

NEINOR HOMES GREEN BOND

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 is intending to issue the first green bond (henceforth referred to as “the Bond”) under its Framework for Sustainable Financing (FSF) in the range of € 300 million.

DNV GL Business Assurance España, S.L.U. (henceforth referred to as “DNV”) has been commissioned by NEINOR to provide a Green Bond eligibility assessment on the Bond. 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 the Bond, the value of any investments in the Bond, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond 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 Bond as to whether the established criteria have been met, based on the information provided to us. 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 bond eligibility assessment methodology to create NEINOR-specific Green Bond 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. The overarching principle behind the criteria is that a green bond should “enable capital-raising and investment for new and existing projects with environmental benefits”.

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

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- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities 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 green bond should outline the process it follows when determining eligibility of an investment using Green Bond 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 green bond 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 should be made of the use of bond 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 Bond, as described above and in Schedule 2 to this Assessment.
- Assessment of documentary evidence provided by NEINOR on the Bond 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 the issuance of the Bond to re-finance green buildings which contribute to the achievement of the SDGs. Twenty two projects have been reviewed for the issuance, in the categories of Green Buildings and Energy Efficiency. All projects financed via the bond proceeds will be in these two categories.

DNV concludes that NEINOR is committed to issuing this Bond in line with the FSF. The eligible categories outlined above in the FSF are consistent with the categories outlined in the Green 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 evidence which demonstrates NEINOR's commitment to issuing this Bond in line with the FSF. NEINOR has created a Sustainability Committee (SC) to review that projects meet eligibility criteria and monitor eligible projects during lifetime of the bond.

DNV has reviewed evidence of the Sustainability Committee minutes describing the evaluation and selection of the twenty two projects that have been reviewed.

3. Principle Three: Management of Proceeds.

DNV has reviewed NEINOR's FSF and evidence which states the use of proceeds of this Bond issuance will be directed to re-financing NEINOR's green projects which contribute to the achievement of the SDGs.

NEINOR will establish a Sustainable Financing Issuances Register 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.

4. 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 Bond meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond 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 THROUGH BOND

Eligible Sustainable Category	Description	SDG
<p>Green Buildings</p>	<p>Acquisition or construction of buildings which meet recognised standards, such as BREEAM® certification “Good” or “Very Good”</p>	<p>7 Affordable & Clean Energy</p> <p>13 Climate Action</p>
<p>Energy Efficiency</p>	<p>Acquisition or construction of buildings that demonstrate energy efficiency metrics at above market performance (Energy Performance Certificates - EPC rating “B” and above average of the market of new developments)</p>	<p>7 Affordable & Clean Energy</p> <p>13 Climate Action</p>

SCHEDULE 2: NEINOR-SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES Framework for Sustainable Financing (FSF) • Draft Preliminary Offering Memorandum • Discussions with issuer 	The NEINOR HOMES Green Bond falls within the category of a Green Use of Proceeds Bond.
1b	Green Project Categories	The cornerstone of a Green 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 - FSF • List of eligible green projects • Draft Preliminary Offering Memorandum 	We conclude that the legal documentation confirms the utilization of proceeds is appropriately described.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES - FSF • List of eligible green projects • Energy Performance Certificates • Low Carbon Buildings Criteria Under the Climate Bonds Standard. Eligible Residential Criteria -Catalonia 	The FSF Framework outlines the expected environmental benefits that will be realised by this Bond issuance: <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

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>market performance (EPC rating "B" and above average of the market of new developments)</p> <p>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.</p> <p>Energy Performance Certificates show that the carbon intensity of eligible projects lies a way below the hurdle rate established for the midpoint of the 5 years term of this Bond for eligible residential building in Catalonia (the only location specific criteria for residential buildings available for Spain, by the Climate Bonds Standard and Certification Scheme)</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green 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 Projects categories identified in the Green Bond Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives 	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • NEINOR HOMES - FSF • List of eligible green projects • Minutes from the Sustainability Committee (Acta nº 1 092321) 	<p>We conclude that the investment decision process is well documented in the FSF Framework and committed to under this issuance.</p>
2b	Issuer's environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green 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 - FSF • 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 Bond.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green 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 Projects.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES - FSF • Minutes from the Sustainability Committee (Acta nº 1 092321) 	We conclude that the NEINOR Bond will be tracked in an appropriate manner and attested to by a formal internal process, which is documented in the FSF Framework.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES – FSF • 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 Projects, the issuer should make known to investors the intended types of temporary investment	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES – FSF • 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
		instruments for the balance of unallocated proceeds.		
3d	Over-collateralisation	n/a	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES - FSF • List of eligible green projects • Minutes from the Sustainability Committee (Acta nº 1 092321) 	DNV has reviewed evidence of the eligible green projects, including the total value of the investment, exceeding the bond value.

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 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.	Evidence reviewed: <ul style="list-style-type: none"> • NEINOR HOMES - FSF • NEINOR HOMES Sustainability Report 2020 	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. 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.