

NEINOR FRAMEWORK FOR SUSTAINABLE FINANCING

DNV ELIGIBILITY ASSESSMENT

Scope and Objectives

NEINOR HOMES SA (henceforth referred to as "NEINOR" or the "Company") is specialized in the development of sustainable and energy-efficient projects for first and second home housing developments in Spain, with special presence in Madrid, the Basque Country, Catalonia, Andalusia and Levante, with offices in Bilbao, Barcelona, Madrid, Córdoba, Valencia and Málaga.

NEINOR has developed a Framework for Sustainable Financing (henceforth referred to as the "Framework" or "FSF") The Framework enables issuance of Green, Social or Sustainable bonds and loans.

DNV GL Business Assurance España, S.L.U. (henceforth referred to as "DNV") has been commissioned by NEINOR to provide a review of NEINOR's FSF. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of bonds or loans issued via the FSF, the value of any investments in bonds or loans, or the long-term environmental & social benefits of the transaction. Our objective has been to provide an assessment that the FSF has met the criteria established on the basis set out below.

Responsibilities of the Management of NEINOR and DNV

The management of NEINOR has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform NEINOR management and other interested stakeholders in the Framework as to whether the Framework is aligned with Green & Social Bond Principles and the Green Loan Principles. In our work we have relied on the information and the facts presented to us by NEINOR. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by NEINOR management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our green and social eligibility assessment methodology to create a NEINOR-specific Green, Social & Sustainability Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a bond or the borrower of a loan must use the funds raised to finance eligible activities. The eligible activities for a Green, Social or Sustainable Bond should produce clear environmental

and/or social benefits. The eligible activities for a Green Loan should produce clear environmental benefits.

- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond or the borrower of a loan should outline the process it follows when determining eligibility of an investment using Bond or Loan proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a bond or a loan should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors or the lenders should be made of the use of bond or loan proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by NEINOR in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an NEINOR-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 2 to this Assessment.
- Assessment of documentary evidence provided by NEINOR on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with NEINOR management, and review of relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

NEINOR intends to use the proceeds from Bond and Loans to finance or re-finance green projects which contribute to the achievement of the SDGs. Proceed will be used for acquisition or development of projects within the categories of: Green buildings, Energy efficiency, Affordable housing, and Employment generation.

DNV concludes that eligible categories outlined in the Framework are consistent with the categories outlined in the Green Bond and Loan Principles or the Social Bond Principles. In addition, re-financing is only eligible for projects financed within the last three years.

2. Principle Two: Process for Project Evaluation and Selection.

DNV reviewed the Framework which describes the process through which projects are evaluated and selected. NEINOR has created a Sustainability Committee (SC) to review that projects meet eligibility, apply exclusionary criteria, and monitor eligible projects during lifetime of the bond.

The Framework also outlines the actions that will be taken if a project is no longer eligible.

Principle Three: Management of Proceeds.

DNV has reviewed the Framework and evidence which states the use of proceeds of any issuance or loan will be directed to financing and re-financing NEINOR's green and/or social projects which contribute to the achievement of the SDGs.

The Framework articulates that a Sustainable Financing Issuances Register will be created for the purpose of monitoring the eligible projects/assets and the allocation of proceeds to these projects/assets.

NEINOR intend for the full proceeds to be disbursed at point of issuance, however any funds pending allocation will be placed in NEINOR's liquidity portfolio.

3. Principle Four: Reporting.

DNV can confirm NEINOR has committed to annual reporting specific to this Bond issuance on the allocation of the expenditure and the balance remaining until the tracked proceeds are fully allocated to eligible projects.

NEINOR has also committed to provide impact reporting on the expected environmental impacts of the eligible green projects. NEINOR clearly outlines the proposed impact indicators for each eligible category and units of measurement.

On the basis of the information provided by NEINOR and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles, social bonds within the Social Bond Principles and green loans within the Green Loan Principles.

for DNV GL Business Assurance España S.L.U.

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF CATEGORIES/ASSETS TO BE FINANCED

Eligible Sustainable Category	Description	SDG
Green Buildings	Acquisition or development of buildings in Spain which meet recognised standards, such as BREEAM® certification “Good” or “Very Good”. This kind of project or asset will have a positive impact on climate change mitigation, on prevention and control of pollution, and on eco-efficiency of resources.	7 Affordable & Clean Energy 13 Climate Action
Energy Efficiency	Acquisition or development of buildings that demonstrate energy efficiency metrics at above market performance (Energy Performance Certificates - EPC rating “B” or above). This kind of project or asset will have a positive impact on the environment. More specifically, on climate change mitigation, on prevention and control of pollution, and on eco-efficiency of resources.	7 Affordable & Clean Energy 13 Climate Action
Affordable housings	Acquisition or development of buildings for affordable housing for rent. In Spain, affordable housing for rent is broadly defined by a rent discount vs market price of approx. 20%. Acquisition or development of buildings for social housing purposes. In Spain, the exact parameters may differ between autonomous community but in general there are three commonly used definitions: i) Official Protection Houses (VPO); ii) Basic Public Protection Houses (VPPB); iii) Public Protection and Limited Price Houses (VPPL).	1 No Poverty 11 Sustainable Cities and Communities

Employment generation	Development activity that has a direct impact on employment creation and in local communities through the preferred use of local suppliers.	8 Decent Work and Economic Growth
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SCHEDULE 2: NEINOR-SPECIFIC GREEN, SOCIAL & SUSTAINABILITY FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond/loan	<p>The bond must fall in one of the following categories, as defined by the Green & Social Bond Principles:</p> <ul style="list-style-type: none"> • Green & Social Use of Proceeds Bond • Green & Social Use of Proceeds Revenue Bond • Green & Social Project Bond • Green & Social Securitized Bond <p>Green loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Green loans must align with the four core components of the Green Loan Principles (GLP), as set out below.</p> <p>Green loans should not be considered interchangeable with loans that are not aligned with the four core components of the GLP.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer 	<p>The Framework applies to:</p> <ul style="list-style-type: none"> • Bonds falling in the category of a Green & Social Use of Proceeds Bond. • Loans that align with the four components of the Green Loan Principles • Social and Sustainable Loans, that are considered under this Framework by applying the same set of principles as for Social Bonds and Sustainable Bonds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	Green & Social Project Categories	The cornerstone of a Green & Social Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Evidence reviewed: <ul style="list-style-type: none"> NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 Discussions with issuer 	We conclude that the Framework describes the proposed utilization of proceeds.
1c	Environmental & Social benefits	All designated Green & Social Project categories should provide clear environmentally and socially sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 Discussions with issuer 	The Framework outlines the expected environmental and social benefits that will be realised for each Project Category, by any Bonds issued and Loans received under the Framework: <ul style="list-style-type: none"> Acquisition or construction of buildings which meet BREEAM® certification "Good" or "Very Good" standard. Acquisition or construction of buildings that demonstrate energy efficiency metrics at above market performance (EPC rating "B" and above average of the market of new developments) Acquisition or development of buildings for affordable housing for rent. In Spain, affordable housing for rent is broadly defined by a rent discount vs market price of approx. 20%. Acquisition or development of buildings for social housing purposes Development activity that has a direct impact on employment creation and in local communities through the preferred use of local suppliers

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				We conclude that, from the information provided and publicly available information, BREEAM® certification "Good" or "Very Good" standard and EPC rating "B" and above falls within the top market performance in the regional context of Spain.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer 	The Framework outlines that proceeds will be used for financing and re-financing on a 3 years look-back period.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green & Social Bond should outline the decision-making process it follows to determine the eligibility of projects using Green & Social Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green & Social Projects categories identified in the Green & Social Bond Principles; • The criteria making the projects eligible for using the Green & Social Bond proceeds; and • The environmental sustainability objectives 	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer • 	<p>The Framework describes that NEINOR has created a Sustainability Committee (SC) to review that projects meet eligibility, apply exclusionary criteria, and monitor eligible projects during lifetime of the bond. The Framework also outlines the actions that will be taken if a project is no longer eligible.</p>
2b	Issuer’s environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Green & Social Bond process, criteria and assurances, Green & Social Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • NEINOR HOMES Sustainability Report 2020 • NEINOR HOMES Risk Rating Report 22022021 	<p>We conclude that, from the information provided and publicly available information, NEINOR’s approach to managing environmental & social sustainability is in line with the objective of the Framework.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green & Social Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment operations for Green & Social Projects.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer • 	We conclude that proceeds will be tracked in an appropriate manner and attested to by a formal internal process, which is documented in the Framework.
3b	Tracking procedure	So long as the Green & Social Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green & Social investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer 	We conclude that there is a clear process in place for the tracking of the balance taking disbursements into account.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green & Social Projects, the issuer should make known to investors the intended types of	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer 	We conclude that NEINOR has disclosed how it will manage any unallocated proceeds within its liquidity portfolio.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		temporary investment instruments for the balance of unallocated proceeds.		

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green & Social Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (Framework) version 1.00, April 2021 • Discussions with issuer 	<p>We can confirm that NEINOR has committed to annual reporting specific to this Bond issuance on the allocation of the expenditure and the balance remaining until the tracked proceeds are fully allocated to eligible projects.</p> <p>NEINOR has also committed to provide impact reporting on the expected environmental impacts of the eligible green projects. NEINOR clearly outline the proposed impact indicators for each eligible category and units of measurement.</p>