this Document state how Neinor will increase capital to effect the exchange for Quabit Class A Shares and request admission to trading for the new shares issued to effect the Merger exchange on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market).

– Share exchange procedure

In accordance with article 31.2 of the Law on Structural Changes to Companies, the exchange procedure for Quabit Class A Shares is summarised in section 3.4 of the joint merger plan. The exchange of Quabit Class A Shares for Neinor shares will take place once:

- (a) the document has been filed, or any registration requirements that may be required by the CNMV has been met;
- (b) the Merger has been approved at the general shareholders' meetings of both Participating Entities, including approval of the Merger, on the terms and conditions established in the joint merger plan, by the holder of the Quabit Class B Shares;
- (c) the conditions precedent referred to in section 16 of the joint merger plan have been fulfilled; and
- (d) the deed of Merger has been granted.

The exchange will take place on the date specified in the notice of exchange to be published on the corporate websites of the Participating Companies and, as other relevant information, on the website of the CNMV; effective delivery of the new shares would take place once the notarial instrument of Merger is registered with the Companies Registers of Bilbao and Madrid (corresponding to the registered offices of Neinor and Quabit, respectively). For such purpose, a financial entity will be appointed to act as an exchange agent that will be specified in the above-mentioned notices.

Delivery of Neinor's new shares pursuant to the exchange of Quabit Class A Shares will take place through the participating entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) as depositories of the shares, as per the procedures established for the book-entry system in accordance with Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of marketable securities represented by book entries, the regulation of the central securities depository and central counterparty entities, the transparency requirements for the issuers of securities admitted to trading on an official secondary market, and with the application of the provisions of article 117 of the Law on Corporate Enterprises.

As a result of the Merger, the Quabit shares will be cancelled.

— Mechanism for facilitating the exchange

Section 3.5 of the joint merger plan sets out the mechanism for facilitating the exchange, which is expanded upon in section 4.3.3 of this Document.

III. Rights granted by the new shares. Date from which the new shares give right to a share of the earnings

To comply with article 31.6 of the Law on Structural Changes to Companies, section 5 of the joint merger plan states that the new shares issued by Neinor to effect the merger exchange will be ordinary shares of the same and only class and series as the shares currently in circulation, entitling the holders to the same rights from the date the notarial instrument of Merger is registered with the Companies Registers of Bilbao and Madrid and, if the filing is not made with both Companies Registers on the same day, from the date on which that instrument is filed with the latter (the "**Effective Date**").

In particular, the new shares will entitle holders, as from the Effective Date, to a share of the earnings under the same conditions as the other holders of Neinor's shares in circulation on that date.

IV. Accounts and valuation of the assets and liabilities of Quabit subject to transfer

For the purposes of article 31.10 of the Law on Structural Changes to Companies, section 4.2 of the joint merger plan states that the conditions under which the Merger will be carried out have been determined taking into consideration the annual accounts of the Participating Companies for the financial year ending 31 December 2020, with the financial year of the Participating Entities coinciding with the calendar year.

For the purposes of the provisions of article 31.9 of the Law on Structural Changes to Companies, section 4.3 of the joint merger plan states that the acquired identifiable assets and the liabilities assumed by Neinor from Quabit will be recognised in Neinor's accounts at their fair values on the acquisition date, in accordance with Recognition and Measurement Standard 19 of the PGC.

V. Effective date of the Merger for accounting purposes

For the purposes of article 31.7 of the Law on Structural Changes to Companies, section 6 of the joint merger plan states that the date from which Quabit's transactions are considered to be performed for accounting purposes by Neinor will be the date resulting from applying section 2.2 of Recognition and Measurement Standard 19 of the PGC.

VI. Labour contributions or ancillary obligations

Section 7 of the joint merger plan states that, in accordance with article 31.3 of the Law on Structural Changes to Companies, since there are no labour contributions nor ancillary obligations at either of the Participating Companies, no compensation needs to be paid for these items.

VII. *Special rights and securities other than those representing capital*

To comply with article 31.4 of the Law on Structural Changes to Companies, section 8 of the joint merger plan states that, except for the Quabit Class B Shares, the various warrants issued by Quabit in favour of Avenue and SAREB and the notes issued by Quabit Finance, S.A.U., which are set out in section 3.4.3 of this Document, neither Participating Company have privileged special shares or special rights other than those arising from standard share ownership; thus, no special right needs to be granted, nor does any type of option need to be offered.

The Neinor shares provided to holders of Quabit Class A Shares as a result of the Merger do not give the holders of these shares any special right.

VIII. Benefits granted to directors and independent experts

To comply with article 31.5 of the Law on Structural Changes to Companies, section 9 of the joint merger plan states that no benefit in Neinor will be granted to the directors of either Participating Companies nor KPMG, the independent expert appointed to issue the corresponding report in relation to the joint merger plan in accordance with that stated in section 1.3 above.

IX. Articles of association of the absorbing company

To comply with the requirement contained in article 31.8 of the Law on Structural Changes to Companies, the joint merger plan (i) expressly states in its section 11 that the merger will not require amending the articles of association of Neinor except with regard to the sum of the share capital and number of shares as a result of the capital increase required to effect the Merger exchange, and (ii) attaches the text of Neinor's articles of association in force at the date of the joint merger plan (available on the corporate website) as an Appendix.

X. *Impact on employment, gender and corporate social responsibility*

For the purposes envisaged in article 31.11 of the Law on Structural Changes to Companies, section 12 of the joint merger plan states that, in accordance with article 44 of the consolidated text of the Law on the Workers' Statute, approved by Royal Legislative Decree 2/2015 of 23 October (the "ET"), if the Merger is executed, Neinor, in its capacity as the absorbing company, will assume the labour rights of Quabit's employees, making it the new employer. It also states that the Participating Companies will comply with their reporting obligations and, if required, their consultation obligations with the employees' representatives of each one, in accordance with labour regulations. In addition, the Merger will be notified to the appropriate relevant public entities and, in particular to the Social Security General Treasury.

Likewise, section 12 of the joint merger plan states that, following the Merger, the company resulting from the Merger will complete the analysis of any overlaps, duplications and economies of scale arising from the process, with no decision having been made at the time of the joint merger plan regarding measures of a labour nature that will have to be adopted to integrate the workforces as a result of the Merger. In any case, the integration of the workforces will take place observing the legal procedures applicable in each case and especially with regard to the reporting obligations and consultation obligations with the workers' representatives, having meetings and negotiating with them as is required to integrate the two workforces with the most agreement possible between the parties.

It also states that, upon execution of the Merger, no major changes are expected in Neinor's governing body structure in terms of the gender breakdown. Likewise, the Merger will not modify the policy that has been governing that matter at Neinor.

Lastly, that section 12 states that Neinor's current corporate social responsibility policy is not expected to change as a result of the Merger.

XI. Other mentions to the joint merger plan

Apart from the minimum mentions required by the Law on Structural Changes to Companies, the joint merger plan includes other matters that the Boards of Directors of Neinor and Quabit consider relevant, summarised below:

— Conditions precedent

Section 16 of the joint merger plan states that the effectiveness of the Merger is subject to certain conditions precedent, as set out in section 3.2.2 below.

— Special tax framework

Section 10 of the joint merger plan states that the Merger is subject to the tax framework set out in chapter VII of title VII and the second additional provision of the LIS, based on article 89.1 of the same legal text, and in chapter VII of title VI of the NFIS. Likewise, in accordance with article 114.3 of the NFIS and article 89.1 of the LIS, the corresponding disclosure will be made to the relevant tax administrations, stating that this tax framework will be applied under the terms set out in the regulations.

— Agreements with shareholders

As stated in section 1.1.1 of the joint merger plan, (i) several Quabit shareholders jointly holding, at the date of the joint merger plan, approximately 26% of Quabit Class A Shares; (ii) Cedarville as a Quabit shareholder, holding, at the date of the joint merger plan, 100% of Quabit Class B Shares; and (iii) Pyxis V Lux S.à r.l., holding approximately 28% of the share capital of Neinor, entered into, before the signature of the joint merger plan, commitments whereby those shareholders undertook, among others, to vote in favour of the Merger at the general shareholders' meetings of Quabit and Neinor, respectively.

Likewise, section 15.1 of the joint merger plan states that, prior to the signature of the joint merger plan, and subject to the effectiveness of the Merger, a framework agreement has been entered into with Mr Félix Abánades that provides for the subscription, once the Merger is effective, of (i) a senior management agreement under which Mr Abánades will be hired by Quabit Construcción, S.A. —a subsidiary of Quabit at the date of the joint merger plan— as a senior manager with executive functions, where Mr Abánades will retain his remuneration conditions and the other terms and conditions established in the agreement signed between Quabit and Mr Abánades on 1 June 2017; and (ii) a service provision agreement with Mr Abánades under which he will hold a senior advisor position within Neinor's senior management and board of directors.

— Agreements with lenders

As stated in section 1.1.2 of the joint merger plan, Neinor, Quabit and Avenue signed, prior to the signature of the joint merger plan, an Agreement with Avenue to regulate the terms and conditions by virtue of which:

- (i) all Quabit Class B Shares recognised as a financial liability with special characteristics at the date of the joint merger plan will be transferred to Quabit by purchase (redemption) for their complete cancellation;
- (ii) the financing granted by several funds to Quabit (in particular, Avenue Lines I, II and III, jointly, the "**Avenue Lines**") will be redeemed and cancelled; and
- (iii) the warrants issued in favour of Avenue will be cancelled (the "**Avenue Warrants**").

Likewise, that section states that the purchase (redemption) of Quabit Class B Shares for full redemption will be effective in a single act with the effectiveness of the Merger, but immediately prior to the execution of the notarial instrument of Merger and, in addition, will be subject to a condition subsequent whereby, in the event that the Merger does not become effective, the stated purchase would be terminated, thus Cedarville would regain ownership of all Quabit Class B Shares.

In accordance with the provisions of the Agreement with Avenue and section 15.2 of the joint merger plan, and as consideration for the acquisition of the various equity and debt instruments of Quabit held by Avenue at the date of the joint merger plan (the "**Acquisition**"), Neinor irrevocably undertook to, once the Merger is registered:

- (i) pay to Avenue consideration for a value equal to 22,000,000 euros for the purchase of the Quabit Class B Shares for their redemption referred to in section 3.1 of the joint merger plan and under the terms provided therein;
- (ii) pay to Avenue consideration for a value equal to 63,050,000 euros; and
- (iii) transfer to Avenue specific land plots located in Mijas, Andalusia, that form part of the project called Las Lomas del Flamenco, in accordance with section 15.2 of the joint merger plan. According to the most recently available valuation report at the date of the joint merger plan issued by Savills, those plots have a gross value of approximately 32 million euros.

To carry out the Acquisition, and in accordance with the Agreement with Avenue, Neinor and Avenue irrevocably undertook to perform the various actions described in section 15.2 of the joint merger plan and execute, simultaneously with the transfer of Las Lomas del Flamenco, (i) an asset development and management agreement; and (ii) a facility agreement, both in relation to the construction and promotion of the Las Lomas del Flamenco project.

As stated in section 15.2 of the joint merger plan, the execution of the Acquisition is subject to registration of the Merger and must be carried out within one month of the registration of the notarial instrument of Merger with the Companies Register of Bilbao.

— Assuming the powers of attorney of the absorbed company

In accordance with section 12.4 of the joint merger plan, Neinor will ratify and assume as its own the powers of attorney plus the powers of attorney for litigation granted by Quabit stated in the notarial instrument of Merger. All of this is without prejudice to, once the legal integration via the execution and registration of the Merger's notarial instrument has occurred, progressively replacing the powers of attorney, if appropriate, and as required in accordance with the authorisations and the powers of attorney policy of the company resulting from the Merger.

— Disclosure and reporting

Section 14 of the joint merger plan states that, to comply with article 32 of the Law on Structural Changes to Companies, the joint merger plan will be published on the corporate websites of the Participating Companies. In accordance with that envisaged in that section, and as stated above, it was published in the Official Gazette of the Companies Register, one month before the date set for the general shareholders' meetings that resolve on the Merger, and will remain on the websites for at least the time required by article 32 of the LME.

Moreover, the joint merger plan also states that the documents mentioned in article 39 of the Law on Structural Changes to Companies will be published in the aforementioned corporate websites of the Participating Companies, and will be downloadable and printable, prior to the publication of the announcement convening the general shareholders' meetings that resolve on the Merger. The joint merger plan will be submitted for approval by the general shareholders' meeting of the Participating Companies within six months, in accordance with article 30.3 of the Law on Structural Changes to Companies.

(B) Directors' report

In accordance with article 33 of the Law on Structural Changes to Companies, the boards of directors of Neinor and Quabit drafted their respective report explaining and justifying in detail the joint merger plan with regard to its legal and financial aspects, and with particular reference to the share exchange ratio, the special valuation difficulties which may exist and the implications of the Merger for the shareholders, creditors and employees.

The reports from the directors of Neinor and Quabit are incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

(C) Independent expert's report on the joint merger plan

In accordance with article 34 of the Law on Structural Changes to Companies, KPMG, as the independent expert appointed by the Companies Register of Bilbao on 19 January 2021, issued the mandatory report on the joint merger plan on 25 February 2021, as stated in section 1.3 above.

(D) Convening of the general meetings of Neinor and Quabit

The board of directors of Neinor resolved to convene its annual general meeting to be held in Torre Ibedrola, Plaza Euskadi 5, 48009 Bilbao, Bizkaia on 30 March 2021 at first call and, if there is no quorum, at second call, on 31 March 2021. Also, the board of directors of Quabit resolved to convene its annual general meeting to be held in edificio Castellana 81, located at Paseo de la Castellana 81, floor SS, 28046 Madrid on 30 March 2021 at first call and, if there is no quorum, at second call, on 31 March 2021.

The items on the agenda of those general meetings include the deliberation and, where applicable, the approval of the resolutions regarding the Merger between the Participating Companies, under the terms set out in the joint merger plan.

Also, in accordance with article 39 of the Law on Structural Changes to Companies, before the publication of the announcement to convene the respective general meetings and on the dated referred to in the aforementioned announcements, the documents listed in that article have been published in the corporate websites of the Participating Companies, and can be downloadable and printable. This Document will also be available to the shareholders.

The documentation regarding the general meeting of Neinor that resolves on the Merger can be consulted on the Company's website at www.neinorhomes.com > Shareholders and Investors > Shareholders > General Shareholders' Meeting 2021; and the documents listed in article 39 of the Law on Structural Changes to Companies can be consulted on the Company's website at www.neinorhomes.com > Shareholders and Investors > Financial information > Mergers.

The documentation regarding the general meeting of Quabit that will resolve on the Merger can be consulted on Quabit's website at www.grupoquabit.com > Shareholders and Investors > Shareholders' Meeting and at www.grupoquabit.com > Shareholders and Investors > Merger Quabit-Neinor.

(E) Merger resolutions and publication of announcements

In accordance with article 40 of the Law on Structural Changes to Companies, the Merger resolution must be adopted by the general meetings of both Participating Companies, conforming strictly to that envisaged in the joint merger plan.

Once the Merger resolutions, where applicable, are adopted, they will be published in the corresponding announcements in the Official Gazette of the Companies Register and in one of the newspapers with the largest circulation in the Bilbao and Madrid provinces to comply with article 43 of the Law on Structural Changes to Companies. Those announcements will state the following: (i) the right of the shareholders and creditors of Neinor and Quabit to obtain the full text of the resolution adopted and the Merger balance sheets, and (ii) the creditors' right to oppose the Merger.

In accordance with article 44 of the Law on Structural Changes to Companies, with the publication of the last announcement, the mandatory period of one month will start so that the Merger can be opposed by the creditors and noteholders of Neinor and Quabit whose credits arose before the date on which the joint merger plan was published in the corporate websites of the Participating Companies, were not due at that time and until such credits are guaranteed, provided that, in the case of

noteholders, the Merger was not approved by the corresponding noteholders' meeting. The creditors whose credits have already been sufficiently guaranteed will not have the right to oppose the Merger.

(F) Compliance with the conditions precedent and the lapsing of the creditors' period to oppose the Merger

Once it takes place, the boards of directors of Neinor and Quabit (or, where applicable, the persons delegated with the corresponding powers) will state the following: (i) compliance with the conditions precedent to which the Merger is subject (stated in section 3.2.2 below) or waiver thereof; and (ii) the fact that the creditors' period to oppose the Merger has elapsed as regulated in article 44 of the Law on Structural Changes to Companies.

(G) Acquisition by purchase (redemption) of Quabit Class B Shares

Pursuant to the corresponding resolution of the general shareholders' meeting of Quabit, Quabit will purchase (redemption) the Quabit Class B Shares for their full cancellation, as indicated in the joint merger plan, on the occasion of the execution of the Merger by application of article 26 of the Law on Structural Changes to Companies. The aforementioned purchase shall be effective in a single act with the effectiveness of the Merger but in the moment immediately prior to the execution of the Merger's public deed.

In the event that the Merger does not become effective, the referred purchase would be terminated, thus its owner would regain ownership of all Quabit Class B Shares.

This purchase (redemption) of the Quabit Class B Shares must be previously approved by the general shareholders' meeting of Quabit where the Merger will be put to vote.

(H) Granting and registration of the notarial instrument of Merger

Once the corresponding Merger resolutions are adopted, the announcements referred to in article 43 of the Law on Structural Changes to Companies are published, the legal period for the creditors to oppose the Merger has elapsed without them exercising their right to opposition or, where applicable, the credits of those who have exercised their right have been duly paid or guaranteed, the conditions precedent are complied with or waived, the Quabit Class B Shares are purchased, and all the mandatory legal formalities are completed, the corresponding notarial instrument of Merger will be granted.

Prior to the filing of the notarial instrument of Merger, the Companies Registrar of Madrid will state in the notarial instrument that there are no registration obstacles for filing the Merger. That notarial instrument of Merger will then be submitted for registration with the Commercial Register of Bilbao and the cancellation of Quabit's registration entries will be requested from the Commercial Register of Madrid.

(I) Delivering the new shares as a result of the exchange and admission to trading

Once the notarial instrument of Merger is registered, the exchange of Quabit Class A shares for Neinor shares will be carried out, under the terms envisaged in the joint merger plan and in the Neinor directors' report.

Neinor will request admission to trading for the new shares issued by Neinor to effect the Merger exchange on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market), and will perform all the required procedures.

3.2.2 Where applicable, any conditions to which the effectiveness of the Merger is subject to, including any guarantee

The planned Merger is subject to the following authorisations and non-objections from the competent authorities as conditions precedent for its effectiveness:

- (i) obtaining consents in connection with the Merger (or, where applicable, the corresponding waivers of the exercise of any rights as a result of the Merger, in particular early-maturity clauses) from Neinor's and Quabit's main lenders or creditors, provided that they are relevant to the Merger, and, if applicable, executing agreements with such lenders or creditors in terms reasonable satisfactory to Neinor taking into account the terms agreed in the joint merger plan for its execution;

- (ii) if necessary, the communication of the Merger to the relevant competition authorities and, if applicable, obtaining the authorisation or non-opposition to the Merger, whether express or implied, by the aforementioned authorities, as well as obtaining any necessary authorisation by the CNMV and/or any regulatory authority for the execution and effectiveness of the Merger; and
- (iii) following the consultation with the Finance and Tax Department of the Biscay Provincial Council, it is confirmed that (i) the special framework for mergers, spin-offs, asset contributions, exchanges of securities, full assignments of assets and liabilities and change of registered office of a European company or a European cooperative society from one Member State of the European Union to another set out in Chapter VII of Title VI of the Provincial Law on Corporate Income Tax in the Historical Territory of Biscay is applicable to the merger; and (ii) under that special framework, the treatment of any income recorded in the income statement of Neinor as a result of a negative merger difference is not subject to income tax for either Neinor or Quabit.

The joint merger plan also states that the board of directors of Neinor and Quabit and any person delegated by them may perform all the acts and adopt all the resolutions required for requesting, processing and obtaining the above-mentioned authorisations and any other authorisations, statements or releases required or advisable for the success of the Merger, ultimately being able to declare the above-mentioned conditions precedent met or not met or abandon trying to meet them (to the extent legally possible and advisable).

3.2.3 Where applicable, any information on break-up fees or other penalties which may be payable if the Merger is not completed

In accordance with that stated in the non-binding offer submitted to Quabit's board of directors on 9 December 2020 and accepted by Quabit on that same date (the "NBO"), if:

- (i) Quabit's board of directors does not submit the Merger to its general shareholders' meeting; and
- (ii) (a) within six months from the acceptance of the NBO, Quabit's board of directors approves or signs any agreement without Neinor's prior consent to transfer all or most of Quabit's businesses or assets to a third party, either directly or indirectly, through a merger with another company, sale of assets or carry out any other transaction with an equivalent effect and, insofar as such transactions are not related to the Merger (the "**Alternative Transaction**"); or (b) a takeover bid for Quabit's shares is announced or submitted, whichever occurs first, under the terms envisaged in articles 16 and 17 of Royal Decree 1066/2007 of 27 July on takeover bids, by a third party other than Neinor or its current shareholders,

Quabit shall pay to Neinor a break-up fee amounting to (a) 5 million euros, or (b) 20 million euros if the Alternative Transaction is executed by (i) any person, company or entity whose corporate purpose or main activity, carried out directly or indirectly, is related to construction or real estate development, or investments in construction or development companies or entities; or (ii) any debt or equity investment fund with interests in Spanish construction or development companies or entities.

The NBO includes several cases whereby the break-up fee would not be accrued, mainly those required for safeguarding Quabit's financial stability, if the market circumstances allow this and the corresponding board of directors deems this appropriate, and provided that the transaction does not entail a change of control in the sense envisaged in article 42 of the Spanish Code of Commerce, or attributes *de facto* control of Quabit to a third party.

3.2.4 Where the Merger is subject to any notifications and/or requests for authorisations, a description of those notifications and/or requests for authorisations

In accordance with that set out in section 3.2.2 of this Document, the Merger is subject, if necessary, to disclosing the Merger to the relevant competition authorities and, if applicable, obtaining the authorisation or non-opposition to the Merger, whether express or implied, by the aforementioned authorities, as well as obtaining any necessary authorisation by the CNMV and/or any regulatory authority for the execution and effectiveness of the Merger.

To that end, the Participating Companies expect to file as soon as possible the ordinary form of notification to the National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) in order to obtain the authorization to the Merger as indicated in the preceding paragraph.

3.2.5 Where applicable, all information necessary to fully understand the financing structure of the Merger

In accordance with that set out in this Document, the Merger will occur by Quabit being merged into Neinor, with the termination, via dissolution without liquidation, of Quabit, and the transfer, by universal succession, of Quabit's assets and liabilities as a whole to Neinor, which will acquire all the rights and obligations of Quabit. As a result of the Merger, the holders of Quabit Class A Shares will receive shares in Neinor in exchange for their Quabit shares. Quabit Class B Shares, as they will be redeemed as a result of the Merger, will not be exchanged for new Neinor shares.

Neinor will effect the exchange for Quabit Class A Shares in accordance with the exchange ratio detailed in section 3.4.2 of this Document, and whose justification is set out in the report from the Neinor directors (summarised in section 3.4.4 herein), and in the report from the Quabit directors. The exchange ratio of the Merger was determined based on the actual value of the assets and liabilities of the Participating Companies and where no supplementary cash compensation is envisaged.

Neinor will effect the exchange for Quabit Class A Shares via newly issued ordinary shares, as set out in sections 4.2.1 and 4.3.1 of this Document, in relation to how Neinor will increase its share capital by the sum necessary to cover the exchange of Quabit Class A Shares (via the issue and putting into circulation of the number of new ordinary shares required, each of a nominal value of 10 euro, of the same and only class and series as those currently in circulation, represented as book entries, whose subscription will be reserved for the holders of Quabit Class A Shares), and request admission to trading for the new shares issued to effect the Merger exchange on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market).

Section 3.2.1(I) of this Document refers to the procedure for exchanging the shares issued.

Finally, on 29 January 2021, and within the framework of the Merger, Neinor has signed an amendment to the facility agreement entered into on 4 April 2019 with, among others, Deutsche Bank AG, London Branch, as the original lender, Neinor and several subsidiaries of the Neinor Group with the aim of (i) increasing the financing amount granted by virtue thereof by an additional 83 million euros to make the cash payments within the framework of the Merger; (ii) adding J.P. Morgan AG as the lender of that additional tranche; and (iii) agreeing other amendments to adapt the facility agreement and the commitments acquired therein to the situation after the Merger.

3.2.6 Timetable of the Merger

The principal events in the Merger are set out below. This is a tentative timetable, since compliance with the conditions precedent required to achieve the Merger's effectiveness detailed in section 3.2.2 and the registration of the notarial instrument of Merger depend on third parties who must carry out the relevant actions, so this is beyond the Participating Companies' control. An approximate timetable for the principal events has been included.

DATE	PRINCIPAL EVENT
11/01/2021	Meeting of the boards of directors of the Participating Companies to approve, among other matters: (i) the drafting and signature of the joint merger plan for the merger through absorption of Quabit by Neinor; and (ii) the request for appointing a single independent expert. Publication of the inside information notices by the Participating Companies, announcing the Merger and subsequently publishing the joint merger plan in their websites.
19/01/2021	Request to the Companies Register of Bilbao of the appointment of an independent expert to draft a single report on the joint merger plan.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

<u>DATE</u>	<u>PRINCIPAL EVENT</u>
19/01/2021	Appointment of an independent expert by the Companies Register of Bilbao.
21/01/2021	Submission to the Companies Register of Bilbao of the certificate regarding the publication of the joint merger plan in Neinor's website.
22/01/2021	Submission to the Companies Register of Madrid of the certificate regarding the publication of joint merger plan in Quabit's website.
25/01/2021	Acceptance of the appointment of the independent expert selected by the Companies Register of Bilbao.
01/02/2021	Publication in the Official Gazette of the Companies Register of the inclusion of the joint merger plan in Neinor's website.
04/02/2021	Publication in the Official Gazette of the Companies Register of the inclusion of the joint merger plan to Quabit's website.
24/02/2021	Meetings of the boards of directors of the Participating Companies to: (i) draft the merger balance sheets; (ii) draft the directors' report on the joint merger plan; (iii) convene the general shareholders' meetings that resolve on the Merger; and (iv) approve the proposed resolutions related thereto. In the case of Neinor, the board will also approve the directors' reports on the capital increase resolutions and bylaw amendments that will be approved within the context of the Merger. Publication of the other relevant information notices by the Participating Companies.
25/02/2021	Issuance of the report on the joint merger plan by the independent expert.
25/02/2021	Inclusion in the Participating Companies' websites of the last pending information on the Merger stated in article 39 of the Law on Structural Changes to Companies.
26/02/2021	Publication of the announcement convening the general shareholders' meetings of the Participating Companies.
31/03/2021	Holding of the general meetings of the Participating Companies to approve the resolutions related to the Merger. Where applicable, the holding of the board meetings of Quabit and Neinor regarding the execution of the resolutions related to the Merger and, in the case of Neinor, the redemption of the treasury shares. Publication of the other relevant information notices by the Participating Companies.
07/04/2021	Publication of the merger resolution in the Official Gazette of the Companies Register and in one of the newspapers with the largest circulation in the provinces of Bilbao and Madrid, stating the creditors' right to oppose the Merger. Lapsing of the creditors' period to oppose the Merger.
On or before Y	Compliance with the conditions precedent to which the effectiveness of the Merger is subject.
Y	Holding of the board meeting of Neinor, approving: (i) the statement that the opposition period has elapsed and, where applicable, that the conditions precedent have been met; (ii) the final amount of the

<u>DATE</u>	<u>PRINCIPAL EVENT</u>
	<p>capital increase at Neinor to meet the exchange; and (iii) the request for admission to trading for the new shares.</p> <p>Holding of the board meeting of Quabit, approving: (i) the statement that the opposition period has elapsed and, where applicable, the conditions precedent have been met; (ii) the execution of the purchase resolution (redemption) regarding Quabit Class B Shares; and (iii) the redemption of the remaining shares in accordance with article 26 of the Law on Structural Changes to Companies.</p> <p>Publication of an other relevant or inside information notice by the Participating Companies, announcing, where applicable, that they have complied with the conditions precedent of the Merger and that the Merger will be carried out.</p>
Y+1	<p>Acquisition by purchase (redemption) of Quabit Class B Shares.</p> <p>Granting of the notarial instrument of Merger.</p> <p>Publication of the other relevant information notices by the Participating Companies.</p>
From Y+1 to Y+16	<p>Rating and registration of the notarial instrument of Merger with the Companies Register of Bilbao (once it is qualified by the Companies Register of Madrid, through a note signed by the corresponding Registrar, that there are no registration obstacles to the Merger).</p> <p>Publication of an other relevant information notice by the Participating Companies, announcing the registration of the notarial instrument of Merger, including the exchange procedure and period.</p>
From Y+14 to Y+21	<p>Submission of the notarial instrument of Merger for the purposes of registering the new shares, effecting the Merger exchange and admitting to trading the new shares issued.</p>

3.3 CONFLICT OF INTEREST

3.3.1 Details on any conflict of interests that Neinor, Quabit or any of their shareholders may have in respect of the Merger

At the date of this Document, there are no conflicts of interest at Neinor, Quabit or any of their shareholders in relation to the Merger, without prejudice to those which may arise from the agreements with Quabit's creditors detailed in sections 3.2.1 XI and 3.4.3 of this Document.

3.4 CONSIDERATION OF THE MERGER

3.4.1 The addressees of the shares offered in the exchange within the framework of the Merger

The businesses of Neinor and Quabit will be integrated by merging Quabit (the absorbed company) into Neinor (the absorbing company), with the termination without liquidation of Quabit and the transfer, by universal succession, of all its assets and liabilities to Neinor, where the shareholders of Quabit Class A Shares will receive newly issued Neinor shares in exchange, in accordance with the exchange ratio envisaged in section 3.4.2 below.

To that end, Neinor will increase its share capital by the sum necessary to cover the exchange of Quabit Class A Shares via the issue and putting into circulation of the number of new ordinary shares required, whose subscription will be reserved for the holders of Quabit Class A Shares, without there being pre-emptive rights for Neinor's current shareholders.

The addressees of the shares offered in the exchange within the framework of the Merger are, therefore, only holders of Quabit Class A Shares.

3.4.2 The consideration offered for each security or class of securities in particular the share exchange ratio and the amount of any cash payment

The exchange ratio of the shares of Participating Companies, determined based on the actual value of the assets and liabilities of Neinor and Quabit, will be of one newly issued share in Neinor, each of a nominal value of 10 euros, of the same characteristics and with the same rights as the existing shares in Neinor at the time of their issue, for every 25.9650 Quabit Class A Shares, of a nominal value of 0.50 euros each.

The exchange ratio, in accordance with article 25 of the Law on Structural Changes to Companies, was determined based on the actual value of the assets and liabilities of Neinor and Quabit, considering the methodologies set out and justified in the report from the Neinor directors, summarised in section 3.4.4 of this Document and in the report from the Quabit directors, and was subject to verification by an independent expert as set out in section 3.4.5 below.

The supplementary cash payment in accordance with article 25 of the Law on Structural Changes to Companies is not provided for (without prejudice to the implementation of a mechanism for facilitating the exchange in the terms of section 4.3.3 below).

3.4.3 Information concerning any contingent consideration agreed in the context of the Merger (e.g. any obligation of the acquiring company to transfer additional securities or cash to the former owners of the company being acquired if future events occur or conditions are met)

The joint merger plan refers to the following actions regarding the securities issued by Quabit:

(A) Quabit Class B Shares

Regarding Quabit Class B Shares, section 8.1 of the joint merger plan states that the privileged rights established in article 5 bis of Quabit's articles of association in favour of holders of Quabit Class B Shares will not be recognised at the entity resulting from the Merger.

To that end, the joint merger plan states that, at the corresponding general shareholders' meeting of Quabit at which the Merger will be decided on, the holder of the Quabit Class B Shares must approve, in accordance with the provisions of law and the corresponding articles of association provisions and prior to the proposed Merger resolution, the proposed acquisition for redemption of all Quabit Class B Shares, in accordance with that set out in section 3.1 of the joint merger plan. Neinor irrevocably undertook to, once the Merger is registered, pay to Avenue consideration worth 22,000,000 euros for the acquisition of Quabit Class B Shares.

For more information on the Agreement with Avenue, see section 3.2.1 XI of this Document.

(B) Warrants

As described in section 8.2.1 of the joint merger plan, Quabit issued the Avenue Warrants. That section states, among other matters, that, through the signature of the Agreement with Avenue, the holders of the Avenue Warrants irrevocably undertook, among other things, (i) not to exercise, in whole or in part, the Avenue Warrants from the signature of the Agreement with Avenue until such time as the Avenue Warrants are cancelled; and (ii) to grant, as soon as possible after the registration of the Merger with the Companies Register of Bilbao, the corresponding public deed to carry out its cancellation.

Likewise, as described in section 8.2.2 of the joint merger plan, Quabit issued a warrant in favour of SAREB (the "**SAREB Warrant**").

Section 8.2.3 of the joint merger plan states that, following completion of the Merger, Neinor will take over and succeed Quabit as the issuer of the Avenue Warrants and SAREB Warrant under its terms and conditions. Thus, once the notarial instrument of Merger has been registered with the Companies Registers of Madrid and Bilbao, all references to Quabit in the aforementioned issues will be deemed as having been made by Neinor.

Consequently, once the Merger has been carried out, the aforementioned securities will eventually become convertible into ordinary shares of Neinor (instead of Quabit), without prejudice to the irrevocable undertakings reached with their holders as indicated above (or those that can be reached after the date hereof) regarding their cancellation once the Merger is effective.

(C) Notes

As described in section 8.3 of the joint merger plan, Quabit, through its subsidiary Quabit Finance, S.A.U., has issued senior secured notes for a nominal amount of 20 million euros (the "**Quabit Notes**"). Section 8.3 of the joint merger plan states that, following completion of the Merger, Neinor will take over and succeed Quabit as the guarantor of the Quabit Notes under its terms and conditions. Thus, once the notarial instrument of Merger has been registered with the Companies Registers of Madrid and Bilbao, all references to Quabit Inmobiliaria, S.A. in the aforementioned issue will be deemed as having been made to Neinor.

3.4.4 The valuation methods and the assumptions employed to determine the consideration offered for each security or class of securities in particular regarding the exchange ratio

(A) Exchange ratio

The board of directors of Neinor, in the mandatory report on the Merger, which is incorporated by reference to this Document, in accordance with that stated in the "*Explanatory Note*" section, states that the merger's exchange ratio is the result of negotiations between the merging companies and shows their agreement at the time of approving and signing the joint merger plan regarding the actual value of each one, in accordance with article 25 of the Law on Structural Changes to Companies. The exchange ratio thus established, therefore, determines the shareholding in terms of the voting and economic rights that each merging company will have in the resulting entity.

As stated in that report, the board of directors of each company participating in the Merger must separately assess the reasonability for each of them and its shareholders of the agreed exchange ratio, and the independent expert appointed by the Companies Register must provide a report on, among other aspects, the appropriateness of the exchange ratio, and providing an opinion on whether or not it is justified.

In accordance with the exchange ratio established, Neinor, as the absorbing company, will issue a maximum of 5,599,216 shares to be delivered to the holders of Quabit Class A Shares in exchange for their shares, which means that, immediately after the Merger, the holders of Quabit Class A Shares will own 7.00% of Neinor's share capital.

(B) Justification for the exchange ratio and valuation

The justification for the exchange ratio and the valuation are stated in section 4.3 of the report from the Neinor directors, incorporated by reference to this Document, in accordance with that stated in the "*Explanatory Note*" section.

As stated in the joint merger plan, the exchange ratio takes into consideration:

- (i) the dividend against share premium approved by the general shareholders' meeting on 1 April 2020, which Neinor distributed on (payment date) 2 March 2021, for a gross amount of 0.5 euros per ordinary share of Neinor entitled to receive it;
- (ii) (a) the redemption of 4,615,608 Neinor shares held as treasury shares at the date of the joint merger plan, to be submitted for approval at the same general shareholders' meeting of Neinor at which the merger will be submitted for approval (and prior to the Merger's proposed resolution); and (b) the delivery of a maximum of 30,000 shares of Neinor under its compensation plan for Neinor managers and employees held as treasury shares at the date of the joint merger plan;
- (iii) the existence of 3,380,039 Quabit Class A Shares held as treasury shares at the date of the joint merger plan and which will be held as treasury shares until the Merger is made effective (which will be cancelled); and
- (iv) the non-exercise and cancellation (whether prior to or following completion of the Merger) of the Avenue Warrants.

(C) Fairness opinions

J.P. Morgan AG, Neinor's financial advisor in the Merger, issued on 11 January 2021 a fairness opinion to Neinor's board of directors concluding that, on that date and based on the elements, restrictions and assumptions in the fairness opinion, the exchange ratio proposed was fair for Neinor from a financial point of view.

Arcano Corporate, S.L.U., Quabit's financial advisor in the Merger, issued on 5 January 2021 a fairness opinion to Quabit's board of directors, updated on 10 January 2021, concluding that, on that date and based on the elements, restrictions and assumptions in the fairness opinion, the exchange ratio proposed was fair for Quabit from a financial point of view.

(D) Report from the board of directors of Quabit

The board of directors of Quabit drafted its own directors' report which, in accordance with article 33 of the Law on Structural Changes to Companies, justified in detail the joint merger plan with regard to its legal and financial aspects, and with particular reference to the exchange ratio and the special valuation difficulties that may exist, where applicable, as well as the Merger implications for shareholders, creditors and workers. That report details the valuation methods and assumptions used by the board of directors of Quabit to determine the exchange ratio.

For more information, see the directors' report from Quabit, incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

3.4.5 Indication of any appraisals/reports prepared by independent experts and information where these reports may be found for perusal

The exchange ratio was subject to verification by an independent expert appointed by the Companies Register of Bilbao in accordance with article 34 of the Law on Structural Changes to Companies. KPMG, as the independent expert designated by the Companies Register of Bilbao, issued a report on 25 February 2021 to verify the exchange ratio proposed in the joint merger plan, stating the methods used by the boards of directors of the Participating Companies to establish the exchange ratio of the Quabit Class A Shares, explaining if those methods were appropriate, and stating the opinion if whether or not the exchange ratio is justified; it also provides an opinion if the assets and liabilities provided by Quabit as the terminating company are at least the same as the amount of the capital increase at Neinor.

The report from the independent expert is incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

4. EQUITY SECURITIES OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET FOR THE PURPOSE OF THE MERGER

4.1 WORKING CAPITAL STATEMENT

4.1.1 Statement by Neinor that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed

In the Company's opinion, it has sufficient working capital to meet its current needs for at least 12 months from the publication of this Document.

4.2 INFORMATION CONCERNING THE EQUITY SECURITIES TO BE OFFERED/ADMITTED TO TRADING

4.2.1 General information

Neinor will effect the exchange for Quabit Class A Shares, in accordance with the exchange ratio established in the joint merger plan, as set out in section 3.4.2 of this Document, via newly issued ordinary shares.

To that end, Neinor will increase its share capital by the sum necessary to cater for the exchange of Quabit Class A Shares via the issue and putting into circulation of the number of new ordinary shares required, each of a nominal value of 10 euros, of the same and only class and series as those currently in circulation, represented as book entries, whose subscription will be reserved for the holders of Quabit Class A Shares, without there being pre-emptive rights for Neinor's current shareholders in accordance with article 304.2 of the Law on Corporate Enterprises.

By applying article 26 of the Law on Structural Changes to Companies, under no circumstances will any Quabit Class A Shares, owned by Neinor or any shares that, where applicable, Quabit holds as treasury shares be redeemed. At the date of the joint merger plan, Neinor did not own any Quabit shares.

The joint merger plan states that, considering the total number of Quabit Class A Shares in circulation on the date of the joint merger plan (i.e. (a) 148,763,693 Quabit Class A Shares, less (b) the stated 3,380,039 own shares, which will be kept as treasury shares until the coming into effect of the Merger), the maximum number of Neinor shares to be issued to effect the Merger exchange is 5,599,216 ordinary shares, each of a nominal value of 10 euros, which represents a capital increase of a maximum nominal sum of 55,992,160 euros. The sum of the capital increase may vary depending on the treasury shares held by Quabit or Neinor's stake in Quabit when the Merger becomes effective plus the cash to meet the "odd-lots".

The ISIN code of Neinor's ordinary shares is ES0105251005. The National Numbering Agency (ANCV), which belongs to the CNMV, has allocated the ISIN code ES0105251021 to the shares that will be issued to effect the exchange of Quabit Class A Shares although, once the shares that are issued are admitted to trading, the ordinary shares of Neinor and the shares that are issued to effect the exchange of the Quabit Class A Shares will be traded under the same ISIN code.

4.2.2 Information to be provided only where the securities are not fungible with securities already admitted to trading on regulated market

The new shares issued by Neinor to effect the Merger exchange will be ordinary shares of the same class and series as the shares currently in circulation, entitling the holders to the same rights from the Effective Date, so they are securities fungible with the other Neinor shares already admitted to trading on the Barcelona, Bilbao, Madrid and Valencia stock markets, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market), as stated in section 4.2.1 above.

4.2.3 An indication of public takeover bids by third parties in respect of Neinor's equity which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated

During the last financial year and the current financial year, no public takeover bids were made by third parties in respect of Neinor's equity.

4.3 ADMISSION TO TRADING AND DEALING ARRANGEMENTS

4.3.1 An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market, or other equivalent third country markets as defined in Article 1, point (b) of Delegated Regulation (EU) 2019/980, with an indication of the markets in question. If known, the earliest dates on which the securities will be admitted to trading

Once the notarial instrument of Merger is registered, the new shares issued as a result of the exchange of Quabit Class A shares for Neinor shares will be delivered, under the terms envisaged in the joint merger plan and in the Neinor directors' report. Neinor, through the general shareholders' meeting that resolves on the Merger, will request admission to trading for the new shares issued to effect the Merger exchange on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market), and will perform all required legal procedures to that end.

For more information on the dates on which the new Neinor shares are admitted for trading, see section 3.2.6 of this Document.

4.3.2 All the regulated markets, or equivalent third country markets as defined in Article 1, point (b), of Delegated Regulation (EU) 2019/980, on which, to the knowledge of Neinor, securities of the same class of the securities (e.g. depository receipts and underlying shares) to be offered or admitted to trading are already admitted to trading

The Neinor shares are already admitted to trading on the Barcelona, Bilbao, Madrid and Valencia stock exchanges, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market).

4.3.3 Details of the entities that have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and a description of the main terms of their commitment

No entities have given a firm commitment to act as intermediaries in secondary trading.

Nevertheless, Quabit's shareholders who own a number of Quabit Class A Shares, in accordance with the agreed upon exchange ratio, are not entitled to receive a whole number of Neinor shares, and may acquire or transfer shares so that the resulting shares they hold entitle them, in accordance with the exchange ratio, to receive a whole number of Neinor shares. Without prejudice to this, the Participating Companies have established a mechanism to facilitate Quabit's shareholders receiving whole numbers of Neinor shares by virtue of the exchange.

That mechanism entails appointing a financial entity as an odd-lot dealer, that will act as the counterparty for the purchase of share excesses and shortfalls. Thus, any Quabit Class A Shares shareholder which, in accordance with the established exchange ratio and taking into account the number of held Quabit Class A Shares, is not entitled to receive a whole number of Neinor shares or is entitled to receive a whole number of Neinor shares but has an additional number of Quabit Class A Shares insufficient to have the right to receive an additional Neinor share, may transfer these surplus Quabit Class A Shares to the odd-lot dealer, which will pay the shareholders in cash for the value of these shares at the price specified in the notice of exchange.

With the Merger's approval by the general meetings of Neinor and Quabit, unless expressly stated in writing to the contrary, it is understood that Quabit's shareholders adhere to the odd-lot purchase system without having to send instructions to the depository institution of their shares, which will inform them of the result of the operation once concluded.

The odd-lot dealer designated will be subsequently notified to the market, in the most appropriate way.

4.3.4 Lock-up agreements

There are no lock-up agreements in relation to the Merger affecting Neinor's shares.

4.4 EXPENSES OF THE ISSUE

4.4.1 The total net proceeds and an estimate of the total expenses of the issue

In accordance with the Merger's legal nature, Quabit will be merged into Neinor, with the termination, via dissolution without liquidation, of Quabit, and the transfer, by universal succession, of Quabit's assets and liabilities as a whole to Neinor, which will acquire all the rights and obligations of Quabit. As a result of the Merger, the holders of Quabit Class A ordinary shares will receive shares in Neinor in exchange. Consequently, the Company will not receive any proceeds from the transaction.

The total estimated expenses of the issue for Neinor are approximately 2.5 million euros.

4.5 DILUTION

4.5.1 A comparison of the net asset value per share as of the date of the latest balance sheet before the Merger and the issue price per share within that Merger

As at 31 December 2020, the underlying book value per share was 10.90 euros.

Regarding the issue price per share within the Merger, the nominal value of the new shares that Neinor issues to effect the exchange for the Quabit Class A Shares will be 10 euros each.

In accordance with the applicable business combination standards, the issue or merger premium (the "Issue Premium") will be considered to be the difference that may arise from the transaction in accordance with the applicable accounting standards over the nominal value of the new shares.

4.5.2 An indication of the dilution (including the dilution in voting rights) that existing shareholders of Neinor will experience as a result of the Merger

The current shareholders of Neinor will see their stake diluted by a maximum of 7.00% as a result of the Merger, assuming that the maximum number of Neinor shares to be issued to effect the Merger exchange is 5,599,216 ordinary shares in Neinor, each of a nominal value of 10 euros, which represents a capital increase of a maximum nominal sum of 55,992,160 euros (see section 4.2.1 of this Document for more information about the calculation).

4.5.3 Additional information where there is a simultaneous or almost simultaneous offer or admission to trading of the same class

There will not be a simultaneous or almost simultaneous offer or admission to trading of the same class.

4.5.4 A table presenting the number of securities and voting rights as well as the share capital for both before and after the Merger. To the extent applicable, the merger premium before and after the Merger

Below is a table with the number of securities, voting rights and share capital before and after the Merger. The number of shares, voting rights and the share capital after the Merger, is calculated based on the calculation of the maximum capital increase that will be performed by Neinor to effect the exchange of the Quabit Class A Shares, in accordance with that stated in section 4.2.1 above.

	Before the Merger	After the redemption of treasury shares	After the Merger
Number of Neinor securities (shares)	79,005,034	74,389,426	79,988,642
Voting rights	79,005,034	74,389,426	79,988,642
Share capital (euros)	790,050,340	743,894,260	799,886,420

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

In accordance with the applicable business combination standards, the Issue Premium will be considered to be the difference that may arise from the transaction in accordance with the applicable accounting standards over the nominal value of the new shares.

4.6 ADVISORS

4.6.1 If advisors connected with an issue are referred to in the Document, a statement of the capacity in which they have acted

Apart from that stated in section 1.3 of this Document regarding the report drafted by the Auditor on the pro forma financial information and the independent expert report by KPMG on the joint merger plan and the assets and liabilities provided Quabit as the terminating company in the proposed Merger, J.P. Morgan AG acted as Neinor's financial advisor in the Merger, issuing on 11 January 2021 a fairness opinion to Neinor's board of directors regarding the fairness of the exchange ratio proposed for the Merger from a financial point of view for Neinor.

5. IMPACT OF THE MERGER ON NEINOR

5.1 STRATEGY AND OBJECTIVES

5.1.1 Description of Neinor's intentions with regard to the future business following the Merger, including an indication of any significant changes impacting the operations, principal activities as well as the products and services as a result of the Merger. Where applicable, this information shall include a description of the business prospects, any restructuring and/or reorganisation as well as details of the plans drawn up by the Participating Companies, with particular reference to which part of these plans is due to be implemented in whole or in part in the next 12 months

On 11 January 2021, Neinor notified the market, through an other relevant information notice, a presentation on the joint merger plan, with registration number 663. It explained Neinor's strategy and position in the markets in which it participates with respect to the company resulting from the Merger.

There will not be any significant changes impacting the operations, principal activities, products or services as a result of the Merger.

The said notification of 11 January 2021, was incorporated by reference to this Document, in accordance with that stated in the "Explanatory Note" section.

5.2 MATERIAL CONTRACTS

5.2.1 A brief summary of all material contracts of Neinor or Quabit which are affected by the Merger

As a result of the Merger, and in accordance with that stated in the joint merger plan's presentation on 11 January 2021 notified to the market through an other relevant information notice, with registration number 663, Quabit's main facility agreements will be amended or redeemed so that, on one hand, Quabit's debt will be restructured through refinancing and haircuts and, on the other, they will be adapted to the context of the company resulting from the Merger.

If the stated actions, or other circumstances related to the Merger, lead to the early termination of the facility agreements, this means that Neinor will have the obligation to pay certain amounts to the corresponding creditor. It may also be subject to prepayment penalties. In any case, the outcome and impact on the company resulting from the Merger are uncertain.

5.3 DISINVESTMENT

5.3.1 To the extent known, information on material disinvestments such as material sales of subsidiaries or any major line(s) of business after the Merger becomes effective, together with a description of possible impacts on the Merger

At the date of this Document, Neinor has not made any decisions regarding the potential reorganisation of the subsidiaries or alliances as a result of the Merger. However, in accordance with the integration purpose and objectives pursued by the Merger, and based on the activities carried out by both groups, any duplicities detected among the activities are likely to be integrated once the Merger is completed, although they are not expected to be material.

In accordance with that stated in section 3.2.1XI of this Document and in section 15.2 of the joint merger plan, and as consideration for the Acquisition, Neinor irrevocably undertook to, once the Merger was registered, transfer to Avenue specific land plots located in Mijas, Andalusia, that form part of the project called Las Lomas del Flamenco. According to the most recently available valuation report at the date of the joint merger plan issued by Savills, those plots have a gross value of approximately 32 million euros.

5.3.2 Information on any material cancellation of future investments or disinvestments previously announced

At the date of this Document, no decisions were made regarding the cancellation of material future investments or disinvestments previously announced.

5.4 CORPORATE GOVERNANCE IMMEDIATELY AFTER THE MERGER

5.4.1 Names, business addresses and functions within Neinor of the members of the administrative bodies

No major changes are expected in Neinor's governing body structure in terms of its composition as a result of the Merger. To that end, Neinor's board of directors is expected to comprise the following persons immediately after the Merger:

- Mr Ricardo Martí Fluxá, independent director, chairman of the board of directors;
- Mr Borja Garcia-Egotxeaga Vergara, executive director, chief executive officer;
- Mr Aref H. Lahham, proprietary director;
- Ms Anna M. Birulés Bertran, independent director;
- Mr Van J. Stults, proprietary director;
- Mr Alfonso Rodés Vilà, independent director;
- Mr Felipe Morenés Botín-Sanz de Sautuola, other external director;
- Mr Andreas Segal, independent director; and
- Mr Jorge Pepa, executive director.

The business address of all the members of Neinor's board of directors is understood for these purposes at calle Ercilla 24, 2ª planta, Bilbao (Spain).

5.4.2 Potential conflicts of interest that may arise as a result of the carrying out by the persons referred to in section 5.4.1 of any duties on behalf of Neinor and their private interests or other duties. In the event that there are no such conflicts, a statement to that effect must be made

None of the directors stated in section 5.4.1 above have notified that there will be a conflict of interest with Neinor after the Merger.

5.4.3 Details of any restrictions agreed by the persons referred to in section 5.4.1 on the disposal within a certain period of time of their holdings in Neinor's securities after the Merger

There are no restrictions agreed by the persons referred to in section 5.4.1 on the disposal within a certain period of time of their holdings in Neinor's securities after the Merger.

5.5 SHAREHOLDING

5.5.1 The shareholding structure immediately after the Merger

After the Merger, assuming that the maximum shares envisaged are issued to effect the exchange, the Company's main shareholders, based on the information contained in sections 2.1.4(B) and 2.2.4(B), will be as follows, taking into account that some of the shareholders of Neinor and Quabit which currently have a shareholding reportable to the CNMV would be below the obligation threshold after the Merger.

Shareholder	Total voting rights ⁽¹⁾		
	% Direct	% Indirect	% Total
Orion European Real Estate Fund V, SLP	0.000	27.665 ⁽¹⁾	27.665
Adar Capital Partners LTD	0.000	17.230 ⁽²⁾	17.230
Bank of Montreal	0.000	5.145 ⁽³⁾	5.145

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

- (1) Indirectly through Pyxis Lux V Lux, S.à r.l.
- (2) Indirectly through Adar Macro Fund LTD.
- (3) Indirectly through F&C Management Limited, F&C Managers Limited and F&C Investment Business Limited.

5.6 PRO FORMA FINANCIAL INFORMATION

The Auditor's special report on the compilation of the condensed consolidated pro forma financial information of Neinor and Quabit as at 31 December 2020, together with the explanatory notes on the condensed consolidated pro forma financial information as at 31 December 2020 and for the twelve month financial year ended on 31 December 2020 is attached as an **Appendix**.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

6. DOCUMENTS AVAILABLE

The following documents can be consulted on the websites of the Company (www.neinorhomes.com) and Quabit (www.grupoquabit.com), as appropriate, in the 12 months following the publication of this Document:

- (a) the Company's updated articles of association (available on the Company's website at www.neinorhomes.com > About us > Corporate By-laws); and
- (b) the other documentation incorporated by reference to this Document and stated (together with the hyperlink for online consultation) in the "Explanatory Note" section, to which we refer.

The Company's deed of incorporation is available for consultation in physical format at the Companies Register of Bilbao, with address at Madariaga Etorbidea, 24, 48014 Bilbao, Bizkaia.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

APPENDIX. DELOITTE, S.L.'S SPECIAL REPORT ON THE COMPILATION OF THE CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION OF NEINOR AND QUABIT AS AT 31 DECEMBER 2020, TOGETHER WITH THE EXPLANATORY NOTES ON THE CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION AS AT 31 DECEMBER 2020 AND FOR THE TWELVE MONTH FINANCIAL YEAR ENDED ON 31 DECEMBER 2020

Translation of a special report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S SPECIAL REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN THE DESCRIPTIVE DOCUMENT OF THE MERGER BY ABSORPTION OF QUABIT INMOBILIARIA, S.A.

To the Board of Directors of Neinor Homes, S.A.,

We have performed our work on the accompanying pro forma consolidated financial information of Neinor Homes, S.A. ("the Company") and subsidiaries, prepared by the Company's directors, which comprise the pro forma consolidated balance sheet, the pro forma consolidated statement of profit or loss and the explanatory notes as of 31 December 2020. The applicable criteria used by the Company's directors to compile the pro forma consolidated financial information, which are included in Notes 1 to 4 to that pro forma consolidated financial information, are those included in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129, in the ESMA (*European Securities and Markets Authority*) update of the CESR (*Committee of European Securities Regulators*) recommendations for the consistent application of the aforementioned regulation (CESR/05-054b) (ESMA/2013/319) and in the clarifications contained in documents ESMA31-62-780 and ESMA31-62-1258 and considering the content of the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division.

The pro forma consolidated financial information was compiled by the Company's directors in order to illustrate the impact that the merger of Neinor Homes, S.A. and Quabit Inmobiliaria, S.A. described in Note 2 would have had on the consolidated balance sheet and consolidated statement of profit or loss of the Company and its subsidiaries as at 31 December 2020 and for the year then ended had that transaction taken place on 31 December 2020 and 1 January 2020, respectively.

As indicated in Note 3 to the accompanying pro forma consolidated financial information, the information used as the basis for the compilation of the pro forma consolidated financial information was obtained by the Company's directors from the consolidated financial statements of Neinor Homes, S.A. as at 31 December 2020 on which we have issued the related auditor's report on 24 February 2021 containing an unmodified opinion and from the consolidated financial statements of Quabit Inmobiliaria, S.A. as at 31 December 2020 on which other auditors have issued the related auditor's report on 25 February 2021 containing an unmodified opinion and which included an emphasis of matter paragraph calling attention to the merger process that will involve its absorption by Neinor Homes, S.A. and whose satisfactory completion has been considered probable by the directors of Quabit Inmobiliaria, S.A. to, among other issues, carry out the analysis and consideration of the liquidity risk of Quabit Inmobiliaria, S.A. and subsidiaries.

Director's Responsibility for the Pro Forma Financial Information

The directors of Neinor Homes, S.A. are responsible for the preparation and content of the pro forma consolidated financial information, in accordance with the requirements of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129, with the content of the ESMA

(European Securities and Markets Authority) update of the CESR (Committee of European Securities Regulators) recommendations for the consistent application of the aforementioned regulation (CESR/05-054b) (ESMA/2013/319) and with the clarifications contained in documents ESMA31-62-780 and ESMA31-62-1258 and considering the content of the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division. Also, the directors of Neinor Homes, S.A. are responsible for the assumptions and hypotheses contained in Note 4-a to the pro forma consolidated financial information on which the pro forma adjustments included in Notes 5 and 6 are based.

Our Responsibility

Our responsibility is to issue the report required by Section 3 of Annex 20 of Commission Delegated Regulation (EU 2019/980), in accordance with the item 5.10.1 of the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division, which may in no case be understood to be an auditor's report on financial statements, on whether the pro forma consolidated financial information has been properly compiled on the basis stated, in all material respects, by the directors of Neinor Homes, S.A. in accordance with the requirements of Regulation (EU 2017/1129) of the European Parliament and of the Council of 14 June 2017 and of Commission Delegated Regulation (EU 2019/980) of 14 March 2019 supplementing Regulation (EU 2017/1129), with the content of the ESMA (European Securities and Markets Authority) update of the CESR (Committee of European Securities Regulators) recommendations for the consistent application of the aforementioned regulation (CESR/05-054b) (ESMA/2013/319), with the clarifications contained in documents ESMA31-62-780 and ESMA31-62-1258 and considering the content of the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division and with the assumptions and hypotheses defined by the directors of Neinor Homes, S.A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with the applicable ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information, in all material respects, in accordance with the requirements of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129, with the content of the ESMA (European Securities and Markets Authority) update of the CESR (Committee of European Securities Regulators) recommendations for the consistent application of the aforementioned regulation (CESR/05-054b) (ESMA/2013/319), with the clarifications contained in documents ESMA31-62-780 and ESMA31-62-1258 and considering the content of the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division and with the assumptions and hypotheses defined by the directors of Neinor Homes, S.A.

For the purposes of this report, we are not responsible for updating or reissuing any reports or opinions on the historical financial information used in compiling the pro forma consolidated financial information, or for expressing any other opinion about the pro forma financial information, about the assumptions and hypotheses used in its preparation, or about specific items or elements, and we have not performed an audit or limited review of the financial information used as the basis for compiling the pro forma financial information.

The purpose of pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the entity's historical financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for these purposes. Since this pro forma consolidated financial information was prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent the financial and equity position or the results of operations of Neinor Homes, S.A. and subsidiaries. Consequently, we do not express an opinion as to whether the financial information that would have been obtained had the transaction described occurred on 31 December 2020 and on 1 January 2020 would match the accompanying pro forma consolidated financial information.

The aim of a report of this nature is to provide reasonable assurance as to whether the pro forma consolidated financial information was compiled, in all material respects, on the basis of the criteria used in the preparation thereof and requires the performance of procedures necessary to assess whether the criteria used by directors in the aforementioned compilation provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence as to whether:

- the pro forma adjustments reflect the appropriate effect based on the aforementioned criteria;
- the pro forma consolidated financial information reflects the adequate application of those adjustments to the historical information; and
- the accounting policies used by the directors of Neinor Homes, S.A. in compiling the pro forma consolidated financial information are consistent with the accounting policies used in the preparation of the consolidated financial statements of Neinor Homes, S.A. as at 31 December 2020.

The procedures carried out by us depend on our professional judgement, taking into consideration our understanding of the nature of the entity, event or transaction on which the pro forma consolidated financial information has been compiled and other events and circumstances that are relevant to the engagement.

In addition, our work requires evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains an exhaustive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion:

- The accompanying pro forma consolidated financial information has been properly compiled on the basis of the criteria used and of the assumptions and hypotheses defined by the directors of Neinor Homes, S.A. in all its significant aspects.
- The accounting policies used by the directors of Neinor Homes, S.A. in compiling the accompanying pro forma consolidated financial information are consistent with the accounting policies used in the preparation of the consolidated financial statements of Neinor Homes, S.A. as at 31 December 2020.

Distribution and Use

This report was prepared at the request of Neinor Homes, S.A. in relation to the descriptive document of the merger by absorption of Quabit Inmobiliaria, S.A. by Neinor Homes, S.A., and, therefore, it should not be used for any other purpose or market, or published in any document of a similar nature other than the descriptive document of the merger without our express consent. We will not accept any liability to persons other than the addressees of this report.

DELOITTE, S.L.



Íñigo Úrculo

25 March 2021

Translation of pro forma consolidated financial information originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Neinor Homes, S.A.

Pro forma consolidated financial information
as at 31 December 2020 and for the year ended 31 December 2020

1. Purpose of the pro forma consolidated financial information

The accompanying pro forma consolidated financial information presents the pro forma consolidated balance sheet of Neinor Homes, S.A. (the "**Parent**") and subsidiaries (the "**Group**" or "**Neinor**") as at 31 December 2020 and the pro forma consolidated statement of profit or loss for the year then ended, which were prepared from, and should be read in conjunction with, the Neinor consolidated financial statements as at 31 December 2020, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and other provisions of the financial information regulatory framework that is applicable in Spain..

This pro forma consolidated financial information was prepared for the purpose of showing, on a pro-forma basis, the potential impact on the consolidated balance sheet as at 31 December 2020, and on the consolidated statement of profit or loss for the year ended 31 December 2020, of the merger agreed upon by the Parent and Quabit Inmobiliaria, S.A. ("**Quabit**"), as described below in this document, as if the related obtainment of control had taken place on 1 January 2020 for the purposes of the pro forma consolidated statement of profit or loss, and on 31 December 2020 for the purposes of the pro forma consolidated balance sheet. In order to prepare this pro forma consolidated financial information, it was assumed that the merger of the two companies, described in Note 2, had been fully completed.

This pro forma consolidated financial information was prepared solely for the purpose of being included in the document describing the merger by absorption of Quabit by Neinor.

This pro forma consolidated financial information was prepared for illustrative purposes only, taking into account the assumptions that the Parent's directors determined to be reasonable in the present circumstances, the terms and conditions in the agreements that gave rise to the preparation of this pro forma consolidated financial information and the financial information available at the date of preparation of the information. The assumptions used are described in Note 4 below.

As this pro forma consolidated financial information has been prepared to reflect a hypothetical situation, it is not intended to represent, and, consequently, does not represent, the financial and equity position or results of operations of Neinor and subsidiaries had the transactions described in Note 2 taken place. Also, the pro forma consolidated financial information is not indicative of the Group's future financial and equity position or results of operations.

The Parent's directors are responsible for the preparation and content of the pro forma consolidated financial information.

2. Description of the transaction

Neinor Homes, S.A. is a company incorporated in Spain that engages mainly in the development and sale of property developments. The Group carries on its business activities in the following segments:

- Legacy
- Development
- Asset management/Servicing
- Rental

On 11 January 2021, the Boards of Directors of Neinor and Quabit published and assumed the Draft Terms of Merger by absorption of Quabit by Neinor in which they included a communication signed by both Boards of directors announcing that an agreement had been reached with shareholders of Neinor and Quabit representing 28% and 26%, respectively, of the voting stock of the two entities whereby those shareholders expressed their support for, and undertaking to vote in favour of, the merger by absorption (**the "Draft Terms of Merger"**).

The Draft Terms of Merger established that the merger would take the form of the merger of Quabit, the absorbed company, into Neinor, the absorbing company. Accordingly, the absorbing company will increase its share capital by the appropriate amount based on the share exchange ratio described below. The merger will result on the extinguishment of the absorbed company and the transfer *en bloc* of its assets and liabilities to the absorbing company.

The Draft Terms of Merger by absorption provide, among other issues, as follows:

- i. Quabit (the absorbed company) will be merged by absorption into Neinor (the absorbing company) and Quabit will be dissolved, without liquidation, and all its assets and liabilities transferred *en bloc* to Neinor, which will acquire, by universal succession, all the rights and obligations of Quabit.
- ii. Following the merger, Neinor will be subrogated to Quabit's position in, and will succeed it as the issuer of, the Warrants granted to Avenue and SAREB under the terms and conditions thereof. Thus, all the references to Quabit in those issues must be understood to be made to Neinor. Consequently, following the merger, the aforementioned securities shall eventually be convertible into ordinary shares of Neinor. However, as indicated in the Draft Terms of Merger, Avenue agrees to cancel the Warrants granted in its favour (hereafter, "**Avenue Warrants**").
- iii. Following the merger, Neinor will be subrogated to Quabit's position in, and will succeed it as the guarantor of, the non-convertible debentures amounting to EUR 20 million at a fixed rate of interest of 8.25% and maturing on 4 April 2023. Therefore, once the merger deed has been registered at the Bilbao and Madrid Mercantile Registries, all references to Quabit Inmobiliaria, S.A. in that issue shall be understood to be made to Neinor.

The Draft Terms of Merger establish that, prior to the completion of the merger:

- An agreement has been signed with both Neinor and Quabit shareholders whereby: (i) holders of approximately 26% of the Class A shares of Quabit; (ii) Cedarville Spain, S.L., (hereafter, "**Cedarville**") holder of all the Class B shares of Quabit; and (iii) holders of approximately 28% of the share capital of Neinor has undertaken to vote in favour of the merger.
- An agreement has been signed with certain financial creditors of Quabit (Cedarville, GL Europe Luxembourg III (US) Investments, S.à r.l., GL Europe Luxembourg III (EUR) and GL Europe ASRS Investments, S.à r.l., together, "**the Funds**" and, together with Cedarville, "**Avenue**") ("**Agreement with Avenue**") whereby:
 - (i) all the Class B shares of Quabit of which Cedarville is the sole owner, currently recognised as a financial liability with special characteristics for consideration of EUR 22 million, will be transferred to Quabit through a purchase and sale transaction (redemption), for their complete retirement;
 - (ii) the financing granted by the Funds to Quabit (in particular, the Avenue I, Avenue II and Avenue III Lines, together, the "**Avenue Lines**") will be repaid and cancelled; and
 - (iii) The **Avenue Warrants** shall be redeemed.

The transactions described in this section will be carried out in accordance with the terms of the Draft Terms of Merger and of the Agreement with Avenue. In particular, the purchase and sale transaction (redemption) of Class B shares of Quabit for their redemption in full will be deemed effective in the same act as that in which the merger becomes effective, albeit at a point in time immediately prior to the execution of the merger public deed, and will be subject, in addition, to a condition subsequent should the merger not become effective, so that, in such case, the aforementioned purchase and sale transaction would be cancelled and Cedarville would recover title to all the Class B Quabit shares.

As provided for in the Draft Terms of Merger, the share exchange ratio agreed upon will be one newly-issued ordinary share of Neinor, with a par value of EUR 10, for every 25.9650 Class A Quabit shares, of EUR 0.50 par value each, with no supplementary cash consideration. That share exchange ratio was determined on the basis of the actual value of the net assets of Neinor and Quabit and was established taking into account the valuation analyses performed by the two entities. The following was taken into consideration in determining the share exchange ratio:

- i. The dividend payable out of the share premium approved by the shareholders at a General Meeting of Neinor held on 1 April 2020 amounting to EUR 0.5 gross per Neinor share;
- ii. The redemption of 4,615,608 Neinor shares held as treasury shares at the date of the Draft Terms of Merger that will be submitted for approval to the same General Meeting of Neinor as that at which the merger is approved;
- iii. The delivery of a maximum number of 30,000 Neinor shares in the framework of its executive and employee remuneration plan held as treasury shares at the date of the Draft Terms of Merger;
- iv. The existence of 3,380,039 Class A Quabit treasury shares at the date of the Draft Terms of Merger which will continue to be held as treasury shares until the merger becomes effective; and
- v. The non-exercise and cancellation of the Avenue Warrants.

For the purposes of the share exchange ratio arising from the merger, Neinor will carry out a non-monetary capital increase for a maximum par value of EUR 55,992,160 in order to cater for the exchange of the Class A Quabit shares ("**the Non-Monetary Capital Increase**").

The maximum par value of the Non-Monetary Capital Increase was calculated as follows:

Number of shares of Quabit at the date of the merger, which may participate at the exchange[a]	145,383,654
Share exchange ratio [b]	25.9650
Maximum number of shares following the merger [c] = [a] / [b]	5,599,216
Par value of the shares of the Parent [d]	10
Maximum par value of the Non-Monetary Capital Increase [c] * [d]	55,992,160

On 26 February 2021, the Boards of Directors of Neinor and Quabit called Ordinary General Meetings to which the approval of the Draft Terms of Merger and the merger, among other issues, will be put to a vote.

The completion and effectiveness of the merger is subject, in addition to the approval of the General Meeting of Neinor, to the fulfilment of certain conditions (including the obtainment of third-party consent to the merger) and certain conditions as described in "Main assumptions used in preparing the pro forma consolidated financial information". The directors consider that it is highly likely that such conditions will be fulfilled and that the General Meetings of the two companies will approve the merger.

3. Basis of presentation and sources of the pro forma consolidated financial information

The pro forma consolidated financial information was prepared in accordance with the requirements contained in Regulation (EU 2017/1129) of the European Parliament and of the Council of 14 June 2017 and Commission Delegated Regulation (EU 2019/980) of 14 March 2019 supplementing Regulation (EU 2017/1129), in the ESMA (*European Securities and Markets Authority*) update of the CESR (*Committee of European Securities Regulators*) recommendations for the consistent application of the aforementioned regulation (CESR/05-054b) (ESMA/2013/319) and in the clarifications contained in documents ESMA31-62-780 and ESMA31-62-1258, as well as in the draft of the Commission Delegated Regulation regarding the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division.

The accounting policies used in preparing the pro forma consolidated financial information are consistent with the accounting policies used by Neinor in preparing its consolidated financial statements in accordance with EU-IFRSs. In this regard, since Quabit also prepares its consolidated financial statements in accordance with EU-IFRSs, the unification of the aforementioned accounting policies did not have any significant impact on the pro forma consolidated financial information, except for the criterion applied for the valuation of inventories.

Regarding the valuation of Quabit's inventories, the pro forma consolidated financial information has been prepared considering the criteria, policies and strategies established in Neinor's business plan (i.e. internal rates of return, pace of sales of the various developments or final use of the assets). These criteria may differ from those considered by Quabit for the inventory book value calculation, which was based on an independent expert report.

The historical financial information used as the basis for compiling this pro forma consolidated financial information is as follows:

- The consolidated financial statements of Neinor and its subsidiaries for the year ended 31 December 2020, prepared in accordance with EU-IFRSs, authorised for issue on 24 February 2021 and submitted to audit by Deloitte, S.L., which issued the related auditor's report on 24 February 2021 containing an unmodified opinion.
- The consolidated financial statements of Quabit and its subsidiaries for the year ended 31 December 2020, prepared in accordance with EU-IFRSs, authorised for issue on 24 February 2021 and submitted to audit by PricewaterhouseCoopers Auditores, S.L., which issued the related auditor's report on 25 February 2021 containing an unmodified opinion and included an emphasis of matter paragraph calling attention to the merger process that will involve its absorption by Neinor and whose satisfactory completion has been considered probable by the directors of Quabit to, among other issues, carry out the analysis and consideration of the liquidity risk of Quabit and its subsidiaries.

The pro forma consolidated balance sheet was prepared by aggregating the consolidated balance sheet of Neinor as at 31 December 2020 and the consolidated balance sheet of Quabit as if the transaction had taken place on 31 December 2020. No eliminations of accounts between the two companies were made as the companies did not have any balances or transactions between them.

The pro forma consolidated statement of profit or loss for the year ended 31 December 2020 was prepared by aggregating the consolidated statement of profit or loss of Neinor for the year ended 31 December 2020, the consolidated statement of profit or loss of Quabit and the pro forma adjustments as if the transaction had taken place on 1 January 2020. No eliminations of accounts between the two companies were made as the companies did not have any balances or transactions between them.

In order to be able to correctly interpret the pro forma consolidated financial information and the explanatory notes thereto, they should be read in conjunction with the consolidated financial statements of Neinor Homes, S.A. and subsidiaries as at 31 December 2020 and of Quabit and subsidiaries as at 31 December 2020. The pro forma consolidated financial information was prepared on the basis of the accounting policies applied by Neinor in preparing its consolidated financial statements as at 31 December 2020 in accordance with EU-IFRSs.

The historical financial information of Quabit was obtained from its consolidated financial statements, subject to the pro forma classifications in order to adapt them to the presentation criteria of Neinor as the absorbing company.

4. Main assumptions used in preparing the pro forma consolidated financial information

The following assumptions were used in preparing the pro forma consolidated financial information:

- The directors of the two companies consider it highly probable that the General Meetings will approve the Draft Terms of Merger described in Note 2.
- The directors of the two companies consider it highly probable that the Avenue Agreement described in Note 2 will be formalised.
- For the purposes of the presentation of the pro forma consolidated balance sheet it was assumed that the transactions took place on 31 December 2020. For the purposes of the pro forma consolidated statement of profit or loss for 2020 it was assumed that the transactions described in Note 2 occurred on 1 January 2020.
- The pro forma consolidated financial information does not include any adjustments other than those described in these explanatory notes.
- It is considered highly probable that the following conditions precedent will be met:
 - (i) the obtainment of consent to the merger from the main financing entities or creditors of Neinor or Quabit, provided that such consent is relevant to the merger;
 - (ii) the obtainment of the authorisation or non-objection from the competition defence authorities, and, if needed, of the authorisation of the Spanish National Securities Market Commission (CNMV); and
 - (iii) that, following the request for a ruling submitted to the Department of Economy and Finance of the Provincial Government of Vizcaya, it is confirmed that (1) the special regime for mergers is applicable to the merger; and (2) under that special regime, any item of income recognised in the statement of profit or loss of Neinor as a result of a gain on a bargain purchase arising from the merger will not be taxed for income tax purposes at either Neinor or Quabit.
- The fairness opinion issued by J.P. Morgan AG concluding that the share exchange ratio proposed is fair from the financial standpoint for Neinor was obtained on 11 January 2021.
- The fairness opinion issued by Arcano Valores AV, S.A. concluding that the share exchange ratio proposed is fair from the financial standpoint for Quabit was obtained on 10 January 2021.
- The report issued on 25 February 2021 by KPMG Auditores, S.L., as an independent expert appointed by the Mercantile Registry in accordance with the provisions of article 34 of the Structural Modifications Law of Commercial Companies. The assumptions used herein were made taking into account the content of that report, as well as the best estimate of the Group's directors based thereon. In addition, the independent expert had access to the business plan and financial projections of Neinor and Quabit for 2021 - 2025 prepared by management of Neinor and Quabit, respectively.
- A tax rate of 25% was assumed for the tax effects of the pro forma adjustments.
- For the provisional determination of the cost of the business combination, the market price of the Neinor shares at 31 December 2020, i.e., EUR 10.9 per share, was used. Accordingly, the consideration paid was calculated by applying the market price of EUR 10.9 per share to the 5,599,216 new shares to be issued, as detailed in Note 2, giving a total amount of EUR 61,031,459. The Parent's directors determined that the difference between the provisional amount of the consideration paid and the fair value of the net assets of Quabit per its consolidated financial statements related to a negative consolidation difference of 5,111 thousand euros.
- Neinor management performed a valuation of Quabit assets and liabilities based on valuations from internal and external advisors for the value estimation of Quabit, particularly:
 - Valuation by Savills Aguirre Newman of the assets owned by Quabit as of February 8, 2021.
 - Valuation of Quabit by Neinor Directors
 - Debt refinancing agreement with Sareb that at the date of preparation of this pro-forma consolidated financial information is pending formalization and it has been assumed that it will be formalized without significant differences with respect to the current draft.

- Technical, commercial and Land due diligence by PricewaterhouseCoopers as of December 31, 2020
- Financial due diligence by PricewaterhouseCoopers as of January 5, 2021
- Tax due diligence by PricewaterhouseCoopers as of January 5, 2021
- Labour due diligence by PricewaterhouseCoopers as of January 5, 2021

The cost of the business combination and, therefore, the negative difference in consolidation or the resulting goodwill, which, will be calculated at the effective date of the transaction, for which purpose the directors will revise, based on the prevailing circumstances, the determination of the value of the net assets acquired and the consideration paid.

Additionally, except for the impact of the Activation of recoverable tax assets/Temporary differences arising on the business combination as explained in Note 6.2., the board of directors have not reflected in the pro forma consolidated financial information any potential synergy nor cost saving that might arise as a result of the merger.

- Avenue has agreed not to transfer, in the period up to the date of registration of the merger, all or a portion of the Avenue Warrants or to exercise, again in the period up to the date of registration of the merger, any of the rights attaching to the Avenue Warrants and, once the merger is fully effective for legal purposes, it has agreed also not to exercise them.
- Following the merger, Neinor will be subrogated to Quabit's position in, and will succeed it as the issuer of, the Warrants granted to SAREB under the terms and conditions thereof (or the Warrants will be cancelled in case of an agreement takes place).
- Following the merger, Neinor will be subrogated to Quabit's position in, and will succeed it as the guarantor of, the non-convertible debentures amounting to EUR 20 million at a fixed rate of interest of 8.25% and maturing on 4 April 2023.
- The novation of the financing contract with Deutsche Bank and J.P. Morgan has been formalised. The net difference between the financial cost savings due to the cancellation of the Avenue debt and the financial expense associated with the Bridge Loan is estimated not to be significant.

5. Pro forma consolidated balance sheet as at 31 December 2020 and pro forma consolidated statement of profit or loss for the year ended 31 December 2020

Pro forma consolidated balance sheet as at 31 December 2020

Figures in thousands of Euros

Figures in thousands of euros

ASSETS	Notes to Neirot Homes 31.12.2020 accounts	Neirot Homes 31.12.2020	Notes to Quabit annual accounts	Quabit 31.12.2020	Homogenization of Quabit accounts	Non-cash Capital Increase				Capital increase expenses and transaction expenses	FS Pro-forma 31.12.2020	
						Quabit net Equity retirement	Negative differences from merger and capital increase	Agreement with avenue	Bridge Loan			
NON-CURRENT ASSETS:												
Goodwill	2.8	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	8	19.638	(19.638)	-	-	-	-	-	-	-
Other intangible assets	7	1.886	-	-	12.237	-	6.976	-	-	-	-	21.099
Investments in associates and joint ventures	-	-	9	2.804	-	-	(2.204)	-	-	-	-	600
Risqo-Luse assets	2.2, 9 y 17.2	3.487	32	819	-	-	-	-	-	-	-	4.306
Property, plant and equipment	8	5.996	7	1.944	-	-	-	-	-	-	-	7.940
Investment property	-	185	-	-	-	-	-	-	-	-	-	185
Non-current financial assets	11 y 29	6.364	10	2.586	-	-	-	-	-	-	-	8.950
Deferred tax assets	20.3	25.355	21	1.125	-	-	57.000	-	-	-	1.400	84.880
Total non-current assets	-	47.743	-	28.915	-	(7.401)	61.772	-	-	-	1.400	132.429
CURRENT ASSETS:												
Inventories	12	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	13	1.208.442	11	431.157	-	-	(136.384)	(32.000)	-	-	-	1.471.215
Current financial assets	11 y 15.4	24.813	12	37.782	3.477	-	-	-	-	-	-	66.072
Tax receivables	20.3	2.198	10	14.105	-	-	(4.029)	-	-	-	-	12.274
Other current assets	-	5.550	20	1.205	-	-	-	-	-	-	-	6.755
Cash and cash equivalents	14	-	12	3.477	(3.477)	-	-	-	-	-	-	-
		270.213	13	21.226	-	-	-	(82.050)	-	83.000	(5.600)	286.789
Total current assets		1.511.216	-	508.953	-	-	(140.413)	(114.050)	-	83.000	(5.600)	1.843.106
TOTAL ASSETS	-	1.558.959	-	537.868	-	(7.401)	78.641	(114.050)	-	83.000	(4.200)	1.975.535

Figures in thousands of euros

EQUITY AND LIABILITIES	Notes to Neinor Homes annual accounts	Notes to Neinor Homes 31.12.2020 annual accounts	Notes to Quabit annual accounts	Quabit 31.12.2020	Homogenization of Quabit accounts	Quabit net Equity retirement	Negative differences from merger and capital increase	Non-cash Capital Increase			Capital increase expenses and transaction expenses	FS Pro-forma 31.12.2020
								Agreement with avenue	Bridge Loan			
Equity:	-	-	-	-	-	-	-	-	-	-	-	-
Share capital	-	790.050	15	74.382	-	(74.382)	55.992	-	-	-	-	846.042
Share premium	-	39.247	15	179.717	-	(179.717)	5.039	-	-	-	-	44.286
Legal reserve	-	4.773	-	-	7.942	-	-	-	-	-	-	12.715
Reserves of the Parent	-	66.211	-	-	-	-	-	-	-	-	(2.550)	63.661
(Own shares)	-	(51.113)	15	(4.534)	-	4.534	-	-	-	-	-	(51.113)
Other reserves	-	(1.561)	16	23.231	-	(23.231)	-	-	-	-	-	(1.561)
Restricted reserves	-	-	16	7.942	(7.942)	(7.942)	-	-	-	-	-	(7.942)
Other equity instruments	-	-	16	109	-	(109)	-	-	-	-	-	-
Reserves at fully consolidated companies	-	(57.112)	-	-	-	-	-	-	-	-	-	(57.112)
Profit of the year attributable to the owners of the company	-	70.120	28	(146.782)	-	146.782	5.111	-	-	-	(1.650)	73.581
Total equity attributable to owners of the company	-	860.613	-	134.065	-	(134.065)	66.142	-	-	-	(4.200)	922.555
Not controlling interests	-	285	15	477	-	(477)	-	-	-	-	-	285
Total equity	15	860.898	-	134.542	-	(134.542)	66.142	-	-	-	(4.200)	922.840
NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	195	22	5.682	-	-	-	-	-	-	-	5.877
Bank borrowings	17	70.659	19.1	24.780	-	-	-	(11.537)	83.000	-	-	166.902
Other Non-current financial liabilities	2.8 y 18	4.706	19.2	24.850	-	-	(2.658)	(21.448)	-	-	-	5.450
Deferred tax liabilities	20.3	271	21	1.055	-	-	1.703	-	-	-	-	3.029
Total non-current liabilities	-	75.831	-	56.367	-	-	(955)	(32.985)	83.000	-	-	181.258
CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	16	16.680	-	-	-	-	-	-	-	-	-	16.680
Bank borrowings	17.1 y 23	262.335	19.1	251.965	-	-	(16.619)	(80.513)	-	-	-	417.168
Other current financial liabilities	18	1.946	19.2	3.322	-	-	(68)	(552)	-	-	-	4.648
Current trade and other payable	19 y 23	183.872	18	48.371	-	-	-	-	-	-	-	232.243
Advances	-	-	11	35.129	(35.129)	-	-	-	-	-	-	-
Tax payables	20.3	45.231	20	2.190	-	-	-	-	-	-	-	47.421
Other current liabilities	12 y 18	112.166	22	5.982	35.129	-	-	-	-	-	-	153.277
Total current liabilities	-	622.230	-	346.959	-	-	(16.687)	(81.065)	-	-	-	871.437
TOTAL EQUITY AND LIABILITIES	-	1.558.959	-	537.868	-	(134.542)	48.500	(114.050)	83.000	-	(4.200)	1.975.535

Pro forma consolidated statement of profit or loss for the year ended 31 December 2020

Figures on thousands of Euros		Non-cash Capital Increase					Pro-forma FS for the twelve-month period ended 12.31.2020
	Notes to Neiñor Homes annual accounts	Neiñor Homes 31.12.2020	Notes to Quabit annual accounts	Quabit 31.12.2020	Homogenization of Quabit accounts	Negative differences from merger and capital increase	
Net revenues	22.1 y 23	572.801	23	180.229			753.030
Cost of sales	22.2 y 23	(413.735)		(167.229)			(580.964)
Employee benefits expenses	22.3	(22.022)	25	(11.831)			(35.553)
Depreciation and amortisation charges	7, 8 y 9	(4.095)	7, 8 y 32	(2.022)			(6.117)
External services	22.4	(36.679)		(47.270)	(24.867)		(62.046)
Change in trade provisions	22.6	(731)		2.079			(48.001)
Other operating gains/(losses)		949	23	(24.867)	24.867		3.028
Other operating expenses		151	8	(671)		5.111	(520)
Impairment and gains/(losses) on disposals of non-current assets							5.111
Negative differences from business combinations							
PROFIT / (LOSS) FROM OPERATIONS		96.639		(71.582)		5.111	27.968
Finance Revenue		398	26	11.950			12.348
Finance cost		(6.338)	26	(26.135)			(32.473)
Impairment and gain (loss) on disposal of financial instruments	17 y 23			(2.078)			(2.078)
Results of investments in associates and joint ventures			9	(10)			(10)
PROFIT / (LOSS) BEFORE TAX		90.699		(87.855)		5.111	5.755
Income Tax		(20.583)		(59.628)			(79.661)
PROFIT / (LOSS) FOR THE YEAR	20.4	70.116	27	(147.483)			(73.906)
Attributable to owners of the Company		70.120	28	(146.782)		5.111	(73.201)
Attributable to non-controlling interests		(4)		(701)			(705)

6. Pro forma adjustments

6.1. Reclasifications for the uniformity in the presentation of the financial statements

For the purposes of the preparation of the pro forma consolidated financial information and in order to present the financial statements on a uniform basis, the following balances in the financial statements of Quabit were reclassified:

- The balance of "Intangible Assets" was reclassified to (a) "Goodwill" (EUR 7,401 thousand) and (b) "Other Intangible Assets" (EUR 12,237 thousand).
- The balance of "Other Current Assets" was reclassified to "Trade and Other Receivables".
- The balance of "Restricted reserves" was classified to "Legal reserve".
- The balance of "Advances" was reclassified to "Other Current Liabilities".
- The balance of "Other Operating Expenses" was reclassified to "External Services".

6.2. Non-Monetary Capital Increase

As described in Note 2 to this document, on 11 January 2021, the Boards of Directors of Neinor and Quabit assumed Draft Terms of Merger and called General Meetings to take place 31 March 2021 to approve the merger.

The Draft Terms of Merger state that the share exchange ratio will be 1 ordinary share of Neinor with a par value of EUR 10 for every 25.9650 shares of Class A Quabit shares of EUR 0.50 par value each. Regarding this share exchange ratio two Fairness Opinions have been issued by J.P. Morgan AG and Arcano Valores AV, S.A.

As described in Note 4 to this document, on 25 February 2021, the independent expert's report in relation to the Draft Terms of Merger for the merger of Neinor and Quabit was obtained, the objective of which was to assess the evidence relating to the share exchange ratio established in the Draft Terms of Merger and thus determine whether the value of the equity of Quabit is equal, at least, to the value of the capital increase at Neinor.

As regards the pro forma consolidated balance sheet as at 31 December 2020, the adjustments arising from the aforementioned integration would be those relating to:

- For the purposes of the share exchange ratio arising from the merger, Neinor will carry out a non-monetary capital increase for a maximum par value of EUR 55,992,160.
- As a result of the merger, Neinor will obtain control of Quabit, resulting in the integration of the assets and liabilities of Quabit. The effect of the obtainment of will be the integration of all the assets and liabilities of Quabit and subsidiaries into Neinor except for the equity of Quabit, amounting to EUR 134,542 thousand at 31 December 2020. Also, in accordance with IFRS 3, the goodwill arising on consolidation recognised in the accounting records of Quabit will not form part of the assets identified in the business combination and, therefore, it will not be transferred to Neinor. The goodwill arising on consolidation in the financial statements of Quabit as at 31 December 2020 amounts to EUR 7,401 thousand.
- For the provisional determination of the cost of the business combination, the market price of the Neinor shares at 31 December 2020, i.e., EUR 10.9 per share, was used. The result of applying the market price of EUR 10.9 per share at the aforementioned date to the 5,599,216 new shares to be issued, as indicated in Note 2, gives a total amount of EUR 61,031,459.

- As a result of the foregoing, the consolidation negative difference that would arise amounts to EUR 5,111 thousand.

Quabit Net Equity at 31 December, 2020	134,542
Goodwill at 31 December, 2020	(7,401)
Other intangible assets – Construction business	7,401
Other intangible assets – Clients portfolio impairment	(425)
Investments in associates and joint ventures – Investees impairment	(2,204)
Deferred tax assets – Activation of recoverable tax assets/Temporary differences	57,000
Inventories (*)	(136,384)
Current financial assets – subsidiaries trade receivables deterioration	(4,029)
Short term Bank Borrowings - Sareb refinance	6,732
Other non-current financial liabilities – Fair value Class B shares	2,658
Other current financial liabilities – Fair value Class B shares	68
Short term Bank Borrowings – Fair value debt with Avenue	9,887
Deferred tax liabilities	(1,703)
Adjusted Quabit Net Equity (a)	66,142
Number of shares to issue in the capital increase	5,599
Neinor share price at 31 December, 2020	10.9
Provisional cost of the business combination (b)	61,031
Negative consolidation difference (a) - (b)	5,111

(*) The inventory adjustment derives from the application of the criteria mentioned in Note 3.

Although the assets and liabilities of Quabit have been adjusted at their fair value as a result of the PPA performed due to the business combination, because the accounting for the cost of the business combination is provisional and the definitive determination of the fair values at which the assets and liabilities of Quabit will be accounted for will be performed with reference to the date of the transaction, the negative difference in consolidation shown is provisional and will be affected by the evidence of the acquisition-date fair values and by the business performance and evolution of operations that could give rise to changes in the pro forma adjustments and data contained in this document.

- The difference between the maximum par value of the Non-Monetary Capital Increase, EUR 55,992,164 thousand, and the provisional cost of the business combination amounting to EUR 61,031,459 thousand at 31 December 2020, was recognised as reserves and amounted to EUR 5,039 thousand.
- The payment of transaction costs (as if the transaction had taken place on 1 January 2020) totalling EUR 5,600 thousand.
 - A total of EUR 5,100 thousand correspond to Neinor, of which EUR 3,400 thousand relate to the Non-Monetary Capital Increase and EUR 1700 thousand were recognised as transaction costs in the pro forma consolidated statement of profit or loss.
 - A total of EUR 500 thousand relate to the expenses incurred by Quabit in relation to advisory and due diligence review services and lawyers' fees, according to the information provided by Quabit's directors.
- The increase in deferred tax assets as a result of the application of the tax rate of 25% to the capital increase expenses and transaction costs that together total EUR 1,400 thousand.

- A decrease of EUR 4,200 thousand in reserves as a result of:
 - The recognition of expenses incurred in the Non-Monetary Capital Increase amounting to EUR 2,550 thousand with a credit to reserves.

The decrease in equity as a result of the transaction costs of Neinor and Quabit amounting to EUR 1,700 thousand and EUR 500 thousand, respectively, which have been recognised in the pro-forma consolidated income statement, which discounted the tax effect has meant a recognition in the pro-forma consolidated balance sheet of 1,650 thousand euros.

Determination of the share exchange ratio

In accordance with Article 34.1 of the Spanish Law on structural changes to companies formed under the Spanish Commercial Code, the Boards of Directors of Neinor and Quabit requested that the Bilbao Mercantile Registry designate one independent expert. Section 3.2 of the Draft Terms of Merger states that the share exchange ratio, which was determined on the basis of the actual value of the net assets of Neinor and Quabit, will be 1 newly-issued ordinary share of Neinor with a par value of EUR 10 for every 25.9650 Class A Quabit share of EUR 0.50 par value each.

This share exchange ratio established means that the shareholders holders of the Class A shares of Quabit will receive newly-issued ordinary shares of Neinor carrying the same rights as the existing shares, representing in aggregate 7% of the total share capital of Neinor (post-dilution) at a date immediately following the completion of the merger.

In accordance with the applicable legislation, the Boards of Directors of the companies participating in the merger assessed, separately, the fairness of the share exchange ratio agreed on for each participating company and its shareholders, and the independent expert appointed by the Bilbao Mercantile Registry must issue an opinion on whether the share exchange ratio is fair for those participating companies. To this end, the following work was performed:

- J.P. Morgan AG, as commissioned by Neinor, issued on 11 January 2021 its Fairness Opinion addressed to the Board of Directors of Neinor concluding that, based on the elements, limitations and assumptions contained in that Opinion, the shares exchange ratio proposed is fair from the financial standpoint for the shareholders of Neinor.
- Arcano Valores A.V., S.A., as commissioned by Quabit, issued on 5 January 2021 its Fairness Opinion, updated on 10 January 2021, addressed to the Board of Directors of Quabit concluding that, based on the elements, limitations and assumptions contained in that Opinion, the shares exchange ratio proposed is fair from the financial standpoint for the shareholders of Quabit.
- As indicated in Note 4, on 25 February 2021, the report of the independent expert appointed by the Bilbao Mercantile Registry, issued by KPMG Auditores, S.L., in relation to the Draft Terms of Merger for the merger of Neinor and Quabit was obtained, the objective of which was to assess the evidence relating to the share exchange ratio established in the Draft Terms of Merger and to determine whether the value of the equity of Quabit is equal, at least, to the value of the capital increase that Neinor plans to carry out.

6.3. Avenue Agreement and Bridge Loan

In the context of the merger, Neinor entered into the Agreement with Avenue with a view to reducing the financial exposure of Avenue at the post-merger company once the merger was effective and, therefore, to Avenue ceasing to be a creditor of that entity. Neinor irrevocably undertook, once the merger has been registered, to:

- pay Avenue consideration of EUR 22,000,000 in relation to the purchase of the Class B shares of Quabit for their redemption. The Class B shares of Quabit are non-voting, convertible and redeemable shares and are recognised for accounting purposes as a financial liability with special characteristics. Per the Draft Terms of Merger, the Class B Quabit shares will not be recognised at the post-merger entity. To that end, the shareholders at a General Meeting of Quabit must approve the purchase and sale and subsequent retirement of all the Class B Quabit shares;
- pay Avenue consideration amounting to EUR 63,050,000 (of which EUR 3,000,000 have been paid by Quabit after signing the agreement with Avenue); and
- transfer to Avenue certain land lots located in Mijas, Andalusia, comprising the Las Lomas del Flamenco development. The land has a carrying amount of approximately EUR 32 million in the financial statements of Quabit for the year ended 31 December 2020.

Also, Neinor and Avenue have irrevocably undertaken to execute, simultaneously to the transfer of Las Lomas del Flamenco: (i) a property asset development and management agreement; and (ii) a financing agreement, both relating to the construction and development of the Las Lomas del Flamenco project.

Additionally, at the end of January 2021 a novation agreement was entered into with Deutsche Bank and J.P. Morgan to obtain financing amounting EUR 83,000,000 subject to the merger with Quabit going ahead, with initial maturity in December 2022.

For the purposes of the preparation of the pro forma consolidated financial information, it was assumed that the Avenue Agreement had been entered into on 31 December 2020 for the purpose of preparing the pro forma consolidated balance sheet.

As regards the pro forma consolidated balance sheet as at 31 December 2020, the adjustments arising from the aforementioned integration would be those relating to:

- A decrease of EUR 32,000 thousand in "Inventories".
- An increase of EUR 950 thousand in "Cash and Cash Equivalents".
- An increase of EUR 71,463 thousand in "Bank borrowings – Long term".
- A decrease of EUR 80,513 thousand in "Bank borrowings – Short term".
- A decrease of EUR 21,448 thousand in "Other Non-current financial liabilities".
- A decrease of EUR 552 thousand in "Other current financial liabilities".

NEINOR HOMES, S.A.

Approval of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information was approved on 25 March 2021. This unaudited pro forma consolidated financial information is presented on the preceding 13 pages.

Madrid, 25 March 2021.