DECLARATION OF DIRECTORS' RESPONSIBILITY

The members of the Board of Directors of Neinor Homes, S.A. ("**Neinor**" or the "**Company**") on its meeting held on February 23, 2022, and according to article 118 of the reinstated text of the Spanish Securities Markets Act approved by Royal Legislative Decree 4/2015 of 23 October as well as to article 8 b) of Royal Decree 1362/2007 of 19 October, declare that, as far as they are aware, the individual Annual Accounts of the Company, as well as the consolidated ones with its dependent companies, corresponding to the financial year ended December 31, 2022, drawn up by the Board of Directors on the referred meeting of February 22, 2023 and prepared in accordance with the applicable accounting principles, offer a true and fair image of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the complementary management reports of the individual and consolidated Annual Accounts include an accurate analysis of the business evolution and results and of the position of Neinor and the companies within the consolidation taken as a whole, together with the main risks and uncertainties which they face.

Madrid, February 22, 2023

D. Ricardo Martí Fluxá
Chairman of the Board

D. Francisco de Borja García-Egocheaga Vergara
Director and Chief Executive Officer

D. Juan Pepa
Director

D. Aref H. Lahham
Director

Dª. Anna M. Birulés Bertran
Director

D. Van J. Stults
Director

D. Alfonso Rodés Vilà
Director

D. Felipe Morenés Botín-Sanz de Sautuola
Director

D. Andreas Segal
Director

Neinor Homes, S.A. y Sociedades Dependientes

Independent Auditor´s Report

Consolidated Financial Statements for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards and Consolidated Director´s Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Ercilla, 24
48011 Bilbao
España

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www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Neinor Homes, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Neinor Homes, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development property inventories	
Description	**Procedures applied in the audit**
The Group owns a portfolio of land, housing unit developments in progress and finished housing unit developments classified as development property located throughout Spain, the carrying amount of which at 31 December 2022 was EUR 1,125 million. The Group measures these inventories at the lower of acquisition cost and market value and uses internal studies and third parties unrelated to it as experts to determine the market value of its inventories. The determination of the market value of the property inventories constitutes a key matter in our audit, since the valuation method generally applied to these assets, the dynamic residual method, requires estimates with a significant degree of uncertainty to be made, among which stand the future selling prices and the pace of sales of the various developments; the estimated costs to be incurred to complete the developments in progress; the development times of the land held in the portfolio; and the internal discount rate used. In addition, small percentage changes in the valuations of the property assets could give rise to significant changes in the consolidated financial statements. For this reason, we considered this matter to be a key matter in our audit.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the valuation of property inventories, as well as tests to verify that the aforementioned controls operate effectively. In order to determine the recoverable amount of the assets, we obtained the valuation reports of the experts engaged by the Group to value all the "development" property inventories. In this regard, we have evaluated the competence, capability and objectivity of the calculations performed, and the adequacy of their work for use as audit evidence, analysing with the assistance of our internal valuation experts the valuation procedures and methodology used by Group management and by the experts engaged. To this end, an automated mass appraisal of the development property assets already in the Group's portfolio at 2021 year-end was performed, taking into account the available information that affect each asset. We have also performed an individual RICS-compliant appraisal of a sample of assets to verify this mass appraisal; and we checked, for a sample of assets, that the technical inputs used by the appraiser were appropriate to the urban conditions of the assets appraised. Finally, we also analysed and concluded on the appropriateness of the disclosures made by the

Group in relation to these matters, which are included in Notes 4.7, 6, 9 and 13 to the consolidated financial statements for 2022.

The results of the procedures performed in relation to the inventory valuation enabled the audit objectives for which the procedures were designed to be reasonably achieved.

Recognition of property asset revenue	
Description	**Procedures applied in the audit**
The Group's property asset sales represent practically the totality of consolidated revenue. They relate mainly to sales to private individuals, which involve highly standardised processes and agreements. The recognition of this revenue under the Group's habitual terms and conditions is not complex and practically does not give rise to any accounts receivable, since the payments for the sales are received at the time the transaction is executed in a deed. However, the revenue from property asset sales and this aggregate is considered, both quantitatively and qualitatively, to be a key parameter of the Group's performance. For this reason, we considered this matter to be a key matter in our audit.	Our audit procedures included checking the design and implementation, as well as the operating effectiveness, of the relevant controls supporting the occurrence of sales under agreements, in addition to the sales accounting and recognition procedure. In addition, for a representative sample of these agreements, we analysed, on a selective basis, whether the revenue is properly recognised, taking into account the contractual terms and obligations vis-à-vis buyers, including the effective transfer of ownership, and checked the amounts received by the Group or the reliability of the estimated collection of the deferred amounts. We also analysed and concluded on the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Notes 4.14, 6 and 23.1 to the consolidated financial statements for 2022. The results of the procedures performed in relation to occurrence in the recognition of property asset revenue enabled the audit objectives for which the procedures were designed to be reasonably achieved.

Other Information: Consolidated Directors' Report

The other information comprises the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the other information. Our responsibility over the consolidated director´s report, in accordance with the requirements of the audit regulations in force, consists in:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on the consistency of the other information included in the consolidated directors' report with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraphs, we do not have anything to report with respect to the consolidated directors' report for 2022 and the Corporate Governance Report, and we have checked that the specific information described in section a) above has been provided and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2022 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix to this auditor's report. This description, which is on pages 7 and 8, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Sigle Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Neinor Homes, S.A. and subsidiaries for 2022, which comprise the XHTML file including the consolidated financial statements for 2022 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Neinor Homes, S.A. are responsible for presenting the annual financial report for 2022 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 22 February 2023.

Engagement Period

The Ordinary General Shareholders' Meeting held on 13 April 2022 appointed us as auditors for a period of one year from the year ended 31 December 2021.

Previously, we were designated by the Ordinary General Shareholders' Meetings for a period of one year and we have been auditing the consolidated financial statements uninterruptedly since the period ended 30 June 2015.

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692

Iñigo Úrculo
Registered in R.O.A.C. under no. 21794

22 February 2023

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

This document includes the translation of the Consolidated Financial Statements for the period ended 31 December 2022.

NEINOR HOMES, S.A.
AND SUBSIDIARIES (NEINOR HOMES GROUP)

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Thousands of Euros)

ASSETS	Notes	31.12.22	31.12.21 (*)	EQUITY AND LIABILITIES	Notes	31.12.22	31.12.21 (*)
NON-CURRENT ASSETS:				***Equity***			
Goodwill		4.470	4.473	Share capital	16.1	736.775	799.886
Other intangible assets	7	8.844	9.079	Share premium		63	3.493
Right-of-use assets	10 and 18.2	669	2.058	Legal reserve	16.2	6.209	5.570
Property, plant and equipment	8	6.644	6.223	Reserves of the Parent	16.2	61.306	64.920
Investment property	9	143.669	105.632	(Own Shares)		(57.994)	(40.205)
Investments in associates	11 and 24	599	601	Other reserves		3.868	1.565
Interests in joint ventures	2.8	5.968	6.000	Reserves at fully consolidated companies	16.2	76.999	5.123
Non-current financial assets	4.10 and 12	29.575	8.279	Profit for the year attributable to owners of the Company		96.271	103.033
Deferred tax assets	2.8 and 21.3	94.773	98.319	***Value adjustments***		**3.669**	**-**
Total non-current assets		**295.211**	**240.664**	Other value adjustments		3.669	-
				Total equity attributable to owners of the Company		**927.166**	**943.385**
				Non-controlling interests		2.843	1.111
				Total equity	**16**	**930.009**	**944.496**
				NON-CURRENT LIABILITIES:			
				Provisions		659	659
				Bank borrowings	18	68.361	44.815
				Other non-current financial liabilities	19	274.475	298.261
				Deferred tax liabilities	21.3	18.126	5.130
				Total non-current liabilities		**361.621**	**75.831**
CURRENT ASSETS:							
Non-current assets held for sale	9	32.561	-	**CURRENT LIABILITIES:**			
Inventories	13	1.129.107	1.322.683	Provisions	17	42.875	56.048
Trade and other receivables	14	49.696	70.733	Bank borrowings	18 and 24	128.666	213.946
Investments in associates	11 and 24	8.813	8.914	Other current financial liabilities	19	5.022	6.391
Current financial assets	4.10 and 12	16.050	5.906	Liabilities with associates		310	175
Tax receivables	21.3	20.113	8.164	Current trade and other payables	20 and 24	221.421	255.319
Prepayments		398	-	Tax payables	21.3	17.569	32.254
Cash and cash equivalents	15	229.032	309.644	Other current liabilities	13 and 19	73.488	109.214
Total current assets		**1.485.770**	**1.726.044**	**Total current liabilities**		**489.351**	**673.347**
TOTAL ASSETS		**1.780.981**	**1.966.708**	**TOTAL EQUITY AND LIABILITIES**		**1.780.981**	**1.966.708**

(*) Presented just for comparative purposes.

The accompanying Notes 1 to 29 and Appendix I are an integral part of the consolidated balance sheet at 31 December 2022.

NEINOR HOMES, S.A.
AND SUBSIDIARIES (NEINOR HOMES GROUP)

CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022 AND 2021

(Thousands of Euros)

	Notes	Period ended 31 December 2022	Period ended 31 December 2021 (*)
Net revenues	23.1 and 24	763.231	914.301
Cost of sales	23.2 and 24	(552.111)	(671.312)
Employee benefits expenses	23.3	(37.219)	(35.644)
Depreciation and amortisation charges	7, 8 and 10	(4.191)	(4.903)
External services	23.4	(59.223)	(65.209)
Change in trade provisions	23.6	2.377	(15.240)
Other operating gains/(losses)		2.058	2.727
Impairment and gains/(losses) on disposals of non-current assets		54	-
Change in fair value of investment properties	2.8 and 9	24.135	16.964
Negative goodwill on business combinations	2.8	-	142
PROFIT / (LOSS) FROM OPERATIONS		**139.111**	**141.826**
Finance revenue	18	4.078	2.131
Finance costs	18 and 24	(22.484)	(20.726)
Change in fair value in financial instruments	12	(718)	
Impairment and gains/(losses) on disposals of financial instruments		(433)	
Share of results of associates		(27)	(83)
Share of results of joint ventures		(39)	(2)
PROFIT / (LOSS) BEFORE TAX		**119.488**	**123.146**
Income tax	21.4	(22.911)	(20.291)
PROFIT / (LOSS) FOR THE YEAR		**96.577**	**102.855**
Attributable to owners of the Company		**96.271**	**103.033**
Attributable to non-controlling interests		**306**	**(178)**
Earnings/(losses) per share (Euros):			
Basic	5	1,592	1,345
Diluted	5	1,592	1,345

(*) Presented just for comparative purposes.

The accompanying Notes 1 to 29 and Appendix I are an integral part of the consolidated income statement for the period ended 31 December 2022.

NEINOR HOMES, S.A.
AND SUBSIDIARIES (NEINOR HOMES GROUP)

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED 31 DECEMBER 2022 AND 2021

(Thousands of Euros)

	Notes	Period ended 31 December 2022	Period ended 31 December 2021 (*)
CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR		**96.577**	**102.855**
By cash flow hedging (Note 12)		**4.828**	**-**
Tax effect (Note 21)		**(1.159)**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE ATTRIBUTABLE DIRECTLY TO EQUITY		**3.669**	
OTHER RECOGNISED INCOME (EXPENSES)		-	-
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME AND EXPENSE		**100.246**	**102.855**
Total recognised income and expense attributable to owners of the Company		**99.940**	**103.033**
Total recognised income and expense attributable to non-controlling interests		**306**	**(178)**

(*) Presented just for comparative purposes.

The accompanying Notes 1 to 30 and Appendix I are an integral part of the consolidated statements of recognised income and expense for the period ended 31 December 2022.

NEINOR HOMES, S.A.
AND SUBSIDIARIES (NEINOR HOMES GROUP)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 2020

(Thousands of Euros)

	Share capital	Share premium	Legal reserve	Reserves of the Parent	Own shares	Other reserves	Reserves at fully consolidated companies	Profit for the year attributable to owners of the Company	Value adjustments	Non-controlling interests	Total equity
Balance at 31 December 2020 (*)	**790.050**	**39.247**	**4.773**	**66.211**	**(51.115)**	**(1.561)**	**(57.112)**	**70.120**	**-**	**285**	**860.898**
Distribution of profit/loss for the year:											
To reserves	-	-	797	7.071	-	-	62.252	(70.120)	-	-	**-**
Income/expense recognised in the period	-	-	-	-	-	-	-	103.033	-	(178)	**102.855**
Business combination (Note 2.8)	9.836	1.456	-	(8.158)	50.740	-	-	-	-	1.003	**54.877**
Transactions with Treasury Shares	-	-	-	(204)	(39.830)	-	-	-	-	-	**(40.034)**
Dividend distribution (Note 16.5)	-	(37.210)	-	-	-	-	-	-	-	-	**(37.210)**
Other movements (Notes 4.21 and 16.4)	-	-	-	-	-	3.126	(17)	-	-	1	**3.110**
Balance at 31 December 2021 (*)	**799.886**	**3.493**	**5.570**	**64.920**	**(40.205)**	**1.565**	**5.123**	**103.033**	**-**	**1.111**	**944.496**
Distribution of profit/loss for the year:											
To reserves	-	-	639	5.747	-	-	96.647	(103.033)	-	-	**-**
Income/expense recognised in the period	-	-	-	-	-	-	-	96.271	3.669	306	**100.246**
Transactions with Treasury Shares	-	-	-	(207)	(22.170)	-	-	-	-	-	**(22.377)**
Dividend distribution (Note 16.5)	(63.111)	(3.430)	-	(32.830)	4.381	-	-	-	-	-	**(94.990)**
Other movements (Notes 4.21 and 16.4)	-	-	-	23.676	-	2.303	(24.771)	-	-	1.426	**2.634**
Balance at 31 December 2022	**736.775**	**63**	**6.209**	**61.306**	**(57.994)**	**3.868**	**76.999**	**96.271**	**3.669**	**2.843**	**930.009**

(*) Presented just for comparative purposes.

The accompanying Notes 1 to 29 and Appendix I are an integral part of the consolidated statements of changes in equity for the period ended 31 December 2022.

NEINOR HOMES, S.A.
AND SUBSIDIARIES (NEINOR HOMES GROUP)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022 AND 2021
(Thousands of Euros)

	Notes	Period ended 31 December 2022	Period ended 31 December 2021 (*)
Cash flows from/(used in) operating activities			
Profit/(loss) from operations		119.488	123.146
Adjustments-			
Depreciation and amortisation	7, 8 and 10	4.191	4.903
Change in provisions	17	12.393	40.265
Impairment and gains/(losses) on disposal of intangible and tangible assets	7 and 8	(54)	-
Finance costs	18	22.484	20.726
Finance revenue	18.2	(4.078)	(2.131)
Change in fair value in financial instruments	12	718	-
Impairment and gains/(losses) on disposals of financial instruments		433	-
Share of results of associates		27	83
Share of results of joint ventures		39	2
Incentive Plans	16.4	2.828	3.582
Change in fair value of investment properties	9	(24.135)	(16.964)
Negative goodwill on business combinations	2.8	-	(142)
Increase/(Decrease) in current assets and liabilities:			
Inventories	13	147.888	136.498
Trade and other receivables	14	8.391	(8.672)
Current trade and other payables	19 and 20	(34.974)	10.609
Other current and non-current assets and liabilities	12 and 19	(61.817)	(54.680)
Income tax paid	21	(21.315)	(32.023)
Total net cash flows from operating activities (I)		**172.507**	**225.202**
Cash flows from/(used in) investing activities:			
Acquisition of subsidiary	2.8 and 18.2	-	19.031
Acquisition of interests in joint ventures	2.8	-	(6.003)
Acquisition of interests in financial investments	12	(6.446)	-
Investments in intangible and tangible assets	7 and 8	(2.978)	(738)
Investments in investment property	2.8	(1.518)	(54.190)
Disposals of intangible and tangible assets	7 and 8	129	-
Disposals in current and non current financial assets	12	4.532	-
Investments in current and non current financial assets	12	(15.541)	(1.878)
Total net cash flows from investing activities (II)		**(21.822)**	**(22.686)**
Cash flows from/(used in) financing activities:			
Proceeds from bank borrowings and other financial liabilities	18	230.146	605.519
Repayment of bank borrowings and other financial liabilities	18	(317.382)	(647.503)
Derivative premium payment	12	(11.298)	-
Interests received		3.669	-
Interests paid	18 and 24	(20.464)	(18.539)
Transactions with Treasury Shares and other equity transactions	16	(22.478)	(44.260)
Dividend distribution	16.5	(94.990)	(37.210)
Total net cash flows from financing activities (III)		**(232.797)**	**(141.993)**
Net increase/(decrease) in cash and cash equivalents (I+II+III)		**(82.112)**	**39.431**
Cash and cash equivalents at beginning of the period		309.644	270.213
Cash and cash equivalents at end of year		**227.532**	**309.644**

(*) Presented just for comparative purposes.

The accompanying Notes 1 to 29 and Appendix I are an integral part of the consolidated statement of cash flow for the period ended 31 December 2022.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Neinor Homes, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements
for the period ended
31 December 2022 (hereinafter, 2022 period)

1. Activity of the Neinor Homes Group

Neinor Homes, S.A. ("the Parent"), was incorporated under the Spanish law. in a deed executed on 4 December 2014. On 1 March 2017, the Parent was registered as a public limited liability company ("S.A.") with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges. The corporate purpose of Neinor Homes, S.A. is to promote, manage and develop all kind of Real Estate operations. Its registered address is in Calle Ercilla 24, Bilbao (Vizcaya). The bylaws and other public information on the Company can be consulted in its registered address and on the website: www.neinorhomes.com.

In addition to the operations carried out directly, Neinor Homes, S.A. is the Parent of a Group of subsidiaries with the same corporate purpose and which, together constitute Neinor Homes Group the Parent´s shares were admitted to trading on the official secondary market in 2017. Therefore, the Parent Company is obliged to prepare, in addition to its own separate financial statements, the Group's consolidated financial statements and half-yearly financial reports for both the Parent and the consolidated Group in accordance with Royal Decree 1362/2007, of 19 October, implementing Spanish Securities Market Law 24/1988, of 28 July, in relation to the transparency requirements regarding the information on issuers whose securities are admitted to trading on an official secondary market or on another regulated market in the European Union.

The Neinor Homes Group was incorporated in the context of the memorandum of understanding entered into in 2014 by Kutxabank, S.A. and the Lone Star investment fund, through its investee Intertax Business, S.L.U. (now Neinor Holdings, S.L.U.) for the sale and purchase of a portion of the Kutxabank Group's property assets. This transaction was completed on 14 May 2015 through the transfer by Kutxabank, S.A. to Neinor Holdings, S.L.U. of all the shares held by the former in Neinor Homes, S.A., once the conditions precedent established in the purchase and sale agreement entered into by the parties on 18 December 2014 had been met.

In addition, and as part of this transaction, on 1 January 2015, all the employees who had been performing the property group's development and management tasks at the Kutxabank Group, and the technical and other resources required to perform this activity, were transferred to the various Neinor Homes Group companies. In this regard, on 14 May 2015, an asset administration and management agreement was entered into by the various Kutxabank Group companies and Neinor Homes, S.A. in relation to the property assets owned by the former. As consideration for these services, the various companies pay remuneration depending on the type and volume of the managed assets, plus additional variable remuneration based on success, applicable to asset sales and for performing certain specific related actions, and accruals. This agreement had an initial seven-year term and may be extended automatically for further one-year periods. On July 1, 2021 Neinor Homes Group confirmed that it will not present a binding offer to extend the terms of the servicing contract. This agreement has finished in May 2022, and the non-renewal of this contract have not had a significant impact on the objectives planned by the Group.

On 29 March 2017, the Parent's shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, for which the Group obtained the related waivers/approvals from the banks from which it had received any kind of financing to avoid such financing being subject to early total payment.

Neinor Homes is part of the Ibex Small Cap since December 12, 2022, a stock market financial index prepared by Bolsas y Mercados Españoles (BME), which is made up of the most important companies after IBEX 35.

In May 2021, the business combination with Quabit Inmobiliaria S.A. took place, as described in Note 2.8. On the other hand, and in relation to the above, in April 2021 the issuance of senior covered bonds maturing in 2026 for a total nominal amount of 300 million euros was successfully closed (Note 18.2).

The consolidated financial statements of the Neinor Homes Group for 2021 were prepared by the Parent's directors at the Board of Directors' meeting held on 23 February 2022, on the basis of the accounting records held by the Parent and by the other Neinor Homes Group companies properly adjusted for the conversion to International Financial Reporting Standards (EU-IFRSs) and approved by its shareholders on 13 April 2022.

Appendix I includes the detail of the consolidated Group companies and the information related thereto at 31 December 2022 and 2021, prior to the related unifying adjustments thereof and any adjustments made for the conversion to International Financial Reporting Standards (EU-IFRSs). The information in Appendix I was provided by the Group companies and their equity position is reflected in their separate financial statements.

2. Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, every company governed by the laws of an European Union member state, and having its equity shares listed on a regulated market of any of its member states is required to file its consolidated financial statements for the reporting periods starting on or after 1 January 2005, in compliance with such International Financial Reporting Standards (IFRS) as may have been previously adopted by the European Union.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, so that they present fairly the Neinor Homes Group's consolidated equity and financial position at 31 December 2022, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the 12 months period then ended.

The consolidated financial statements of the Neinor Homes Group for 2022 were prepared by the Parent's directors at the Board of Directors' meeting held on 22 February 2023, on the basis of the accounting records held by the Parent and by the other Neinor Homes Group companies properly adjusted for the conversion to International Financial Reporting Standards (EU-IFRSs).

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2022 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with International Financial Reporting Standards.

In order to uniformly present the various items that make up the consolidated financial statements, the accounting policies and measurement bases used by the Parent have been applied to all the companies included in the scope of consolidation.

Also, the accompanying financial statements for 2022 are presented in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 ("ESEF Regulation").

The 2022 consolidated financial statements of the Group and the financial statements of the Group companies have not yet been approved by their respective shareholders. However, the Parent's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

2.2 Adoption of International Financial Reporting Standards

The following mandatory standards and interpretations, already adopted in the European Union, became effective in 2022. Where applicable, the Group has used them in the preparation of these consolidated financial statements:

(1) ***New standards, amendments and interpretations mandatorily applicable in the year 2022***

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
Amendments to IFRS 3 reference to the Conceptual Framework.	Update of IFRS 3 to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.	1 January 2022
Amendments to IAS 16 - Proceeds before intended use	Modification clarifies the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment (PPE) into use.	1 January 2022
Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract	Modification specifies that the 'cost of fulfilling' a contract comprises incremental costs of fulfilling that contract and the allocation of other costs that relate directly to fulfilling contracts.	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

The Group has been applying the aforementioned rules, since they came into force on January 1st, 2022, which has not caused a significant impact on the Group accounting policies.

(2) ***New standards, amendments and interpretations of mandatory application for annual periods after the calendar year starting on 1 January 2022:***

At the date of authorization of these annual consolidated financial statements, the following standards and interpretations had been published by the IASB but had not become effective, either because their effective date was subsequent to the date of the consolidated financial statements or because they had yet to be adopted by the European Union:

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
Amendments to IAS 1 – Disclosure of accountancy policies	Modification clarifies the material information regarding accountancy policies that shall be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Disclosure of accountancy policies	Modification clarifies what shall be understood as changes in accounting policies.	1 January 2023
Amendments to IFRS 17 – Insurance agreements and its modifications	New rule to replace IFRS 4. It sets the principles of registry, valuation, presentation, and disclosure of insurance agreements.	1 January 2023

Not Approved for use in the European Union		Mandatory application for annual periods beginning on or after:
Amendment to IAS 1 - Classification of Liabilities as Current or Non-Current	Amendment to IAS 1 that provides a more general approach to the classification of liabilities as Current or Not Current.	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Clarifications on how entities should register the deferred tax that is generated in operations such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 - Initial application of IFRS 17 and IFRS 9—Comparative Information	The amendment is a transition option relating to comparative information for insurance entities on initial application of IFRS 17 and IFRS 9.	1 January 2023

The Group has performed an assessment in relation to the standards that come into force in 2023 and subsequent years, of the impacts that the future application of this standard might have on the consolidated financial statements once they become effective.

2.3 Changes in accounting policies

In the exercise ended 31 December 2022, there were no significant changes in accounting policies with respect to those applied in the exercise ended 31 December 2021.

2.4 Functional currency

These financial statements are presented in euros as this is the currency of the primary economic area in which the Group operates. Currently, the Group does not have foreign operations.

2.5 Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the directors of the Group's Parent.

In the Group's consolidated financial statements for the 12 months period ended 31 December 2022 estimates were occasionally made by the senior executives of the Group and of the consolidated companies, and later ratified by the directors, in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

1. The fair value of the Group's Real Estate assets (Notes 9 and 13). The Group has obtained valuations from independent experts in 2022 for its Real Estate assets, describing the valuation method used in Notes 4.3 and 4.7.

2. The assessment of possible impairment losses on certain assets (Note 12).

3. The useful life of intangible assets and property, plant and equipment (Notes 7, 8 and 10).

4. The amount of certain provisions (Note 17).

5. The recoverability of deferred tax assets (Note 21.5).

6. The valuation of long-term employee benefits (Note 16.4).

7. The compliance with the covenants and clauses established by arranged borrowings (Note 18.1).

8. The definition of the transactions carried out by the Group as a business combination in accordance with IFRS 3 or as an acquisition of assets (Note 2.8).

Although these estimates were made on the basis of the best information available at 31 December 2022, future events may require them to be modified prospectively (upwards or downwards), in accordance with IAS 8. The effects of any change would be recognized in the corresponding consolidated income statement. Due to the uncertainty involved in any estimate based on future expectations in the current economic environment, differences might arise between projected and actual results. The importance of these estimates should be taken into account in any interpretation of the accompanying consolidated financial statements and, in particular, in relation to the valuation of the Group's property assets.

No significant changes were made to the estimates used at 2021 year-end during the period ended on 31 December 2022.

2.6 Consolidation principles

Subsidiaries are considered to be those companies over which the Parent directly or indirectly exercises control through subsidiaries. The Parent has control over a subsidiary when it is exposed or has rights to variable returns from its involvement with the subsidiary, and when it has the ability to use its power to affect its returns. The Parent has power when the voting rights are sufficient to give it the ability to direct the relevant activities of the subsidiary. The Parent is exposed or has rights to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance. Currently, all of the subsidiaries have been fully consolidated.

Non-controlling interests are measured at the proportionate fair value of the identifiable assets and liabilities recognized. The share of non-controlling interests is as follows:

1. Interest in investees' equity is presented "Non-controlling interests" under equity in the consolidated balance sheet.

2. Share of profit or loss for the year is presented in "Profit/(Loss) for the year attributable to non-controlling interests" in the consolidated income statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All material balances and transactions between the fully consolidated companies and the results included in inventories arising from purchases from other Group companies have been eliminated on consolidation.

No timing adjustments have been necessary since the balance sheet date of all the Group companies is the same.

2.7 First-time consolidation differences

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair value of the identifiable net assets acquired (i.e., a discount on acquisition) is taken to profit and loss for the period. First consolidated financial statements did not imply recognizing any goodwill or gain.

2.8 Changes in the scope of consolidation

The changes in the scope of consolidation of the Neinor Homes Group in 2022 were as follows:

- On 23 February 2022, the sole director of Neinor Península, S.L.U. approved the draft terms of the merger of 62 subsidiaries of the Quabit subgroup (the absorbed companies) into Neinor Península, S.L.U. (the absorbing company). Both Neinor Península, S.L.U. and the absorbed companies are companies wholly owned, directly or indirectly, by the same shareholder, namely Neinor Homes, S.A. The merger was carried out through the absorption of the absorbed companies by Neinor Península, S.L.U., with the dissolution without liquidation of the former and the transfer of all their assets and liabilities to the latter, which has acquired, by universal succession, all the rights and obligations of the absorbed companies. The ultimate objective of the merger is to rationalise the corporate structure arising from the business combination effected in 2021 with the now extinguished Quabit Inmobiliaria, S.A. This merger did not have any effect for consolidation purposes as it was a corporate restructuring transaction.

- On 5 May 2022, the Group company Neinor Sur, S.A.U. executed in a public deed and completed the acquisition of 95% of the shares of Espalmador, S.L. The acquisition was carried out through the delivery of a land lot by the Group company Neinor Sur, S.A.U. valued at EUR 7,348 thousand to Espalmador, S.L. for the development of a residential complex of luxury homes thereon, which will comprise a maximum of 50 homes. Also, a servicing contract was entered into with Figeral, S.L., the company that owns the remaining 5% of the shares of Espalmador, S.L., whereby Figeral, S.L. will be responsible for the integrated management of the residential complex construction project and the concomitant coordination and supervision of the performance of the construction work. The Parent's directors determined that the transaction should be accounted for as an asset acquisition, as the acquiree did not have processes, organised procedures, the application of which results in the production of an output, or its own employees that could be applied thereto. In this regard, the assets of the acquiree relate substantially in full to the cost of the land delivered to it by Neinor Sur, S.A.U.

- On 23 August 2022, Neinor Sur, S.A.U. was partially spun off. On the basis of the related draft terms of division, Neinor Península, S.L.U. transferred to Neinor Homes, S.A. all the shares of Neinor Sur, S.A.U., together with all the other principal and accessory assets and liabilities associated with those shares. The spun-off assets and liabilities contributed to Neinor Homes, S.A. consisted of the partial spin-off of Neinor Península S.L.U. without the extinguishment of the latter. For consolidated purposes, this spin off has led to a reclassification amounting to EUR 23.676 thousand among the reserves at fully consolidated companies into the reserves of the Parent company.

- On 8 September 2022, Rental Homes Propco, S.L.U. formed a sole-shareholder limited liability company called Sky Rental Homes Propco S.L.U. Also, on 11 October 2022, Neinor Homes, S.A. formed Rental Homes Holdco, S.L.U. In addition, on 11 October 2022, Rental Homes Propco, S.L.U. formed the following companies: Europa Rental Homes Propco, S.L.U., Sky Coliving Homes Propco, S.L.U. and Rental Homes NX Propco, S.L.U. The company of these companies, except for Sky Rental Homes Propco S.L.U., which will engage solely in the lease of properties, is the lease for their own account of real estate assets, and the transfer of the leased properties once the minimum retention period has elapsed, and the performance of any real estate and urban development activities similar or related to the leased properties. Furthermore, Sky Coliving Homes Propco, S.L.U. will also engage in the direct or indirect operation of property assets owned by it in order to use them as shared accommodation for third parties (coliving), as well as the provision of complementary services to the guests and users of said accommodation. The share capital of all these companies is represented by 3,000 shares of EUR 1 par value each.

During the year ended on 31 December 2021 following changes took place in the scope of consolidation of the Neinor Homes Group:

Business combinations

On 11 January 2021, the draft terms of merger of Neinor Homes, S.A. (absorbing company) and Quabit Inmobiliaria, S.A. (absorbed company) were approved by the companies' respective Boards of Directors, and the validity of the draft terms of merger were conditional upon the occurrence of the following:

- The presentation of the required documentation in the event of a tender offer or an IPO, including any registration requirement that the Spanish National Securities Market Commission might establish, and notification of the merger to the corresponding competition authorities, and, as the case may be, the obtainment of authorization or no formal objection to the merger, be it express or constructive.

- Approval from the Annual General Meetings of the companies participating in the merger.

- Obtainment of consent (or, where applicable, of waivers of the exercise of any rights as a result of the merger, in particular early repayment clauses) from the financing entities or creditors of Neinor Homes, S.A. or Quabit Inmobiliaria, S.A., provided that they are significant to the merger.

- Confirmation by the tax authorities that the special regime for mergers, spin-offs, asset contributions, share exchanges, transfers bloc of assets and liabilities and changes of registered office of European companies or European cooperative entities from one European Union Member State to another, regulated in Title VI, Chapter VII of the Vizcaya Income Tax Regulation is applicable to this transaction and that, under the aforementioned special regime, the treatment of any gains from a bargain purchase on merger would not be subject to income tax.

The acquisition date was established as 19 May 2021 following the obtainment, on the immediately preceding day, of authorization of the Merger from the competition authorities and, thus, the fulfilment of all of the conditions precedent described above; as a result, Neinor Homes, S.A. obtained control of Quabit Inmobiliaria, S.A.

The agreement, which at the draft terms of merger approval´s date was supported by the irrevocable commitment of the vote in favor of the main shareholders of both groups, was based on the existence of clear benefits from an operating and financial perspective. The legal structure chosen for the merger consisted of the absorption of Quabit Inmobiliaria, S.A. by Neinor Homes, S.A. with the extinguishment of the former through dissolution without liquidation, and the transfer en bloc of all its assets and liabilities to the latter, which acquires by universal succession all the rights and obligations of Quabit Inmobiliaria, S.A. For the purposes of the transaction, the audit committees of both groups reviewed the exchange ratio determined on the basis of the actual value of the assets and liabilities of Neinor Homes, S.A. and Quabit Inmobiliaria, S.A., which has been established to be one ordinary share of Neinor Homes, S.A., of EUR 10 par value each, for every 25,965 "Class A" shares of Quabit Inmobiliaria, S.A. (the only class outstanding at the date of the exchange) of EUR 0,50 par value each. This had meant that, for the total 145.383.654 outstanding "Class A" shares of Quabit Inmobiliaria, S.A., approximately 5,6 million ordinary shares of Neinor Homes, S.A. had been issued, representing a total of 7% of its share capital (post-dilution). In any case, this exchange had been subject to verification by the independent expert appointed by the Mercantile Registry for the purposes of Article 34 of Law 3/2009, of 3 April, on structural changes to companies formed under the Spanish Commercial Code. On 24 May 2021, the aforementioned capital increased, carried out through the issuance of 5.599.216 shares of EUR 10 par value each, was registered at the Vizcaya Mercantile Registry; consequently, Quabit Inmobiliaria, S.A. was delisted from the financial markets on 25 May 2021.

For tax purposes, the transaction qualified for application of the special regime for mergers regulated in Title VI, Chapter VII of the Vizcaya Income Tax Regulation 11/2013, of 5 December, and to this end confirmation was obtained from the tax authorities; furthermore, the non-taxability provisions and exemptions from transfer tax envisaged in Articles 31.2.1, 33 and 58.10 of Vizcaya Transfer Tax Regulation 1/2011, of 24 March also applied to the transaction.

In the context of the transaction, on 10 January 2021 Neinor Homes, S.A. entered into an agreement with Cedarville Spain, S.L.U., GL Europe Luxembourg III (US) Investments, S.à r.l., GL Europe Luxembourg III (EUR) Investments, S.à r.l. and GL Europe ASRS Investments, S.à r.l. (all of which are hereinafter referred to as "Avenue") with the aim of reducing Avenue's financial exposure (equity instruments and borrowings), for which the consideration was established as follows:

- Payment of approximately EUR 85 million (of which 3 million euros have already been paid by the subsidiaries of Quabit Inmobiliaria, S.A. prior to the acquisition date), corresponding to both the purchase of the "Class B" shares of Quabit Inmobiliaria, S.A. for their retirement and to the rest of the financing granted by Avenue. Prior to this, the Board of Directors of Quabit Inmobiliaria, S.A. submitted for approval by the same Annual General Meeting the merger and (prior to the proposed merger agreement) the buyout of all the shares.

- The transfer to Avenue of all the shares of Quabit Las Lomas del Flamenco, S.L.U. project (in Mijas, Andalucía), the most recent appraisal of which amounted to EUR 32 million gross. Concurrent to the transfer, Neinor Homes, S.A. and Avenue undertook to execute 2 contracts in relation to the construction and development of this project:

    - property asset development and management agreement, in which the Neinor Homes Group will act as manager and on the basis of which a market fee will be established for such management,

    - a financing agreement, in which the Neinor Homes Group will be the lender for an amount of up to EUR 11 million, on which a security interest must be created by the counterparty and which will earn interest at a fixed rate of 4%, with minor interest rate increases depending on LTV Ratio.

Also, Neinor Homes, S.A. and Avenue took various actions, including:

- the execution of a public deed terminating the warrants held by Avenue vis-à-vis Quabit Inmobiliaria, S.A. which enabled the owners thereof to subscribe a maximum of 5.06% of the share capital of the absorbed company;

- subscription and execution in a public deed of a letter of payment before a notary to pay off the amounts corresponding to the borrowings granted by Avenue; and

- execution of the corresponding public deed to transfer to Avenue all of the plots of land that make up the project called Las Lomas del Flamenco, S.L.U. whose ownership corresponds to Quabit Las Lomas del Flamenco, S.L.U.

On 23 June 2021, the payment of the financial exposure of Avenue was made, through the disbursement of cash totalling EUR 82 million, approximately, and, in addition, public deeds were executed for the termination of the warrants held by Avenue and the transfer of all the shares of Quabit Las Lomas del Flamenco, S.L.U.

The identifiable assets and liabilities of Quabit Inmobiliaria, S.A. and subsidiaries assumed at the date of the takeover, considering the purchase price allocation performed by the management of Neinor Homes Group, were as follows:

	Thousands of Euros		
	Book value at the acquisition date	Valuation adjustments	Fair value at the acquisition date
Non-current assets			
Goodwill	7.401	(7.401)	-
Other intangible assets (***)	12.115	(4.598)	7.517
Deferred tax assets	1.026	68.000	69.026
Others	7.658	(2.210)	5.448
Current assets			
Inventories	434.822	(123.015)	311.807
Trade and other receivables	39.263	-	39.263
Cash and cash equivalents	19.031	-	19.031
Others	17.320	-	17.320
Non-current liabilities			
Bank borrowings	(25.250)	-	(25.250)
Other non-current liabilities (**)	(24.822)	2.057	(22.765)
Deferred tax liabilities	(999)	(47)	(1.046)
Others	(2.592)	-	(2.592)
Current liabilities			
Bank borrowings (**)	(270.841)	18.134	(252.707)
Current trade and other payables	(47.502)	(800)	(48.302)
Others	(49.764)	(8.393)	(58.157)
Non-controlling interests	(310)	(693)	(1.003)
Total	**116.556**	**(58.966)**	**57.590**
Consideration transferred (*)			**57.448**
Negative goodwill on business combinations			**142**

(*) Calculated considering the share price of Neinor Homes, S.A. at the date the shares have been transferred.
(**) These impacts correspond mainly to the agreements signed with Avenue and SAREB regarding the debt removal, amounting to EUR 20 million, approximately.
(***) This impact corresponds mainly to the client portfolio identified in the subsidiary Quabit Construcción, S.A., amounting to EUR 7 million, approximately.

The amount of revenue recognized in the accompanying consolidated financial statements at 31 December 2021 from the date of the acquisition of control, relating to Quabit Inmobiliaria, S.A. and subsidiaries amounted to EUR 133.942 thousand, with a gain before tax of EUR 12.562 thousand. If Quabit Inmobiliaria, S.A. and subsidiaries had been consolidated as from 1 January 2021, revenue would have increased by approximately EUR 67.915 thousand and profit for the year would have decreased by approximately EUR 16.548 thousand, respectively.

Although the assets and liabilities of Quabit Inmobiliaria, S.A. were adjusted to fair value as a result of applying the acquisition method of accounting to the business combination, the gain from a bargain purchase shown was provisional, and the Neinor Homes Group had 12 months from the acquisition date to complete the definitive purchase price allocation. In this regard, there had not been any modifications in this valuation that implied an adjust in the fair value of the acquisition method of accounting to the business combination.

Acquisition of assets

On 4 January 2021, the Group company Promociones Neinor 1, S.L.U (currently named Rental Homes Propco, S.L.U.) executed in a public deed and completed the acquisition of all the shares of 100% of Sardes Holdco, S.L.U. (currently named Neinor Sardes Rental, S.L.U.), a company owning nine developments earmarked for lease and located in Alicante, Badalona, Gerona, Madrid, Málaga Sabadell, Terrassa and Valencia, having also to assume the payment of the loan granted to the acquired company by its former parent, amounting to EUR 5.737 thousand. EUR 5.749 thousand were advanced in December 2020, corresponding to approximately one-tenth of the transaction. The remaining amount was paid on the date of the public deed. The Parent's directors decided to recognize the transaction as an asset acquisition, since the acquired company did not have processes, organized procedures necessary for the owner to produce a product or an organized workforce for the provision of such processes. In this connection, substantially all the assets of the acquired company relate to the cost of the nine urban developments owned by it as it is derived from the following audited financial statements as of December 31, 2020 (that do not differ significantly from those corresponding to the acquisition date), which are disclosed with the corresponding valuation adjustments:

	Thousands of Euros		
	Audited book value 31.12.2020	Valuation adjustments	Fair value at the acquisition date
Non-current assets			
Goodwill	54	-	54
Other intangible assets	35.603	22.310	57.913
Deferred tax assets			
Others	184	-	184
Current assets			
Trade and other receivables	86	-	86
Cash and cash equivalents	374	-	374
Others	51	-	51
Non-current liabilities			
Other debts (*)	(5.737)	-	(5.737)
Current liabilities			
Other current financial liabilities	(227)	-	(227)
Current trade and other payables	(205)	-	(205)
Total	**30.183**	**22.310**	**52.493**
Consideration transferred (*)			**52.493**

(*) The Group has also assumed the payment of the loan granted to the acquired company by its former parent, amounting to EUR 5.737 thousand.

At 31 December 2021, the Group had used the valuation carried out by independent experts to determine the updated fair value of the investment property, which amounts to EUR 69.798 thousand, giving rise to a revaluation amounting to EUR 12.001 thousand that was recorded under the caption "Change in fair value of investment properties" of the consolidated profit and loss account at 31 of December 2021. According to the valuation carried out at 30 June 2021 the revaluation of the investment property amounted to EUR 11.585 thousand. Consequently, the impact recorded in the consolidated profit and loss amounted to EUR 416 thousand (Notes 6 and 9).

The methodology used to calculate this market value consisted of preparing income and expense projections, discounted to the reporting date of the accompanying consolidated financial statements using a market discount rate.

Other

In May 2021 the Neinor Homes Group, in alliance with Grupo Cevasa, was awarded the tender sponsored by the public company Habitatge Metròpolis Barcelona, S.A. (until then owned 50% by the Barcelona Metropolitan Area and 50% by the Barcelona City Council) for the construction and subsequent management under rental arrangements of 4,500 government-subsidized homes in the metropolitan area of Barcelona. In this connection, on 9 June 2021, Neinor Homes, S.A. and Compañía Española de Viviendas en Alquiler, S.A. ("Cevasa") jointly incorporated, each with a 50% ownership interest, Nicrent Residencial, S.L. with an initial share capital of EUR 3 thousand. During November 2021, a monetary contribution of EUR 12 million has been made to Habitatge Metròpolis Barcelona, S.A. through Nicrent Residencial, S.L. (equally distributed between Neinor Homes, S.A. and Cevasa) in exchange for a 50% ownership interest in its share capital. As provided for in the terms of the tender, Nicrent Residencial, S.L. has also undertaken to make, in an estimated period of one to five years, successive contributions that will total, together with the aforementioned initial contribution, an amount of between a minimum of approximately EUR 58 million and a maximum of approximately EUR 104 million. For their part, the public shareholders of Habitatge Metròpolis Barcelona, S.A. will contribute to this company the land required for the construction of the above-mentioned homes and will make the necessary monetary contributions to ensure that their 50% ownership interest remains unchanged. After it has become a shareholder of Habitatge Metròpolis Barcelona, S.A., Nicrent Residencial, S.L. will be responsible for the administration and the management of the assets of Habitatge Metròpolis Barcelona, S.A., which will entail, inter alia, managing the construction and development of the land of this company and managing the rental of the homes, for which it will obtain an arm's length remuneration. This transaction has been recorded by Neinor Homes Group as a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement ("joint venture").

2.9 Comparative information

The information relating to the 2022 consolidated financial statements is presented for comparison purposes with that relating to period ended 31 December 2021.

2.10 Correction of errors

In preparing the accompanying consolidated financial statements no errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for year ended 31 December 2021.

3. Distribution of profits attributable to the Parent

The distribution of profits proposed by the Parent's directors for approval by its shareholders at the Annual General Meeting, is as follows:

	Thousands of euros	
	31.12.22	31.12.21
Basis of distribution:		
Profit for the year	**847**	**6.386**
Application:		
-To legal reserve	85	639
-To voluntary reserves	762	5.747
	847	**6.386**

4. Measurement bases

The accounting principles and policies and measurement bases applied in preparing the Neinor Homes Group's consolidated financial statements for the exercises ended 31 December 2022 and 31 December 2021 were as follows:

4.1 Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When a business combination is achieved in stages, the Group's previously (date of takeover) held interests, the Goodwill or negative difference is obtained by the difference between:

- The cost of the business combination, plus the acquisition-date fair value of any prior interest of the acquirer in the acquiree, and,

- The value of the identifiable assets acquired less the liabilities assumed, determined in accordance with the above.

Any profit or loss arising from the measurement at fair value on the date control of the previous interest in the acquiree is obtained, will be recognized in the profit and loss account. If previously the investment in this investee had been valued at its fair value, the valuation adjustments pending to be allocated to the result of the year will be transferred to the profit and loss account. On the other hand, it is presumed that the cost of the business combination is the best reference to estimate the fair value on the date of acquisition of any previous participation.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration are recognized in profit or loss. When the aforementioned consideration has been classified as equity, the subsequent changes on its fair value are not recognized.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

4.2 Intangible assets and property, plant and equipment

Intangible assets

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction, or which are developed by the consolidated companies. Only assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognized.

Intangible assets are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses.

The period intangible asset amortization charge is recognized in the consolidated statement of profit or loss at rates based on the following years of estimated useful life, which for the intangible assets is four/five years.

Property, plant and equipment

Property, plant and equipment assets are recognized initially at acquisition/contribution or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized as an increase in the cost of corresponding assets.

Maintenance and repair costs that do not lead to a lengthening of the useful lives of the assets are charged to the income statement for the period in which they are incurred.

Interest and other financial charges incurred during the period of construction of property, plant and equipment are recognized as an increase in the cost of the construction in progress (see section 14) of this Note).

Depreciation is calculated by applying the straight-line method to the acquisition cost of assets less their residual value. The land on which Group buildings and other structures stand is deemed to have an indefinite useful life and, therefore, is not depreciated.

The periods of which the property, plant and equipment depreciation charges are recognized in the consolidated income statement on the basis of the average years of estimated useful life of the various assets, are as follows:

	Annual rate
Straight-line depreciation method:	
Other installations	10%
Furniture	25%
Data processing equipment	25%
Other items of property, plant and equipment	10%

Assets under construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment losses. Cost includes professional fees. Depreciation of these assets commences when the assets are ready for their intended use.

Assets other than investment property held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

At the end of each reporting period, consolidated companies assess whether there are any internal or external indications that the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, in which case the carrying amount of the asset is written down to the recoverable amount and the future depreciation charges are adjusted in proportion to the revised carrying amount and the new remaining useful life, should it need to be remeasured.

Similarly, if there is an indication of a recovery in the value of an impaired asset, the consolidated companies recognize the reversal of the impairment loss previously recorded and adjust the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior years.

4.3. Investment property

"Investment Property" in the accompanying consolidated balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Investment property is initially recognized at cost, including the related transaction costs and any borrowing costs incurred. After initial recognition, investment property is measured at fair value.

The fair value of the investment property is determined by taking as reference values the valuations performed by independent third-party valuers not related to the Group (CBRE Valuation Advisory, S.A. and Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U.) or values determined on the basis of market conditions and, accordingly, at the end of each reporting period the fair value reflects the market conditions of the investment property at that date. In determining the fair value of the property, the valuations of the independent valuers were carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (RICS), Valuation – Global Standards 2020 (the RICS Red Book), in conformity with the International Valuation Standards (IVSs) issued by the International Valuation Standards Council (IVSC).

The methodology used to determine the fair value of the Group's investment property is principally the discounted cash flow ("DCF") method. Unless the specific characteristics of an investment suggest otherwise, the DCF method is applied over a ten-year time horizon, in accordance with standard market practice. The cash flows are extrapolated over the valuation period being assessed in order to reflect increases in the CPI and the timing of rent revisions, lease agreement expiry dates, etc. In this regard, for certain properties owned by the Group in relation to which the complete development is not available, the DCF method described above is used, taking into account, subsequently, the sale of the assets as the respective leases expires.

The final rate of return or final capitalization rate used in each case refers not only to the expected market conditions at the end of each cash flow period, but also to the expected lease terms and conditions and the physical situation of the property, taking into account any planned improvements to the property and included in the analysis. Habitual market discount rates are used.

The properties were valued on a case-by-case basis, considering each of the leases in force at year-end. The buildings with areas that are vacant were valued on the basis of the estimated future income, less a period for the marketing thereof.

Changes in fair value are recognized in profit or loss. When the Group sells a property at its fair value, the carrying amount of the investment property prior to the transaction is adjusted to the transaction price, and the resulting fair value adjustment is recognized under "“Changes in Fair Value of Investment Property” in the consolidated statement of profit or loss.

4.4 Right-of-use assets and lease liabilities

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. Dismantling and restoring costs are included in this calculation, if they should be taken into consideration. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Estimated useful life of the assets is as follows:

	Annual rate
Right-of-use assets	20%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4.5 Impairment of property, plant and equipment, investment property and intangible assets

At the end of each reporting period, the Neinor Homes Group reviews the carrying amounts of its items of property, plant and equipment, investment property and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

Impairment has been calculated in accordance with the criteria described in Note 4.7. Also, in the case of leased real estate assets, the Group uses a mixed criterion. Since they are linked to commercial operations, the most appropriate methodology is considered to be the discounted cash flows model considering the inflows and outflows arising from the operation of the asset determined by its lease status. An exit value is determined when the lease expires or considering the periods, in any case, of mandatory application, calculated by recognizing the perpetual return of the last year analyzed or a market-based return, once the characteristics and contractual terms and conditions of the assets have been analyzed, considering the constant return. The yield used as a discount rate will be determined as the yield demanded by the market when the valuation is made based on the specific features of the assets.

4.6 Leases

When consolidated entities act as lessors, they present the fair value of the leased asset under "Investment property" (Note 4.3). Lease income is recognized in the income statements on a straight-line basis.

When consolidated entities act as the lessee, the Group applies the criteria described in the Note 4.4.

4.7 Inventories

"Inventories" in the consolidated balance sheet include assets that the consolidated companies:

1. Hold for sale in the ordinary course of business.

2. Hold under production, construction or development for sale in the ordinary course of business.

3. Expect to be consumed in the production process or in the rendering of services.

The Group considers that its inventories do not meet the requirements of IAS 40 for consideration as investment property. Consequently, land and other property held for sale or for inclusion in a property development are treated as inventories.

Land and sites are measured at the lower of acquisition cost, plus site development costs, if any, purchase transaction costs (transfer tax, registration expenses, etc.) and finance costs incurred over the period the urban development work is being carried out (Note 4.15), or estimated market value.

The costs incurred in property developments, or in portions thereof, the construction of which had not been completed at year-end, are classified as construction in progress. These costs include costs relating to the site, urban development and construction costs, capitalized finance costs incurred in the construction period, and other allocable direct and indirect costs. Marketing expenses are charged to the consolidated income statement in the year in which they are incurred. Finance costs, which amounted to EUR 4.288 thousand in 2022, were recognized in the consolidated statement of profit or loss as a reduction of the financial profit and related to expenses associated with developments in Progress (EUR 4.866 thousand in 2021) (Notes 4.15 and Note 13).

The Group companies transfer the accumulated costs of completed developments, or a portion thereof, from "Construction work in progress" to "Completed properties".

The inventories transferred to the Neinor Homes Group by virtue of the contributions made in the context of the transaction described in Note 1 are recognized initially at the amount assigned to them in the related transfer agreements. This amount coincides with the carrying amount at which these inventories had been recognized in the accounting records of the contributing companies, considering their acquisition cost or their net recoverable value, the lower.

"Short-Cycle Developments in Progress" are considered to be the accumulated costs of those developments for which the projected construction completion period does not exceed twelve months.

The cost of construction in progress and completed work is reduced to its fair value and, where appropriate, the related allowance for decline in value is recognized. However, if the fair value is greater than the net value of the cost, the value of the cost/contribution is maintained.

The fair value of the Group's inventories is calculated on the basis of appraisals carried out by independent experts not related to the Group (CBRE Valuation Advisory, S.A. and Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U.) or internal estimates. These appraisals or estimates use mainly the dynamic residual method to calculate the fair value and are carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (RICS) in the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

As indicated previously, the dynamic residual method was used to calculate fair value. This method consists of estimating the value of the final product based on the comparison or discounted cash flow method, and subtracting from this value the development costs, including the residential development and construction costs, fees, levies, etc., and the profit of the developer for estimating the residual value. Income and costs are distributed over time in line with the periods of development and sales estimated by the expert. The discount rate used is that which represents the average annual return on the project, without taking into account external financing, which would be obtained by an average developer in a development of the characteristics of that analyzed. This discount rate is calculated by adding the risk premium determined by evaluating the risk of the development (taking into account the type of property asset to be constructed, its location, liquidity, the construction period and the investment volume required) to the risk-free interest rate.

Given the uncertainties inherent to any information based on future expectations, there could be deviations between the projected results considered when performing the aforementioned estimates and the actual ones, what may require them to be modified prospectively (upwards or downwards), as described in Note 2.5.

At 31 December 2022, as for 31 December 2021 all its "Development" assets had been appraised by an independent expert, having taken the aforementioned value as a reference when assessing the existence of any impairment losses to be recognized for accounting purposes, adjusted, in certain cases, by tolerances of five percent; the effect thereof was not significant taken as a whole. All its "Legacy" assets had been appraised by an internal analysis to determine the recoverable value.

In this respect, the most significant aspects considered in the appraisals were as follows:

Development assets-

The appraisals were conducted on a case-by-case basis for each asset, taking into consideration the building qualities envisaged for each one, which in turn determine the associated contracting costs and range of sale prices. Also, for each individual asset, the average periods for achieving the various urban planning, management and discipline milestones, as well as the average construction periods for each development depending on the building type and density were taken into account.

Lastly, the discount rate associated with each project was calculated, and a sensitivity analysis performed on the rate depending on the zoning status of the developments at that time. The discount rates vary according to the development stage reached by the asset (plot without development, under construction, with pre-sales or finished), with rates ranging between 6% (for work in progress with pre-sales) and 20% (for certain urban plots) in 2022 (between 6% and 20% in 2021).

Once a preliminary estimate has been made of the value of the assets, a review of the valuation models is performed, verifying the reasonableness of the ratios, such as the percentage of the finished product represented by the plot, the profit on the construction cost or the profit obtained according to sales.

Other parameters are also set in each of the appraisals, the main ones being as follows:

- Advance sales before the start of the construction of the developments were not taken into consideration.

- It was estimated that 70% - 75% of the sales (pre-sales off plan, in a private sale and purchase agreement) will be carried out during the construction of the developments and the remaining sales within nine months following completion thereof.

- Increases in sale prices over the existing market prices were not taken into consideration.

- It is estimated that 33/36 months could elapse between the time necessary for the drafting of the project and the obtainment of the construction permit, construction and delivery of the project, and the end of the marketing and sale of the units.

Legacy assets

This type of asset was analyzed basically using the comparison method, adjusted for the commercialization cost and other costs incurred until the asset is disposed of, except in the case of plots or developments exceeding approximately 30 units, which were valued in accordance with the methodology described above for "development assets".

In addition, the assumptions used to value these assets were as follows:

- They are insured and all the risks relating to possible replacements are covered, and they are in a sufficient physical and functioning state for current use.
- They are not subject to court proceedings, disputes, evictions of tenants with or without agreements or outstanding claims of any kind with significant impact on the consolidated accounts.

4.8 Trade receivables

Trade receivables do not earn interest and are stated at their nominal value, less any allowances for estimated unrecoverable amounts.

4.9 Customer advances

The amount of the advances received from customers prior to recognition of the sales of the properties, according to the criteria indicated in note 4.13, is recognized at year-end under “Other current liabilities-Customer advances” on the liability side of the consolidated balance sheet.

4.10 Financial instruments

Financial assets and liabilities are recognized in the Group's consolidated balance sheet when the Group becomes party to the contractual terms of the instrument.

During the exercises ended 31 December 2022 and 2021 the measurement bases applied by the Group to its financial instruments were as follows:

Financial assets

The financial assets held by the Group are classified in the following categories:

a. Financial assets at amortised cost: these include financial assets, including those admitted to trading on an organised market, for which the Group holds the investment in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In general, this category includes:

i. Trade receivables: arising from the sale of goods or the rendering of services with deferred payment in the ordinary course of business; and

ii. Non-trade receivables: arising from loans granted by the Company and other receivables with fixed or determinable payments.

b. Financial assets at fair value through equity: this category includes financial assets whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, are not held for trading and cannot be classified in the preceding category.

c. Financial assets at cost: this category includes the following investments: a) equity instruments whose fair value cannot be reliably determined, and derivatives whose underlying consists of these investments; b) hybrid financial assets whose fair value cannot be reliably determined, unless they meet the requirements for being measured at amortised cost; c) contributions made in silent participation and similar agreements; d) participating loans earning contingent interest; and e) financial assets that should be classified in the following category but whose fair value cannot be reliably estimated.

d. Financial assets at fair value through profit or loss: these include financial assets held for trading and financial assets not classified in the aforementioned categories. This category also includes the financial assets optionally designated as such by the Group on initial recognition which would otherwise have been included in another category, because such designation eliminates or significantly reduces a measurement inconsistency or an accounting mismatch that would otherwise arise.

Initial recognition

In general terms, financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs. However, transaction costs directly attributable to financial assets classified as at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial assets at amortised cost are accounted for using this measurement rule, and the related accrued interest is recognised in profit or loss using the effective interest method. Financial assets at fair value through equity are recognised at fair value, without deducting the transaction costs which might be incurred on their disposal. Gains and losses arising from changes in fair value are recognised directly in equity until the financial asset is derecognised or it is determined that it has become impaired, at which time the amount recognised in equity is taken to profit or loss.

Financial assets classified as at fair value through profit or loss are measured at fair value and the gains and losses arising from changes in fair value are recognised in the net profit or loss for the year.

Investments classified in category c) above are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount of investments in equity instruments, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement, net of the related tax effect.

The Group measures its assets at amortized cost, since the objective of the business model is to hold assets in order to collect the contractual cash flows. In this connection, in accordance with the impairment model based on the expected credit loss over the next twelve months, the Group considers that the financial assets measured at amortized cost are subject to impairment, taking into consideration the facts and circumstances that exist as indicated below (in thousands of euros):

Concept	**Gross Amount 31/12/2022**	**Estimated loss at 12 months (%) (*)**	**Estimated loss at 12 months at 31/12/2022**	**Net Amount 31/12/2022**
Current and non-current financial assets (Note 11)	48.219	0,14% - 3%	(1.094)	47.125
Inventories - Advances to creditors (Note 12)	558	3%	(17)	541
Clients – servicing (Note 13)	76	0,02%	(1)	75
Advances to suppliers (Note 13)	12.727	3%	(382)	12.345
Trade and other receivables (Note 13)	37.629	0,02% - 3%	(353)	37.276
Cash	229.326	0%-3%	(1.794)	227.532
TOTAL	**328.535**		**(3.641)**	**324.894**

(*) The estimate was made taking into consideration the credit rating of the counterparties issued by agencies of recognized prestige. In the estimation of the expected loss on advances to suppliers, the Group opted to recognize a provision for 3% of the total amount of advances delivered, since no public individual credit rating is available (Note 13).

A loss of 1.539 thousand euros has been recorded in the "Change in trade provisions" caption in the consolidated income statement. The estimated loss amounting to 3.641 thousand euros has been registered in each of the caption of the consolidated balance sheet previously mentioned.

Financial assets are derecognized from the consolidated balance sheet by the different Group companies when the contractual rights on the cash flows of the financial asset expire or when substantially all the risks and benefits inherent to ownership of the financial asset are transferred.

At each balance-sheet date, the Group assesses whether there is any objective evidence of impairment of financial assets. The Group assesses whether there is any objective evidence of impairment for loans and accounts receivable.

Financial liabilities and equity

The financial liabilities assumed or incurred by the Group are classified in the following measurement categories:

a. Financial liabilities at amortized cost: the Group's loans and payables that have arisen from the purchase of goods or services in the normal course of the Group's business and also those which, not having commercial substance or being derivative financial instruments, arise from loans received by the Group or other payables.

These liabilities are initially recognized at the fair value of the consideration received, adjusted by the directly attributable transaction costs. They are subsequently measured at amortized cost.

The main financial liabilities held by the Group companies are financial liabilities at amortized cost.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognized in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Group during the year are recognized at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognized directly in equity and in no case are they recognized in profit or loss.

Bank loans

Interest-bearing bank loans and overdrafts are recognized at the amount received, net of direct issue costs. Finance costs, including premiums payable on settlement or reimbursement and direct issue costs, are recognized in the consolidated income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Hedges

The Group uses derivative financial instruments to hedge the risks to which its future activities, operations and cash flows are exposed. Basically these risks relate to changes in interest rates. As part of these transactions, the Group arranged two hedging financial instruments in 2022 (Note 12).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Group verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e., that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be offset by changes in the hedging instrument.

The Group uses hedges of the following type, which are accounted for as described below:

- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the consolidated statement of profit or loss in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the criteria for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument that has been recognised in equity remains in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

In relation to non-recourse confirming, the International Financial Reporting Standards ('IFRS') do not explicitly state the accounting treatment applicable to the aforementioned transactions. According to the European Securities and Markets Authority (ESMA) these types of transactions (also called "reverse factoring") should be analyzed depending on the economic substance of the agreements, so that issuers can conclude whether the trade debt should be classified as financial debt within the consolidated balance sheet, or payments made should be classified as financial or operational within the Cash flow statements. Consequently, provided that there are no material changes to the conditions of the trade debt (for example, to the due date, the amount or the interest rates, if applicable), the fact that due to the use of confirming, the new legal creditor is a financial institution instead of the supplier, does not change the economic character of the debt that arose from the operational activities of the Group company, regardless of whether it originated from an external or a group supplier.

This is the accounting policy chosen by the Group, and an amount of EUR 10.259 thousand was drawn down at 31 December 2022 (EUR 8.242 at 31 December 2021) (Note 18).

4.11 Shares of the Parent

All the shares of the Parent held by consolidated companies are deducted from equity.

At 31 December 2022, the Parent Company held 5.659.426 treasury shares (3.622.669 at 31 December 2021) and none of the subsidiaries or associates held additional treasury shares (Note 16.4).

4.12 Provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated annual financial statements, but are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to meet the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

At the end of the exercises ended 31 December 2022 and 2021 certain litigation and claims were in process against the consolidated companies arising from the ordinary course of their operations. The Group's legal and tax advisers and directors consider that the provisions recorded are sufficient and that the outcome of these proceedings and claims will not have any additional material effect on the financial statements for the years in which they are settled (Notes 17 and 21).

Provisions for warranties

Provisions for warranty costs, particularly after-sales expenses, other costs and the ten-year guarantee required under Spanish regulations governing real estate companies, are recognized at the date of sale of the relevant products, in line with the best estimate of the expenditure required to settle the Group's potential liability, according to market experience.

4.13 Income tax

Since July 1, 2015, the Parent filed consolidated income tax returns under Income Tax Provincial Regulation 11/2013, of 5 December, and formed part of tax group no. 02115BSC headed by Neinor Holdings, S.L.U. (see Note 21). The Group companies Neinor Península, S.L.U. and Neinor Sur S.A.U. filed their tax returns separately, since they did not belong to the aforementioned consolidated tax group. The Group was parented by Neinor Holdings, S.L.U.

Due to Neinor Homes, S.A. admission to listing and Neinor Holdings, S.L.U's loss of participation there has been a breakdown of the Tax Group. On November 3, 2017, the new Fiscal Group (number 02117BSC) headed by Neinor Homes, S.A. was approved. The Tax Group pays income on a tax consolidation basis with effect from 1 January 2017 in accordance with Article 99 of Bizkaia Corporation Tax Regulation 11/2013, of 5 December. It must be taken into account that the tax credits that in the previous Tax Group were considered tax credits generated within the Group, maintain this nature in the new Tax Group.

On 13 December 2017, Neinor Norte, S.L.U., as the sole shareholder of Promociones Neinor 1, S.L. (currently named Rental Homes PropCo, S.L.U.), Promociones Neinor 2, S.L. (currently named Neinor Rental Opco, S.L.U.), Promociones Neinor 3, S.L., Promociones Neinor 4, S.L. (currently named Neinor Works, S.L.), and Promociones Neinor 5, S.L., decided to change the registered office of the aforementioned companies, which will be located in Madrid. As a result, since it does not meet the requirements to file consolidated tax returns in Vizcaya, on 20 December 2017, Neinor Homes, S.A., as the head of the tax group, notified the tax authorities that the legislation applicable to the aforementioned investees of Neinor Norte, S.L. for the tax periods commencing on or after 1 January 2017 will be that of Spain (excluding Navarra and the Basque Country). Therefore, in 2022 and 2021 the Vizcaya consolidated tax group no. 02117BSC was made up of Neinor Homes, S.A. as the parent and Neinor Norte, S.L.U. as subsidiary.

On the other hand, on 9 January 2020, new Fiscal Group (number 5/20) for the common territory was approved. Tax group is made of Neinor Península, S.L.U. and also composed of Neinor Sur, S.A.U., Rental Homes Propco, S.L., Neinor Rental Opco, S.L., Promociones Neinor 3, S.L.U., Neinor Works, S.L. U. and Promociones Neinor 5, S.L., with number 5/20 (Note 21). In April and October 2021, the Group performed the necessary communications to the tax authorithies so that the following companies may also be part of said tax group (Note 2.8): Renta Garantizada, S.A., Residencial Nuevo Levante, S.L., Quabit Inmobiliaria Internacional, S.L.U., Bulwin Investment Socimi, S.A., Grupo Mediterráneo Costa Blanca S.L., Quabit Quality Homes, S.L.U., Quabit Premier, S.L., Quabit Sant Feliu, S.L., El Balcon de las Cañas, S.L., Quabit Casares, S.L., Quabit Torrejón VP Fase 1, S.L.U., Quabit la Peñuela VL Fase 1, S.L.U., Quabit Torrejón VP Fase 2, S.L.U., Quabit la Peñuela VL Fase 2, S.L.U., Quabit Torrejón VP Fase 3, S.L.U., Quabit la Peñuela VL Fase 3, S.L.U., Quabit Remate Las Cañas, S.L.U., Quabit Quality Homes Guadalix, S.L.U., Quabit Quality Homes San Lamberto, S.L.U., Iber Activos Inmobiliarios, S.L., Quabit Sup-R6, S.L.U., Quabit Finance, S.A.U., Quabit Finance Assets, S.L.U., Quabit Gregal, S.L.U., Quabit Poniente, S.L.U., Quabit Siroco, S.L.U., Quabit Terral, S.L.U., Quabit Mistral, S.L.U., Quabit Cierzo, S.L.U., Quabit Tramontana, S.L.U., Quabit Aneto, S.L.U., Global Quabit, S.L.U., Quabit Alcarria, S.L.U., Quabit Distrito Centro, S.L.U., Quabit Corredor de Henares, S.L.U., Quabit Moncloa, S.L.U., Quabit Sureste, S.L.U., Quabit Hortaleza, S.L.U., Quabit Remate, S.L.U., Quabit Aguas Vivas, S.L.U., Global Quabit Cañaveral Málaga Fase 1, S.L.U., Global Quabit Cañaveral Málaga Centauro, S.L.U., Global Quabit Cañaveral Tercera Fase, S.L., Global Quabit Cañaveral Fase Cuatro, S.L.U., Global Quabit Málaga, S.L.U., Global Quabit Sur, S.L.U., Global Quabit Norte, S.L.U., Global Quabit Azuqueca, S.L.U., Quabit Casares Golf RP5, S.L.U., Quabit Almanzor, S.L.U., Quabit Teide, S.L.U., Quabit Peñalara, S.L.U., Global Quabit

Desarrollos Inmobiliarios, S.L.U., Quabit Alovera, S.L.U., Quabit Las Lomas De Flamenco, S.L.U., Quabit Menorca Desarrollos Inmobiliarios, S.L.U., Quabit Freehold Properties, S.L.U., Quabit Freehold Properties Levante, S.L., Quabit Freehold Properties Sur, S.L.U., Quabit Freehold Properties Centro, S.L.U., Quabit Freehold Properties Madrid, S.L.U., Quabit Freehold Properties Valencia, S.L.U., Quabit Freehold Properties Este, S.L.U., Quabit Palmaces S.L.U., Quabit El Vado, S.L.U., Panglao Investments, S.L.U., Quabit Veleta, S.L.U., Quabit Puerta de Vistahermosa, S.L.U., B2R Proptech, S.L.U., Style Living Gestión, S.L.U. and Quabit Construcción, S.A. The Tax Group is taxed under a tax consolidation regime with effect from January 1, 2021, except for affiliates acquired as a result of the business combination with Quabit Inmobiliaria, S.A. (Note 2.8) whose tax contribution in the Tax Group began in May 2021, in accordance with the provisions of the Special Tax Consolidation Regime, regulated in Chapter VI of Title VII of Law 27/2014, of November 27, on Corporation Tax. On 23 February 2022, 62 of these companies were merged by absorption into Neinor Península, S.L.U. (see Note 2.8) and, accordingly, the appropriate notifications were made and many of these absorbed companies were taxed under the special tax regime for mergers, spin-offs, asset contributions, security exchanges and relocation of registered office. Also, on 19 April 2022 the following Group companies were included in the tax group: Neinor Sardes Rental, S.L.U., Global Izara, S.L.U. and Meltonever Project, S.L.U. after the requisite notifications had been made to the tax authorities.

The consolidated income tax expense is recognized in the consolidated income statement, unless it arises as a consequence of a transaction the result of which is recorded directly in equity, in which case the income tax expense is also recognized in equity.

The consolidated income tax expense for the year is calculated on the basis of taxable profit for the year. The taxable profit differs from the net profit reported in the income statement because it excludes revenue and expense items which are taxable or deductible in different years and also excludes items that will never be taxable or deductible. The Group's current tax liability is calculated on the basis of tax rates that have been approved or substantially approved at the date of the consolidated balance sheet.

The Group companies file consolidated income tax returns and in this process they apply the following rules: temporary differences arising in the calculation of the consolidated tax base arising from the transactions between companies composing the tax group, provided that such results have not been realized vis-à-vis third parties, are recognized by the company that had recognized the result; permanent differences (e.g. due to the elimination of dividends paid among companies in the tax group) or temporary differences arising in the calculation of the consolidated tax base are recognized as a permanent or temporary difference by the company that had recognized the result, and any tax losses and tax credits and rebates offset or used by the companies composing the tax group are recognized as an account receivable or payable between the reporting company and the companies that offset and/or use them.

Deferred tax assets and liabilities are the amounts expected to be recoverable or payable calculated on differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in calculating the taxable profit. They are recognized using the consolidated balance sheet liability method and are quantified by applying to the related temporary difference or tax asset the tax rates at which it is expected that the asset will be realized, or the liability settled.

A deferred tax asset or liability is recognized for temporary differences arising from investments in subsidiaries and associates and from interests in joint ventures, except when the Group is in a position to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

However:

1. Deferred tax assets are only recognized if it is considered probable that the consolidated companies will have sufficient future taxable profits against which the deferred tax asset can be utilized, considering, in any case, market expectations and in a restricted way, so the Deferred tax assets are recognized only once there is a consolidated improvement of the Real Estate sector.

2. No deferred tax liabilities are recognized for goodwill arising on an acquisition.

Deferred tax assets and liabilities are reviewed at the end of each reporting period to verify that they remain in force, and the appropriate adjustments are made on the basis of the results of the review, considering their temporary and quantitative limits, if there were any, for its application.

4.14 Revenue and expense

Revenue and expenses are recognized on an accrual basis. Therefore, revenue and expenses are registered when the real exchange of goods and services takes place, independently of when the monetary or financial flux is produced.

Revenue is measured at the fair value of the consideration received or receivable and represents balances receivable for goods delivered and services rendered in the ordinary course of business, less discounts, VAT and other sales taxes.

The Group companies recognize property development sales and the related cost when the properties are handed over and title and control of the asset there to have been transferred. For these purposes, the sale of a residential finished product is understood to have occurred when the keys are handed over, which coincides with the execution of the public deed and final collection of the price. The Group recognizes land sales when the risks and rewards of ownership have been transferred, which is generally the date the deed of sale is executed, as long as a substantial part has been disbursed (nearly 50%) or the unrealized gain has been granted against the compensation contractually settled. Otherwise, the sell will not be considered as recognized for accounting purposes. If the sale made is subject to fulfilment of a genuine condition precedent, the sale is not recognized until such time as it is fulfilled.

The Group can make purchases of land subject to conditions resolutory and suspensive. If there are suspensive conditions, the contract comes into force when the condition is fulfilled and, in turn, the contract becomes effective. The amounts paid in the context of contracts subject to suspensive conditions are recognized as "Advances to Suppliers" and as such are subject to the measurement standard applicable to trade receivables. If there are resolutory conditions, the fulfilment of the condition marks the extinction of the effects of the contract and, therefore, the Group assesses the probability associated with the condition and the party on which the fulfilment of the condition depends, for the purposes of recognizing the rights and obligations associated with the contract over time.

The cost allocated to the units up for sale of a property development is determined by allocating to each unit being sold the portion of the total costs of the development that results from applying to them the same proportion that their selling price represents in relation to the estimated value of the development taken as a whole.

The amounts received from customers on account of future sales of land and/or buildings, both in cash and commercial bills, to the extent that the recognition of the sale does not occur in the terms described above, are recognized as advances received under "Customer Advances" under current liabilities in the consolidated balance sheet.

Sales warranties cannot be purchased separately and are required by law. Consequently, the Company continues to recognize warranties and insurance contracts in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. No supplementary warranties are provided in addition to those required by law which, under IFRS 15, are considered to be service warranties and should, therefore, be recognized as a stand-alone performance obligation to which the Group must allocate a portion of the asset's selling price. The incremental costs of obtaining a sales contract, basically the sales commissions of the property development's agents, hare recognized as a collection right until each unit being sold is executed in a deed (the moment in which the entire expense is recognized as the cost of sales), as they are reimbursable if the sales embodied in private sale and purchase agreements are not fulfilled. Other necessary or incremental contract costs might exist when entering into the private sale and purchase agreements (such as the costs associated with the guarantees provided to secure advances received from customers) which it is not practical to capitalize, but which could be revalued on the basis of changes in borrowing costs in the future, if it were considered that they contribute to improved matching between income and expenses. The uncapitalized expenses associated with costs of this type amounted to EUR 1.202 thousand in 2022 (EUR 1.461 thousand in 2021) recorded under the caption "External Services" in the accompanying consolidated income statement.

Revenue from the rendering of services is recognized by reference to the percentage or stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably. Revenue from the Group's services are those associated with the contract for the administration and management of real estate assets entered into with Kutxabank and described in Note 1 under exclusivity conditions, which also includes urban planning and marketing services. As consideration for these services, the various companies in the real estate area of Kutxabank pay a fixed remuneration based on the type and volume of the assets (a reference value being established between the parties) for the management and administration thereof, while a variable success remuneration is received for their marketing as well as other variable revenue accrued annually in the event of achieving the sales objectives established between the parties, which vary according to whether they are less than 70% thereof, equal to 70% or above 70%; to this is added the variable remuneration linked to the request for execution of certain specific actions relating to assets such as work requested in relation to the analysis of the incorporation of new assets under management or services associated with third-party assets at the request of Kutxabank. If over two successive years the degree of achievement of the objectives were below 30%, the right to exclusivity in relation to marketing would be lost.

Rental income is recorded on an accrual basis, with incentive benefits and initial costs of leases distributed linearly.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when shareholders' rights to receive payment have been established.

The disaggregated breakdown of income from ordinary activities from contracts with customers required by IFRS 15 can be extracted from the segmented information disclosed in Note 6, as this information is sufficiently descriptive in terms of the nature, amount, timing and uncertainty that might affect the revenue and cash flows arising from the sale agreements.

Also, in relation to the Group's main business lines (see Note 6), consisting of the "development sales", it is estimated that, according with the commitments made with customers as of December 31, 2022, considering that all of them reach a successful conclusion, the income figure associated with them will be the following for the next four years, in millions of euros:

Type	
Development sales (*)	552
TOTAL	**552**

(*) Calculated based on the advances received of amounts for the housing units for which private sale and purchase agreements have been signed and which have not yet been handed over (Note 13).

4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property developments or property investments are added to the costs of these assets, only during periods when an effective development occurs (idle periods are excluded) and until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

In the year ended 31 December 2022, the Group capitalized borrowing costs amounting to EUR 4.288 thousand to "Inventories" (4.866 thousand in 2021) (Notes 4.7 and 13).

All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

4.16 Profit from operations

The profit from operations is presented before the share of results of associates (companies accounted for using the equity method) and before investment income and finance costs.

4.17 Termination benefits

Under current labor legislation, the Group companies are required to pay termination benefits to employees whose contracts are terminated under certain conditions. In the consolidated annual accounts for the year ended December 31, 2022, the Group has registered a provision amounting to 1.458 thousand euros for that concept being the total expense due to termination benefits EUR 963 thousand (Note 23.3) (as of December 31, 2021, the Group had registered a provision amounting to 1.458 thousand euros for that concept being the total expense due to termination benefits EUR 2.935 thousand).

4.18 Consolidated cash flow statements

The consolidated cash flow statements have been prepared using the indirect method and the terms used are defined as follows:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents if they have a direct impact on current cash flows.

4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities if they have a direct impact on current cash flows.

4.11 Non-current assets held for sale

The Group classifies a non-current asset or a disposal group as held for sale when it has made the decision to sell it and it is estimated that it will take place within the next twelve months (Note 9).

These alienable assets or groups are valued at their book value or their fair value minus the costs necessary for the sale, whichever is lower.

Assets classified as non-current held for sale are not amortized, but on each balance sheet date the corresponding valuation adjustments are made so that the book value does not exceed fair value less costs to sell.

The income and expenses generated by non-current assets and alienable groups of elements, held for sale, that do not meet the requirements to classify them as discontinued operations, are recognized in the corresponding item of the profit and loss account according to their nature.

4.20 Current assets and liabilities

The Group has opted to present current assets and liabilities in accordance with its ordinary course of business. The current assets and liabilities with estimated maturities of over twelve months are as follows:

	Thousands of euros	
	31.12.22	31.12.21
Inventories (long term)	760.957	792.407
Total current assets	**790.957**	**792.407**
Bank borrowings	98.888	95.445
Current trade and other payables	60.863	71.361
Other current liabilities	16.666	14.931
Total current liabilities	**176.417**	**181.737**

4.21 Share-based payments

In April 2020, the Shareholders of the Parent Company approved a new incentive plan payable in shares, for which the amount set is between EUR 8 million and EUR 12 million, for the period ending 31 December 2022. Initially, the scope of the plan was inside directors. However, to get this access, the members may be proposed by the Appointments and Remunerations Committee with an approval of the Board of Directors of the parent company. members of the executive team of the Neinor Homes Group may get the access to this plan. Achievement measurement metrics are, at 50% each; EBITDA and the total return for the shareholder (which considers the gains in the stock's price of Neinor Homes). Minimum amounts below, which the incentives do not accrue, and the possibility of an extra bonus of up to 150% were established. Shares acquired under this plan are subject to lock-up commitments for a period of one year for inside directors.

Additionally, this incentive is subject to a repayment clause if certain circumstances arise and there are minimum permanence requirements for the incentive accrual. The shares to be received by each participant will be determined by the incentive attributed to them taking into consideration the evolution of the share market price during a certain number of working days before the starting and the ending date of the measurement period.

Additionally, the Group launched an incentive plan payable in cash, for which the amount set is between EUR 1,2 million and EUR 1,8 million and for which the beneficiaries are five members of the executive team of the Neinor Homes Group. Achievement measurement metric is EBITDA and the rest of the characteristics of the plan are very similar to those referred above. The assistance of an external appraiser was used for the accounting recognition of the incentive plans. Applying the Monte Carlo method and taking into consideration the share price volatility of companies in the European real estate industry over a comparable period, the external appraiser estimated that the fair value of the incentive plans amounted to approximately, EUR 1 million.

In 2022 incentive plans gave rise to the recognition of staff costs of EUR 2.828 thousand (EUR 3.582 thousand in 2021) with a balancing entry under equity for an amount of EUR 2.303 thousand and non-current and current provisions for an amount of EUR 525 thousand in the accompanying consolidated balance sheet (Notes 16.4, 23.3 and 25).

There are no additional share-based incentive plans for employees.

4.22 Related party transactions

The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future (Note 24).

In case significant differences arise between the established price and the fair value of a transaction between related companies, this difference would be considered the distribution of results or contribution of funds between the Company and the aforementioned related company and as such, it would be registered in reserves. However, if they correspond to transactions held with the shareholders, these will be recorded in the consolidated income statement in proportion to the shareholder's participation on the date of the transaction.

4.23 Remuneration of senior executives

The remuneration of senior executives of the Parent and persons who discharged similar duties (see Note 25) is recognized on an accrual basis, and at year-end the related provision is recognized for any amounts not settled.

5. Earnings / (loss) per share

5.1 Basic earnings /(loss) per share

Basic earnings / (loss) per share are calculated by dividing net profit/ (loss) for the year attributable to the Group (i.e., after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Accordingly:

	31.12.22	31.12.21
Earnings / (loss) for the year (thousands of euros)	96.271	103.033
Weighted average number of shares outstanding (thousands of shares) (*) (Note 16)	60.461	76.613
Basic earnings/ (loss) per share (euros)	**1,592**	**1,345**

(*) Note: average number of shares adjusted for treasury shares.

5.2 Diluted earnings/ (loss) per share

Diluted earnings/loss per share is calculated in the same way as basic earnings/loss per share, but the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of share options, warrants and convertible bonds outstanding at year end.

At 31 December 2022 and 2021, diluted earnings per share of the Neinor Homes Group basically coincided with the basic earnings per share, since the impact of the share-based payments in this calculation is not significant (see Note 4.21).

6. Segment reporting

6.1 Basis of segmentation

Segment reporting is structured based on the Group's various lines of business.

The lines of business described below were established on the basis of the Neinor Homes Group’s organizational structure at 2022 year-end, taking into account, on the one hand, the nature of the goods and services offered and, on the other, the customer segments at which they are targeted.

The Neinor Homes Group engages mainly in developing and selling property developments (see Note 1), generally based on finalist/residential land (the Group does not develop the land value chain, although non-finalist land purchases may be made whose payments and deeds are conditioned on obtaining the corresponding urban planning permits (See Note 13)). Moreover, the Group distinguishes the results generated from the assets earmarked for property development, which could be sold before development (included under "Development") from those assets considered as non-strategic (included under "Legacy"). In this regard, it was determined that all the real estate assets acquired through the business combination with Quabit Inmobiliaria, S.A. (see Note 2.8) should be included under “Development”.

In addition, in accordance with the asset management and administration agreement described in Notes 1 and 4.14, the Group used to provide services of this nature to various Kutxabank Group companies, and the information relating to this segment is included under "Asset Management - Servicing" of this Note.

Additionally, in February 2020 the Board of Directors of the Parent Company approved the development of a new line of business of owned housing units using the current land bank. This development is initially limited to a maximum of 1,200 housing units, but the objective is to create a portfolio of 4.500 rental homes over the long-term (5 years). Nevertheless, rental property business line has been developed to diversify the main Group´s activity consisting of residential development. The Group has consolidated this new business line with the acquisition of Renta Garantizada, S.A. during the year 2020 and the acquisition of Sardes Holdco, S.L.U (currently named Neinor Sardes Rental, S.L.U.) in January 2021 (Note 2.8) (both subsidiaries have been classified under the segment "Rental"). Additionally, this business line has been consolidated in the current exercise due to the creation of new companies: Sky Rental Homes Propco, S.L.U., Rental Homes Propco, S.L.U., Europa Rental Homes Propco, S.L.U., Sky Coliving Homes Propco, S.L.U. y Rental Homes NX Propco, S.L.U. (Note 2.8).

Income and expenses that cannot be specifically attributed to any operating line or that are the result of decisions affecting the Group as a whole -and, among them, expenses incurred in projects or activities affecting several lines of business- are attributed to a "Corporate Unit/Other" to which the reconciling items arising from the reconciliation of the result of integrating the financial statements of the various lines of business (prepared using a management approach) to the Group's consolidated financial statements are also allocated.

Group's activities at 31 December 2022 and 2021 have been carried out entirely in Spain.

6.2 Basis and methodology for segment reporting

The segment information below is based on monthly reports prepared by Group management and is generated through the same computer application as that used to obtain all the Group's accounting information. This information is reviewed by the Finance Management Committee (on which both management and the sole shareholder are represented) to make decisions on the allocation of resources and to evaluate performance.

Segment revenue is revenue that is directly attributable to the segment. The revenue of each segment does not include interest income, dividends or gains on the sale of property assets.

The expenses of each segment are determined on the basis of the expenses arising from the segment's operating activities that are directly attributable to it (as is the case of "Cost of sales", "External services" and "Change in trade provisions"), plus the relevant proportion of the expenses that may be allocated to the segment using reasonable allocation bases (the latter method is applied to staff costs).

The segment result is presented before any adjustments that might relate to non-controlling interests.

Segment assets and liabilities are those directly related to each segment's operations, plus the assets and liabilities that can be directly attributed thereto using the aforementioned allocation criteria. However, "Tax Receivables", "Tax payable due to income tax" and "Cash and Cash Equivalents", as well as the investments in companies accounted for using the equity method and interest in joint ventures (Note 2.8), regardless of their origin, are allocated to "Corporate Unit/Other".

Segments information

	Thousands of Euros									
	Development (****)		Rental		Assets Management – Servicing & Others / Corporate		Legacy		Total Group	
	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Income:										
Third party sales	745.749	882.832	7.447	4.725	8.605	24.394	1.430	2.350	763.231	914.301
Cost of sales	(550.877)	(669.353)	-	-	-	-	(1.234)	(1.959)	(552.111)	(671.312)
Gross Margin	**194.872**	**213.479**	**7.447**	**4.725**	**8.605**	**24.394**	**196**	**391**	**211.120**	**242.989**
Employee benefits expenses	(22.709)	(21.362)	(6.635)	(965)	(2.423)	(5.622)	-	(375)	(31.767)	(28.324)
Employee benefits expenses – Incentives (Note 16.4 and 23.3)	(4.968)	(6.104)	(484)	(19)	-	(1.122)	-	(75)	(5.452)	(7.320)
External Services	(53.493)	(54.517)	(3.566)	(2.722)	(2.005)	(6.877)	(159)	(1.093)	(59.223)	(65.209)
Change in trade provisions	2.363	(15.240)	(95)	-	109	-	-	-	2.377	(15.240)
Other operating gains	1.922	2.601	137	23	-	-	-	103	2.059	2.727
Change in fair value in investment property	-	-	24.135	16.964	-	-	-	-	24.135	16.964
Negative difference on business combination	-	142	-	-	-	-	-	-	-	142
Impairment and gains / (losses) on disposals of non-current assets	-	-	-	-	-	-	54	-	54	-
Net interest expense and others	(7.553)	(6.523)	(2.241)	(1.183)	(9.829)	(10.974)	-	-	(19.623)	(18.680)
Depreciation and amortization	(3.925)	(4.335)	(212)	(61)	(39)	(206)	(15)	(301)	(4.191)	(4.903)
Profit / (Loss) Before Tax	**106.509**	**108.141**	**18.486**	**16.762**	**(5.582)**	**(407)**	**76**	**(1.350)**	**119.488**	**123.146**
MIP`s incentive (Note 23.3)	-	3.300	-	-	-	-	-	-	-	3.300
Change in fair value in investment property	-	-	(3.154)	(416)	-	-	-	-	(3.154)	(416)
Net interest expense and others (***)	7.553	6.523	2.241	1.183	9.829	10.974	-	-	19.623	18.680
Depreciation and amortization	3.423	4.335	212	61	39	206	15	301	4.191	4.903
Change in fair value in investment property	-	-	(20.981)	(16.458)	-	-	-	-	(20.981)	(16.458)
Employee benefits expenses – Incentives (Notes 16.4 and 22.3)	1.819	1.854	484	-	-	591	-	39	2.303	2.484
Employee restructuring costs (Note 23.3)	378	2.887	2	19	583	-	-	-	963	2.906
Growth expenses (Notes 2.8 and 23.4)	2.878	3.104	-	-	-	-	-	-	2.878	3.104
ADJUSTED EBITDA (*)	**122.559**	**130.144**	**(2.710)**	**1.151**	**4.869**	**11.364**	**91**	**(1.010)**	**125.312**	**141.649**
Change in fair value in investment property	-	-	20.981	16.458	-	-	-	-	20.981	16.458
EBITDA (**)	**122.559**	**130.144**	**18.271**	**17.609**	**4.869**	**11.364**	**91**	**(1.010)**	**146.293**	**158.107**

(*) This is a financial measure used by the Group's financial management in which it adjusts, mainly, the incentives and restructuring and growth costs following the business combination (Note 2.8).

(**) Including the revaluation of the investment property carried out because of the sale of Sky Homes promotion to Sky Rental Homes Propco, S.L.U. and Sky Coliving Homes Propco, S.L.U. for Neinor Sur, S.A.U. (Note 9).

(***) The "Corporate" line item includes the finance costs of EUR 13 million arising from the bond and finance income of EUR 4 million arising from the repurchases made (Note 18.2).

(****) Including in the "Development" segment EUR 3.190 thousand in 2022 relating to sales of land prior to its urban and property development (2021: EUR 18 million), with an associated cost of sales of EUR 3.157 thousand (2021: EUR 14 million).

The main magnitudes of the consolidated balance sheet by segment at 31 of December 2022 and 2021 are the following:

	Thousands of Euros											
	Development		Rental		Management Assets- Servicing		Others / Corporate		Legacy		Total	
	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Balance sheet:												
Non-Current Assets	26.740	22.677	149.224	110.107	-	-	118.388	107.880	859	-	295.211	240.664
Current assets	1.204.967	1.399.483	33.115	1.000	75	8.499	243.863	311.227	3.750	5.835	1.485.770	1.726.044
Total Assets	**1.231.707**	**1.422.160**	**182.339**	**111.107**	**75**	**8.499**	**362.251**	**419.107**	**4.609**	**5.835**	**1.780.981**	**1.966.708**
Non-current Financial Debt	-	-	48.339	44.815	-	-	20.022	-	-	-	68.361	44.815
Current Financial Debt	110.686	209.601	17.945	461	-	-	35	3.884	-	-	128.666	213.946
Other non-current liabilities	8.807	3.006	11.642	6.494	-	-	272.811	294.550	-	-	293.260	304.050
Other current liabilities	345.953	442.914	3.910	2.746	1.257	687	9.190	12.676	375	378	360.685	459.401
Total Liabilities	**465.446**	**655.521**	**81.836**	**54.516**	**1.257**	**687**	**301.850**	**311.110**	**375**	**378**	**850.972**	**1.022.212**

7. Intangible assets

The changes in "Intangible assets" in the exercises ended 31 December 2022 and 2021, by type of asset, were as follows:

Exercise ended 31 December 2022

	Thousands of euros			
	Computer	Industrial property	Client portfolio (Note 2.8)	Total
Cost:				
Balance at 31 December 2021	4.364	15	8.176	12.555
Additions	487	-	-	487
Disposals	(437)	-	-	(437)
Balance at 31 December 2022	**4.414**	**15**	**8.176**	**12.605**
Accumulated amortization:				
Balance at 31 December 2021	(3.282)	-	(194)	(3.476)
Charges	(559)	-	(154)	(713)
Disposals	428	-	-	428
Balance at 31 December 2022	**(3.413)**	**-**	**(348)**	**(3.761)**
Net Balance at 31 December 2022	**1.001**	**15**	**7.828**	**8.844**

Exercise ended 31 December 2021

	Thousands of euros			
	Computer	Industrial property	Client portfolio (Note 2.8)	Total
Cost:				
Balance at 31 December 2020	3.749	15	775	4.539
Additions	501	-	-	501
Disposals	(2)	-	-	(2)
Business combination (Note 2.8)	116	-	7.401	7.517
Balance at 31 December 2021	**4.364**	**15**	**8.176**	**12.555**
Accumulated amortization:				
Balance at 31 December 2020	(2.615)	-	(38)	(2.653)
Charges	(669)	-	(156)	(825)
Disposals	2	-	-	2
Balance at 31 December 2021	**(3.282)**	**-**	**(194)**	**(3.476)**
Net Balance at 31 December 2021	**1.082**	**15**	**7.982**	**9.079**

The main additions in 2022 and 2021 relate to the development of the management software used by the Group.

At 31 December 2022 and 2021, there were no intangible assets provided as collateral for any obligation.

At 31 December 2022 intangible assets fully amortized amount to EUR 2.643 thousand (EUR 1.675 thousand at 31 December 2021).

8. Property, plant and equipment

The changes in this heading in the exercises ended 31 December 2022 and 2021 were as follows:

Exercise ended 31 December 2022

	Miles de Euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Tangible Assets in course	Total
Cost:				
Balance at 31 December 2021	7.922	3.712	120	11.754
Additions	1.708	909	161	2.778
Disposals	(1.272)	(875)	(281)	(2.428)
Balance at 31 December 2022	**8.358**	**3.746**	**-**	**12.104**
Accumulated amortization:				
Balance at 31 December 2021	(3.128)	(1.813)	-	(4.941)
Charges	(1.269)	(470)	-	(1.739)
Disposals	934	875	-	1.810
Balance at 31 December 2022	**(3.463)**	**(1.408)**	**-**	**(4.870)**
Accumulated depreciation:				
Balance at 31 December 2021	(590)	-	-	(590)
Balance at 31 December 2022	**(590)**	**-**	**-**	**(590)**
Net Balance at 31 December 2022	**4.305**	**2.338**	**-**	**6.644**

Exercise ended 31 December 2021

	Miles de Euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Tangible Assets in course	Total
Cost:				
Balance at 31 December 2020	8.291	2.473	-	10.764
Additions	385	252	120	757
Disposals	(1.373)	(173)	-	(1.546)
Business combination (Note 2.8)	619	1.160	-	1.779
Balance at 31 December 2021	**7.922**	**3.712**	**120**	**11.754**
Accumulated amortization:				
Balance at 31 December 2020	(2.699)	(1.479)	-	(4.178)
Charges	(1.226)	(482)	-	(1.708)
Disposals	797	148	-	945
Balance at 31 December 2021	**(3.128)**	**(1.813)**	**-**	**(4.941)**
Accumulated depreciation:				
Balance at 31 December 2020	(590)	-	-	(590)
Balance at 31 December 2021	**(590)**	**-**	**-**	**(590)**
Net Balance at 31 December 2021	**4.204**	**1.899**	**120**	**6.223**

The main additions in financial years 2021 and 2022 correspond to the activation of the new facilities for the Group sales (“Neinor Store”), as well as renovations in the Group offices.

The Neinor Homes Group takes out all the insurance policies it considers necessary to cover the risks which might affect its property, plant and equipment.

At 31 December 2022 property, plant and equipment assets fully amortized amount to EUR 1.695 thousand (EUR 1.212 thousand at 31 December 2021).

At 31 December 2022 and 2021, there were no property, plant and equipment items provided as collateral for any obligation.

At 31 December 2022 and 2021, the Group did not have any significant commitments to purchase items of property plant and equipment.

9. Investment property

The changes in this heading in the exercise ended 31 December 2022 and 2021 were as follows:

Exercise ended 31 December 2022

	Thousands of euros
Net Balance at 31 December 2021	**105.632**
Additions	1.518
Withdrawals	-
Transfers	12.384
Change in fair value	24.135
Net Balance at 31 December 2022	**143.669**

Exercise ended 31 December 2021

	Thousands of euros
Net Balance at 31 December 2020	**185**
Additions	-
Withdrawals	-
Transfers	35.533
Change in fair value	12.001
Business combinations	57.913
Net Balance at 31 December 2021	**105.632**

On 4 January 2021, the Group company Rental Homes Propco, S.L.U. completed the acquisition of all the shares of Sardes Holdco, S.L.U. (currently named Neinor Sardes Rental, S.L.U.) which owns nine property developments earmarked for amounting to EUR 57.913 thousand located in Alicante, Badalona, Girona, Madrid, Málaga, Sabadell, Terrassa and Valencia (Note 2.8).

Also, on 13 December 2021 the Group company Rental Homes Propco, S.L.U. acquired from the Group company Neinor Sur, S.A.U. the Hacienda Homes Rental property development, consisting of 4 commercial premises, 142 homes, 215 parking spaces and 100 storage rooms, which will be leased, for approximately EUR 34.1 million (determined on the basis of a mortgage valuation made in October 2021). A VAT rate of 4% was levied on the transaction in the case of the homes and their annexes and a VAT rate of 21% was paid on the acquisition of the commercial premises. Since the total VAT amounting to approximately EUR 1.3 million was not deductible, it was treated as an addition to the cost of the investment property.

At the end of 2022 this investment property was reclassified to "Non-current assets classified as held for sale" since the Group has approved a formal disposal plan for the sale of the property at the beginning of 2023. This investment property was valued at fair value at year-end based on the price established in the related purchase and sale agreement (Note 4.19).

Also, on 7 November 2022 the Group company Neinor Sur, S.A.U. sold to the also Group company Sky Rental Homes Propco, S.L.U. a private real estate complex called "Sky Homes" made up of six basic real estate units with the related structural elements under common ownership and for common use, located in Valencia, for approximately EUR 30.9 million (determined on the basis of an appraisal conducted by a third-party independent of the Group in June 2022). In addition, on 17 November 2022 the Group company Neinor Sur, S.A.U. sold to the also Group company Sky Coliving Homes Propco, S.L.U. a private real estate complex called "Sky Homes" made up of six basic real estate units with the related structural elements under common ownership and for common use, located in Valencia, for approximately EUR 36.2 million (determined on the basis of an appraisal conducted by a third-party independent of the Group in June 2022).

The rental income earned from the investment property owned by the Group in 2022 amounted to EUR 4.521 thousand (EUR 2.316 thousand in 2021) (Notes 6 and 23.1). Additionally, there is income related to "Rental" business line, for services provided by Renta Garantizada, S.A. for an amount of EUR 2.896 thousand as December 31,2022 (EUR 2.409 thousand in 2021).

Assuming constant the rest of the variables, the valuations of investment properties would be affected as follows considering the variation of the key assumptions (in thousands of euros):

Assumption	Thousand euros					
	Discount rate		Sale price			
	1%	-1%	1%	-1%	5%	-5%
	Increase (Decrease)					
Changes in the fair value	(11.391)	11.065	1.103	(2.203)	7.210	(8.484)

10. Right-of-use assets

The changes in this heading in the exercise ended 31 December 2022 and 2021 were as follows:

Exercise ended 31 December 2022

	Thousands of euros			
	Cost	Amortization	Depreciation	Total
Net Balance at 31 December 2021	**5.039**	**(2.981)**	**-**	**2.058**
Additions / Charges	-	(1.269)	-	(1.269)
Disposals	(302)	182	-	(120)
Net Balance at 31 December 2022	**4.737**	**(4.068)**	**-**	**669**

Exercise ended 31 December 2021

	Thousands of euros			
	Cost	Amortization	Depreciation	Total
Net Balance at 31 December 2020	**5.605**	**(2.118)**	**-**	**3.487**
Additions / Charges	272	(1.804)	-	(1.532)
Disposals	(941)	941	-	-
Business combination (Note 2.8)	103	-	-	103
Net Balance at 31 December 2021	**5.039**	**(2.981)**	**-**	**2.058**

11. Subsidiaries and associates

Appendix I to the notes to these financial statements details the subsidiaries and associates and information thereon (which includes, inter alia, name, registered offices and the percentage of direct and indirect ownership of the Parent).

12. Current and non-current financial assets

The detail of this line item in the accompanying consolidated balance sheet, based on the nature of the related transactions, is as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Financial investments	7.183	285	1.069	78
Derivatives	14.864	-	-	-
Fixed-term impositions	-	14.744	2.619	2.554
Loans	6.479	1.184	2.825	1.179
Guarantees and deposits	1.049	1.337	1.766	2.095
Total	**29.575**	**17.550**	**8.279**	**5.906**

On 4 May 2022, the Group company Neinor Península, S.L.U. and Asset and Capital Advisors, S.L. set up an economic interest grouping (E.I.G.) called "ITTFUND Holding 2022 A.I.E.", which commenced operations on that same date. The object of this E.I.G. will be the development, management and performance of all manner of real estate and urban development projects. This E.I.G. will not have any share capital and its operations will be paid for by the members through monetary contributions made to the E.I.G. on an as-needed basis and in proportion to the participations of the members, the participation of Península, S.L.U. being 99.5%.

On 19 May 2022, Dream Hunters, S.L. and Asset and Capital Advisors, S.L. assigned 100% and 99%, respectively, of their participations in the E.I.G. Mar Azul Producciones Audiovisuales to the Group company Neinor Península, S.L.U. This assignment was made for no consideration as the E.I.G. did not have any share capital social and the related participation units did not have any economic value. Also, on that same date capital was increased by EUR 1,000. Neinor Península, S.L.U. made a contribution of EUR 995, thereby acquiring 95% of the share capital of the E.I.G. On 19 May 2022, the E.I.G. Mar Azul Producciones Audiovisuales acquired the E.I.G. Call From the North in its entity for EUR 483 thousand. In addition, the Group company Neinor Península, S.L.U. and Dream Hunters, S.L., Asset and Capital Advisors, S.L. and the E.I.G. Mar Azul Producciones Audiovisuales, entered into an investment agreement to finance audiovisual productions. To this end, they carried out a participation unit purchase and share transaction and a capital increase at the E.I.G. In this regard, the E.I.G. Mar Azul Producciones Audiovisuales acquired an interest in the E.I.G. Call From the North through two capital contributions of EUR 1,000 each, with the amount paid to the audiovisual production E.I.G. totalling EUR 1,990. Also, on 3 August 2022 capital was increased by EUR 657 thousand at this E.I.G. in which Neinor Península, S.L.U. made a contribution of EUR 653 thousand in this connection.

On 6 May 2022, Dream Hunters, S.L. and Asset and Capital Advisors, S.L. set up an E.I.G. called Wild Castor Producciones. In this regard, on 8 August 2022 Neinor Península, S.L.U. acquired the 99,5% participation units of this E.I.G. for EUR 12 thousand.

On 13 December 2022, Neinor Península, S.L.U. acquired a 99.5% stake in the E.I.G. Cell Evolution 2022 though a disbursement of EUR 3,2 million, of which EUR 10 thousand related to share capital and EUR 3,1 million to a share premium.

Additionally, the Group used derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of these operations, the group has subscribed two derivative contracts to hedge the interest rate risk with a CAP of 2%. Though this operation, the Group will pay a premium and, consequently, has the right to receive future periodic settlements when the variable amount to be paid by the counterparty has reached a certain amount on certain dates.

The Group has complied with the requirements detailed in Note 4.10 on valuation standards to be able to classify the financial instruments detailed below as hedges. Specifically, the Group has carried out an analysis to quantify the impact of changes in fair value or cash flow of coverage instrument of the hedged item to the risk that is sought cover using the linear regression method for prospective analysis. Taking this analysis into account, the Group determines the existence of the economic relationship and the coverage ratio.

The characteristics of this derivative contracts are as follows:

				Thousands of euros				
							Fair value Hedging instrument	
Hedged item	Coverage instrument	Covered risk	Type	Notional value	Expiration (*)	Inefficiency registered in results	Assets	Liabilities
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	100.000.000	31/08/2026	-	4.174	-
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	200.000.000	31/08/2027	-	10.690	-

Also, on 30 September 2022, the Parent company made one term deposit of EUR 15 million.

13. Inventories

Details of “Inventories” at 31 December 2022 and 31 December 2021 are as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Sites and land (Note 19)	533.294	486.986
Construction work in progress	455.785	442.437
Completed buildings	153.580	391.651
Advances to suppliers	541	21.328
Less – Impairment losses (Note 9)	(14.093)	(19.719)
Total	**1.129.107**	**1.322.683**

In the year, ended 31 December 2022 borrowing costs amounting to EUR 4.288 thousand were capitalized to inventories (EUR 4.866 thousand in 2021) (Notes 4.7 and 4.15).

The additions in the period ended 31 December 2022 relate mainly to work certifications of the ongoing promotions and capitalized costs associated with the pre-construction for a value of EUR 313 million. Additionally, purchases of land worth EUR 116 million have taken place (331 and 199 million euros in 2021, respectively) of which EUR 30 million do not correspond to advanced payments made on previous years.

"Trade and Other Payables - Payable to Suppliers" under "Current Liabilities" in the consolidated balance sheet as at 31 December 2022 includes EUR 83 million (Note 20) relating to the deferred portion of the price for the purchase of plots of land (31 December 2021: EUR 88 million).

In addition, in 2022 the Group has handed over 20 properties and has 48 property developments recognized under “Construction work in progress” at year-end. In 2021, the Group handed over 31 properties and has 40 property developments recognized under “Construction work in progress” at year-end.

At 31 December 2022 there are assets included in "Inventories" caption in the accompanying consolidated balance sheet with a net cost of EUR 1.125 million corresponding to assets classified as "Development" and EUR 4 million relating to "Legacy" assets (EUR 1.295 million and EUR 6 million at 31 December 2021). Likewise, at the end of 2022, the Group has paid advances to suppliers for future purchases of land amounting to 541 thousand euros, net of impairment, all of which correspond to assets that will be classified as "Development", and which are guaranteed by a mortgage or by means of a scroll account (31 December 2021: EUR 21 million).

At 31 December 2022, there are assets included under "Inventories" with a gross cost of EUR 520 million (EUR 975 million at 31 December 2021) securing a loan the Group has assumed the borrower position as the payment of the price arranged with the seller for the acquisition of a plot of land (see Note 18).

At the end of October 2021, the Parent agreed to provide marketing services for more than 1.000 housing units for a third-party real estate developer; these services have started during 2021. The services, which include the drafting of both the commercial sales plan and the communication and marketing strategy, the estimated cost associated with which is approximately EUR 1 million, will give rise as consideration to remuneration of a percentage of the final selling price of the housing units, in line with the commercial fees charged to the Group by real estate agents. This agreement also includes a purchase option on the units left to be marketed, exercisable only by the Parent prior to 31 December 2023 (which can be extended to 31 December 2026, provided that certain objectives regarding the number of units marketed are achieved).

As of December 31, 2022 and 2021, the Group did not maintain additional significant commitments related with land purchases.

The property development sale commitments entered into with customers at 31 December 2022 and 2021, relating to those units in which a private purchase and sale agreement was signed, have resulted in the collection or reception of notes receivables amounting to EUR 68.522 and 103.223 thousand respectively, which have been recognized under "Current liabilities - Customer advances" in the consolidated balance sheet at 31 December 2022 and 31 December 2021 (Note 19).

The Group reviews periodically the fair value of its inventories, applying the corresponding provisions for impairment, in accordance with the criteria established in the Note 4.7. The changes in 2022 and 2021 in the write-downs associated with the inventories were as follows:

	2022	2021
Initial Balance	**19.719**	**26.610**
Write-downs recognized	-	173
Write-downs reversed	(5.626)	(7.064)
Final Balance	**14.093**	**19.719**

At 31 December 2022, all the Development assets have been evaluated by an independent expert. The net realizable value determined by "CBRE Valuation Advisory S.A. and Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U." for the inventories owned by the Group amounted to approximately EUR 1.496 million (EUR 1.712 million if the valuation of the legacy assets, the assets related to the investment performed in HMB and investment properties had been considered)

Considering the external appraiser's methodology described in Note 4.7, the key assumptions identified in the appraisals for the development assets (Note 7) are the discount rate and the sale prices. In the case of the discount rate a sensitivity of +/- 100 basis points was established, based on the different economic scenarios forecast in the short and medium term, as well as the rate of return that would be required by other developers with different characteristics to the Group. In addition, a scenario of stable sales prices is expected, while the appraisal models involved conservative assumptions on the current economic situation, that explains the reason why a sensitivity of + 1%/ +5% was set.

Assuming the remaining variables to be constant, the appraised values of development projects and the carrying amount thereof would be affected as follows at 31 December 2022, taking into account the change in the key assumptions (in thousand euros):

Assumption	Discount Rate		Sale Price			
	+1%	-1%	+1%	-1%	+5%	-5%
	Increase (Decrease)					
Change in appraised values	(57.267)	60.748	30.367	(30.433)	151.664	(151.959)
Change in carrying amount (*)	(7.309)	649	405	(2.230)	1.120	(26.377)

(*) The carrying amount is based on the lower of cost or realizable value. Increases or decreases in the net realizable value are not necessarily accompanied by impacts on the carrying amount of inventories.

The Savills and CBRE valuation models adopted by the Group are sufficiently conservative and prudent to make it inappropriate to consider sensitivities to a negative price performance. In addition, the directors consider that we are currently undergoing a price stability scenario. However, the Group has performed a sensitivity analysis considering a 1%/ 5% fall in prices in the base scenario without subsequent price growth and the other variables remaining constant. In such an adverse scenario, which is not considered likely at the moment, the effect on the value of the real estate assets would be a reduction of EUR 30.433 thousand and EUR 151.959 thousand, and the recognition of additional impairment losses of EUR 2.230 thousand and EUR 26.377 thousand, respectively (at December 31, 2021 the effect on the value of the real estate assets would be a reduction of EUR 29.069 thousand and EUR 145.818 thousand, and the recognition of additional impairment losses of EUR 4.458 thousand and EUR 27.044 thousand, respectively).

14. Trade and other receivables

"Trade and other receivables" includes the following items:

	Thousands of euros	
	31.12.2022	31.12.2021
Trade receivables and notes receivables	11.561	23.969
Other receivables – Down Payments	12.345	20.712
Other receivables – Provision of Services	53	88
Other receivables – Due from Personnel	1	16
Others	25.779	26.098
Impairment	(43)	(150)
Total	**49.696**	**70.733**

"Trade Notes Receivable" in the foregoing table mainly includes the amount receivable relating to the asset management and administration agreement entered into between various companies of the Kutxabank Group and Neinor Homes, S.A. (Note 1), amounting to EUR 75 thousand (EUR 7.824 thousand at 31 December of 2021). Furthermore, debit balances due to the works performed in Sector Playa de Almenara amounting to EUR 3.199 thousand are also recorded here, both in this year and on December 31, 2021 and there are debit balances with related parties for an amount of EUR 4.787 thousand (EUR 5.725 thousand at December 31, 2021) (Note 24). Likewise, as December 31, 2021 deferred balances relating to sales of inventories amounting to EUR 5.400 thousand were included under this heading.

"Other receivables" in the foregoing table includes mainly the amounts paid in advance by the Group to service providers which have not been accrued yet. As December 31, 2022 the amounts paid in advance by the Group to service providers amounting to EUR 12.345 thousand, an amount that includes 5.898 thousand euros in advances paid to agents who have intervened in the execution of the purchase and sale agreements pending deed (Note 4.14).

Finally, “Others” in the foregoing table includes mainly the amounts receivable owed by Empresa de Gestión Urbanística y Servicios de Alboraya, S.L. (“EGUSA”) to the subsidiary Grupo Mediterráneo Costa Blanca, S.L. as of December 31, 2022. These amounts refer to both the principal of the debt, EUR 23.416 thousand, and the accrued interest, EUR 2.342 thousand, figures that coincide with those expressed in judgement no. 535/2016 of 15 December 2016, handed down by Valencia Court of First Instance number 6. These amounts are secured by a mortgage guarantee on land owned by EGUSA located in the UE-2 sector of Alboraya, the market value of which is higher than the amount recorded as a debit balance. The Group has recorded this receivable as a current asset since it is very likely to be realized in the short term through the delivery of land, which will be classified as a current asset in the consolidated balance sheet.

Trade receivables do not generate interest, in general terms and there are no doubtful assets for which impairment losses additional to those already recognized at year-end must be recognized.

The Group periodically analyses the risk of insolvency of its accounts receivable by updating the related provision for impairment losses. The Group's directors consider that the amount of trade and other receivables approximates their fair value.

15. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash on hand and in short-term bank deposits with an initial maturity of three months or less. The carrying amount of these assets is similar to their fair value.

In this regard, as described in Law 20/2015, of July 14, advances received and associated with a development (see Note 18) are deposited in a special account, separate from any other class of funds belonging to the Group, and are only drawn against in connection with the construction of the developments. The balance subject to this restriction amounted to EUR 25.907 thousand at 31 December 2022 (EUR 39.958 thousand 2021), which differs from the advances (Note 19) as a result of the cash used to pay the progress billings of developments to which such advances are allocated. Likewise, the guarantees (Note 22) differ from these advances, on the one hand, because guarantees are issued for the total of the amounts that the clients will deliver on account during the work and not only for the amounts actually received, and on the other hand, due to the fact that the guarantee is issued in a period of up to 30 days after receiving the customer's advance.

16. Capital and reserves

16.1 Share capital

In 2017, the Parent, Neinor Homes, S.A. was registered as a public limited liability company ("S.A.") with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, which took place on 29 March 2017 with the prior authorization of the Company’s sole shareholder on 6 March 2017. Also, in the aforementioned public deed, the number of existing shares of the Company was reduced by a reverse split whereby one new share of EUR 10 par value each was issued for every ten existing shares of EUR 1 par value each. Subsequently, on 6 March 2017 the then sole shareholder of Neinor Homes, S.A. approved a capital increase through monetary contributions for a cash amount of EUR 100 million. This capital increase was performed by issuing new ordinary shares of EUR 10 par value each, of the same class and series as those already in circulation, with a share premium of EUR 6,46 per share, giving a total share premium of EUR 39.247 thousand. Consequently, following the capital increase performed as part of the stock market flotation, the share capital of Neinor Homes, S.A. is represented by 79.005.034 shares of EUR 10 par value each.

On 10 May 2021, the Parent Company registered with the Commercial Registry of Bizkaia a public deed relating to a share capital reduction in the amount of 46.156.080 euros, by means of the cancellation of 4.615.608 own shares. The share capital reduction was approved by the General Shareholders' Meeting of the Parent Company held on 31 March 2021. Additionally, as a consequence of the merger and in accordance with the exchange ratio regime and procedure established (Note 3), on 24 May 2021 the Parent Company increased its share capital in the amount of 55.992.160 euros, by means of the issuance of 4.615.608 shares with a nominal value of 10 euro each with a share premium of 1.455.796 euros.

On 30 May 2022, the Parent Company registered with the Commercial Registry of Bizkaia a public deed relating to a share capital reduction in the amount of EUR 13.110 thousand, by the reduction of paid shares of EUR 0,1639 par value. Later, on 26 July 2022, the Parent Company registered a second public deed relating to a share capital reduction in the amount of EUR 50.001 thousand, by the reduction of paid shares in EUR 0,6251 par value (Note 16.5).

At 31 December 2022, the Parent's share capital consisted of 79.988.642 fully subscribed and paid shares of EUR 9,211 par value each (79.988.642 fully subscribed and paid shares of EUR 9,211 par value each at 31 December 2021), according to the following breakdown:

	31.12.2022		31.12.2021	
	% Ownership Interest Registered	Total Share Capital Amount (Thousand euros)	% Ownership Interest Registered	Total Share Capital Amount (Thousand euros)
Orion European Real Estate Fund V, SLP	28,01	206.371	27,67	221.328
Stoneshield Holding S.A.R.L.	22,67	167.027	-	-
Adar Capital Partners Ltd	12,69	93.497	19,11	152.858
BMO Asset Management Limited	4,79	35.291	4,79	38.315
Remain stock exchange	31,84	234.589	48,43	387.385
Total	**100,00**	**736.775**	**100,00**	**799.886**

16.2 Legal Reserve

Under Article 274 of the Consolidated Text of the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2022 and 31 December 2021 legal reserve was not fully contributed.

16.3 Reserves at the Parent and reserves at fully consolidated companies

Details, by company, of reserves at fully consolidated companies at 31 December 2022 and 31 December 2021 are as follows:

Company	Thousands of euros	
	31.12.2022 (*)	31.12.2021 (*)
Full consolidation:		
Parent Company	**61.306**	**64.920**
Neinor Norte, S.L.U.	61.862	41.769
Rental Homes Propco, S.L.U.	(4.192)	(324)
Neinor Sardes Rental, S.L.U.	8.703	-
Neinor Rental Opco, S.L.U.	(15.017)	(15.018)
Promociones Neinor 3, S.L.U.	(2.829)	(2.275)
Neinor Works, S.L.U.	(4.690)	(4.997)
Promociones Neinor 5, S.L.	(6.309)	(5.866)
Neinor Península, S.L.U.	(132.926)	(114.781)
Neinor Sur, S.A.U.	169.032	106.628
Renta Garantizada, S.A.	319	(13)
Companies formerly dependent on Quabit Inmobiliaria, S.A.	3.046	-
Reserves at fully consolidated companies	**76.999**	**5.123**
Total	**138.305**	**70.043**

(*) The Parent has also set up a legal reserve of EUR 6.209 thousand at December 2022 (EUR 5.570 thousand at December 2021) not included in this detail. The consolidated reserves include the legal reserve of the subsidiaries for an amount of EUR 29.601 thousand (EUR 20.325 thousand at December 2021)

At 31 December 2022 and 2021 the negative reserves contributed by the subsidiaries Rental Homes Propco, S.L.U., S.L.U., Neinor Rental Opco, S.L.U., Promociones Neinor 3, S.L.U., Neinor Works, S.L.U. and Promociones Neinor 5, S.L. arose as regards of the difference at the date when the Neinor Homes Group was created between the amounts the financial interests in these subsidiaries were contributed to the Group (specifically to the subsidiary Neinor Norte, S.L.U., its direct shareholder) and their underlying carrying amounts at that date were negative, due to the impairment recognized in connection with all their property assets. When the contribution was made, the Kutxabank Group intended the other investees of Kutxabank to make a direct contribution to restore their equity position so as not to give rise to any loss for Neinor Norte, S.L.U. Lastly, this contribution was made in 2015 by Kutxabank directly through a capital increase at Neinor Homes, S.A. prior to its transfer to Neinor Holdings, S.L.U. This capital increase was performed in steps at Neinor Norte, S.L.U. and its investees including, among others, those which had an equity imbalance, and the situation was remedied prior to the Lion transaction described in Note 1.

16.4 Treasury shares and other reserves

The Annual General Meeting held on 6 March 2017 authorized the derivative acquisition of treasury shares for the maximum period permitted by law and subject to the requirements established in Article 146 of the Spanish Limited Liability Companies Law.

On 26 March 2021, and for a period of six months, the Group has launched a treasury share programme for the derivative acquisition of up to one million treasury shares, with a maximum permitted disbursement, in any event, of EUR 10 million, for which the Parent has entered into a liquidity agreement with JB Capital Markets Sociedad de Valores, S.A.U. Additionally, on 17 September 2021, and for a period of 1 year, the Group has launched a treasury share programme for the derivative acquisition of up to 2.5 million treasury shares, with a maximum permitted disbursement, in any event, of EUR 30 million, for which the Parent has entered into a liquidity agreement with Gestión de Patrimonios Mobiliarios, S.V., S.A.

During the 2022 financial year, the Group has initiated a share repurchase program to reduce the share capital by the redemption of treasury shares and carry out a dividend distribution. (Note 16.5)

As of December 31, 2022, the total Treasury Stock of the Parent Company amounts to 5.659.426 securities (3.622.669 at 31 December 2021). The average unit purchase price of the securities was 10,25 euros (11,09 euros at December 2021).

Lastly, in April 2020, the Shareholders of the Parent Company approved a new incentive plan payable in shares, for which the amount set is between EUR 8 million and EUR 12 million, for the period ending 31 December 2022. Initially, beneficiaries of the incentive plan are inside directors. However, members of the executive team of the Neinor Homes Group may get the access to this plan, requiring the approval of the Board. Achievement measurement metrics are EBITDA and the total return for the shareholder (which considers the gains in the stock's price of Neinor Homes). Minimum amounts below, which the incentives do not accrue, and the possibility of an extra bonus of up to 150% were established. Shares acquired under this plan are subject to lock-up commitments for a period of one year for inside directors. Additionally, this incentive is subject to a repayment clause if certain circumstances arise and there are minimum permanence requirements for the incentive accrual. The shares to be received by each participant will be determined by the incentive attributed to each participant in the plan and taking into account the evolution of the share price of Neinor Homes, S.A. during the incentive plan period. In 2022 this plan gave rise to the recognition of staff costs of EUR 2.303 thousand with a balancing entry under equity in the accompanying consolidated balance sheet (EUR 3.399 thousand during 2021).

16.5 Dividends paid

The shareholders at the Parent's Annual General Meeting held on 12 April 2022 approved the distribution of a dividend of up to EUR 50 million out of the share premium and/or other shareholder contributions, payable in 2022, and resolved to empower the Parent's Board of Directors to determine, as the case may be, the amount and exact date of the distribution in the aforementioned year, subject, in any event, to the maximum overall limit indicated above. In this regard, on 29 April 2022 the Parent's Board of Directors approved the distribution of a cash dividend, with a capital reduction and with a charge to the share premium and other shareholder contributions, of 0.65 per share carrying the entitlement thereto. This dividend was paid in May 2022. Also, on 27 July 2022 the payment of a second dividend was approved, through the reduction of the par value of the shares by EUR 0.6251 per share, leaving the par value of the shares at EUR 9.211 (see Note 16.1). This second dividend amounted to almost EUR 50 million, payable in 2022, and it was resolved to empower the Parent's Board of Directors to determine, as the case may be, the amount and exact date of the distribution in the aforementioned year, subject, in any event, to the maximum overall limit indicate above. This dividend was paid in July 2022.

17. Provisions

Changes in current provisions in 2022 and 2021 are as follows:

At 31 December 2022

Description	Thousands of euros		
	For taxes (Note 23.4)	Other provisions (Note 23.4)	Total
Balance at 31 December 2021	**11.655**	**44.393**	**56.048**
Charges	9.147	3.771	**12.918**
Amounts used	(7.023)	(19.068)	**(26.091)**
Balance at 31 December 2022	**13.779**	**29.095**	**42.875**

At 31 December 2021

Description	Thousands of euros		
	For taxes (Note 23.4)	Other provisions (Note 23.4)	Total
Balance at 31 December 2020	**6.350**	**10.330**	**16.680**
Charges	11.852	25.621	**37.473**
Business combination (Note 2.8)	-	21.366	**21.366**
Amounts used	(6.547)	(13.119)	**(19.666)**
Transfers	-	195	**195**
Balance at 31 December 2021	**11.655**	**44.393**	**56.048**

"Other provisions" caption includes, mainly, amounts set-aside warranty costs, after-sales expenses, as well as other construction costs not yet incurred. These provisions are recognized at the date of sale of the related products according to the Group's best estimate of the possible consideration required to settle the Group's liability.

Also, "For Taxes" caption in the foregoing table includes, mainly, the provisions recognized in relation to the taxes accrued in the period and which, at the reporting dates, have not been settled (mainly property tax) and the provision relating to non-deductible VAT as a result of applying the deductible proportion rule that has not yet been adjusted.

During 2022 and 2021, provisions have been charged for after-sales expenses, expenses to be incurred for sales commissions and capital gains derived from the increase in sales for the year (Note 23.6).

At each reporting date the Group assesses the estimated amounts required for probable or certain liabilities where payment is still not entirely determinable with regard to their exact amount, or the dates on which they will arise are uncertain since they depend on the fulfilment of certain conditions. Where appropriate, it recognizes the related provisions. In this connection, at 31 December 2022 there are legal claims in relation with assets owned by the different companies of the Group for a total amount of EUR 14.623 thousand (at 31 December 2021 EUR 34.778 thousand) At 31 December 2022 the Group has recognized provisions amounting to EUR 3.337 thousand (EUR 4.731 thousand at 31 December 2021) since the Parent's directors, and its legal advisors, considered that the possible impacts for the Group arising from these liabilities would not be significant.

18. Bank borrowings and other financial liabilities

18.1 Bank borrowings

Details of bank borrowings and other financial liabilities at 31 December 2022 and 31 December 2021 are as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Long-term bank borrowings:		
Mortgage loans (*)	48.339	44.815
Other loans (*)	20.022	-
Total (non-current)	**68.361**	**44.815**
Short-term Bank borrowings (see Note 23):		
Interest payable	625	509
Mortgage loans (*)	128.029	209.683
VAT lines	-	3.371
Other loans (*)	12	383
Total (current)	**128.666**	**213.946**

(*) Borrowings are presented at amortized cost, net of the debt arrangement expenses amounting to EUR 4.998 thousand (EUR 4.408 thousand in 2021).

31 December 2022

Scheduled maturities:	31.12.22
2023	98.139
2024	40.061
2025	14.591
2026 and following	44.236
Total	**197.027**

31 December 2021

Scheduled maturities:	31.12.21
2022	163.316
2023	18.182
2024	30.258
2025 and following	46.758
Total	**258.761**

Short-term and long-term bank borrowings

Mortgage loans

The balance recognized under “Bank borrowings – Mortgage loans for land” in the foregoing table which amounts to EUR 176.368 thousand at 31 December 2022 relates to the amount payable on loans regarding plots of land which secure repayment of these loans. These loans bear interest at a market rate and ultimately mature between 2023-2055.

Certain Group companies are jointly and severally guaranteeing most of these loans (See Appendix I).

Specifically, the Group has contracted 17 new mortgage loans during 2022 with a limit of EUR 194.509 thousand (18 if we consider the loan contracted by the Parent Company with a limit of EUR 214.509 thousand), of which an amount of EUR 22.970 thousand has been withdrawn (EUR 42.970 thousand if we consider previously mentioned loan). In addition, the limit and maturity of six loan contracted during the previous years have been extended in an amount of EUR 66.490 thousand.

At 31 December 2022, the Group's main mortgage loan drawn down relates to the financing granted by Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. ("SAREB"), the amortized cost of which amounted to EUR 37.412 thousand. On 25 March 2021, the aforementioned loan was novated, and the effectiveness and entry into force of the novation was subject to the registration of the merger in the Mercantile Register (described in Note 2.8); under the novation it was agreed to reduce the payable interest rate to 1%, and the following repayment schedule was established:

Scheduled maturities:	Thousands of euros
31 July 2023	10.655
31 July 2024	13.319
31 July 2025	13.438
Total	**37.412**

Lastly, on 16 December 2021 a mortgage loan totalling EUR 100 million was granted by Natixis, S.A. Sucursal en España, Natixis Assurances Investments in Real Assets-Real Estate Compartment, Novo Banco, S.A. Succursale Luxembourg and BNP Paribas European Real Estate Debt Fund II to the Group companies Neinor Península, S.L.U., Neinor Sur, S.A.U., Panglao Investments, S.L.U., Quabit Alovera, S.L.U., Quabit Remate las Cañas, S.L.U., Quabit Cierzo, S.L.U. and Quabit Peñalara, S.L.U., in order to finance the construction costs of developments to be used in the rental business line. As a requisite for execution of the loan agreement, a first-ranking security interest was granted in all the collection rights relating to the bank account opened for the aforementioned financing and in such collection rights as might arise from some of the contracts related to the construction of the developments. The loan, which will have an initial term of 3.25 years, will bear interest at Euribor plus a spread of 2.75%. The agreement established a commitment to achieve the so-called "LTC Ratio", which, taken to be the quotient resulting from dividing the amounts drawn down against the loan by the construction costs of the financed developments, must be lower than 55%, as well as commitments to achieve the so-called "LTV Ratio", which is taken to be the quotient resulting from dividing net debt by the market value of the properties, both in terms of the Group's assets and its overall debt and in terms of the assets relating to the loan and the debt associated with those assets; these LTV ratios must be lower than 40% and 60%, respectively. The maturity of the loan may be extended by an additional period of 1.25 years, with a slight reduction of the spread associated with the financing, although this would entail the need to comply with covenants and to provide additional guarantees. At 31 December 2022, no balance had been drawn down. However, before the first drawdown is made, first-ranking mortgages must be created on the assets financed, and the Group subsidiaries that are the beneficiaries of the financing, or, failing them, Neinor Península, S.L.U. and Neinor Sur, S.A.U., must enter into a framework agreement for financial transactions to cap the interest rate associated with 75% of the financing.

On August 4, 2022, the Parent company contracted financing for an amount of 20 million euros with mortgage guarantees, whose final maturity would occur in February 2024, through the payment of a single capital installment.

VAT lines

On 6 June 2017, the Group entered into a recourse factoring agreement with a bank mainly to finance input VAT on certain land purchase transactions. The agreement expires at one year and bears interest at market rates. The factoring line has a limit of 15 million euros, but no balance had been drawn down at 31 December 2022 and 2021. The amounts owed to it by virtue of the transactions performed will be used to guarantee the repayment of this financing.

Covenants and early repayment clauses

In connection with the borrowings arranged and drawn down by the Group and disclosed above, the Group has certain early repayment clauses associated with the loans and credit lines, including most notably the following:

- Obligation to achieve a firm and irrevocable LTV Ratio, taken to be the ratio of Net Debt to the Net Value of the Group's Properties (in both cases capex financing should be deducted), which must be below 35- 45%.

- In relation to the VAT factoring contract, 15% worsening in the coverage ratios (net financial debt to EBITDA ratio) and/or leverage (net financial debt to equity ratio) as compared to the measurement of these ratios in the latest annual financial statements; furthermore, when a depreciation of the Group's situation causes doubts as to the viability of its business, on the basis of market information. Management believes that the financial institution is aware of the current situation of the Group.

At year-end 2022, the Group was fully compliant with the covenants and clauses established in the aforementioned loans.

Other

In addition, the Group has drawn down reverse factoring lines amounting EUR 10.259 thousand at 31 December 2022 with a limit of EUR 106.000 thousand at that date (EUR 8.242 thousand at 31 December 2021 with a limit of EUR 98.550 thousand at that date).

All the loans and credit facilities outstanding at 31 December 2022 indicated above were arranged with leading banks and bear interest tied to Euribor plus market spreads.

The interest rate applicable to the Group, in general terms, is tied to Euribor plus a market spread. The average cost of the borrowings calculated for 2022 and 2021 is approximately 3,97% and 2,49%, respectively (if calculation had been performed without considering the finance expense related to the bonds the average cost of the borrowings calculated for 2021 would have been approximately 2,57% and 1,81 respectively for exercises 2022 and 2021).

At 31 December 2022, the Group companies have undrawn VAT and factoring loans totaling EUR 15 million (EUR 27 million at 31 December 2021).

Finally, the following is a reconciliation of the book value of liabilities arising from financing activities by distinguishing separately the changes that generate cash flows from those who do not:

2022

	01/01/2021	Cash Flow	Without cash flow impact			31/12/2022
			Variation in Fair Value	Reclassifications	Others (*)	
Long Term Loans	44.815	45.722	-	(21.626)	(550)	68.361
Short Term Loans	213.946	(102.458)	-	21.626	(4.448)	128.666
Total Liabilities from financing activities	258.761	**(56.736)**	**-**	**-**	**(4.998)**	**197.027**

2021

	01/01/2020	Business combination (Nota 2.8)	Cash Flow	Without cash flow impact			31/12/2021
				Variation in Fair Value	Reclassifications	Others (*)	
Long Term Loans	70.659	25.250	(44.253)	-	(6.435)	(406)	44.815
Short Term Loans	262.335	252.707	(274.077)	-	6.435	(33.454)	213.946
Total Liabilities from financing activities	**332.994**	**277.957**	**(318.330)**	**-**	**-**	**(33.860)**	**258.761**

(*) It includes the transfer of the assets owned by Quabit Las Lomas del Flamenco, S.L.U., for an approximate amount of 32 million euros (Note 2.8).

18.2 Other financial liabilities

On 12 April 2021, the Board of Directors of the Parent approved the issue of guaranteed senior bonds maturing in 2026 (which may be redeemed early in certain circumstances and upon the occurrence of certain events) for a total principal amount of EUR 300 million; at the issue date (14 April 2021) it was established that the bonds would bear annual fixed interest of 4.5%, payable on a half-yearly basis. As December 31, 2022 finance expense related with the bond amounted to EUR 13 million (finance expense related to the bonds amounted to EUR 9 million at 31 December, 2021). The bonds, which were admitted to trading on the Global Exchange Market of the Irish Stock Exchange, are guaranteed by Neinor Homes, S.A. and certain of its subsidiaries that act as guarantors of the debt (Neinor Peninsula, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Rental Homes Propco, S.L.). The notes are secured by share pledges over the guarantors and by pledges over intercompany loan receivables (if any) owed to the issuer or the guarantors. The Group has used and will use (in the case of the home-rental business line), the proceeds from the issue in order to:

- Repay EUR 152,6 million of outstanding indebtedness of Quabit Inmobiliaria, S.A. and its subsidiaries (Note 2.8).

- Repay the debt signed with the financial entity Deutsche Bank as well as two financial contracts with an amount of EUR 15 and 25 million, respectively, arranged with Banco Santander.
- Investments in connection with the rental property business line.
- Pay fees, commissions and expenses incurred directly attributable to the offering amounting to EUR 7 million, approximately, which have been deducted from the carrying value of the debt.

In addition to the use of gross proceeds indicated, the Group intend to allocate an amount equal to the net proceeds of this offering to residential projects which help to achieve the United Nations Sustainable Development Goals and which have a clear positive impact on the environment.

Also, in 2022 the Parent Company have made various bond repurchases amounting to approximately EUR 25 million. This bond repurchases gave rise to income of EUR 3,637 thousand, and this amount was recognised under "Finance income" in the Group's consolidated statement of profit or loss in 2022.

On April 11, 2021, in connection with the notes, the issuer and the guarantors entered into a revolving credit facility that provides for total commitments of up to EUR 50 million and which final maturity is 2026. The revolving credit facility is secured by substantially the same guarantees provided for the notes and will be available to finance or refinance the Group's working capital requirements and general corporate purposes. The credit facility will bear interest at a variable rate of Euribor plus a market spread ranging from 2,5% to 3,25% calculated depending on the "LTV Ratio". At 31 December 2022 no amount has been drawn.

Additionally, this caption includes, mainly:

- The variable amount payable resulting from the acquisition of 75% of the shares of Umber Jurídico Inmobiliario, S.L, recognized at amortized cost for EUR 2.770 thousand (Note 18).

- The leased assets held by the Group, for which the net book value at 31 December 2022 amounts to 669 thousand euros (Note 10), being registered the associated debt to these operative leasing's under the caption "Other financial liabilities" of non-current and current liabilities of the accompanying consolidated balance sheet up an amount of 463 and 501 thousand euros, respectively. The maturities of the contracts associated with these leases expire from 2022 to 2027.

19. Other current and non-current liabilities

Details of other current and non-current liabilities at 31 December 2022 and 31 December 2021 are as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Bonds (see Note 17.2)	271.093	1.286	294.400	1.549
Lease liabilities (see Note 17.2)	501	463	593	1.769
Guarantees and deposits received	5	2.893	446	1.990
Other financial liabilities (Note 17.2)	2.876	380	2.822	1.083
Other financial liabilities	**274.475**	**5.022**	**298.261**	**6.391**
Remuneration payable	-	4.966	-	5.991
Customer advances (see Note 12)	-	68.522	-	103.223
Other current liabilities	-	**73.488**	-	**109.214**
Total, gross	**274.475**	**78.510**	**298.261**	**115.605**

"Guarantees and deposits received" includes mainly guarantee deposits paid by lessees.

20. Current and non-current trade and other payables

"Trade and other payables" mainly includes balances payable for trade purchases and related costs. At 31 December 2022, this caption also included a payable amounting to EUR 82.746 thousand corresponding to the deferred portion of the price of a land purchased in these exercises (EUR 88.075 thousand at 31 December 2021) (see note 12).

In addition, this heading of the consolidated balance sheet includes at 31 December of 2022 an amount of EUR 37.416 thousand (EUR 49.812 thousand at 31 December 2021) as tax deductions applied to contractors for warranty.

The carrying amount of trade payables is similar to their fair value.

Information regarding the weighted average payment term to suppliers. Final Provision Two of Law 31/2014 of 3 December

Next it is detailed the information required by the Final Provision Two of Law 31/2014 of 3 December, that has been prepared applying the corresponding rules issued by the Accounting and Auditing Institute at 29 January 2016, which relates to the information to be included in the annual financial statements about weighted average payment term to suppliers.

	Period ended 31 December 2022	Period ended 31 December 2021
	Days	**Days**
Weighted average payment term to suppliers	56	57
Paid operations ratio	58	60
Outstanding payments ratio	37	35
	Thousands of euros	**Thousands of euros**
Total payments made	455.536	498.772
Total outstanding payments (*)	52.635	56.511

(*) Total outstanding payments do not include warranty withholdings deferred payments for the purchase of plots of land and invoices pending receipt.

The figures in the preceding table on payments to suppliers refer to those whose nature make them trade creditors because they are suppliers of goods and services. Therefore, they include the figures relating to "Current trade and other payables" under current liabilities in the consolidated balance sheet. Deferred portion of the price in relation to the purchase of various plots of land (Note 14) has not been considered for this calculation.

"Weighted average payment term to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

In addition, in accordance with the provisions of the third additional provision of Law 15/2010, the following details the information regarding the monetary volume and number of invoices paid in a period less than the maximum established in the delinquency regulations, and the percentage that they represent on the total number of r-invoices and on the total monetary payments to their suppliers, corresponding to the annual period ended on December 31, 2022:

	2022
Monetary volumen (EUR thousand)	455.536
Percentage of total payments made	32%
Number of invoices	42.416
Percentage of total invoices	36%

Pursuant to Law 11/2013, of 26 July, establishing measures on combating late payment in commercial transactions, the statutory payment period applicable to the Company at 31 December 2022 and 31 December 2021 was 30 days, unless a longer period has been agreed, which in no case may exceed 60 days. In this connection, and for the calculations referred to above, the Group has considered in all cases a maximum legal term of 30 days, no matter which the arranged conditions with the suppliers are.

In accordance with the provisions of the Sole Additional Provision of the aforementioned ICAC Resolution, the annual accounts for the year 2022 do not present comparative information corresponding to the invoices paid to suppliers in a period less than the legal maximum, classifying the annual accounts as initial for these exclusive purposes in regard to the application of the principle of uniformity and the requirement of comparability.

21. Tax matters

21.1 Tax rules and Consolidated tax group

As indicated in Note 4.13, the Group Companies are taxed under the tax consolidation regime with two groups, one formed by Neinor Homes, S.A. as the parent company and Neinor Norte, S.L.U. as a dependent company, and another group formed by Neinor Península, S.L.U. as the parent company and the rest of the Group's companies as subsidiaries with the exception of the following companies: Quabit Comunidades, S.L., Parque las Cañas, S.L.U. and Quabit Bonaire, S.L.

21.2 Years open for review by the tax authorities

The Parent and the subsidiaries have all main applicable taxes open for review by the tax authorities. Provincial Regulation 11/2013 establishes that all tax credits applied and tax losses generated in prior years can be reviewed when they are applied in any of the years open to review, while Law 27/2014 of 27 November, establishes a review term of ten years.

In relation to VAT, the various Group companies opted to be taxed under the special deductible proportion regime provided for in Article 106 of Spanish VAT Law 37/1992, of 28 December (Article 106 of Vizcaya VAT Regulation 7/1994, of 14 December), which states that only the input VAT borne on the acquisition of goods or services used exclusively in the performance of transactions giving rise to the right to deduct the VAT may be deducted in full, that, conversely, the input VAT borne on transactions that do not give rise to any entitlement to deduct the VAT shall not be deductible and that the general deductible proportion rule shall apply to common expenses.

On 28 June 2017, certain Group companies were notified by the tax agency of the commencement of tax audits of the following taxes and periods:

- VAT of Neinor Península, S.L.U. for 2015 and 2016
- Income tax of Neinor Península, S.L.U. for 2015
- VAT of Neinor Sur, S.A.U. for 2014, 2015 and 2016
- Income tax of Neinor Sur, S.A.U. for 2012 to 2015

In January 2019 the Group received notification of final disciplinary proceedings concerning the tax inspections relating to Neinor Península, S.L.U., which gave rise to adjustments to tax payable amounting to EUR 3.272 thousand, which were recognized under "Income Tax" in the consolidated statement of profit or loss for the year ended 31 December 2018, and also penalties and late-payment interest of EUR 793 thousand and EUR 417 thousand recognized under "Other Operation Expenses" and "Finance Costs (Net of Capitalised Finance Costs)", respectively, in the consolidated statement of profit or loss for the year ended 31 December 2018. Although pleadings have been filed against this decision, providing a guarantee of EUR 3 million, the Parent's directors, in accordance with the ompinion of their external tax advisers, consider payment of these amounts probable since a final decision has been handed down in this connection. In this regard, provision is recognized under the caption "Tax payables" of the consolidated balance sheet as of 31 December 2022 and 2021. In addition, during the initial procedural formalities, penalties of EUR 6.3 million also became evident, but no provision has been recorded, considering that the administrative appeal filed by the Group will, in any event, give rise to a favorable outcome for it. This policy has also been approved by the Group's external tax advisers.

Also, in October 2018 tax assessments were signed on an uncontested basis in relation to the income tax of Neinor Sur, S.A.U. The assessments gave rise to the adjustment of the tax losses for 2013, 2014 and 2015 by EUR 426 thousand, EUR 836 thousand and EUR 187 thousand, respectively, without any impact on the Group's consolidated financial statements.

On 17 February 2020, the Regional Inspection Office of the Special Office of Andalusia commenced a limited tax audit on the company Neinor Península, S.L.U. for income tax relating to 2016 and 2017. During July 2020, the assessment was signed by the Company's representative on an uncontested basis, giving rise to no tax contingencies in this connection.

Furthermore, on 8 February 2012, Quabit Inmobiliaria, S.A. received notification of the commencement of the verification and investigation of corporate income tax for the years 2007 to 2009, value added tax for the years 2008 and 2009 and withholdings on income from work for professionals and from movable capital for the years 2008 and 2009. In March2013, the assessments relating to the completion of the review process were received. The amount claimed by the tax authorities amounts to EUR 2.171 thousand, corresponding to settlement agreements issued by the Central Delegation for Large Taxpayers of the State Tax Administration Agency (''AEAT'') in March 2013. This amount is broken down into principal (EUR 1.088 thousand), interest (EUR 614 thousand) and a penalty (EUR 469 thousand), which have already been paid at the date of preparation of the accompanying consolidated financial statements. In addition, in its assessments, the AEAT proposed certain corrections to the taxable base for corporate income tax with no effect on the tax payable, as they correspond to periods in which the application of these corrections would not result in a positive taxable base and, therefore, in a payable tax. The proposed increase in the 2008 and 2009 tax bases proposed in the assessments was EUR 6.004 thousand and 7.204 thousand, respectively. The main adjustment item arose from amortization of goodwill from the merger in 2008 (EUR 5.641 thousand in

2008 and EUR 7.051 thousand in 2009). This difference in amortization derives from the difference in the quantification of amortization: EUR 152.332 thousand according to the AEAT compared to EUR 293.308 thousand calculated by Quabit Inmobiliaria, S.A. in its income tax settlements. Quabit Inmobiliaria, S.A. submitted pleas to the non-conformity assessments relating to corporate income tax and subsequently lodged an appeal with the Central Economic-Administrative Court (TEAC). In January 2017, Quabit Inmobiliaria, S.A. received a resolution from the TEAC rejecting all the pleas presented in its appeal. In March 2017, Quabit Inmobiliaria, S.A. filed an administrative appeal with the National High Court requesting a stay of the contested order. This suspension has been granted by the Court. Subsequently, on 7 December 2017, Quabit Inmobiliaria, S.A. filed a complaint with the Administrative Litigation Division of the National High Court. In September 2020, Quabit Inmobiliaria, S.A. received notification of the National Court's ruling rejecting all of its pleas. On December 23, 2022, the Group has received notification of rejection decision from the National High Court. On February 1, 2023, the Group has filed an incident of nullity of actions.

The directors of the Parent do not expect any additional material liabilities not already covered to arise as a result of the inspections that could occur for the years open to inspection. In this regard, in accordance with Additional Provision Nine of Royal Decree-Law 11/2020, of 31 March, and Additional Provision One of Royal Decree-Law 15/2020, of 21 April, the period between 14 March and 30 May 2020 shall not be taken into account for the purpose of calculating the limitation periods established in General Taxation Law 58/2003, of 17 December, and the usual limitation periods were therefore extended by a further 78 days.

21.3 Tax receivables and payables

Details of the main tax receivables and payables are as follows:

	Thousands of euros							
	31.12.2022				31.12.2021			
	Tax assets		Tax liabilities		Tax assets		Tax liabilities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
VAT receivable / payable (Note 17)	-	8.023	-	11.597	-	6.681	-	21.956
Income tax (*)	-	12.090	-	3.232	-	1.483	-	7.513
Personal income tax withholdings payable	-	-	-	1.859	-	-	-	1.964
Social Security contributions payable	-	-	-	881	-	-	-	821
Deferred tax asset	94.773	-	-	-	98.139	-	-	-
Deferred tax liability	-	-	18.126	-	-	-	5.130	-
	94.773	**20.113**	**18.126**	**17.569**	**98.139**	**8.164**	**5.130**	**32.254**

(*) It includes the provision related to final disciplinary proceedings concerning tax inspections against which pleadings have been filed (Note 21.2).

21.4 Reconciliation of accounting profit/loss to tax profit/loss

The reconciliation of the accounting profit/loss to consolidated income tax expense/income for the year is as follows:

At 31 December 2022

	Thousands of euros			
	Group 02117BSC	Group 05/20	Other entities and consolidation adjustments	Total
Profit/(Loss) before tax	23.107	95.405	977	119.488
Permanent differences -	444	710	-	1.154
Temporary differences	(53.106)	(16.562)	24.135	(45.533)
Preliminary Taxable income/(loss)	**(29.555)**	**79.553**	**977**	**50.975**
Tax losses compensation	-	(14.394)	-	(14.394)
Taxable income/(loss)	**(29.555)**	**65.159**	**977**	**36.581**
Tax rate	24%	25%	25%	-
Tax accrued	(7.093)	16.290	35	9.232
Not capitalised Tax assets accrued in the period	-	-	-	-
Deferred Tax Asset capitalized	-	(8.482)	6.699	(1.783)
Deferred Tax Asset discharged	12.745	5.512	-	18.257
Other adjustments for income tax	(2.957)	199	(37)	(2.795)
Income tax expense	**2.695**	**13.519**	**6.697**	**22.911**

At 31 December 2021

	Thousands of euros			
	Group 02117BSC	Group 05/20	Other entities and consolidation adjustments	Total
Profit/(Loss) before tax	25.020	90.395	7.731	123.146
Permanent differences -	14	518	-	532
Temporary differences	774	(6.147)	(12.477)	(17.850)
Preliminary Taxable income/(loss)	**25.808**	**84.766**	**(4.746)**	**105.828**
Tax losses compensation	-	(18.970)	-	(18.970)
Taxable income/(loss)	**25.808**	**65.796**	**(4.746)**	**86.858**
Tax rate	24%	25%	25%	-
Tax accrued	6.194	16.449	-	22.643
Not capitalised Tax assets accrued in the period	-	-	-	-
Deferred Tax Asset capitalized	(4.186)	(4.757)	2.219	(6.724)
Deferred Tax Asset discharged	-	4.404	-	4.404
Other adjustments for income tax	(651)	639	(20)	(32)
Income tax expense	**1.357**	**16.735**	**2.199**	**20.291**

The permanent differences included in the preceding table correspond, mainly, to certain expenses recorded in the period that have not been considered deductible (see Note 17). Additionally, taking into account a conservative criteria that can be assumed by the tax authorities, the Group has considered deductible those impairments calculated on the basis of appraisals, which are carried out by independent experts not related to the Group and which are going to be available for the income tax file.

21.5 Tax losses

Details of the tax losses of the different companies included in the Neinor Homes Group at 31 December 2022, which correspond with those generated by the Group companies are as follows:

	Thousands of Euros		
Year of generation	Unrecognized	Recognized	Year of maturity
Negative tax bases of other companies (Foral Territory):			
Exercise 2008	-	90.774	2038
Exercise 2009	103.132	6.016	2039
Exercise 2010	99.999	-	2040
Exercise 2011	68.205	-	2041
Exercise 2012	29.622	-	2042
Exercise 2013	-	-	2043
Exercise 2014	-	-	2044
Exercise 30 of June 2015	-	-	2045
Exercise 31 of December 2015	-	-	2045
Exercise 2016	54.692	-	2046
Exercise 2017	15.755	-	2047
Exercise 2018	11.481	-	2048
Exercise 2019	12.066	-	2049
Exercise 2020	46.355	-	2050
Exercise 2021	29.556		2051
Negative tax bases of other companies (Common Territory):			
Exercise 2007	3.215	-	No expiration
Exercise 2008	6.457	-	No expiration
Exercise 2009	5.293	-	No expiration
Exercise 2010	6.505	-	No expiration
Exercise 2011	8.680	892	No expiration
Exercise 2012	20.037	-	No expiration
Exercise 2013	1.641	-	No expiration
Exercise 2014	222	-	No expiration
Exercise 30 of June 2015 (*)	-	-	No expiration
Exercise 31 of December 2015 (*)	1.517	15.033	No expiration
Exercise 2016	37.216	54.844	No expiration
Exercise 2017	56.378	10.873	No expiration
Exercise 2018	30.947	-	No expiration
Exercise 2019	27.628	-	No expiration
Exercise 2020	24.626	-	No expiration
Exercise 2021 (until 19 of may 2021)	51	-	No expiration
Exercise 2021	131	-	No expiration
Exercise 2022	16.802	-	No expiration
Total (**)	**718.708**	**178.432**	

(*) It includes tax losses that are subject to inspection for an amount of EUR 30.059 thousand (Note 21.2)

(**) As a result of the business combination (see Note 2.8), the tax loss carryforwards increased by EUR 652.742 thousand, of which EUR 12.4 million (tax charge) were recognized at the date of the business combination (EUR 65 million corresponding to the tax base) (see Note 2.8).

According to the tax rules currently in force, the tax losses with no time limit included in the preceding table, may be offset against the taxable profit for the following tax periods considering certain limits of the tax base prior to offset, with a minimum of EUR 1 million, taking into account the Group's revenue.

Regarding the negative tax bases with maturity broken down in the previous table, note that there is no annual limit to their compensation with the previous tax bases for each year. In this sense, the pending negative tax bases that were generated in accordance with regional regulations by the companies that have moved their registered address to Spanish Income Tax Law, may continue to be applied in the following tax periods in which they are taxed in accordance with the regulations, according to the quantitative, qualitative and temporal limits established in their birth regulations.

Until 2018 the Group did not recognize the deferred tax assets relating to tax loss carryforwards as the Parent's directors considered that the economic environment still generated some uncertainty as regards the consolidation of the industry trends and, accordingly, their recoverability by the Group and, therefore, by the companies taken separately was not reasonably assured.

In 2018, in the specific case of Neinor Sur, S.A.U., it was considered probable that sufficient future taxable profits would be obtained to enable the offset this subsidiary's tax losses. In this regard, this subsidiary has obtained a profit from operations of EUR 94.860 thousand at 31 December 2022 (EUR 86.161 thousand at 31 December 2021) and the Group is in line with the budget drawn up, existing adequate visibility in terms of revenue in the next three years. During 2021 the Group considered for Neinor Works, S.L.U, probable that sufficient future taxable profits would be obtained to enable the offset this subsidiary's tax losses, having obtained a profit before taxes of EUR 14 thousand at 31 December 2022 (EUR 356 thousand at 31 December 2021), from the management activity and supervision of the construction of 6 of the Group's promotions. This policy led to the recognition of income of EUR 220 thousand, net of tax losses compensation, with a credit to "Income Tax" in the consolidated statement of profit or loss for the year ended 31 December 2021. Also, in 2022 the Group considered that the Group company Neinor Península, S.L.U. would obtain future taxable profits that would enable it to partially offset its tax losses. In this regard, this subsidiary reported a profit of EUR 2,409 thousand in 2022, and the Group is achieving the budget drawn up, and there is sufficient evidence to permit an accurate forecast of the sales for the next three years on the basis of the level of pre-sales achieved in the property developments currently in progress.

However, other Group subsidiaries have either losses from operations or scantly material profits from operations, as well as "legacy" assets, and, therefore, it was considered that the obtainment of future profits was not sufficiently ensured. Accordingly, the approach adopted to date continued to be applied and it was considered reasonable not to recognise deferred tax assets for these companies since the recoverability thereof was not reasonably ensured.

In addition, as a result of the purchase price allocation process relating to the business combination of Quabit Inmobiliaria, S.A., deferred tax assets amounting to EUR 68.000 thousand (Note 2.8) associated with that transaction were identified, of which 12,4 million euros correspond to negative tax bases, since it is determined as reasonably assured the obtaining of future tax benefits that will allow their compensation.

21.6 Tax credits

At 31 December 2022 the Group had unrecognized tax credits amounting to EUR 981 thousand (at 31 December 2021 unrecognized tax credits amounted to 981 thousand).

21.7 Deferred Taxes

In accordance with the current tax legislation applicable to the Group companies, certain temporary differences may arise that should be taken into account in the estimate of the income tax base and the related income tax expense.

The changes in this heading in the exercise ended 31 December 2022 and 20201 were as follows:

Exercise ended 31 December 2022

	31.12.21	Additions	Disposals	Other	31.12.22
Deferred taxes	66.797	253	(15.917)	-	51.132
Total	**66.797**	**253**	**(15.917)**	**-**	**51.132**

Exercise ended 31 December 2021

	31.12.20	Business Combination (Note 2.8)	Additions	Disposals	Other	31.12.21
Deferred taxes	5.568	53.587	7.918	(276)	-	66.797
Total	**5.568**	**53.587**	**7.918**	**(276)**	**-**	**66.797**

At 31 December 2022, there were unrecognised deferred tax assets amounting to EUR 55.512 thousand (tax base) (31 December 2021: EUR 83.980 thousand relating to adjustments made to the tax base, of which EUR 58 million arose as a result of the business combination with Quabit Inmobiliaria, S.A. (Note 2.8)).

21.8 Other tax matters

On 30 December 2021, through Law 11/2020, the Spanish State Budget for 2022 was approved, amending the Spanish Income Tax Regulation effective for annual reporting periods beginning on or after 1 January 2022. The most significant change consisted of the 95% limitation of the exemption on dividends and gains governed by Article 21 of the Spanish Income Tax Law. The impact of this measure is estimated to represent a tax rate of 1.25% of the value of the dividend distributed or of the gain generated on the transfer of investments (impact calculated on the basis of the 5% established in the exemption limitation, multiplied by the standard Income Tax rate, 25%).

22. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2022, the Group had provided guarantees to third parties for a total amount of EUR 134.173 thousand (EUR 121.280 thousand at 31 December 2021). Included in this figure there is an amount of EUR 59.614 thousand (EUR 50.536 thousand at 31 December 2021) thousand related mainly to guarantees provided to different local authorities to secure the development of different properties and EUR 74.559 thousand to secure payments in advance received by customers (EUR 70.744 thousand at 31 December 2021). Additional guarantees and pledges of the Group have been disclosed in Note 18. Furthermore, guarantee amounting 3 million euros has been provided in relation to final disciplinary proceegdings concerning tax inspections (Note 21.2).

Additionally, the Group has received at 31 December 2022 from different suppliers and contractors guarantees for a total amount of EUR 30.147 thousand (EUR 54.815 thousand at 31 December 2021) to secure the perfect completion of the corresponding construction works.

The Parent's directors do not expect any additional liabilities to arise in connection with the aforementioned guarantees.

23. Revenue and expense

23.1 Revenues

The breakdown of revenues is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Legacy	1.430	2.351
Development	745.749	882.831
Assets Management – Servicing (Note 13)	8.605	24.394
Rental (Note 9)	7.447	4.725
Total	**763.231**	**914.301**

According to the asset administration and management agreement entered into by the Parent and various Kutxabank Group companies dated on 14 May 2015, the Group billed during the 2022 exercise an amount of EUR 8.605 thousand to the aforementioned companies of the Kutxabank Group (EUR 24.394 thousand at 31 December 2021) (Note 14).

All of the Group revenues have been obtained in Spain.

At the end of the reporting period, the Group minimum lease payment commitments to lessees are not significant.

23.2 Cost of sales

Details of this heading in the consolidated income statement are as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Cost of sales	**552.111**	**671.312**
Sites and land	3.400	13.977
Construction work in progress and completed buildings	548.711	657.335

23.3 Employee benefits expense and average headcount

Details of “Employee benefits expense” are as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Wages, salaries and similar expenses (*)	29.576	27.488
Termination benefits	963	2.935
Social security costs	6.073	4.789
Other employee benefit costs	607	432
Total	**37.219**	**35.644**

GIn the year ended 31 December 2022 an extra bonus, amounting to EUR 3,1 million, was approved as the targets in the Group's business plan had been exceeded. Also, “Wages, Salaries and Similar Expenses” includes EUR 2.828 thousand relating to incentive plans (from which EUR 282 thousand correspond to Neinor Península, S.L.U. at December 31, 2021) (see Notes 4.21, 16.4 and 25).

At December 2021, the average headcount at Group companies for Quabit Construcción, S.A. and Renta Garantizada, S.A. was 151 and 33, respectively (113 and 37 respectively at December 31, 2021). The average headcount for Neinor Homes was 298 people (320 people at 31 December 2021).

The number of people employed at the end of 2022 for Quabit Construcción, S.A., and for Rental Garantizada, S.A., is 184 and 33 people respectively (113 and 37 people respectively at the end of 2021). The breakdown by category for Neinor Homes is as follows:

	31.12.2022		31.12.2021	31.12.2022		
	Women	Men	Total	Women	Men	Total
Higher degree staff	93	141	234	102	144	246
Medium degree staff	41	22	63	56	28	84
Total	**134**	**163**	**267**	**158**	**172**	**330**

In addition, at 31 December 2022, the Group had 2 employees with a disability of more than 33% (3 at 31 December 2021).

23.4 External services

Details of this heading in the consolidated income statement are as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
	3.802	1.123
Leases and royalties	1.868	2.364
Maintenance	28.826	36.794
Independent professional services	4	5
Transport	1.277	1.296
Insurance premiums	1.563	1.791
Bank Services	3.186	4.336
Advertising and marketing	1.651	865
Supplies	5.848	3.316
Other external services	10.055	13.319
Other current management costs	1.143	-
Total (*)	**59.223**	**65.209**

"Independent Professional Services" in the foregoing table includes mainly the fees accrued in the period by the investment property agents and other intermediaries involved in their own sales and servicing income.

23.5 Contribution to consolidated profit or loss attributable to owners of the Company

The contributions to consolidated profit or loss for the exercise ended 31 December 2022 and 2021 by each company included in the consolidated group are as follows:

Entity	Thousands of euros	
	31.12.2022	31.12.2021
Full consolidation (*)		
Sociedad Dominante	(1.070)	6.277
Neinor Norte, S.L.U.	19.566	18.498
Rental Homes PropCo, S.L.U	(601)	4.236
Rental Homes Holdco, S.L.	-	-
Neinor Rental OpCo, S.L.U.	6	1
Promociones Neinor 3, S.L.U.	(580)	(554)
Neinor Works, S.L.U.	(525)	307
Promociones Neinor 5, S.L.	1.461	(443)
Neinor Península, S.L.U.	2.409	(2.063)
Neinor Sur, S.A.U.	73.192	55.021
Espalmador 45, S.L.	(21)	-
Renta Garantizada, S.A.	410	229
Neinor Sardes Rental, S.L.U.	1.923	8.703
Skay Rental Homes Propco, S.L.U.	(2.755)	-
Rental Homes NX Propco, S.L.	(2)	-
Europa Rental Homes Propco, S.L.	(4)	-
Skay Coliving Homes Propco, S.L.	(2.856)	-
Subsidiaries previously controlled by Quabit Inmobiliaria (Note 2.8)	5.718	12.821
Total	**96.271**	**103.033**

(*) Consolidation adjustments were made as the Group used the appraisal conducted by independent valuers to remeasure the fair value of the properties classified as investment property, giving rise to a negative consolidation adjustment of EUR 4 million (31 December 2021: positive consolidation adjustments of EUR 12 million in this connection). Also, consolidation adjustments were made as a result of the application of IFRSs 9 and 16, amounting to EUR 1,916 thousand at 31 December 2022 (31 December 2021: EUR 395 thousand).

23.6 Changes in trade provisions

The detail of "Changes in trade provisions" recognized in the accompanying consolidated income statement is as follows:

	Thousands of euros Income / (Expense)	
	31.12.2022	31.12.2021
Change in trade provisions – Others		
Impairment losses of inventories (Note 13)	-	(173)
Provision for bad debts	(1.715)	(472)
Net accruals for after-sale provisions	(1.303)	(12.460)
Other provisions	5.394	(2.135)
Total change in trade provisions	**2.377**	**(15.240)**

In 2022, the Group has provided an amount of 1.303 thousand euros for additional repair expenses to be incurred in promotions delivered during this last period of 2022 (12.460 thousand euros at December 31, 2021).

24. Related party transactions

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the shareholders, the Parent's "key management personnel" (its directors and managers, and their close family members) and the entities over which key management personnel may exercise significant influence or control or by which they may be influenced. Specifically, related party transactions are deemed to be transactions with parties outside the Group but with which there are ties as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and in Spanish National Securities Market Commission (CNMV) Circular 1/2005, of 1 April. Pursuant to the aforementioned criteria, for disclosure purposes the bank Banco de Santander, S.A. is considered a related party, due the link between a senior executive and director of the group and one of the directors. Also, in accordance with the definitions and criteria contained in these provisions, 1810 Capital Investments, S.L., Global Hespérides, S.L., Rayet Medio Ambiente, S.L., Grupo Rayet, S.A., Sistemas Integrales Cualificados, S.L., UTE I-15 Alovera, Global Henares, S.L. ,Editorial Nueva Alcarria, S.A., Aquila Lux S.V., S.A.R.L., Ablanquejo, S.L., Restablo Inversiones, S.L. and Fincas Cuevas Minadas, S.L., are also considered to be related companies, due to their relatedness to shareholders and directors.

	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 23.1)					
Exercise 2022	Sales	Services Provided	Financial Incomes	Cost of Sales – Purchases (Note 23.3)	External Services (Note 23.4)	Financial costs (Note 18)
Joint venture						
Programa de Actuación de Baleares, S.L.	-	-	6	-	-	-
Nicrent Residencial, S.L.	-	5	16	-	-	-
Total associates and joint ventures	-	**5**	**22**	-	-	-
Other Group´s "related parties"-						
Banco Santander, S.A.	947	-	-	-	225	1.711
1810 Capital Investments, S.L.	-	-	-	-	-	-
Global Hespérides, S.L.	3.073	82	-	-	-	-
Grupo Rayet, S.A.	-	-	-	-	-	-
Rayet Medio Ambiente, S.L.	-	9	-	-	-	-
Global Henares, S.L.	-	-	-	-	-	-
UTE I-15 Alovera	8.381	-	15	2.581	-	-
Ablanquejo, S.L.	-	-	-	-	733	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	6	-
Sistemas integrales Cualificados, S.L.	-	-	-	-	311	-
Total related parties	**12.401**	**91**	**15**	**2.581**	**1.275**	**1.711**
Total	**12.401**	**96**	**37**	**2.581**	**1.275**	**1.711**

Exercise 2022	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 23.1)		Financial Incomes	Cost of Sales – Purchases (Note 23.3)	External Services (Note 23.4)	Financial costs (Note 18)
	Sales	Services Provided				
Joint venture						
Nicrent Residencial, S.L.	**-**	**-**	8	**-**	**-**	**-**
Total joint venture	**-**	-	**8**	-	-	-
Other Group´s "related parties"-						
Banco de Santander, S.A.	-	-	-	4.660	507	2.076
1810 Capital Investments, S.L.	967	-	-	-	-	-
Global Hespérides, S.L.	13.856	38	-	-	-	-
Grupo Rayet, S.A.	-	-	-	6.474	-	-
Rayet Medio Ambiente, S.L.	-	-	140	15	21	-
Global Henares, S.L.	-	-	-	20	-	-
UTE I-15 Alovera	4.870	-	-	907	-	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	14	-
Sistemas integrales Cualificados, S.L	-	311	-	-	286	-
Total related parties	**19.693**	**349**	**140**	**12.076**	**828**	**2.076**
Total	**19.693**	**349**	**148**	**12.076**	**828**	**2.076**

The breakdown of the main transactions carried out during 2022 and 2021 is as follows:

- Financial expenses arising on the loans and credit lines with the financial entity.
- Sales to 1 related party.

These transactions with related parties were performed on an arm's length basis. There are no obligations or guarantees to related parties in addition to those previously disclosed in this Note or in Note 18 in relation to the financial debt.

The balances held with companies related to the Group at 31 December 2022 and 2021 are as follows:

<u>31 de December 2022</u>

Thousand of euros	Cash and equivalents	Long-term bank borrowings	Short-term bank borrowings	Other short-term financial liabilities	Other long-term financial assets	Other short-term financial assets	Accounts payable	Accounts receivable	Suppliers prepayments
Associates and Joint venture(*)-									
Alboraya Marina Nova, S.L.	-	-	-	-	-	-	-	-	-
Programa de actuación de Baleares, S.L.	-	-	-	-	-	7.217	-	9	-
Nicrent Residencial, S.L.	-	-	-	-	-	1.596	-	6	-
Masia del Monte Sano, S.L.	-	-	-	78	-	-	-	-	-
Total associates and joint ventures	**-**	**-**	**-**	**78**	-	**8.813**	**-**	**15**	**-**
Other group´s "related Parties"									
Banco Santander, S.A.	44.983	20.000	22.024	-	-	10	-	-	190
1810 Capital Investments, S.L.	-	-	-	-	-	-	-	-	-
Global Hespérides, S.L.	-	-	-	278	-	-	-	25	-
Aquila Lux S.V. S.A.R.L.	-	-	-	-	-	-	-	-	-
Grupo Rayet, S.A.	-	-	-	-	533	-	1.333	2	-
Rayet Medio Ambiente, S.L.	-	-	-	-	585	126	20	-	-
UTE 15-ALOVERA	-	-	-	-	926	593	69	4.759	1.864
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	11	-	-
Restablo Inversiones S.L.	-	-	-	6	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	-	-	61	-	
Sistemas Integrales Cualificados	-	-	-	-	-	-	7	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	-	1	-
Total related parties	**44.983**	**20.000**	**22.024**	**284**	**2.044**	**729**	**1.501**	**4.787**	**2.054**
Total	**44.983**	**20.000**	**22.024**	**362**	**2.044**	**9.542**	**1.501**	**4.802**	**2.054**

(*) As a result of the business combination, the Goup has shares of Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L. and Masía del Monte Sano, S.L. with a total cost of 595 thousand euros at December 31, 2022 (Note 11 and Anex I).

31 December 2021

Thousand of euros	Cash and equivalents	Long-term Bank borrowings	Other long-term financial liabilities	Other short-term financial liabilities	Other long-term financial assets	Other short-term financial assets	Accounts payable	Accounts receivable	Customer prepayments
Associates and Joint venture(*)-									
Alboraya Marina Nova, S.L.	-	-	-	-	-	-	-	-	-
Programa de actuación de Baleares, S.L.	-	-	-	-	-	7.210	-	9	-
Landscape Corsan, S.L.	-	-	-	-	-	-	-	1	-
Landscape Larcovi, S.L.	-	-	-	-	-	122	-	-	-
Landscape Gestión de Activos, S.L.	-	-	-	-	-	-	-	-	-
Nicrent Residencial, S.L.	-	-	-	-	-	1.582	-	-	-
Masia del Monte Sano, S.L.	-	-	-	78	-	-	-	-	-
Total associates and joint-ventures	**-**	**-**	**-**	**78**	-	**8.914**	**-**	**10**	**-**
Other group´s "related Parties"									
Banco Santander, S.A.	149.648	11.028	-	-	-	-	-	-	-
1810 Capital Investments, S.L.	-	-	-	-	-	-	-	-	-
Global Hespérides, S.L.	-	-	-	587	-	-	-	14	747
Aquila Lux S.V. S.A.R.L.	-	-	-	-	-	-	-	-	-
Grupo Rayet, S.A.	-	-	-	-	515	-	4.125	2	-
Rayet Medio Ambiente, S.L.	-	-	18	-	627	256	25	1	-
UTE 15-ALOVERA	-	-	-	-	44	743	136	5.697	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	14	-	-
Restablo Inversiones S.L.	-	-	-	6	-	-	-	-	-
Sistemas Integrales Cualificados	-	-	-	-	-	-	175	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	-	1	-
Total related parties	**149.648**	**11.028**	**18**	**593**	**1.186**	**999**	**4.475**	**5.715**	**747**
Total	**149.648**	**11.028**	**18**	**671**	**1.186**	**9.913**	**4.475**	**5.725**	**747**

(*) As a result of the business combination the Group holds shares in Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L., Landscape Corsan, S.L., Landscape Larcovi, S.L., Landscape Gestión de Activos, S.L. and Masia del Monte Sano, S.L. with a cost of 601 thousand euros as of December 31, 2021 (Note 11 and index I).

On 29 June 2020, 72 housing units (together with their garages and storage rooms), linked to five developments in progress, which should be handed over separately between the last quarter of 2020 and the end of 2022, were pre-sold to the related company Global Hespérides, S.L. by Neinor Norte, S.L.U. and Neinor Sur, S.A.U. for a total price of EUR 20 million. The selling price includes, as consideration, both the delivery of the aforementioned units and the obligation to provide, for a period of three years from delivery, a management service for these assets including, inter alia, finding tenants, managing the leases and handling incidents relating to these units, with the Neinor Homes Group guaranteeing vis-à-vis the related entity a market yield on the gross leasable area which, if not reached, should be subject to compensation. In this same regard, in December 2020 the Group signed an addendum to the aforementioned contract providing for the additional pre-sale of another ten homes corresponding to one of the developments. In the year ended 31 December 2022, a total of 15 housing units were handed over, together with their respective garages and storage rooms, linked to three of the developments included in the aforementioned agreement, for a total of EUR 3.073 thousand (41 housing units were handed over, together with their respective garages and storage rooms, linked to one of the developments included in the aforementioned agreement, for a total of EUR 13.856 thousand at 31 December 2021).

25. Legal information relating to the Board of Directors and Senior executives

Information regarding situations of conflict of interest involving the directors

In the exercises ended 31 December 2022 and 31 December 2021 the Parent’s current and former directors did not perform any transactions with the Parent or the companies of the Group to which it belongs that were outside the normal course of business or were not on an arm’s length basis.

Also, during the current exercise and the former one the members of the Board of Directors of the Parent and persons related thereto, as defined by the Spanish Limited Liability Companies Law, did not maintain relationships with other companies that may represent a conflict of interest for them or the Parent. No notification was made to the competent bodies in the sense indicated in Article 229 and, accordingly, these consolidated financial statements do not present any disclosures in this connection.

Directors' compensation and other benefits

As of December 31, 2022, the Directors of the Parent Company, including those who have at the same time the status of members of the Senior Management (1 people at December 31, 2022 and 2 people at December 31, 2021), have received a fixed and variable compensation for their position as administrators an amount of EUR 1.050 thousand not having received remunerations for other concepts (EUR 3.102 thousand, respectively, as of December 31, 2021).

The companies related to them provided to the Group and billed the amounts indicated in Note 24.

The Parent has taken out third-party liability insurance for directors and senior executives the cost of which amounts to EUR 133 thousand in 2022 (EUR 251 thousand in 2021).

The Parent has no pension obligations to the Directors.

The Parent has granted no advances, loans or guarantees to any of its Directors.

Senior executives' compensation and other benefits

The remuneration of the Parent's senior executives and persons discharging similar duties, excluding those who are simultaneously members of the Board of Directors (1 person at 31 December 2022 and at 31 December 2021), at 31 December 2021 and 31 December 2021 is summarized as follows:

Number of employees		Thousands of euros					
		31.12.2022			31.12.2021		
31.12.2022	31.12.2021	Fixed and variable remuneration	Other Total	Total	Fixed and variable remuneration	Other Total	Total
6	6	3.157	525	3.682	1.900	1.633	3.533

The Parent has no pension obligations and has granted no advances, loans or guarantees to senior executives.

Additionally, some of the compensation contracts for the Group management include payments due to non-compete clauses, in case of contract termination takes place. Commitments are not significant in relation to the Group's financial statements.

26. Auditors' fees

Fees for audit services for the exercise ended 31 December 2022 for the different companies in the Neinor Homes Group and subsidiaries, provided by the statutory auditor and companies related thereto have amounted to EUR 223 thousand (EUR 255 thousand at 31 December 2021). Likewise, fees for verification services and other services provided by the statutory auditor for the exercise ended at 31 December 2022 have amounted to EUR 38 thousand and EUR 124 thousand at 31 December 2021.

Additionally, companies related to the statutory auditor have provided additional services amounting to EUR 4 thousand for the exercise ended 31 December 2022 (EUR 243 thousand 31 December 2021).

27. Environmental information

Since its inception in 2015, Neinor Homes has demonstrated a strong commitment to the environment and the communities in which it operates. Recognizing the fundamental role it plays as a real estate developer in local society, the company promotes respect for the environment, setting objectives to reduce the environmental impact associated with the entire value chain of its business activity.

In 2022, Neinor Homes has reinforced its commitment to sustainability and environmental management, which began the previous year with the updating and development of its Sustainability Policy, the formation of a Sustainability Committee of which the CEO is part among other members of senior management, and the preparation of its Sustainability Plan 2022-2025. This plan deepens its sustainable values, establishes specific objectives in the short and medium term and formalizes its commitment to sustainability.

The elaboration of the company's 2022-2025 Sustainability Plan was based on a number of factors. First, an analysis of the best practices and most relevant issues in the promoter sector in terms of sustainability was carried out. In addition, best practices in this area were reviewed, such as the Sustainable Development Goals of the United Nations 2030 Agenda or the recommendations on ESG of the CNMV. Also, investor expectations were considered, evaluating the ESG requirements of proxy advisors or the ESG guidelines of the largest asset managers worldwide. Finally, active listening work was carried out with the company's employees.

The nature of Neinor Homes' development activity involves the assessment and, where appropriate, mitigation of the risks inherent in the transition to a low-emission economy such as those related to the physical impacts of climate change. To comply with the assessment of climate risk and vulnerability and analyze its alignment with the European Taxonomy, Neinor Homes has carried out a study of identification and integration of climate change adaptation measures based on the best available practices and its business model.

Neinor Homes has been the first developer to carry out a climate change risk analysis based on TCFD, in addition to being a pioneer in carrying out a measurement of its social impact. Climate change risk analysis is a crucial topic today, given the transition to low-carbon economies driven by the Paris Agreement on climate change and the United Nations 2030 Agenda for Sustainable Development.

The climate risk analysis covers both transition and physical risks linked to climate change, in line with the company's intention to facilitate a transition to a low-emission economy.
Within the transition risks, different aspects are included such as political, legal, technological and market changes that may occur in the medium and long term. Below are those with the greatest impact on the organization, such as:

- **Political and legal risks,** these types of risks are those derived from possible actions of political and regulatory bodies that seek to limit the factors causing climate change, or the promotion of adaptation to it. According to the TCFD, these risks include changes in policies and regulations that affect business activity and an increase in climate-related legal and litigation risks. It is important for companies to assess these risks in order to take appropriate action.
- **Reputational risk, the** reputational risks derived from climate change are those that affect the image and perception of the company due to its impact on the climate. According to the TCFD, these risks include poor public and customer perception due to the company's contribution to the climate crisis, loss of trust and credibility, and declining demand for its products and services. It is important for companies to assess and manage these reputational risks to protect their image and market positioning. At Neinor Homes, the Board of Directors is the main driver of the implementation of an ethical culture throughout the company. For its part, the Ethics Committee resolves the complaints received by taking the appropriate actions to investigate the facts denounced.
- **Market risk**, refers to the effects that climate change can have on the valuation of companies and financial markets. According to the TCFD, this risk includes the reallocation of assets towards more sustainable companies and the decline in value of fossil fuel-related companies, as well as the emergence of new investment opportunities in sustainable technologies and solutions. Companies must consider these market risks to adapt to new market trends and protect their long-term value and profitability.
- **Technological risk,** which concerns technological innovations that arise or are favored in the transition process, and the consequent replacement of old systems in favor of these new technologies.

On the other hand, physical risks are those related to specific events (acute risks) and long-term changes (chronic risks) derived from climate change. Due to the life cycle of the real estate product, these events or long-term changes could have financial repercussions for the company, for example, direct damage to assets and/or the production chain, changes in water availability and quality or extreme changes in temperature affecting infrastructure, stocks, production chain or efforts to mitigate and adapt to climate change can also create opportunities for the company, which have been identified and are set out below:

- **Resilience and responsiveness** to climate change and the challenges it entails, not only ecological but also regulatory, and for which the company will be better prepared.
- **Better positioning in the market,** thanks to a better product design, more sustainable, resilient and energy efficient, and a **better reputational image**, aligned with the demands of a society increasingly aware of sustainability.

- Obtaining **better financing conditions** for the execution of sustainable projects, with significant reductions in interest rates, and in this same sense, higher credit ratings for the issuance of bonds, as the company did in 2021 with the issuance of green bonds for the first time in its history.
- **Diversification and expansion of the spectrum of investors in the Company**, towards funds and investors that integrate indicators related to sustainability and responsible business in their investment criteria or through inclusion in indices and portfolios focused on sustainability.
- Global trend towards **clean energy sources**, which leads to greater energy efficiency, cost reduction and improved storage capacity.
- Search for **greater efficiency in the management** of the Company's resources and waste, which allows it to reduce operating costs.

In this sense, the 2022-2025 Sustainability Plan defines three main pillars or dimensions on which the company bases its sustainability strategy, aligned with ESG principles: Environment, Social and Corporate Governance, establishing 16 areas of action, 30 medium-term objectives and 95 specific lines of action in which to work within the term of the Plan.

With the aim of adapting or mitigating the impacts of climate hazards on the activity of Neinor Homes, a series of solutions have been identified to face the most significant climate hazards, for which the company is defining an action plan whose implementation has started during the last year.

In this way, within the environmental dimension and with the intention of setting tangible objectives in the short and medium term that allow mitigating the risks detected and addressing the opportunities identified, the Plan establishes these five areas of action:

- **Sustainable and resilient housing**, from which three medium-term objectives emerge:

    - ➢ Maintain the company's commitment to the delivery of sustainable housing, a commitment that is reflected in the objective of being the company with the most BREEAM certified projects throughout the national territory for at least the next 7 years.
    - ➢ Maintenance of an environmental management system in accordance with ISO 14001.
    - ➢ Analysis and development of the factors that increase resilience and adaptation to the risks of climate change, such as the orientation of promotions, the use of hours of sunlight, analysis and mitigation of flood risks or erosion control, among others.

- **Consideration of climate change. Life Cycle Analysis and Carbon Footprint**.

    - ➢ Neinor Homes, in line with its sustainability strategy, has for the first time calculated the carbon footprint and defined science-based decarbonization targets (SBTi). The report has been carried out with the support of an external expert of recognized prestige and following the guidelines of the *GHG Protocol.* The report evaluated Scope 1 (direct emissions) and scope 2 (indirect emissions derived from electricity consumption) Greenhouse Gas (GHG) emissions, as well as conducting a *category screening* and a preliminary calculation of scope 3 emissions, that is, the rest of indirect emissions that occur along the company's value chain.

After the assessment, it was determined that the categories of purchases of products, goods and services, waste management, use of products sold, end of life of products and rental of downstream assets, accounted for 99.84% of total scope 3 emissions and could be considered material for Neinor Homes. Subsequently, a more detailed calculation of these 6 categories was made, and it was determined that the scope 3 carbon footprint in 2021 was 609,528.65 tCO2e, and that the categories of purchase of products and services, and use of products sold, accounted for 99.2% of total emissions.

Neinor Homes' total carbon footprint in 2022 amounted to 467,560.10 tCO2e, of which 99.2% correspond to indirect scope 3 emissions. This represents a decrease of 22.1% and an improvement in performance and reduction of emissions intensity by 16.8%.

- In 2022, Neinor Homes conducted a Life Cycle Assessment on all real estate developments to measure their environmental impact. All phases of the life cycle of a development were evaluated, from the investment phase to the subsequent habitability of the homes. As a result, emissions related to the use of products sold decreased by 13.8%. The average energy intensity also decreased by 9.4% and the promotion of homes with certificate A increased from 26.7% in 2021 to 35.6% in 2022.

On the other hand, emissions from the use of products sold, that is, the use of homes throughout their useful life, decreased by 13.8%, due to the fact that the average energy intensity (kWh/m2/year) was reduced by 9.4% compared to the previous year. Thus, the proportion of homes with certificate A went from 26.7% in 2021 to 35.6% in 2022.

- **Eco-efficient homes, with** actions focused on achieving efficient management of environmental resources by home buyers once they live in them, with two main objectives: on the one hand, that at least 60% of the new homes delivered by the company have energy certification A, which will be at least B by regulations in the rest of the homes, and on the other hand to implement a set of measures to reduce water consumption in each home and in each promotion at the community level.

- **Protection and improvement of the environment**, which will materialize in three medium-term objectives:

  - Promote sustainable mobility, with very specific measures such as the placement of bicycle racks in all promotions that allow it, the pre-installation of electric chargers in all parking spaces that are built or dedicate parking spaces for car-sharing in Rental promotions.

  - Improvement of biodiversity wherever the company is present, carrying out analyses of areas with potential for the development of ecosystems with natural value and carrying out the appropriate measures that allow an increase in biodiversity higher than that previously in these areas.

  - Development of urban regeneration initiatives in environments in which the company is present and are in unique areas, where situations of abandonment of services or industry occur, carrying out joint actions with the respective municipalities, such as soil decontamination, urbanization and provision of endowment and assistance services in these areas.

- **Circular economy, focused on the reduction of consumption and waste,** through the recovery of at least 80% of the waste generated in the works developed by the company, and the promotion of the recycling of waste generated in homes once they are inhabited, inhabiting spaces destined for this purpose in all promotions.

Through these five areas of action, it is expected not only to mitigate the risks associated with the environment and climate change in the period, but also to strengthen Neinor Homes' position within the spectrum of companies in the sector in Spain and Europe, ensuring sustainability and value creation in the medium and long term. With the future publication of this Sustainability Plan, Neinor Homes aims to lead the Real Estate sector in what we hope will mean a change in the way of understanding the activity at a national level.

28. Exposure to risk

The Group manages its capital to ensure that Group companies will be able to continue as profitable businesses and to maximize shareholder value by achieving a balance between debt and equity. In this regard, the Group has decided not to exceed in the long term a leverage ratio of 20% regarding Loan to Value (LTV) ratio and 40% in relation to the ratio of Net Debt to the Net Value of the Group's Properties, which, in turn, will enable it to comply with the covenants established with respect to its borrowings (Note 18).

The Company's financial risk management is centralized in its Corporate Financial Office, which has established the mechanisms required to control exposure to credit and liquidity risk, as well as, though in a minor way, to interest rate fluctuations risk. The main financial risks affecting the Company are as follows:

Liquidity risk: the risk that the Group may not be able to meet payments to which it is already committed and/or commitments arising from new investments.

Market risk:

1. Interest rate risk: the impact that any rise in interest rates may have on finance costs charged to the income statement.

2. Credit risk: the impact that defaults on receivables may have on the income statement.

The risk management systems in place to mitigate these risks are detailed below:

Liquidity risk

The Group calculates its cash needs using a 12-month cash-flow budget. This tool is used to identify the amounts and timing of cash needs and to plan for new funding requirements.

The Group's liquidity management policy is to arrange firm credit facilities and hold short-term financial investments that are sufficient to meet its forecast needs over periods that vary depending on the current situation and the outlook for debt and capital markets.

At 31 December 2022, the undrawn VAT and factoring lines amounted to EUR 15 million (the undrawn credit facilities amounted to EUR 27 million at 31 December 2021).

The Group's available cash position at 31 December 2022 was EUR 229.032 thousand (309.644 thousand at 31 December 2021) of which EUR 25.907 thousand (39.958 thousand at December 2021) may only be drawn down in connection with the construction of the developments, as indicated in Note 15.

The Company's directors are confident that they will have sufficient funds to meet its cash requirements in the future (in this regard it should be considered that the figure of current liabilities with estimated maturities of over twelve months amounts to EUR 193.168 thousand at 31 December 2022 (Note 4.19)). In addition, the Group entered into an administration management and property asset management contract with Kutxabank, S.A., which provides the Group with relatively stable annual revenue until the contract expires in 2022. In this connection, cash is managed at Neinor Homes Group level, in order to avoid cash strains in the operating subsidiaries and allow them to normally develop their properties that are forecasted to be financed by third parties.

Market risk

Interest rate risk

Interest rate fluctuations affect the fair value of fixed-rate assets and liabilities and the future cash flows from floating-rate assets and liabilities.

According to the financial structure described in Note 17 the Group has exposure to the risk of interest rate volatility; leading to a change in the Group's finance costs of approximately EUR +/- 2,3 million if the interest rate applicable to the Group's current borrowings increases or decreases by 1% in relation to 2022 reporting period (+/- 3,6 million in 2021) (Note 18).

Additionally, during the year, the Parent Company arranged two derivatives contracts to hedge interest rate risk with a CAP of 2% (Note 12).

Credit risk

The Company does not have a significant credit risk exposure to third parties arising from its own property activity since it collects substantially all of its sales when they are executed in a public deed, when the purchaser either subrogates to the related portion of the property developer loan or chooses a different method. The credit risk arising from the deferred payments on land or building sales is offset through the securing of collateral by the purchaser of the setting of conditions subsequent in the event of non-payment. These conditions would give rise to the recovery of ownership of the asset sold and the collection of compensation.

In general, the Group holds its cash and cash equivalents at banks with high credit ratings.

29. Events after the reporting period

In order to optimize the treasury position, as well as reduce gross indebtedness and financial costs, the Group will launch in 2023 a repurchase offer of the bond for a maximum amount of EUR 100 million. Additionally, between January 1, 2023, and the date of formulation of the present consolidated annual accounts for the year ended December 31, 2022, the Board of Directors does not consider that there have been additional significant events that have a significant effect on the mentioned consolidated annual accounts or in the information contained therein.

30. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I
"Scope of consolidation"

			% direct and indirect ownership			
Company	**Registered address**	**Activity**	**31/12/22**	**31/12/21**	**Shareholder**	**Auditors**
Neinor Norte, S.L.U.	Bilbao	Development	100%	100%	Neinor Homes, S.A.	Deloitte, S.L.
Rental Homes Propco, S.L.U.	Madrid	Development	100%	100%	Neinor Homes, S.A.	Deloitte, S.L.
Neinor Rental Opco, S.L.U.	Madrid	Development	100%	100%	Neinor Homes, S.A.	Deloitte, S.L.
Promociones Neinor 3, S.L.U.	Madrid	Development	100%	100%	Neinor Norte, S.L.U.	Deloitte, S.L.
Neinor Works, S.L.U.	Madrid	Construction	100%	100%	Neinor Norte, S.L.U.	Deloitte, S.L.
Promociones Neinor 5, S.L.U.	Madrid	Development	100%	100%	Neinor Norte, S.L.U.	Deloitte, S.L.
Neinor Península, S.L.U.	Madrid	Development	100%	100%	Neinor Homes, S.A.	Deloitte, S.L.
Neinor Sur, S.A.U.	Madrid	Development	100%	100%	Neinor Homes, S.A.	Deloitte, S.L.
Neinor Sardes Rental, S.L.U.	Madrid	Rental	100%	100%	Rental Homes Propco, S.L.U.	Deloitte, S.L.
Renta Garantizada, S.A.	Madrid	Rental	75%	75%	Neinor Homes, S.A.	Deloitte, S.L.
Espalmador 45, S.L.	Madrid	Development	95%	-	Neinor Sur, S.A.U.	-
Rental Homes Holdco, S.L.U.	Madrid	Rental	100%	-	Neinor Homes, S.A.	-
Sky Rental Homes Propco, S.L.U.	Madrid	Rental	100%	-	Rental Homes Propco, S.L.U.	-
Rental Homes NX Propco, S.L.U.	Madrid	Rental	100%	-	Rental Homes Propco, S.L.U.	-
Sky Coliving Homes Propco, S.L.U.	Madrid	Rental	100%	-	Rental Homes Propco, S.L.U.	-
Europa Rental Homes Propco, S.L.U.	Madrid	Rental	100%	-	Rental Homes Propco, S.L.U.	-
Quabit Comunidades, S.L.	Madrid	Development	60%	60%	Neinor Homes, S.A.	-
Quabit Inmobiliaria Internacional, S.L.	Madrid	Development	99,56%	99,31%	Neinor Homes, S.A.	-
Parque Las Cañas, S.L.U.	Madrid	Development	100%	100%	Neinor Homes, S.A.	-
Bulwin Investments, S.A.U. (*)	Madrid	Rental	-	100%	Neinor Homes, S.A.	-
Grupo Meditarráneo Costa Blanca, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Quality Homes, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Premier, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Sant Feliu, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
El Balcón de las Cañas, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Casares, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Torrejón VP Fase 1, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Peñuela VL Fase 1, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Torrejón VP Fase 2, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Peñuela VL Fase 2, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-

Quabit Torrejón VP Fase 3, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Peñuela VL Fase 3, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Remate las Cañas, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Quality Homes Guadalix, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Quality Homes San Lamberto, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Iber Activos Inmobiliarios, S.L.	Madrid	Development	92,04%	92,04%	Neinor Península, S.L.U.	-
Quabit SUP-R6, S.L.U. (*)	Madrid	Development	-	100%	Quabit Quality Homes, S.L.U.	-
Quabit Finance, S.A.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	
Quabit Finance Assets, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Gregal, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	
Quabit Poniente, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Siroco, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Terral, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Mistral, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Cierzo, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Tramontana, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Quabit Aneto, S.L.U. (*)	Madrid	Development	-	100%	Quabit Finance, S.A.U.	-
Global Quabit, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Alcarria, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Distrito Centro, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Corredor del Henares, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Moncloa, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Sureste, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	-
Quabit Hortaleza, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Remate, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	-
Quabit Aguas Vivas, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	-
Global Quabit Cañaveral Málaga Fase 1, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Cañaveral Málaga Centauro, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Cañaveral Tercera Fase, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Cañaveral Fase Cuatro, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Málaga, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Sur, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	-
Global Quabit Norte, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Azuqueca, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Casares Golf RP5, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	Deloitte, S.L.
Quabit Almanzor, S.L.U. (*)	Madrid	Development		100%	Global Quabit, S.L.U.	-
Quabit Teide, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Peñalara, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Global Quabit Desarrollos Inmobiliarios, S.L. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Alovera, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Bonaire, S.L.	Madrid	Development	66,20%	66,20%	Neinor Península, S.L.U.	-
Meltonever Project, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-

Quabit Las Lomas de Flamenco, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Menorca Desarrollos Inmobiliarios, S.L.U. (*)	Madrid	Development	-	100%	Global Quabit, S.L.U.	-
Quabit Freehold Properties, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Freehold Properties Levante, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Freehold Properties Sur, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Freehold Properties Centro, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Freehold Properties Madrid, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Freehold Properties Valencia, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Freehold Properties Este, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Palmaces, S.L.U.	Madrid	Development	100%	100%	Neinor Península, S.L.U.	Deloitte, S.L.
Quabit El Vado, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Panglao Inventments, S.L.U. (*)	Madrid	Development	-	100%	Quabit Freehold Properties, S.L.U.	-
Quabit Veleta, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Puerta de Vistahermosa, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
B2R PROPTECH, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Style Living Gestión, S.L.U. (*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Residencial Nuevo Levante, S.L.U.(*)	Madrid	Development	-	100%	Neinor Homes, S.A.	-
Quabit Construcción, S.A.	Guadalajara	Construction	82,95%	82,95%	Neinor Homes, S.A.	Deloitte, S.L.

Some financial figures of interest with respect to the consolidated companies are given below:

Company	Total equity at December 31, 2022 (thousands of euros)						
	Share capital	Share premium	Reserves	Previous years' losses	Profit / (Loss)	Other equity	Total equity
Neinor Norte, S.L.U.	235.091	-	78.576	-	19.566	967	334.199
Rental Homes Propco, S.L.U.	301	-	59	(3.950)	(754)	4.100	(244)
Neinor Rental Opco, S.L.U.	880	-	170	(67)	6	-	989
Promociones Neinor 3, S.L.U.	594	-	256	(1.978)	(580)	2.500	791
Neinor Works, S.L.U.	6	-	942	-	(10)	-	938
Promociones Neinor 5, S.L.	5.649	593	619	(910)	1.461	-	7.412
Neinor Península, S.L.U.	375.211	-	14.473	(69.558)	2.409	1.536	324.070
Neinor Sur, S.A.U.	158.981	-	184.561	-	73.192	23	416.756
Renta Garantizada, S.A.	60	-	218	1.304	547	-	2.130
Espalmador 45, S.L.U.	3.871	4.481	(1)	(2)	(21)	-	8.328
Sky Rental Homes Propco, S.L.	3	-	-	-	(109)	22.000	21.894
Rental Homes Holdco, S.L.	3	-	-	-	(1)	-	2

Sky Coliving Homes Propco, S.L.	3	-	-	-	(96)	26.331	26.239
Europa Rental Homes Propco, S.L.	3	-	-	-	(4)	-	(1)
Rental Homes NX Propco, S.L.	3	-	-	-	(2)	-	1
Quabit Sureste, S.L.U.	555	1.575	151	(2.449)	36	36	998
Quabit Remate, S.L.U.	786	1.444	4.144	-	450	31	6.855
Quabit Aguas Vivas, S.L.U.	1.252	-	2.205	(130)	(92)	38	3.273
Global Quabit Sur, S.L.U.	243	720	(5)	(1.196)	1.075	17	854
Quabit Casares Golf RP5, S.L.U.	131	385	(2)	(374)	732	9	882
Quabit Palmaces, S.L.U.	279	828	(3)	(1.199)	1.498	-	1.404
Iber Activos Inmobiliarios, S.L.	2.752	-	128	(374)	(81)	-	2.425
Quabit Bonaire, S.L.	3	-	5	(31)	2	-	(24)
Quabit Inmobiliaria Internacional, S.L.U.	3	-	315	(9.462)	(2)	-	9.145
Quabit Comunidades, S.L.	600	-	13	(263)	(1)	103	452
Parque Las Cañas, S.L.U.	393	3.536	173	(6.739)	141	2.593	96
Quabit Construcción, S.A.	1.497	-	3.414	-	1.049	-	5.963
Programa de Actuación de Baleares, S.L.	7.500	-	(26)	(3.087)	7	-	4.394
Masía de Montesano, S.L.	2.520	-	-	(727)	(1)	-	1.792
Alboraya Marina Nova, S.L.	60	-	-	(33)	-	-	27
Nicrent Residencial, S.L.	63	11.940	(9)	(14)	(35)	-	11.945

Some financial figures of interest with respect to the Economic Interest Groupings are given below:

Company	Total equity at December 31, 2022 (thousands of euros)						
	Share capital	Share premium	Reserves	Previous years' losses	Profit / (Loss)	Other equity	Total equity
Mar Azul Producciones Audiovisuales, A.I.E.	657	-	-	-	(472)	-	185
Call from the North, A.I.E.	576	-	-	(35)	(395)	-	146
Amanece audiovisual, A.I.E.	166	-	-	-	(8)	-	158
Wild Castor Producciones, A.I.E.	20	2.400	-	-	(1)	87	2.506
Cell Evolution 2022, A.I.E.	10	3.190	-	-	-	84	3.284

Company	Total equity at December 31, 2021 (thousands of euros)						
	Share capital	Share premium	Reserves	Previous years' losses	Profit / (Loss)	Other equity	Total equity
Neinor Norte, S.L.U.	235.091	-	58.500	-	20.075	967	314.633
Rental Homes Propco, S.L.U.	301	-	59	(82)	(3.868)	1.100	(2.490)
Neinor Rental Opco, S.L.U.	880	-	170	(68)	1	-	983
Promociones Neinor 3, S.L.U.	594	-	256	(1.425)	(554)	2.500	1.371
Neinor Works, S.L.U.	6	-	635	-	307	-	948
Promociones Neinor 5, S.L.U.	5.649	593	619	(467)	(443)	-	5.951
Neinor Península, S.L.U.	558.422	-	114	(67.495)	(2.063)	1.060	490.038
Neinor Sur, S.A.U.	158.981	-	122.157	-	62.403	23	343.564
Neinor Sardes Rental, S.L.U	2.963	1.881	640	(60)	(588)	-	4.836
Renta Garantizada, S.A.	60	-	218	862	443	-	1.583
Quabit Comunidades, S.L.	600	-	13	(268)	5	103	453
Quabit Inmobiliaria Internacional, S.L.	3	-	315	(9.457)	(5)	-	(9.144)
Parque Las Cañas, S.L.U.	393	3.536	173	(6.429)	(311)	2.593	(45)
Bulwin Investments, S.A.U.	60	-	(1)	(2)	(1)	-	56
Grupo Meditarráneo Costa Blanca, S.L.U.	660	-	123	(512)	(42)	-	229
Quabit Quality Homes, S.L.U.	21.623	27.747	(18)	(24.329)	(9.110)	-	15.913
Quabit Premier, S.L.U.	2.892	-	2.358	(37)	(9)	-	5.204
Quabit Sant Feliu, S.L.U.	6.853	2.626	52	(1.082)	(142)	-	8.307
El Balcón de las Cañas, S.L.U.	479	1.639	(17)	(909)	(41)	-	1.151
Quabit Casares, S.L.U.	4.420	4.565	18	(3.365)	(1.484)	-	4.154
Quabit Torrejón VP Fase 1, S.L.U.	620	1.851	(1)	(2.101)	(1.203)	-	(834)
Quabit Peñuela VL Fase 1, S.L.U.	219	648	(3)	(897)	(2)	203	168
Quabit Torrejón VP Fase 2, S.L.U.	527	1.571	9	(1.935)	(887)	354	(361)
Quabit Peñuela VL Fase 2, S.L.U.	426	1.268	(4)	(1.282)	(344)	-	64
Quabit Torrejón VP Fase 3, S.L.U.	189	554	(3)	(356)	(349)	-	35
Quabit Peñuela VL Fase 3, S.L.U	1.063	3.180	(5)	(2.840)	(2)	-	1.396
Quabit Remate las Cañas, S.L.U.	1.009	3.020	(5)	(773)	(2.778)	-	473
Quabit Quality Homes Guadalix, S.L.U.	1.354	4.052	(6)	(175)	(42)	-	5.183
Quabit Quality Homes San Lamberto, S.L.U.	302	897	(4)	(1.468)	(1.257)	-	(1.530)
Iber Activos Inmobiliarios, S.L.	2.752	-	128	-	(374)	-	2.506
Quabit SUP-R6, S.L.U.	1.037	3.101	(5)	(929)	(928)	-	2.276
Quabit Finance, S.A.U.	60	-	(2)	(1.592)	(13.125)	-	(14.659)
Quabit Finance Assets, S.L.U.	253	750	(2)	(2.512)	(11.547)	-	(13.058)
Quabit Gregal, S.L.U.	141	413	(1)	(245)	(244)	-	64
Quabit Poniente, S.L.U.	228	675	(2)	(231)	(667)	-	3
Quabit Siroco, S.L.U.	590	1.763	(2)	(704)	(1.385)	-	262
Quabit Terral, S.L.U.	3	-	-	(312)	(344)	-	(653)

Quabit Mistral, S.L.U.	368	1.095	(2)	(162)	(277)	-	1.022
Quabit Cierzo, S.L.U.	3	-	-	(200)	(5.470)	-	(5.667)
Quabit Tramontana, S.L.U.	3	-	-	(607)	(415)	-	(1.019)
Quabit Aneto, S.L.U.	430	1.288	(7)	(357)	(153)	-	1.201
Global Quabit, S.L.U.	13.474	9.434	(38)	(3.412)	(14.562)	357	5.253
Quabit Alcarria, S.L.U.	1.030	-	940	-	(74)	10	1.906
Quabit Distrito Centro, S.L.U.	3.030	-	62	(1.405)	(115)	41	1.613
Quabit Corredor del Henares, S.L.U.	2.359	1.811	(4)	(654)	3.361	57	6.930
Quabit Moncloa, S.L.U.	80	-	(1)	(3)	(1)	-	75
Quabit Sureste, S.L.U.	555	1.575	151	-	(2.449)	36	(132)
Quabit Hortaleza, S.L.U.	1.678	-	(4)	(528)	(3.029)	19	(1.864)
Quabit Remate, S.L.U.	786	1.444	(3)	(178)	4.325	31	6.405
Quabit Aguas Vivas, S.L.U.	1.252	-	2.205	-	(130)	38	3.365
Global Quabit Cañaveral Málaga Fase 1, S.L.U.	210	622	468	-	146	15	1.461
Global Quabit Cañaveral Málaga Centauro, S.L.U.	205	605	(4)	(97)	939	14	1.662
Global Quabit Cañaveral Tercera Fase, S.L.U.	89	257	(3)	(245)	(1.389)	8	(1.283)
Global Quabit Cañaveral Fase Cuatro, S.L.U.	27	71	(3)	(2)	(1)	-	92
Global Quabit Málaga, S.L.U.	144	424	(4)	(1.119)	(1)	699	143
Global Quabit Sur, S.L.U.	243	720	(4)	(284)	(912)	17	(220)
Global Quabit Norte, S.L.U.	498	-	653	-	10	9	1.170
Global Quabit Azuqueca, S.L.U.	663	-	1.647	-	1.008	11	3.329
Quabit Casares Golf RP5, S.L.U.	131	385	(2)	(109)	(264)	9	150
Quabit Almanzor, S.L.U.	123	360	(2)	(261)	(1.332)	7	(1.105)
Quabit Teide, S.L.U.	108	315	(2)	(169)	128	5	385
Quabit Peñalara, S.L.U.	284	844	(2)	(422)	(757)	19	(34)
Global Quabit Desarrollos Inmobiliarios, S.L.	9.824	29.438	(32)	(7.835)	(26.486)	466	5.375
Quabit Alovera, S.L.U.	5.211	15.625	(17)	(3.059)	(19.887)	53	(2.074)
Quabit Bonaire, S.L.	3	-	5	(26)	(5)	2	(21)
Meltonever Project, S.L.U.	-	-	-	-	(2)	1.336	1.334
Quabit Las Lomas de Flamenco, S.L.U.	1.785	5.343	(11)	(5.337)	28	203	2.011
Quabit Menorca Desarrollos Inmobiliarios, S.L.U.	1.569	4.694	275	(4.852)	(1.495)	209	400
Quabit Freehold Properties, S.L.U.	3.243	4.784	(11)	(489)	(23.965)	-	(16.438)
Quabit Freehold Properties Levante, S.L.U.	104	304	(1)	(465)	(2.033)	162	(1.929)
Quabit Freehold Properties Sur, S.L.U.	288	855	(2)	(169)	(337)	-	635
Quabit Freehold Properties Centro, S.L.U.	500	1.443	(2)	(1.139)	(6.766)	-	(5.964)
Quabit Freehold Properties Madrid, S.L.U.	3	-	(1)	(3)	(1)	4	2
Quabit Freehold Properties Valencia, S.L.U.	3	-	(1)	(3)	(1)	4	2
Quabit Freehold Properties Este, S.L.U.	3	-	(1)	(3)	(1)	4	2
Quabit Palmaces, S.L.U.	277	828	(2)	(247)	(951)	-	(95)

Quabit El Vado, S.L.U.	325	965	(3)	(724)	(5.896)	-	(5.333)
Panglao Inventments, S.L.U.	3	-	-	(1.087)	(2.818)	1.087	(2.815)
Quabit Veleta, S.L.U.	677	2.022	651	-	-	(269)	3.081
Quabit Puerta de Vistahermosa, S.L.U.	3	-	(1)	(1)	(1)	2	2
B2R PROPTECH, S.L.U.	10	-	(1)	-	(1)	-	8
Style Living Gestión, S.L.U.	3	-	-	(45)	(1)	50	7
Quabit Construcción, S.A.	1.497	-	2.511	-	969	-	4.977
Programa de Actuación de Baleares, S.L.	7.500	-	(26)	(3.087)	-	-	4.387
Landscape Corsan, S.L.	12	-	49	(50)	-	-	11
Landscape Larcovi Proyectos Inmobiliarios, S.L.	600	-	117	(64.789)	(6)	-	(64.078)
Masía de Montesano, S.L.	2.520	-	-	(715)	(11)		1.794
Alboraya Marina Nova, S.L.	60	-	-	(33)	-	-	27
Nicrent Residencial, S.L.	63	11.940	-	-	(3)	-	12.000

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

DIRECTORS' REPORT

Year ended 31 December 2022

Neinor Homes, S.A. and Subsidiaries

1. <u>The Group: Organisational structure and operations</u>

The Neinor Homes Group was incorporated under the memorandum of understanding entered into in 2014 by Kutxabank, S.A. and the Lone Star investment fund, through its investee, Intertax Business, S.L.U. (now Neinor Holdings, S.L.U.), for the purchase and sale of a portion of the Kutxabank Group's property assets. The aforementioned purchase and sale (Operation Lion) was completed on May 14, 2015 through the transfer by Kutxabank, S.A. to Neinor Holdings, S.L.U. of all the shares that the former held in Neinor Homes, S.A., once the conditions precedent set forth in the purchase and sale agreement entered into by the parties on December 18, 2014 had been fulfilled.

On January 1, 2015, within the context of the transaction (the "Transaction"), all the employees who had been performing the property development group’s development and management tasks, and the technical resources and means required to carry out the activity, were transferred to Neinor Homes, S.A.

In 2017, the Parent, Neinor Homes, S.A. was registered as a public limited liability company ("S.A.") (a transaction that was formalised by virtue of a public deed executed on March 1, 2017 before the Bilbao notary Raquel Ruiz Torres under number 234 of her protocol) with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, which took place on March 29, 2017 with the prior authorisation of the Company’s sole shareholder on 6 March 2017.

In September 2020 Neinor Homes, S.A. acquired a 75% ownership interest in the share capital of Umber Jurídico Inmobiliario, S.L. (a company that was dissolved in November 2020 as it had been absorbed in a downstream merger by its wholly-owned subsidiary Renta Garantizada, S.A.).

On January 11, 2021, the draft terms of merger of Neinor Homes, S.A. (absorbing company) and Quabit Inmobiliaria, S.A. (absorbed company) were approved by the companies’ respective Boards of Directors, and the validity of the draft terms of merger were conditional upon the occurrence of the following several suspensive conditions. The acquisition date was established as 19 May 2021 following the obtainment, on the immediately preceding day, of authorisation of the Merger from the competition authorities and, thus, the fulfilment of all of the conditions precedent described above; as a result, Neinor Homes, S.A. obtained control of Quabit Inmobiliaria, S.A.

On April 12, 2021, the Board of Directors of the Parent approved the issue of guaranteed senior bonds maturing in 2026 (which may be redeemed early in certain circumstances and upon the occurrence of certain events) for a total principal amount of EUR 300 million; at the issue date (April 14, 2021) it was established that the bonds would bear annual fixed interest of 4.5%, payable on a half-yearly basis. The bonds, which were admitted to trading on the Global Exchange Market of the Irish Stock Exchange, are guaranteed by Neinor Homes, S.A. and certain of its subsidiaries that act as guarantors of the debt (Neinor Peninsula, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Rental Homes Propco, S.L.U.).

On February 23, 2022, the sole director of Neinor Península, S.L.U. approved the draft terms of the merger of 62 subsidiaries of the Quabit subgroup (the absorbed companies) into Neinor Península, S.L.U. (the absorbing company). Both Neinor Península, S.L.U. and the absorbed companies are companies wholly owned, directly or indirectly, by the same shareholder, namely Neinor Homes, S.A. The merger was carried out through the absorption of the absorbed companies by Neinor Península, S.L.U., with the dissolution without liquidation of the former and the transfer of all their assets and liabilities to the latter, which has acquired, by universal succession, all the rights and obligations of the absorbed companies. The ultimate objective of the merger is to rationalise the corporate structure arising from the business combination effected in 2021 with the now extinguished Quabit Inmobiliaria, S.A. This merger did not have any effect for consolidation purposes as it was a corporate restructuring transaction.

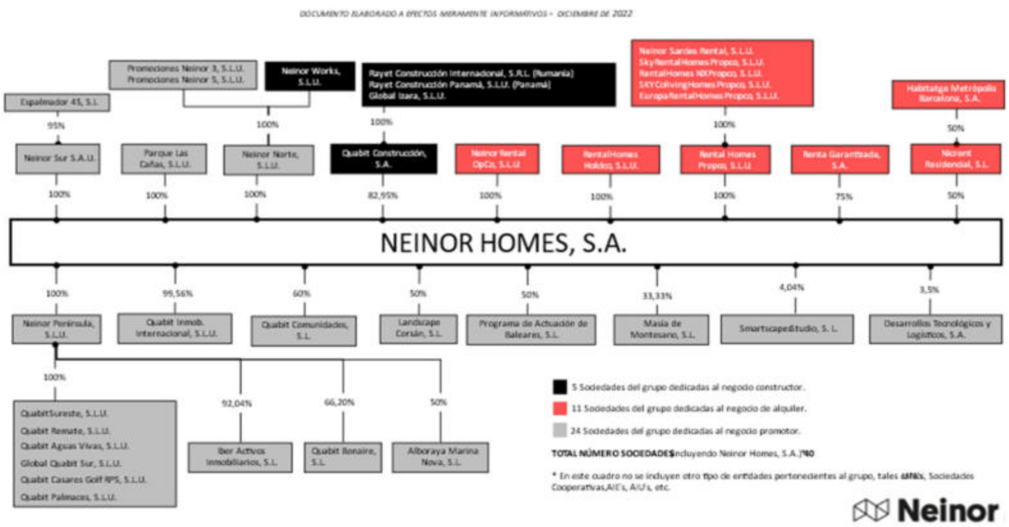
On May 5, 2022, the Group company Neinor Sur, S.A.U. executed in a public deed and completed the acquisition of 95% of the shares of Espalmador, S.L. The acquisition was carried out through the delivery of a land lot by the Group company Neinor Sur, S.A.U. valued at EUR 7,348 thousand to Espalmador, S.L. for the development of a residential complex of luxury homes thereon, which will comprise a maximum of 50 homes. Also, a servicing contract was entered into with Figeral, S.L., the company that owns the remaining 5% of the shares of Espalmador, S.L., whereby Figeral, S.L. will be responsible for the integrated management of the residential complex construction project and the concomitant coordination and supervision of the performance of the construction work. The Parent's directors determined that the transaction should be accounted for as an asset acquisition, as the acquiree did not have processes, organised procedures, the application of which results in the production of an output, or its own employees that could be applied thereto. In this regard, the assets of the acquiree relate substantially in full to the cost of the land delivered to it by Neinor Sur, S.A.U.

On 23 August 2022, Neinor Sur, S.A.U. was partially spun off. On the basis of the related draft terms of division, Neinor Península, S.L.U. transferred to Neinor Homes, S.A. all the shares of Neinor Sur, S.A.U., together with all the other principal and accessory assets and liabilities associated with those shares. The spun-off assets and liabilities contributed to Neinor Homes, S.A. consisted of the partial spin-off of Neinor Península S.L.U. without the extinguishment of the latter. For consolidated purposes, this spin off has led to a reclassification amounting to EUR 23.676 thousand among the reserves at fully consolidated companies into the reserves of the Parent company.

On September 8, 2022, Rental Homes Propco, S.L.U. formed a sole-shareholder limited liability company called Sky Rental Homes Propco S.L.U. Also, on October 11, 2022, Neinor Homes, S.A. formed Rental Homes Holdco, S.L.U. In addition, on October 11, 2022, Rental Homes Propco, S.L.U. formed the following companies: Europa Rental Homes Propco, S.L.U., Sky Coliving Homes Propco, S.L.U. and Rental Homes NX Propco, S.L.U. The company of these companies, except for Sky Rental Homes Propco S.L.U., which will engage solely in the lease of properties, is the lease for their own account of real estate assets, and the transfer of the leased properties once the minimum retention period has elapsed, and the performance of any real estate and urban development activities similar or related to the leased properties. Furthermore, Sky Coliving Homes Propco, S.L.U. will also engage in the direct or indirect operation of property assets owned by it in order to use them as shared accommodation for third parties (coliving), as well as the provision of complementary services to the guests and users of said accommodation. The share capital of all these companies is represented by 3,000 shares of EUR 1 par value each.

Neinor Homes Homes, is currently the head of a business group which carries on its activities either directly or indirectly through ownership interests in various companies.

A flowchart of the corporate structure of Neinor Homes S.A. and Subsidiaries (the "Group") is as follows:



The Group's business activities are performed exclusively in Spain, and principally, through three business lines:

A) Development business line:

The Group's core and strategic business activity based on the acquisition of land for residential use for its subsequent property development.

The Group's land portfolio is comprised of 290 lots with a total of 12.100 buildable units. The portfolio is distributed over the Parent's seven main geographical areas of activity, namely: Madrid, Guadalajara, Catalonia, the Basque Country, Valencia, Balearic and Andalusia.

The land portfolio arose as a result of both the Transaction and subsequent purchase described in Note 1 of the Group´s consolidated financial statements and sale transactions during 2015-2022.

B) Rental business line:

In February 2020 the Board of Directors of the Parent Company approved the development of a new line of business of owned housing units using the current land bank. The objective is to create a portfolio of 3.700 rental units.

In January 4, 2021 the company acquired a PRS (Private Rented Sector, finished and rented product) portfolio through the acquisition of Sardes Holdco, SLU, a company that owns 9 developments for leasing and located in Alicante, Badalona , Girona, Madrid, Malaga, Sabadell, Terrassa and Valencia (396 units).

Additionally, during the 2021 financial year, the first installment of a new-build development intended for rental, Hacienda Homes, with 146 units, was made.

At the end of this year, this investment property has been reclassified to the balance sheet "Non-current assets held for sale", given that the Group has formalized its sale and this has become effective at the beginning of 2023.

In addition, during the year 2022, another new development for rent, Sky Homes, has been delivered, consisting of 213 units.

C) Servicing business line:

On May 14, 2015, an asset administration and management agreement was entered into between the various companies of the Kutxabank Group and Neinor Homes, S.A. in relation to the property assets which continue to be the property of the Kutxabank Group. This servicing agreement has an initial term of seven years, and may be automatically renewed for additional periods of one year.
As consideration for this service, the Kutxabank Group pays remuneration based on the type and volume of managed assets, as well as an additional variable remuneration applicable to success for marketing them and for the execution of certain specific actions related to them.

This contract ended in May 2022 and it has not been renewed

D) Legacy business line:

Business activity consisting of the disposal of non-strategic assets acquired in the Transaction (273 units, at year end).

The portfolio is divided into two main types of asset: i) multi-unit new property developments and ii) remnants of new property developments end products.

At an organisational structure level, the Company has a Board of Directors and three Committees: Audit and Control Committee, Nomination and Remuneration Committee and Land Investment Committee.

In 2022, the Board of Directors held 13 meetings, Audit and Control Commite 7 meetings, Nomination and Remuneration Committee 5 meetings and Land Investment Committee 10 meetings.

Following are the main agreements, approvals and supervisory activities entered into, granted and performed, respectively, by the Board and its committees during 2022:

a- Preparation of the consolidated annual Financial Statements and the consolidated annual report for the year ended December 31, 2021
b- Formulation of the proposal for the application of the result for the year ended December 31, 2021
c- Examination and approval of the Annual Corporate Governance Report for the year ended December 31, 2021, including the review of the category of each director, following the favourable report of the Audit and Control Committee and the Appointments and Remuneration Committee
d- Examination and approval of the Annual Directors' Remuneration Report for the year ended December 31, 2021, following the favourable report of the Appointments and Remuneration Committee
e- Examination and approval of the Non-Financial Information Statement and Sustainability Report
f- Review and approval of the salaries, targets and target bonus of the CEO and Executive Vice President for 2022
g- Review and approval of the review of the remuneration of independent directors and the secretary of the Board and modification of the remuneration policy of directors
h- Review and approval of the financial, non-financial and corporate information policy
i- Consideration and adoption of the annual report on the functioning of the Council
j- Review and approval of the requalification of Mr. Felipe Morenés as proprietary director
k- Information on the notification received from Stoneshield on January 23, 2022 regarding the acquisition of shares in the Company
l- Living Strategy Update
m- Review and approval of the financial information of the first and third quarter, the first semester and the presentation provided to the markets.

n- Examination and approval of the shareholder remuneration proposal. Proposal to the General Meeting for approval
o- Examination and approval of the Annual Financial Report for the year ended December 31, 2021, at the proposal of the Audit and Control Committee.
p- Statement of the report on the independence of auditors and on the provision of non-auditing services
q- Taking into account reports relating to related-party transactions and conflicts of interest
r- Reporting on treasury transactions provided by the CFO in accordance with Article 7.8 of the Internal Rules of Conduct in Securities Markets
s- Business plan review and approval: 2022 budget and 2023-2026 estimate
t- Comments on the press release and presentation explaining the Company's annual results
u- Approval of the supporting report regarding the re-election of Mr. Andreas Segal as independent director of the Company for the statutory term of three years
v- Approval of the appointment of Mr. Alfonso Rodés as Chairman of the Audit and Control Committee for a period of one year
w- Proposal to the General Meeting on the re-election of the Company's auditors, as well as for the consolidated group of which it is the parent company, for the year ending December 31, 2022
x- Review and approval of the merger by absorption of various subsidiaries from Grupo Quabit by Neinor Península, S.L.U.
y- Review and approval of the specific objectives of the executive directors' bonus for the financial year 2022
z- Proposal to the General Meeting on the delegation to the Board of the power to increase the share capital and approval of the corresponding report
aa- Proposal to the General Meeting on the delegation to the Board of the power to issue convertible debt and approval of the corresponding report
bb- Examination and approval of the proposal to call and date of the next ordinary General Meeting of shareholders of the Company.
cc- Taking into account the letter of resignation received from Mr. Jorge Pepa
dd- Appointment of Mr. Juan José Pepa as member of the Real Estate Investment Commission
ee- Approval of corporate policies: Director selection policy; Succession plan for the President, CEO and management team; Internal audit function manual; Corporate governance policy.
ff- Review and approval of the report on the measures adopted to ensure compliance with the provisions of the Company's Internal Rules of Conduct
gg- Review and favorable report of the financial, non-financial and corporate information policy.
hh- Review of the annual financial information as of December 31, 2021, including the Annual Financial Report and the annual accounts for the year ended December 31, 2021. Presentation of the conclusions of the audit work carried out by Deloitte, S.L.
ii- Cybersecurity Audit Report
jj- Updating the corporate risk map
kk- Development and reporting of the company's Global Social Impact Report
ll- Results of the Anti-Money Laundering and Terrorist Financing audit
mm- Update on the status of risks and internal control
nn- Implementation and updating of the whistleblowing channel
oo- Analysis and reporting of communications received through the ethical channel
pp- Monitoring the sustainability plan and progress in this area
qq- External Audit Effectiveness Report
rr- Guaranteed Income and Quabit Construction Reports
ss- GRC Plan for 2023
tt- Review and approval of the bonus accrued by employees and senior management in 2021
uu- Review and approval of employee and senior management salaries, targets and bonus target for 2022
vv- Review and favourable report on the review of the remuneration of the independent directors and the secretary of the Board and modification of the remuneration policy of the Directors.
ww- Assessment of the evaluation of the Board of Directors and Committees

xx- Review and approval of the annual operating report of the Council and its Committees
yy- Proposal for the re-election of Mr. Andreas Segal as independent director of the Company for the statutory term of three years
zz- Proposal for the appointment of Mr. Alfonso Rodés as President of the
aaa- Analysis of Built to Rent assets for recognition of their value
bbb- Review of deliveries and soil bank of the company
ccc- Contingencies and effects on BP of the current war context
ddd- Update of acquisitions and projects
eee- Business development status (affordability and sales potential)
fff- Procurement strategy for 2022
ggg- Regular updates on marketing processes
hhh- Regular updates on possible land acquisitions by the company

To obtain the details of all the matters dealt with by the Board of Neinor Homes and by each of its committees, you can consult on our website the annual report of the Board and its commissions of Neinor Homes.

Regarding the control and compliance model, in Neinor Homes it is implanted an integrated a GRC structure (Government, Risk and Compliance) that is based on:

- Analysis and evaluation of risks that affect internally and to interested parties.
- Integration of all regulatory environments and business processes.
- Homogeneous methodology in implementations and projects in the field of fulfillment.

This model is based on the analysis and evaluation of strategic risks of the company, of all control environments and the entire value chain. In this way, all risks are analyzed, gross and residuals and they are classified according to their economic, reputational and organizational impact.

Currently in the model, all the company's business processes are integrated and the different normative areas, among others, the SCIIF, prevention of criminal responsibility, Prevention of Cybersecurity, RDL 5/2018 on data protection, PBC / FT, LSC, Good Governance recommendations, Order EHA / 3050/2004 on Operations Linked, Circular 3/2015 of the CNMV.

The balance scorecard of the model includes:

- The processes and procedures that apply to an environment of regulatory or operational compliance.
- The controls assigned to each risk and environment
- Which risks are mitigated or eliminated by each control, to which processes does it affect
- Who is the responsible for each control, of its supervision and when it is reported

The management of GRC, composed by areas of Internal Audit, Corporate Governance, Compliance, Risks, Corporate Social Responsibility and Quality is in charge of ensuring the entire integrated control and assurance system.

The annual corporate gorvernance report is part of the director’s report and it is possible to access to its contet through CNMV web page (www.cnmv.es).

2. ***Business performance and earnings - Significant aggregates***

In 2022, the Group recognised revenue of EUR 745.749 thousand achieving a gross margin of EUR 194.872 thousand and presents a first adjusted EBITDA (hereinafter after adjusted EBITDA 1) of EUR 140.149 thousand (adjusted for MIP and increased valuation of rental assets) and a second adjusted EBITDA (hereinafter adjusted EBITDA 2) of EUR 146.293 thousand (additionally adjusting personnel incentive expenses, personnel restructuring expenses and company growth expenses). The total assets amounts to EUR 1.780.981 thousand, equity level amounts to EUR 930.009 thousand, current and non-current liabilities amounts to EUR 850.972 thousand.

Revenue and gross margin

By business volume, the Development business line has recognised sales of EUR 745.749 thousand, with a gross margin of EUR 194.872 thousand, representing a margin of 26,12%. This is followed by the volume in Servicing business line, with revenue of EUR 8.605 thousand. The new rental line of business has recognised sales of EUR 7.447 thousand, of which EUR 4.551 thousand belong to rental income from owned homes and EUR 2.896 thousand correspond to income from services related to rentals provided through the Renta Garantizada's Income. Finally, the Legacy business line recognised revenue of EUR 1.430 thousand and gross margin of EUR 196 thousand.

Development's sales are mainly due to the completion and delivery of several developments completed in the current year (EUR 356.219 thousand), and the delivery of homes from developments completed in previous years (EUR 376.645 thousand). Additionally, an amount of EUR 3.190 thousand has been recorded for the sale of land and an amount of EUR 9.695 thousand euros for construction work to external customers. Among the promotions with the most outstanding deliveries are: Amara Homes, with sales of EUR 91.720 thousand, Mistral Homes, with sales of EUR 49.521 thousand (new installment year), Sky Homes, with sales of EUR 43.185 thousand (new delivery year), Depósito Las Mesas Homes, with sales of EUR 36.598 thousand, Serena Fase 1A Homes with sales of EUR 27.257 thousand (new installment year), Bulevar Homes with sales of EUR 26.453 thousand, Axial Homes with sales of EUR 25.579 thousand (new delivery year), Almenara Homes with sales of EUR 22.718 thousand (new delivery year), Artola Homes with sales of EUR 22.482 thousand and Bolueta homes with sales of EUR 21.711 thousand.

Servicing revenue relates mainly to: *Management Fee* on the EUR 1.1Bn of managed assets (EUR 5.344 thousand (62%), *Success Fee* calculated on total sales of EUR 64 million (EUR 3.117 thousand (36%)), and other income (EUR 145 thousand (2%).

Legacy sales correspond to more than 23 main units, situated mainly in Southern Spain (65%).

EBITDA

The EBITDA for the 2022 financial year reached EUR 146.293 thousand, mainly due to Development with EBITDA amounting to EUR 123.062 thousand, Rental with EBITDA amounting to EUR 18.271 thousand, Servicing with a positive EBITDA of EUR 4.869 thousand, and Legacy with a EBITDA of EUR 91 thousand.

Profit for the year

The debt position as of December 31, 2022 continues to present very solid debt ratios: 24.8% LTC and 19.0% LTV.

Financial position

The current liabilities and non-current liabilities at December 31, 2022 amounted to EUR 850.972 thousand compared to EUR 1.022.212 thousand at December 31, 2021 (an decrease of EUR 171.240 thousand).

Financial debt 31.12.2022

At the end of 2022, EUR 197 million was recognised under current and non-current bank borrowings. The detail of bank borrowings is as follows:

- Corporate facilities: EUR 20 million.
- Land financing facilities: arranged at 51.9 million euros.
- Capex financing facilities: arranged at 62.1 million euros.
- Rental financing facilities: arranged at 67.3 million euros.
- Interest payable: 0.6 million euros.
- Debt arrangement expenses: (5) m euros.

- VAT lines: they do not have any amount available.

To conclude, the Company has been able during 2022 to reduce the LTV (after the absorption of Quabit), refinancing the vast majority of corporate debt to a maturity of more than 5 years, which places the Group in a very solid debt situation.

3. ***Matters relating to the environment and employees***

Given the activity to which the Neinor Homes Group is dedicated, it has no liabilities, expenses, assets, or provisions and contingencies of an environmental nature that could be significant in relation to equity, financial situation and results thereof. Additionally, the Group does not have any circumstances related to greenhouse gas emission rights.

As of December 31, 2022, the average number of people employed by Quabit Construcción, S.A. and Renta Garantizada S.A. is 151 and 33 respectively (84 and 32, respectively, people at the end of 2021 employed by Quabit Construcción, S.A. and Renta Garantizada S.A.), being at December 31, 2022 the average number of people employed for Neinor Homes of 298 (320 during the year ended December 31). Nov 2021)

The number of people employed at the end of 2022 by Quabit Construcción, S.A. and by Renta Garantizada S.A., is 184 and 33 people respectively (113 and 37 people respectively at the end of 2021), being the detail of the distribution by categories of the number of people employed at the end of 2022 and 2021 for Neinor Homes, Next:

	31.12.2022			31.12.2021		
	Mujeres	Hombres	Total	Mujeres	Hombres	Total
Univesity graduates	93	141	234	102	144	246
Further education college graduates	41	22	63	56	28	84
Total	**134**	**163**	**297**	**158**	**172**	**330**

4. ***Liquidity and capital resources***

The Group has a sufficient level of cash and cash equivalents in order to carry on its business activities.

In 2022, the financing of land, mainly of land and developer loans linked to promotions, obtained by the Group, amounts to a total of EUR 197.027 thousand.

In addition to this financing, the outlook is to arrange developer-type financing to fund the investment and, in turn, link the majority of the required payments and investments with the delivery of the property development and, therefore, the earnings from the sale.

The group is still in talks with financial institutions to obtain financing for new promotions launches to continue with its solid financial results and cash position.

The group's capital management is focused on achieving a financial structure that optimizes the cost of capital to ensure a solid financial position. This policy allows the creation of value for shareholders to be compatible with access to financial markets at a competitive cost, to cover the needs of debt refinancing and financing of the investment plan not covered by the funds generated by the business.

5. ***Main risks and uncertainties***

The Company has a risk map. In this connection, the organisation's procedures have been analysed, the possible sources of risk have been identified and, the appropriate measures have been taken to prevent them.

The most significant financial risks are:

Market risk

Exposure to interest rate risk

During the 2022 financial year, the group has contracted two interest rate hedges for amounts of EUR 100 and 200 million in order to cover the risk of the total debt balance sheet of interest rate increases. The maturity of the hedges is 2026 and 2027 respectively and the rate set for these hedges is 2% for the 12-month Euribor.

Most of the loans and credits on the Group's balance sheet are indexed to the Euribor benchmark.

Exposure to credit risk

The Group does not have significant credit risk exposure to third parties arising from its own development business since it receives payment for substantially all its sales at the time the transaction is executed in a deed through subrogation of the buyer for the corresponding portion of the developer loan or by any other method of the buyer's choice. The credit risk arising from the payment deferrals in land or completed buildings sale transactions are mitigated through the obtainment of guarantees by the buyer or through the establishment of conditions subsequent in the event of default, which would give rise to the recovery of ownership of the asset sold and the collection of an indemnity payment.

In general, the Group holds its cash and cash equivalents at banks with high credit ratings.

Exposure to solvency risk

The Group regularly analyses the insolvency risk of its accounts receivable and adjusts the corresponding impairment loss. The Directors of the Parent Company consider that the amount of trade and other receivables approximates their fair value.

Exposure to exchange rate risk

In view of the Group’s scant international exposure in markets outside the eurozone, its exposure to foreign currency risk is scantly material.

6. Significant events after the reporting period

Subsequent to 2022 year-end no additional events took place other than those indicated in Note 29 to the consolidated financial statements which may significantly affect the financial information detailed in this report, or which should be highlighted in view of its importance.

7. Information on the foreseeable evolution of the entity for the year 2023

The Group's main lines of action for 2023 focus on:

Development business line

- Monitoring of the construction projects which the Group had at 2022 year-end, plus the tenders and contracting of new projects.

- Continuing the upward trend in the number of pre-sales. Also, capture the increases in prices that are occurring in each location due to the increase in demand and low supply of quality products.

- Delivering the property developments for which the construction completion date is forecast for 2023, while taking due care of our clients' satisfaction and experience.

Rental business line

- Manage and build 3.500 units for this line of business

- Provision of property and asset management services to third parties through the acquired company Renta Garantizada, S.A. one of the leading rental management companies in Spain.

- Alliance with Cevasa and Habitatge Metròpolis Barcelona (HMB) to build 4.500 social housing units for rent in Barcelona and its metropolitan area which should come into operation between 2024 and 2027. During 2022 it has started the launch of phase 1, equivalent to more than 640 units and for 2023 it is planned to launch phase 2 equivalent to 836 units.

Legacy business line

- Continuing with the divestment in order to monetise the majority of the portfolio in 2023.

8. R&D&i activities

Given the lines of business of Neinor Homes S.A., there are no relevant research, development and innovation activities.

9. Treasury shares

At December 31, 2022, the Company's share capital was represented by 79.988.642 fully subscribed and paid shares of EUR 9,211 par value each. All these shares carry identical voting and dividend rights.

During 2022, treasury shares have been acquired, including an amount of EUR 51.994 thousand on the balance sheet at 31 December 2022.

At December 31, 2022, the Parent Company held 5.659.426 treasury shares being the average purchase price of EUR 11,08 following the value date criteria.

10. Alternative performance measures

As indicated in Note 2 to the consolidated financial statements, the Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The Group also presents certain Alternative Performance Measures (APMs) to provide additional information which facilitates the comparability and comprehension of its financial information and enables decision-making and assessment of the Group's performance.

The most significant APMs are as follows:

Gross profit:

Definition: External sales + Cost of sales

Reconciliation: the Parent presents the calculation of gross profit in Note 6 to the consolidated financial statements.

Explanation of use: the Parent considers gross profit to be a performance measure, since it provides information on gross profit, which is calculated on the basis of external sales less the cost incurred to complete those sales. The impairment losses derecognised in connection with real estate assets sold during the year were also taken into consideration for this calculation.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate the gross profit is the same as that used in the previous year.

Adjusted EBITDA

Definition: Gross profit + Staff costs + operating services + change in trade provisions + Impairment and gains/(losses) on disposals of non-current assets + Other operating income - incetives and staff restructuring expenses after the business combination (extraordinary expenses) (Nota 23.6).

Reconciliation: the Parent presents the calculation of adjusted EBITDA in Note 6 to the consolidated financial statements.

Explanation of use: the Parent considers adjusted EBITDA to be a performance measure since it provides an analysis of the operating results, excluding the non-cash depreciation and amortisation charge, inventory write-downs, investment property and doubtful debts considered to be non-recurring.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate adjusted EBITDA is the same as that used in 2020 and 2021, including the growth expenses and additional afeter-sale expeses.

EBITDA:

Definition: Adjusted EBITDA + change in fair value of rental assets (Note 23.6).

Reconciliation: the Parent presents the calculation of EBITDA in Note 6 to the consolidated financial statements.

Explanation of use: the Parent considers EBITDA to be a performance measure since it provides an analysis of the operating results (excluding depreciation and amortisation, as it is a non-cash item) as an approximation of the cash flows from operating activities which reflect the generation of cash. It is also an indicator that is widely used by investors when valuing companies, and by rating agencies and creditors to measure the level of borrowings, comparing EBITDA with net debt.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate EBITDA is the same as that used in the previous year.

Borrowings

Definition: Bank borrowings recognised under non-current liabilities + bank borrowings recognised under current liabilities.

Reconciliation: the Parent presents the calculation of borrowings in Note 6 to the consolidated financial statements.

Explanation of use: Borrowings is a financial indicator that measures the company's debt position. It is also an indicator that is widely used by investors when valuing the financial leverage of companies, and by rating agencies and creditors to assess the level of borrowings.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate borrowings is the same as that used in the previous year.

Net financial debt

Definition: Bank borrowings (current and non-current liabilities) + Other current and non-current financial liabilites (associated with the borrowings and bond) – "Cash and Cash Equivalents" (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the property developments.

Reconciliation: the detail of the reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	31-dic-22
Non-current liabilities - bank borrowings	68.361
Current liabilities - bank borrowings	128.666
Other non-current financial liabilities Other current financial liabilities	273.972
Cash and cash equivalents - available cash (Note 14)	1.821
Non-current liabilities - bank borrowings	(201.626)
Net financial debt	**271.194**

Explanation of use: Net financial debt is a financial indicator that measures a company's net debt position. It is also an indicator that is widely used by investors when valuing the net financial leverage of companies, and by rating agencies and creditors to assess the level of net borrowings.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate net financial debt is the same as that used in the previous year, including other non current-financial liabilities, due to the adquisition of 75% of Umber Jurídico, S.L.

Adjusted Net financial debt

Definition: Bank borrowings (current and non-current liabilities) + deferred payment for the purchase of land recognised under "Trade and Other Payables" under both non-current and current liabilities (Note 17) + Other non-current financial liabilites (associated with borrowings and bond) - "Cash and Cash Equivalents" (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the property developments

Reconciliation: the detail of the reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	31-dic-22
Non-current liabilities - bank borrowings	68.361
Current liabilities - bank borrowings	128.666
Other non-current financial liabilities Other current financial liabilities	273.972
Deferred land payments	1.821
Non-current liabilities - bank borrowings	82.746
Other current and non-current assets	(29.610)
Cash and cash equivalents - available cash (Note 14)	(201.626)
Deuda financiera neta ajustada (miles)	**324.330**

Explanation of use: Net financial debt is a financial indicator that measures a company's net debt position. It is also an indicator that is widely used by investors when valuing the net financial leverage of companies, and by rating agencies and creditors to assess the level of net borrowings.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate net financial debt is the same as that used in the previous year.

Loan to Value (LTV)

Definition: Net financial debt / Assets market value

Explanation of use: The LTV ratio is an indicator that measures the company´s indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Reconciliation: The reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	31 December 2022
Net financial debt	271.194
Assets market value	1.706.290
LTV	**15,9%**

Definition: Adjusted Net financial debt / Assets market value
Explanation of use: The LTV ratio is an indicator that measures the company´s indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Reconciliation: The reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	31 December 2022
Net financial debt – Adjusted	324.330
Assets market value	1.706.290
LTV	**19,0%**

Loan to Cost (LTC)

Definition: Net financial debt / (Inventories + Investment Property)

Explanation of use: The LTC is an indicator that measures the company´s indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Reconciliation: The reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	31 December 2022
Net financial debt – Adjusted	271.194
Inventories	1.129.107
Non-current assets held for sale	32.561
Investment Property	143.669
LTC	**20,8%**

Definition: Adjusted Net financial debt / (Inventories + Investment Property)

Explanation of use: The LTC is an indicator that measures the company´s indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Reconciliation: The reconciliation of this APM with the consolidated financial statements is as follows (in million euros):

	31 December 2022
Net financial debt - Adjusted	324.330
Inventories	1.129.107
Non-currents assets held for sale	32.561
Investment Property	143.669
LTC	**24,8%**

ANNEX I – FORM

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

PARTICULARS OF THE ISSUER

REPORTING DATE	2022

Tax No. A- 95786562

Registered office: C/ Ercilla 24, Bilbao

Company: NEINOR HOMES, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the share capital and attributed voting rights, including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the reporting period:

Indicate whether the company's articles of association contain a provision for double loyalty voting:

☐ Sí ☑ No

Date of approval at the General Shareholders' Meeting:

Minimum period of uninterrupted ownership required by the bylaws

Indicate whether the company has attributed loyalty votes:

☐ Sí ☑ No

Date of last change in share capital	Equity capital	Number of shares	Number of voting rights (not including additional votes attributed on the basis of loyalty)	Number of additional voting rights attributed corresponding to loyalty voting shares	Total number of voting rights, including additional votes attributed on the basis of loyalty
26/07/2022	736,775,381	79,988,642	79,988,642	0	79,988,642

Number of shares registered in the special share register pending completion of the loyalty period:

State whether there are different classes of shares associated with different rights:

☐ Sí ☑ No

Class	Number of shares	Nominal unit price	Number of unit voting rights	Rights and obligations conferred

Remarks

A.2. Indicate the direct and indirect owners of significant shareholdings at the reporting date, including directors who have a significant shareholding:

Name or company name of the shareholder	% voting rights attached to the shares		% voting rights held via financial instruments		% total voting rights	Of the total no. of voting rights attributed to shares, specify, where applicable, the additional attributed votes corresponding to shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
ORION EUROPEAN REAL ESTATE FUND V, SLP (1)	0	28.009%	0	0	28.009%		
STONESHIELD HOLDING S.A.R.L.	0	22.668%	0	0	22.668%		
ADAR CAPITAL PARTNERS LTD	0	12.687%	0	1.875%	14.562%		
BMO ASSET MANAGEMENT LIMITED	0	4.788%	0	0	4.788%		

Remarks
(1) Pursuant to the notification of significant shareholdings dated September 24, 2019, i.e. prior to the reduction of the share capital of Neinor Homes, S.A. executed on May 10, 2021 and the increase in the share capital of Neinor Homes, S.A. executed on May 20, 2021.

Detail of the indirect shareholding:

Indirect shareholder's name	Direct shareholder's name	% of voting rights associated with the shares (including loyalty votes)	% of voting rights held through financial instruments	% of total voting rights	Of the total no. of voting rights attributed to shares, specify, where applicable, the additional attributed votes corresponding to shares with loyalty vote
ORION EUROPEAN REAL ESTATE FUND V, SLP	PYXIS V LUX S.À R.L.	28.009%	0	28.009%	0
STONESHIELD HOLDING S.A.R.L.	STONESHIELD SOUTHERN REAL ESTATE HOLDING II S.À R.L.	22.668%	0	22.668%	0
ADAR CAPITAL PARTNERS LTD	ADAR MACRO FUND LTD	12.687%	1.875%	14.562%	0
BMO ASSET MANAGEMENT LIMITED	Various portfolios and funds (1)	4.788%	0	4.788%	0

Remarks
(1) As indicated in the notification of significant shareholdings dated November 12, 2021, BMO Asset Management Limited controls 4.788% of the voting rights of Neinor Homes, S.A. through various portfolios and funds managed on a discretionary basis. None of these portfolios or funds holds an interest equal to or greater than 3% of the voting rights of Neinor Homes, S.A.

State any material changes in the shareholder structure arising during the year:

Shareholder's name	Transaction date	Description of the transaction
ADAR CAPITAL PARTNERS LTD	25/02/2022	Transfer of voting rights. Reduction of the percentage of voting rights attributed to shares from 14.812% to 12.687%.
STONESHIELD HOLDING S.A.R.L.	19/01/2022	Acquisition of voting rights and financial instruments. Increase in the percentage of voting rights attributed to shares from 0% to 1.087% and increase in the percentage of voting rights through financial instruments from 0% to 5.420%.
STONESHIELD HOLDING S.A.R.L.	20/01/2022	Acquisition of voting rights and financial instruments. Increase in the percentage of voting rights attributed to shares from 1.087% to 2.631% and increase in the percentage of voting rights through financial instruments from 5.420% to 9.645%.
STONESHIELD HOLDING S.A.R.L.	21/01/2022	Acquisition of voting rights and financial instruments. Increase in the percentage of voting rights attributed to shares from 2.631% to 3.776% and increase in the percentage of voting rights through financial instruments from 9.645% to 14.678%.
STONESHIELD HOLDING S.A.R.L.	04/02/2022	Acquisition of voting rights and transfer of financial instruments. Increase in the percentage of voting rights attributed to shares from 3.776% to 5.950% and reduction in the percentage of voting rights through financial instruments from 14.678% to 12.503%.
STONESHIELD HOLDING S.A.R.L.	21/02/2022	Acquisition of voting rights and transfer of financial instruments. Increase in the percentage of voting rights attributed to shares from 5.950% to 15.962% and reduction in the percentage of voting rights through financial instruments from 12.503% to 2.491%.
STONESHIELD HOLDING S.A.R.L.	25/02/2022	Acquisition of voting rights and transfer of financial instruments. Increase in the percentage of voting rights attributed to shares from 15.962% to 22.668% and reduction in the percentage of voting rights through financial instruments from 2.491% to 0%.
COHEN & STEERS, INC.	3/2/2022	Transfer of rights to votes. Reduction of the percentage of voting rights from 4.984% to 2.325%.

A.3. Detail, regardless of the percentage, the ownership interest at the end of the reporting period of the members of the Board of Directors who are holders of voting rights attributed to shares of the company or through financial instruments, excluding directors identified in section A.2 above:

Name or company name of the director	% of voting rights associated with the shares (including loyalty votes)		% of voting rights held through financial instruments		% of total voting rights	Of the total % of voting rights attributed to shares, specify, where applicable, the % of additional attributed votes corresponding to shares with loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
SEGAL, ANDREAS	0.013				0.013		
GARCIA-EGOTXEAGA VERGARA, BORJA	0.0007				0.0007		
Morenés Botín Sanz-de Sautuola, Felipe		0.025			0.025		

% of total voting rights held by the board of directors	0.038%

Remarks

Details of indirect shareholdings:

Name or company name of the director	Name or company name of the direct owner	% of voting rights associated with the shares (including loyalty votes)	% of voting rights held through financial instruments	% of total voting rights	Of the total % of voting rights attributed to shares, specify, where applicable, the % of additional attributed votes corresponding to shares with loyalty vote

Remarks

Give details of the total percentage of voting rights represented on the Board:

Total % of voting rights represented on the Board of Directors	0.038%

Remarks

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A.4. Where appropriate, state any family, business, contractual or corporate relations existing between the owners of significant shareholdings, insofar as they may be known to the company, unless such relations are immaterial or are the result of ordinary business or trading activities, except for the relations reported in section **A.6 below**:

The Company has no knowledge of any family, business, contractual or corporate relations between owners of significant shareholdings.

Related party's name	Nature of relationship	Brief description

A.5. Where appropriate, state any business, contractual or corporate relations existing between the owners of significant shareholdings and the company and/or its group, unless such relations are immaterial or are the result of ordinary business or trading activities:

The are no family, commercial, contractual or corporate relations between significant shareholders and the Company.

Related party's name	Nature of relationship	Brief description

A.6. Describe any relations, unless immaterial to both parties, existing between significant shareholders and/or shareholders represented on the board and the directors or their representatives in the case of legal entity directors.

Where appropriate, explain how significant shareholders are represented. Specifically, identify any directors appointed to represent significant shareholders, any directors appointed at the instigation of a significant shareholder, and any directors related with a significant shareholder and/or group entity, stating the nature of the relationship.

In particular, state the existence, identity and office held by any members of the board or representatives of directors of the listed company who are, in turn, members of the boards of directors, or representatives of directors of any companies owning significant shareholdings in the listed company or in any entities belonging to such significant shareholders' business groups.

Related director's or representative's name	Related significant shareholder's name	Name of the significant shareholder's group entity	Description of relationship / office
LAHHAM, AREF H.	ORION EUROPEAN REAL ESTATE FUND V, SLP		Proprietary Director
STULTS, VAN J.	ORION EUROPEAN REAL ESTATE FUND V, SLP		Proprietary Director
PEPA, JUAN JOSE	STONESHIELD HOLDING S.A.R.L.		Proprietary Director
Felipe Morenés Botín Sanz de Sautuola	STONESHIELD HOLDING S.A.R.L.		Proprietary Director

Remarks

A.7. State whether the company has been notified of any shareholders' agreements affecting it pursuant to Articles 530 and 531 of the Capital Companies Law. Where appropriate, provide a brief description and list the shareholders bound by the agreement:

☐ Sí ☑ No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Termination date of the agreement, if any

Remarks
The company periodically provides training on Good Governance and Compliance to the members of the Board, paying special attention to directors' duties and responsibilities. In addition, the Audit Committee reminds the Board of the regulatory obligations in the various matters addressed on the agenda, and when situations might arise that could give rise to doubts as to the existence of shareholders' agreements due to the existence and recurrence of concerted management between different shareholders, and the Chair of the Audit Committee asks about these issues and reminds the members of the Board of their duty to inform the company and the CNMV.

State Whether the company has knowledge of any concerted action between shareholders, describe them briefly

☐ Sí ☑ No

Parties to concerted action	% of share capital affected	Brief description of the concerted action	Termination date of the concerted action, if any

Remarks

State whether any shareholders' agreements or concerted actions were amended or broken off during the year, expressly indicated the arrangements concerned:

A.8. State whether there are any natural persons or legal entities who exert, or could exert, control over the company within the meaning of Article 5 of the Securities Market Law. Identify any such individuals or entities, where appropriate:

☐ Sí ☑ No

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Name of the individual or entity

Remarks

A.9. Complete the following tables with information about treasury shares held by the company:

At the reporting date:

Number of direct shares	Number of indirect shares (*)	% of total share capital
5,662,091		7.08%

Remarks

(*) Through:

Name of the direct owner of the shareholding	Number of direct shares
Total:	

Remarks

Explain any significant changes arising during the year:

Explain the significant changes
- On March 4, 2022, Neinor Homes, S.A. communicated the termination of the treasury stock repurchase program announced on December 10, 2021, as the maximum monetary amount allocated thereto, i.e. 5,000,000 euros, had been reached, as well as the resumption of the transactions under the liquidity agreement entered into with Gestión de Patrimonios Mobiliarios, S.V., S.A. on September 22, 2017. - On April 25, 2022, Neinor Homes, S.A. communicated the termination of the liquidity contract entered into with Gestión de Patrimonios Mobiliarios, S.V., S.A. on September 22, 2017. - On May 17, 2022, Neinor Homes, S.A. announced the implementation of a share buyback program aimed at acquiring a maximum of 1,700,000 shares and endowed with a maximum of €25,000,000. - On July 22, 2022, Neinor Homes, S.A. announced the termination of the share buyback program announced on May 17, 2022, as the maximum number of shares to be acquired under the aforementioned buyback program, i.e. 1,700,000 shares, had been reached. - On September 14, 2022, Neinor Homes, S.A. communicated the subscription of a liquidity contract with Gestión de Patrimonios Mobiliarios, S.V., S.A. whose transaction began on September 15, 2022.

A.10. State the terms of the prevailing mandate granted by the General Shareholders Meeting authorizing the board of directors to issue, buy back or transfer treasury shares.

The sole shareholder of the company before the stock market listing granted the Board the following mandate on 6 March 2017:

1) To issue bonds or other similar securities, convertible into new shares of the company and/or exchangeable for existing shares of the company, as well as warrants or other similar securities directly or indirectly entitling holders to subscribe new shares or acquire existing shares in the company, whether newly issued or already

outstanding, subject to the following conditions:

- Securities: Bonds, notes and other fixed interest or similar securities exchangeable for shares of the company or of any other company, whether or not forming part of the group, and/or convertible into shares of the company, promissory notes, preference shares or warrants.
- Term of the mandate: 5 years
- Maximum amount: €500,000,000

2) Derivative acquisition of treasury shares either by the company or by its affiliates for a period of five years up to a maximum 10% of share capital and for a price or value ranging from a minimum equal to par value and a maximum equal to the higher of (i) 105% of the quoted share price of the company in the Spanish Continuous Market at the time of acquisition, or the closing price in the last stock market session held prior to acquisition, and (ii) the value calculated by increasing the maximum quotation for the three months preceding the date of acquisition by 10%. The treasury shares may be acquired either for disposal or redemption, for delivery directly to employees or directors of the company, or because of the exercise of stock options by their holders.

A.11. Estimated free float

	%
Estimated free float	29.97 %

Remarks

A.12. State whether there are any statutory, legislative or other restrictions on the transferability of securities and/or any restrictions on voting rights In particular, you should report the existence of any kind of restrictions that could hinder or prevent a takeover of the company by means of the acquisition of shares in the market, as well as any requirements established under applicable industry regulations for prior authorization or notification of the acquisition or transfer of financial instruments issued by the company.

☐ Sí ☑ No

Description of restrictions

A.13. State whether the General Shareholders Meeting has resolved to adopt any anti-takeover measures in accordance with Spanish Law 6/2007.

☐ Sí ☑ No

Where appropriate, explain the measures approved and the conditions under which the resulting restrictions would be lifted:

Explain the measures approved and the conditions under which they would be lifted

A.14. State whether the company has issued any securities that are not traded on a regulated market in the European Union.

☐ Sí ☑ No

Where appropriate, list the different classes of shares and the rights and obligations conferred by each class of share.

List the different classes of shares

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B GENERAL MEETING

B.1. Indicate and, where applicable, detail, if there are differences with the minimum regime established in the Capital Companies Law with respect to the quorum for the constitution of the general meeting.

☐ Sí ☑ No

	Different % quorum to that established in Art. 193, CCL for general assumptions	Different % quorum to that established in Art. 194, CCL for the special cases of the art. 194 LSC
Quorum required on first call		
Quorum required on second call		

Description of differences

B.2. State whether there are any differences with the system for the adoption of corporate resolutions established under the Capital Companies Law, and describe said differences where appropriate:

☑ Sí ☐ No

Describe any differences with the Capital Companies Law

	Different qualified majority from Art. 201.2 for the cases mentioned in Art. 194.1 of the Limited Companies Act	Other cases requiring qualified majorities
% established by the entity for the adoption of resolutions	66%	66%

Description of differences
Article 17.4 of the Regulations of the Board of Directors states that: Except where the law or the Articles of Association specifically establish other voting rules, resolutions shall be adopted by absolute majority of the directors present at the meeting. In particular, the appointment, removal and agreements to terminate of CEOs, as well as the previous approval of contracts to be entered into between the Company and directors who are given executive functions will require the favorable vote of at least two thirds of the members of the Board, with the abstention, where applicable, of the affected director. In the event of a tie, the Chairman will not have a casting vote. The Capital Companies Law indicates that a majority vote is sufficient for the appointment or removal of the Chief Executive Officers.

B.3. State the rules applicable to amendment of the company's bylaws. In particular, you should report the majorities required and, where appropriate, the rules established for the protection of shareholders' rights in the event of amendment of the bylaws.

In accordance with Article 28.1 of the bylaws, a separate vote must be held for the amendment of each article or group of

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articles of the bylaws, even where such amendments are included in the same point on the agenda for the meeting.

Article 30 of the Regulations for the General Shareholders Meeting requires an absolute majority of the votes cast to amend the Bylaws where the shares present or represented by proxy exceed 50% of total share capital, or two thirds of shares present or represented by proxy when the shareholders present or represented by proxy at second call hold 25% or more of total subscribed capital with voting rights but less than 50%.

B.4. Provide figures for attendance at the general meetings held during the year referred to in this report and in the prior year:

	Attendance figures				
Date of general meeting	% physical attendance	% attendance by proxy	% remote votes cast		Total
			Electronic votes	Other	
31/03/2021	6.1586%	72.8729%			79.0315%
13/04/2022	29.6358%	57.9643%			87.6001%
Of which floating capital:					17.57%

B.5. State whether there were any motions proposed in the agenda for the general meetings held during the year that were not approved by the shareholders for any reason.

☐ Sí ☑ No

Motions not approved	% votes against (*)

(*) Where any motion was not approved for reasons other than a majority of votes against, the explanation should be included in the text field, and the remark "n/a" should be entered in the column headed "% votes against".

B.6. State whether there are any statutory restrictions establishing a minimum number of shares needed to attend general meetings, or to vote remotely:

☐ Sí ☑ No

Number of shares needed to attend general meetings	
Number of shares needed for remote voting	

Remarks

B.7. State whether the bylaws require that decisions regarding the acquisition, disposal or assignment to any other company of core assets, or any other similar corporate transactions, must be submitted for approval by the shareholders at their general meeting, other than in the cases established by Law.

☐ Sí ☑ No

Decisions that must be submitted for approval by the General Shareholders Meeting, other than as required by Law

B.8. State the internet address and means of access to the company webpage containing corporate governance and other information concerning general meetings which must be made available to the shareholders online via the corporate website.

The address where the corporate governance information is posted online is https://www.neinorhomes.com/en/accionistas-inversores/

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C CORPORATE MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1. Maximum and minimum number of directors allowed under the bylaws and number of directors established by the General Shareholders Meeting.

Maximum number of directors	15
Minimum number of directors	5
Number of directors established by the general meeting	9

Remarks

C.1.2. Complete the following table with information about the board members:

Director's name	Representative	Category of director	Office	Date of first appointment	Date of last appointment	Selection procedure	Date of birth
Ricardo Martí Fluxá		Independent	President	08/03/2017	01/04/2020	Re-election by the General Meeting of Shareholders	08/09/1950
Anna M. Birulés Bertrán		Independent	Vocal	08/03/2017	01/04/2020	Re-election by the General Meeting of Shareholders	28/06/1954
Alfonso Rodés Vilà		Independent	Vocal	08/03/2017	01/04/2020	Re-election by the General Meeting of Shareholders	09/08/1961
Juan José Pepa		Proprietary	Vocal	13/04/2022	13/04/2022	Appointment by the General Meeting of Shareholders	18/02/1978
Andreas Segal		Independent	Vocal	27/02/2019	03/04/2019	Appointment by the General Meeting of Shareholders	30/08/1969
Van J. Stults		Proprietary	Vocal	22/10/2019	01/04/2020	Appointment by the General Meeting of Shareholders	30/09/1954
Felipe Morenés Botín Sanz-de Sautuola		Proprietary	Vocal	14/05/2015	01/04/2020	Re-election by the General Meeting of Shareholders	13/02/1986
Aref H. Lahham		Proprietary	Vocal	12/12/2019	01/04/2020	Appointment by the General Meeting of Shareholders	15/02/1965
Borja García-Egotxeaga Vergara		Executive	CEO	08/04/2019	01/04/2020	Appointment by the General Meeting of Shareholders	23/11/1967

Total number of directors	9

Indicate any exits from the board of directors during the reporting period, whether due to resignation or by resolution of the general shareholders' meeting:

Director's name	Category of director upon leaving office	Date of last appointment	Leaving date	Membership of any specialist committees	State whether the director served the full term of office
Jorge Pepa	Executive	31/03/2021	13/04/2022	Land Investment Committee	Yes

Cause of exit, if before the end of the term of office and other remarks; information on whether the director has sent a letter to the other members of the Board and, in the case of the exit of non-executive directors, explanation or opinion of the director who has been removed by the General Shareholders' Meeting
On April 4, 2022, the Company received a letter from Mr. Jorge Pepa in which he communicated his resignation as a member of the Board of Directors of the Company and of the committees of which he is a member, effective at the ordinary general meeting held on second call on April 13, 2022, Mr. Jorge Pepa tendered his resignation in view of the resolutions submitted to the aforementioned ordinary general meeting of the Company, in order to avoid situations of conflicts of interest and with the desire not to increase the number of directors of the Company. Notwithstanding the foregoing, Mr. Jorge Pepa has continued to perform his executive duties in the Company.

C.1.3. Complete the following tables with information about the members of the board and the different categories of director:

EXECUTIVE DIRECTORS

Director's name	Office held in the company's organization chart	Profile
Borja García-Egotxeaga Vergara	Chief Executive Officer	Borja joined Neinor in June 2016 and since April 2019 he has served as Chief Executive Officer and is a member of the Board of Directors and the Land Investment Committee. Over the last 21 years his professional life has been in the field of residential development, with extensive experience in team and project management. Borja studied Industrial Engineering at the Escuela Superior de Ingenieros Industriales in Bilbao and has an INSIDE Master's degree in Business Management from the University of Deusto.

Total number of executive directors	1
% of total board	11.11%

Remarks

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EXTERNAL PROPRIETARY DIRECTORS

Director's name	Name of the significant shareholder represented or who proposed the director's appointment	Profile
Aref H. Lahham	Pyxis V Lux S.À.R.L. (Orion)	Aref H. Lahham is Executive Chairman and Founding Partner of Orion Capital Managers and is a member of the Firm's Investment Committee. Based in Orion's London offices, he serves as Orion's Chief Investment Officer, setting strategy and leading Orion's acquisition team and investment activities, as well as directing asset management activities in a significant number of Orion's investments. Mr Lahham has 36 years of experience in real estate investment and development in the United States and Europe. Prior to forming Orion in 1999, he was Managing Director of LaSalle Partners, which he joined in 1992 and directed its operations and investment activities in France. Before working for LaSalle Partners, Mr Lahham was a Project Manager for SEGECE (a subsidiary of the BNP group), a French shopping centre developer based in Paris. Previously, Mr Lahham was an International Project Manager and Design Engineer in New York with the structural engineering consulting firm Leslie E. Robertson Associates. Previously, he was also a member of the Board of Directors and the Strategic Committee of the French listed real estate company, Société Foncière Lyonnaise. Mr Lahham holds a B.Sc. in Civil Engineering from Purdue University, an M.Sc. in Civil Engineering from Cornell University where he served on the Board of the School of Engineering, and an MBA from INSEAD.
Van J. Stults	Pyxis V Lux S.À.R.L. (Orion)	Mr Van J. Stults is Managing Director and Founding Partner of Orion Capital Managers and is a member of the Firm's Investment Committee. Mr Stults has 43 years of experience in real estate investment management. Prior to forming Orion in 1999, Mr Stults was a member of the Board of Directors of LaSalle Partners (now "JLL"), Managing Director, member of the Operating Committee and head of European investment activities. Mr Stults joined LaSalle Partners in 1984. Prior to LaSalle Partners, he was Assistant Treasurer of Lane Industries, a privately held U.S. family-owned conglomerate, and prior to Lane Industries, he was Commercial Banking Officer at First National Bank of Chicago.

		Mr Stults is a member of the Pension Real Estate Association and is a Global Governing Trustee of the Urban Land Institute. Mr Stults holds a bachelor's degree in economics from Claremont McKenna College and an MBA in finance and accounting from the University of Chicago Booth School of Business.
Felipe Morenés Botín Sanz-de Sautuola	Stoneshield Southern Real Estate Holding II, S.à r.l. (Stoneshield)	Mr. Felipe Morenés Botín-Sanz de Sautuola is a founding partner of Stoneshield Capital. Previously, he was a director at Lone Star, where he was involved in the fund's investment operations in Europe. Since 2013, he was responsible for the analysis, structuring and supervision of several debt and equity investments. Prior to joining Lone Star, he spent 5 years as an Associate Director at UBS Investment Banking and UBS Credit Structuring Desk in London. During his experience at UBS, he advised on M&A, capital raising and structured finance transactions for banks and hedge funds. Mr. Morenés holds a BA in Political Science and Economics from Georgetown University.
Juan José Pepa	Stoneshield Southern Real Estate Holding II, S.à r.l. (Stoneshield)	Juan Pepa is one of the two founding partners of Stoneshield Investment Funds and currently serves as co-head of the firm. Previously, he worked at Lone Star Funds (from 2008 to 2017) where he was appointed partner and responsible for sourcing, underwriting Real Estate, structuring; also having ongoing oversight of over €10 billion in real estate asset and debt investments across Europe. During this time, Juan was involved in multiple investments in various asset classes such as office, retail, hotel, residential and industrial assets located in several countries including Spain, Germany, UK, Netherlands, France, Belgium and Switzerland. In addition, during his last years at Lone Star, he led the firm's investment in Spain and Portugal. Prior to joining Lone Star, Juan worked in Citigroup's global special situations team. Juan is a graduate of the Universidad de San Andrés (Buenos Aires) and holds an MBA from Babson College in Massachusetts.

Total number of proprietary directors	4
% of total board	44.44%

Remarks

INDEPENDENT EXTERNAL DIRECTORS

Director's name	Profile
Ricardo Martí Fluxá	Mr. Martí Fluxá is President of the Spanish Association of Real Estate Consulting Companies (ACI), of the Spanish Association of Defence, Security, Aeronautics and Space Technologies (TEDAE) and Director of Liteyca. He was Secretary of State for Security in the Spanish Government from 1996 to 2000. As a member of the Spanish Diplomatic Career, he held various posts abroad and finally that of Head of Protocol and Activities of His Majesty The King's Household. In the private sector he was, among other positions, President of Industria de Turbo Propulsores, S. A. (ITP), of Marco Polo Investments, Director of the Tomás Pascual Group, Member of the Advisory Board of the investment bank Arcano Capital, Director of Ibersecurities, Director of the technology company IKUSI and member of the Executive Committee and Chairman of the Remuneration Committee of the Caja de Ahorros y Monte de Piedad de Navarra. He has also been Member of the Governing Board and Secretary of the Fundación Pro Real Academia Española and Chairman of the Royal Board of Trustees of the Museo Nacional Centro de Arte Reina Sofía. He is currently Chairman of the Tomás Pascual Institute for Nutrition and Health and Chairman of the Ankaria Foundation and a member of the Board of Trustees of the Juan March Foundation.
Anna M. Birulés Bertrán	Ms. Birulés is Vice-Chairman, Independent Director, Chairman of the Audit Committee and member of the Executive and Investment Committees of Grupo Pelayo, Mutua de Seguros y Reaseguros a Prima Fija. She is also an Independent Director, Chairman of the Compensation and Nominating Committee and member of the Audit and Risk Committee of Banco Mediolanum, and Chairman, Independent Director, Chairman of the Audit Committee and member of the Compensation and Nominating Committee of Enerside Energy. Likewise, at both Banco Mediolanum and Neinor Homes, she has been Chairman of the Audit Committee, leaving the Chairmanship in both cases due to the expiration of her term of office. She is a member of several corporate advisory boards. She was Minister of Science and Technology of the Spanish Government, General Secretary of Banco Sabadell and Vice-Chairman of Renta Corporación. With a PhD in Economics, she began her professional career in the Department of Industry and Energy of the Generalitat de Catalunya and was Director General of the Centre for Information and Business Development (CIDEM), as well as President of the Consortium for the Commercial Promotion of Catalonia (COPCA). She was CEO of Retevisión (now owned by the Cellnex and Vodafone groups), from where she led the expansion process of the telecommunications operator and its subsidiaries (now owned by Orange). She has been Director of companies in various sectors and geographies. She is a member of the Círculo de Empresarios and the Círculo de Economía. She is strongly linked to leading business schools; IESE where she chairs Finaves, international entrepreneurial initiatives, through seed capital and ESADE, where she is a member of the Professional Advisory Board.
Andreas Segal	Mr. Segal has more than 22 years of experience in the real estate sector. He was a member of the board of directors of several listed companies in this sector, among others Buwog Group, Deutsche Wohnen and GSW Immobilien.

	Mr Segal holds a degree in economics from the University of Berlin FU (Germany) and a law degree. He is also a graduate of the Harvard Business School (Boston, USA).
Alfonso Rodés Vilà	Mr. Rodés is Chairman of Havas Group Media, Chairman of Havas Group Spain and Director of Havas S.A., a multinational advertising company with a market capitalisation in excess of EUR 4 billion and part of the Vivendi group. Previously, Mr Rodés was CEO of Media Planning Group, S.A. ("MPG"). MPG was a company controlled by the Rodés family, which merged with Havas in 2001. Mr. Rodés joined MPG in 1996 as Director of Corporate Development, where he led the group's expansion throughout Latin America, North America and Asia. Previously, he developed his professional career in private banking. Mr. Rodés has been a Director of Havas S.A. since 19 June 2012. He also sits on the boards of other investment vehicles controlled by the Rodés family.

Total number of independent directors	4
% of total board	44.44%

Remarks

State whether any director categorized as an independent receives any moneys or benefits from the company or its group in respect of any item other than director's remuneration, or maintains, or in the last year maintained, any business relationship with the company or with any company forming part of its group, either on their own behalf or as a significant shareholder, director or senior executive of an entity maintaining, or which may in the past have maintained, any such relationship.

Where appropriate, include a reasoned statement from the board stating the reasons why it considers that the director concerned can nevertheless discharge his/her functions as an independent director.

Director's name	**Description of the relationship**	**Reasoned statement**

OTHER EXTERNAL DIRECTORS

Identify any other external directors and state the reasons why they should not be considered either proprietary or independent directors, as well as their links with the company, its management, or its shareholders:

Director's name	**Reasons**	**Company, executive or shareholder with whom the director is related**	**Profile**

Total other external directors	
% of total board	

Remarks

Indicate any changes arising in the category of each director over the period, where applicable:

Director's name	Date of change	Previous category	Current category
Felipe Morenés Botín Sanz-de Sautuola	26/01/2022	Independent Director	Proprietary Director

Remarks
Mr. Morenés was reclassified from Independent Director to Proprietary Director on January 26, 2022, date on which the Appointments and Remuneration Committee approved his change of status and which was subsequently ratified by the Board based on Article 529 duodecies of the Capital Companies Act. In view of its relationship with the shareholder Stoneshield Southern Real Estate Holding II, S.à r.l, which informed by letter dated January 23, 2022 of the acquisition of 18.453% of the share capital of the company, a percentage that was subsequently increased to the shareholding shown at December 31 in this report.

C.1.4. Complete the following table with information about the number of female directors at the close of each of the last four years, and the category of the directors concerned:

	Number of female directors				% of total directors in each category			
	2022	2021	2020	2019	2022	2021	2020	2019
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	1	1	1	1	25%	20%	25%	25%
Other external	0	0	0	0	0%	0%	0%	0%
Total:	1	1	1	1	11.1%	11.1%	11.1%	11.1%

Remarks

C.1.5. State whether the company has diversity policies for the board of directors in relation to issues such as age, gender, disability, and professional qualifications and expertise. In accordance with the definition established in the Spanish Audit Act, small and medium-sized enterprises should report at least on the policy established in relation to gender diversity.

☑ Sí ☐ No

If yes, describe the diversity policies, their objectives, the measures implemented and the manner in which they were applied, and the results obtained in the year. You should also indicate the specific measures adopted by the board of directors and the appointments and Remunerations Committee to ensure a balanced and diverse make-up of directors.

If the company does not apply a diversity policy, explain the reasons why not.

Description of the policies, objectives, measures and how they have been implemented, and the results achieved.
The company approved a director selection policy in 2017, which was updated and approved by the Board again on May 10, 2022, which establishes that diversity of knowledge, experience, age and gender will be favoured. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity. A clear equal opportunities policy is adhered to for the avoidance of any kind of discrimination based on gender. Gender is not considered to be grounds for selection under any circumstances, and this also applies to the appointment of directors. Diversity is understood in its broadest sense, covering, by way of example and not exhaustively, aspects such as age, nationality, gender, disability and professional experience and training. In addition, Neinor Homes, in compliance with the Capital Companies Act, in the search for candidates to fill new vacancies, shall favour the diversity of gender, experience, age and knowledge of its directors and shall ensure that there are no implicit biases that may entail any type of discrimination, especially that may hinder the selection of female directors. In this regard, Neinor Homes is aware of the content of recommendation 15 of the Code of Good Governance with regard to the recommended percentage of female directors, which will be duly taken into account with regard to future appointments of new directors or the filling of vacancies on the Board of Directors that may arise. To this end, Neinor Homes shall ensure that there are sufficient candidates in the market that comply with gender diversity, in addition to functional and nationality diversity, and shall endeavour to ensure that, as far as possible, the Company has a significant number of female senior managers. These criteria shall be carried out in the selection process and compliance with them shall contribute to the efficiency of the Board of Directors' decision-making. During the financial year, it was not considered necessary to replace or appoint new directors to deliberately incorporate people who could improve the board's gender balance. This increased balance shall be considered by the Board in the event of the departure or replacement of any of its independent or executive members. In the current fiscal year, one executive director left the Board due to the incorporation of a proprietary director proposed by the shareholder he represents, so there has not been the possibility of increasing a greater balance in the Board with respect to the gender of its members. The policy is available at: https://www.neinorhomes.com/en/responsible-business-and-innovation/corporate-governance/director-selection-policy/

C.1.6. Explain any measures adopted by the appointments committee, where applicable, to ensure that selection procedures are free of any bias which might hinder the selection of female directors, and that the company deliberately seeks and includes women meeting the professional profile sought among potential candidates to ensure that it achieves a balanced make-up between women and men. Also indicate whether these measures include encouraging the company to have a significant number of senior managers:

Explanation of the measures
The company approved a director selection policy in 2017, which was updated and approved by the Board again on May 10, 2022, which establishes that diversity of knowledge, experience, age and gender will be favoured. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity. A clear equal opportunities policy is adhered to for the avoidance of any kind of discrimination based on gender. Gender is not considered to be grounds for selection under any circumstances, and this also applies to the appointment of directors. Diversity is understood in its broadest sense, covering, by way of example and not exhaustively, aspects such as age, nationality, gender, disability and professional experience and training. In addition, Neinor Homes, in compliance with the Capital Companies Act, in the search for candidates to fill new vacancies, shall favour the diversity of gender, experience, age and knowledge of its directors and shall ensure that there are no implicit biases that may entail any type of discrimination, especially that may hinder the selection of female directors. In this regard, Neinor Homes is aware of the content of recommendation 15 of the Code of Good Governance with regard to the recommended percentage of female directors, which will be duly taken into account with regard to future appointments of new directors or the filling of vacancies on the Board of Directors that may arise. To this end, Neinor Homes shall ensure that there are sufficient candidates in the market that comply with gender diversity,

in addition to functional and nationality diversity, and shall endeavour to ensure that, as far as possible, the Company has a significant number of female senior managers. These criteria shall be carried out in the selection process and compliance with them shall contribute to the efficiency of the Board of Directors' decision-making. The Appointments and Remuneration Committee (ARC) oversees the implementation of the diversity policy in the appointment of the Directors. In this regard, care was taken to ensure the inclusion of women among the candidates and at least one woman among the board members. In compliance with the provisions of the Board Regulations, the selection policy and the group's code of conduct, the ARC includes women with the appropriate professional experience among the potential candidates and ensures that there is no implicit bias in the selection procedures that might hinder the selection of female directors. In the case of a new appointment (independent or executive director, in the event of a balance of skills, knowledge and abilities between two applicants, the female gender will be given priority in the selection process with the aim of achieving greater parity on the Board. New appointments will arise as a result of the departure of existing board members. The company is not currently planning to increase the number of directors as this number is appropriate for the size of the company and its effective and efficient management, as described in the various evaluations of the functioning of the Board and its committees carried out internally or by an independent third party of recognised standing. The policy is available at: https://www.neinorhomes.com/en/responsible-business-and-innovation/corporate-governance/director-selection-policy/

Where there are few or no female directors despite the measures adopted, where applicable, explain the reasons for this circumstance:

Explanation of reasons
The Board has, except for gender, a wide diversity of directors and its number is considered adequate for the size of the company and for its effective and efficient management. The company does not consider it appropriate to resort to a termination of a highly qualified and experienced current Board member in order to reduce the current gender gap on the Board. With a view to future appointments, female applicants should always be considered and, if they are equally qualified, they should be selected with a view to obtaining the representation required by the good governance recommendations.

C.1.7. Explain the appointments committee's findings on its verification of compliance with policy aimed at promoting an appropriate composition of the board of directors.

The Appointments and Remuneration Committee has not reached any conclusions regarding compliance with the selection policy insofar as:

(i) In the financial year 2022, a proprietary director has been incorporated at the proposal of one of the reference shareholders, so no selection process has been carried out in which the selection policy could be applied. Said director has a magnificent track record in the sector and has a deep knowledge of the company. The incorporation of this director has resulted in the removal from the board of one of the two executive directors in order to maintain the number of current directors and avoid situations of conflicts of interest.

On the removal of any independent director, the Appointments and Remuneration Committee is assisted in the process of searching for and selecting a replacement by an external specialised professional firm, which always includes in its instructions that the profile sought must comply exhaustively with the director selection policy.

C.1.8. Where appropriate, explain the reasons why any proprietary directors were appointed at the proposal of shareholders owning less than 3% of capital:

Shareholder's name	Reason for appointment

State whether the company has refused any formal requests for seats on the board made by shareholders holding interests in share capital equal to or greater than the holdings of other shareholders at whose request proprietary directors were appointed. Where appropriate, explain the reasons why these requests were turned down:

☐ Sí ☑ No

Shareholder's name	Explanation

C.1.9. Indicate the powers and authorizations, if any, including those relating to the possibility of issuing or repurchasing shares, delegated by the Board of Directors to directors or to any of the Board committees:

Director's name	Brief description
Borja García-Egotxeaga Vergara	The CEO has been delegated all the powers of the Board except those that cannot be delegated by law or by the company's bylaws (in particular, the power to acquire land).

C.1.10. Where appropriate, list any board members who also hold office as directors or executive positions in other companies forming part of the listed company's group:

Director's name	Group entity's name	Office	Executive functions?
Borja García-Egotxeaga Vergara	NEINOR NORTE, S.L.U. NEINOR PENÍNSULA, S.L.U. NEINOR SUR, S.A.U. RENTAL HOMES PROPCO, S.L.U. NEINOR RENTAL OPCO, S.L.U. NEINOR SARDES RENTAL, S.L.U. QUABIT PALMACES, S.L.U. QUABIT BONAIRE, S.L. QUABIT SURESTE, S.L.U. QUABIT REMATE, S.L.U. QUABIT AGUAS VIVAS, S.L.U. GLOBAL QUABIT SUR, S.L.U. QUABIT CASARES GOLF RP5, S.L.U. IBER ACTIVOS INMOBILIARIOS, S.L. PARQUE LAS CAÑAS, S.L.U.	Sole Director	Yes

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	QUABIT COMUNIDADES, S.L. QUABIT INMOBILIARIA INTERNACIONAL, S.L. SKY RENTAL HOMES PROPCO, S.L.U. RENTAL HOMES NX PROPCO, S.L.U. SKY COLIVING HOMES PROPCO, S.L.U. EUROPA RENTAL HOMES PROPCO, S.L.U. RENTAL HOMES HOLDCO, S.L.U.		
Borja García-Egotxeaga Vergara	PROMOCIONES NEINOR 3, S.L.U. NEINOR WORKS, S.L.U. PROMOCIONES NEINOR 5, S.L.U.	Joint Director	Yes
Borja García-Egotxeaga Vergara	ALBORAYA MARINA NOVA, S.L.	Natural person representative of Director	Yes
Borja García-Egotxeaga Vergara	PROGRAMAS ACTUACION BALEARES, S.L.	Individual representative of Joint Administrator	Yes
Borja García-Egotxeaga Vergara	QUABIT CONSTRUCCIÓN, S.A. ESPALMADOR 45, S.L.	Director	Yes

Remarks

C.1.11. Give details of any positions of director, administrator or executive, or representatives thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether they are listed companies:

Identification of the director or representative	Company name of the entity, whether listed or unlisted	Office
Anna M. Birulés Bertran	Banco Mediolanum	Independent Director
Anna M. Birulés Bertran	Pelayo Mutua de seguros y Reaseguros a prima fija	Vice President Independent Director
Anna M. Birulés Bertran	Enerside Energy	President Independent Director
Anna M. Birulés Bertran	Finaves V apoyo start-ups alumni S.L.	President Independent Director
Andreas Segal	Bonova, S.A	Independent Director
Alfonso Rodés Vilà	Havas	Administrator
Alfonso Rodés Vilà	Havas Media Group USA LLC (États-Unis)	President
Alfonso Rodés Vilà	Media Planning International Corporation (États-Unis)	President
Alfonso Rodés Vilà	Arena Media SRL (Italie)	President and Director
Alfonso Rodés Vilà	Havas Media SRL (Italie)	President and Director
Alfonso Rodés Vilà	Havas Media Middle East FZ LLC (Dubai)	Director
Alfonso Rodés Vilà	Havas Media Peru SAC	Director
Alfonso Rodés Vilà	Arena Media Peru SAC	Director
Alfonso Rodés Vilà	Havas SAC Peru	Director

Alfonso Rodés Vilà	Havas Management Portugal, Unipesrsoal Lda	Director
Alfonso Rodés Vilà	Cake Media Ltd. (UK)	Director
Alfonso Rodés Vilà	Media Planning International Corporation (USA)	Director
Alfonso Rodés Vilà	Havas Media South Africa (Pty) Ltd (Sudáfrica)	Director
Alfonso Rodés Vilà	Havas Media India Private Limited (India)	Director
Alfonso Rodés Vilà	Arena India Private Limited (India)	Director
Alfonso Rodés Vilà	Media Advisors SA (Espagne)	Co-Administrator
Alfonso Rodés Vilà	Arena Media Communications España SA	President
Alfonso Rodés Vilà	Habas Media Group Spain SA	President
Alfonso Rodés Vilà	Havas Media Regiones SA de CV (México)	President
Alfonso Rodés Vilà	Arena Communications Network SL	Vice-President
Alfonso Rodés Vilà	Havas Management España SL	Director
Alfonso Rodés Vilà	Havas Media Group Spain SA	Chief Executive Officer
Alfonso Rodés Vilà	Havas Media Regions SA de CV (Mexique)	President
Alfonso Rodés Vilà	Arena Communications SA de CV (Mexique)	Chief Executive Officer
Alfonso Rodés Vilà	Arena Media SA de CV (Mexique)	President
Alfonso Rodés Vilà	Havas Media SA de CV (Mexique)	Chief Executive Officer
Alfonso Rodés Vilà	Havas Media Group USA	Manager
Alfonso Rodés Vilà	Havas Media Kuala Lumpur, SDN BHD	Manager
Alfonso Rodés Vilà	Havas Costa Rica S.A	Secretary
Alfonso Rodés Vilà	Fusión de Producción Digital SA (Costa Rica)	Secretary
Alfonso Rodés Vilà	Promótica de Costa Rica, SA	Secretary
Alfonso Rodés Vilà	Arena Media, SA (Costa Rica)	Secretary
Alfonso Rodés Vilà	Inversiones y Servicios Publicitarios, S.L.	Director
Alfonso Rodés Vilà	Acacia ISP, S.L.	Joint administrator
Alfonso Rodés Vilà	Gestora de Viviendas, S.A.	Joint administrator
Alfonso Rodés Vilà	Metrópolis	Director
Alfonso Rodés Vilà	In-Store Media Group S.A.	Director
Alfonso Rodés Vilà	In-Store Media Mexico S.A. de C.V.	Director
Alfonso Rodés Vilà	Cala Thunder S.L.	Joint administrator
Alfonso Rodés Vilà	Mesigual 2020 S.L.	Director

Remarks

Indicate, if applicable, any other remunerated activities of the directors or representatives of directors, whatever their nature, other than those indicated in the above table.

Identification of the director or representative	Other remunerated activities

Remarks

C.1.12. State whether the company has established any rules with regard to the maximum number of company boards on which it Directors may hold seats, and where appropriate explain such rules, indicating where such they are established:

☑ Sí ☐ No

Explanation of rules and identification of the document establishing the same
In accordance with the Board's Regulations, the directors may not hold seats on more than four boards of other listed companies (aside from the company itself).

C.1.13. State the total amounts paid out in respect of the following directors' remuneration items:

Remuneration accruing to the Board of Directors during the year (thousands of euros)	1,587
Amount of funds accumulated by current directors through long-term savings schemes with vested economic rights (thousands of euros)	N/A
Amount of funds accumulated by current directors for long-term savings schemes with non-vested economic rights (thousands of euros)	N/A
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)	N/A

Remarks

C.1.14. Identify any senior managers who are not also executive directors, and state the total remuneration earned by the same during year:

Name or company name	Office
Jordi Argemí García	Deputy CEO and CFO
Jorge Pepa	Vice-President
Mario Lapiedra Vivanco	Chief Investment Officer
Álvaro Conde Herranz	Head of GRC, Internal Audit and Sustainability
Fernando Hernanz de Dueñas	Chief Operating Officer
Gabriel Sánchez Cassinello	Chief Business Officer

Number of women in senior management	0
Percentage over total number of senior managers	0%

Total remuneration of senior management (in thousands of euros)	3,683

Remarks

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C.1.15. State whether there have been any changes in the board's regulation during the year:

☑ Sí ☐ No

Description of changes
The main changes have been mainly due to: - To the incorporation of the regulatory changes introduced by virtue of Law 5/2021, of April 12, amending the LSC, and other financial regulations, regarding the promotion of long-term shareholder involvement in listed companies. - To the adaptation of the Company's internal regulations to the new features introduced in the Good Governance Code following the partial revision approved by the CNMV in June 2020. - To the incorporation of certain improvements of a technical nature, in order to clarify the meaning of some issues, improve their wording and facilitate their better understanding. Some of the issues addressed in the update of the Board Regulations and other regulations and policies have been aspects such as: telematic attendance to the General Shareholders' Meetings, increasing the competences of the audit committee with respect to a greater focus on risks and the supervision of non-financial information and development of sustainability aspects (ESG), functions of the internal audit function, updating of the internal regulations on related-party transactions and conflicts of interest... Attached is a link to the Board of Directors' regulations updated as of April 13, 2022. https://www.neinorhomes.com/en/responsible-business-and-innovation/corporate-governance/regulations-of-the-board-of-directors/

C.1.16. Explain the procedures in place for the selection, appointment, resell action and removal of directors. Indicate the competent bodies, the procedural steps involved and the criteria applicable to each procedure.

Selection:

The company has approved a Directors Selection Policy, which sets out the selection procedure. In accordance with this policy, the selection process shall be based on a prior analysis of the Company's needs by the Board of Directors assisted by the Appointments and Remunerations Committee. The Appointments and Remunerations Committee shall define the candidates' functions and skills and shall assess the time and dedication required for each vacancy, so as to ensure that the eventual appointee is able appropriately to discharge his/her responsibilities. The Company may seek external advice to complete its needs analysis and/or its annual assessment of compliance with the selection policy.

With regard to the criteria for the selection or re-election of directors, candidates shall meet the conditions established in point 3.2 of the policy (i.e. they must be reputable persons of acknowledged ability and professional solvency, with the appropriate experience, qualifications, training, availability and commitment to discharge the office concerned. In addition, they must be fluent in both Spanish and English in order to perform their duties properly. They must also be professionals of integrity, whose conduct and professional trajectory are in line with the principles set forth in the company's Code of Ethics and who do not meet the incompatibility requirements indicated in that section.

Additionally, in the evaluation of the Board for the 2018 financial year, among the measures that had be taken by the Appointments and Remuneration Committee, one of them was the definition of the characteristics that the directors had to comply with in their profile, as detailed below:

- Honourable, honest, upright person of good repute.
- Experience and qualified training in the following areas, preferably:
  - ✓ Real estate sector and market (transactions and regulations)
  - ✓ Finance and accounting.

- ✓ Risk control and management.
- ✓ Cybersecurity and digital transformation.
- ✓ Sustainability and non-financial information.
- ✓ Capital market and financing.

- Experience in administrative, management, control or advisory functions to other companies.
- Availability and commitment to perform their role.
- Fluent in Spanish and English.
- Professional career in line with the principles set out in the company's Code of Ethics.
- No conflicts of interest with Neinor Homes or with companies in the sector that are competitors.
- Not involved in any case of incompatibility or prohibition established in the applicable law.
- Not affecting for any reason the image and reputation of Neinor Homes or putting at risk, in any other way, the company's interests, including not having a criminal record or accusation in legal proceedings.

The Company shall foster diversity in terms of gender, experience and expertise among the directors and shall ensure that no implicit bias exists such as might result in any kind of discrimination, especially where this might hinder the selection of female directors.

Appointment and reelection:

The directors are appointed by the General Shareholders Meeting or may be co-opted by the Board of Directors, subject to a report from the Appointments and Remunerations Committee, or in the case of independent directors at the proposal of said committee.

The directors shall hold office for a term of three years, at the end of which they may be reselected one or more times for the same maximum term.

Directors co-opted onto the Board shall hold office until the next General Shareholders Meeting held after their appointment, and they shall resign their office in the event that said appointment is not ratified at the General Shareholders Meeting.

Before proposing the re-election of directors to the General Shareholders Meeting, the board shall assess the quality of the work carried out and the dedication to their office shown by the directors proposed during their previous term in office, who shall absent themselves from said assessment.

With regard to the criteria for the selection or re-election of directors, firstly, candidates shall meet the conditions established in point 3.2 of this Policy.

In addition, Neinor Homes, in compliance with the Capital Companies Act, in the search for candidates to fill new vacancies, shall favour the diversity of gender, experience, age and knowledge of its directors and shall ensure that there are no implicit biases that may entail any type of discrimination, especially that may hinder the selection of female directors. In this regard, Neinor Homes is aware of the content of recommendation 15 of the Code of Good Governance with regard to the recommended percentage of female directors, which will be duly taken into account with regard to future appointments of new directors or the filling of vacancies on the Board of Directors that may arise. To this end, Neinor Homes shall ensure that there are sufficient candidates in the market that comply with gender diversity, in addition to functional and nationality diversity, and shall endeavour to ensure that, as far as possible, the Company has a significant number of female senior managers. These criteria shall be carried out in the selection process and compliance with them shall contribute to the efficiency of the Board of Directors' decision-making.

The proposal of candidates for director may be made by any director, provided that the person meets the conditions established in point 3.2 of this Policy, although it is the ARC that will analyse the suitability of the candidacy in accordance with the guidelines of this Policy, to subsequently submit it to the Board of Directors, who will formally approve it. As part of the selection process, the ARC, or at least its chairman or one of its members, shall meet with each of the candidates for board members before issuing its report or proposal, recording the meetings and at least the evaluation of the final candidates or those considered suitable in the minutes of the ARC meetings.

The candidate shall also be required to provide sufficient information about the rest of his or her activities and any potential conflicts of interest that may affect him or her, so that the ARC can assess the effect they may have on the candidate's ability to perform his or her duties under the stipulated conditions or on his or her current or future independence, and his or her formal acceptance in writing of the Group's policies for directors shall be sought.

Assessment:

With regard to assessment, Article 18 of the Regulation of the Board of Directors requires the Board annually to assess (i) its functioning and the quality of work; (ii) the discharge by the Chairman and the Chief Executive Officer of their functions as such, based on the report issued by the Appointments and Remunerations Committee; (iii) the diversity of the Board's members and the skills of the directors; and (iv) the functioning of the Board Committees based on the reports issued by the same. For these purposes, the Chairman of the Board of Directors shall organize and coordinate the assessment process with the Chairs of the Board Committees.

Every three years, the Board of Directors shall be assisted in its evaluation by an external consultant, whose independence shall be verified by the Appointments and Remunerations Committee.

Based on the results of the annual assessment, the Board of Directors may propose an action plan to correct any weaknesses observed in relation to the quality and efficiency of the Board's functioning, the functioning and membership of committees, diversity, the work of the Chairman and of the Chief Executive, and the work and contributions made by each director.

Removal:

The directors shall cease to hold office when the term for which they were appointed ends, or where so decided by the General Shareholders Meeting.

Directors must place their position at the disposal of the Board of Directors in the cases mentioned in Article 21.2 of the Board Regulations (see section C.1.19 below).

The Board of Directors may only propose the removal of an independent director before the end of his/her statutory term of office upon sufficient grounds, established by the Board of Directors subject to a report by the Appointments and Remunerations Committee. The removal of independent directors may also be proposed because of a public takeover bid or of mergers and other similar corporate operations that would result in changes in the company's capital structure, provided such changes arise in line with corporate good governance recommendations applicable to the Company from time to time.

C.1.17. Explain the extent to which annual Board assessments have resulted in significant changes in its internal organization and in the procedures applicable to its activity:

Description of modifications s
In accordance with the provisions of Article 529 *nonies* of the LSC and Recommendation 36 of the Good Governance Code, as well as with the CNMV's Technical Guide 3/2017, in relation to the Audit Committee, in the last quarter of the financial year the Company carried out an internal evaluation of the functioning of the Board and its respective Committees, following the best national and international market practices. The evaluation carried out has been linked to an action plan for improvement measures. The evaluation of the Board has not led to major changes in its internal organisation, as the Board and the respective Committees have been assessed as functioning very positively and in line with the best practices of good governance of public interest companies. The strengths identified in the evaluation of the Board were: 1. Referring both to the evaluations of the Directors and to the analysis of best practices and standards carried out, the Board of Directors of Neinor Homes has a structure in line with best practices, in terms of size and composition, notably with a high degree of diversity in terms of profile, experience, age, knowledge and nationality. In this regard, the international diversity of Neinor Homes' Board of Directors is above the average for the sector at a national level, even above benchmark IBEX 35 companies with a greater international presence. 2. Proper internal functioning of the Board of Directors with regard to the frequency of meetings, the notice period, the level of attendance by Directors and the correct and adequate quality and quantity of supporting documentation for informed decision-making. In this respect, several members of the Board of Directors have highlighted the good functioning of the Governing Body.

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3. The decision-making process of the Board of Directors is highly participatory and open to discussion, resolving differences of opinion within the Board in a fluid and orderly manner.
4. Good level of interaction and dialogue between the Board of Directors and Senior Management, including most notably the accessibility of the company's executives, the rigour in the preparation of their appearances and their high level of participation and discussion.
5. An analysis of the documentation provided, as well as the information available on the Neinor Homes website, highlights the very positive existence of a Policy regarding the communication of economic-financial, non-financial and corporate information, a Procedure for conflict of interest and related-party transactions, as well as a Model for the prevention of corporate criminal liability. In relation to the policies and procedures, and considering the results of the benchmark carried out, Neinor Homes is one of the pioneering listed companies in complying with recommendations 2, 4 and 22 of the CBGSC, having defined and communicated mechanisms or established rules to prevent possible negative actions or attitudes by Directors from affecting or potentially damaging the credit and reputation of the Company.
6. Compared to its peers, Neinor Homes is a top performer in terms of quality and quantity of public information on topics such as corporate governance, compliance, internal policies and procedures, as the company shows a strong commitment to transparency with its stakeholders and other third parties.
7. Very positive evaluation by the Directors of the performance of the Committees of Neinor Homes' Board of Directors.
8. The analysis of Neinor Homes' internal documentation and regulations shows a high degree of compliance with the CBGSC recommendations (55 complies, 1 does not comply, 1 partially complies and 7 are not applicable due to the company's structure).
9. Neinor Homes has been recognised for the second consecutive year as the best residential developer in the world in terms of ESG criteria by the prestigious analyst Sustainalytics, because of the company's efforts in recent years in ESG and environmental matters, including the recent development and approval of its Sustainability Plan and of the Sustainability Report that the company has been publishing and auditing for the last 6 years, in anticipation of legal requirements.
10. Very high performance appraisal by the CEO, the Secretary of the Board and the GRC, Internal Audit and Sustainability Management.
11. The progress and development of all policy, strategic and development plans to promote sustainability in the company, as well as its social impact.

The improvement actions in the action plan are:

- Continue to work to promote gender diversity. It should be noted that the Board is deeply aware of this issue, but nevertheless it has not been possible to improve it over the last year because the only removal that has occurred has been replaced by a proprietary director selected by the reference shareholder.
- Continue to work on improving the Director Succession Plan to ensure that the governance model evolves in line with the evolution of the business.
- Increase training programs for Board members.
- Increase the detail of information on subsidiaries and the evolution of their business.

Describe the assessment process and the areas evaluated by the Board of Directors with the assistance, where applicable, of an external consultant, with respect to the functioning and membership of the board and its committees, and any other area or issue subject to assessment.

The evaluation process has been carried out internally, for the following reasons:

- **Greater accessibility to confidential** internal **information**.
- **Greater depth of the review**, given that the scope of external evaluations is limited for Neinor Homes' purposes.
- **Flexibility** to **adapt** to the availability of **Directors**.
- Availability of **internal resources with extensive knowledge of the company and experience in Corporate Governance** to carry out the evaluation.
- **High level of satisfaction** with the two evaluations previously carried out internally.

Last year's evaluation was carried out internally and in the previous year it was carried out with the support of an external consultant of recognised prestige (PWC) as it was the third year of such evaluation, and the results of the current year (fifth evaluation of the company) have been very similar to those of all previous years, whether internal or external.

The evaluation process was carried out following four working approaches in order to try to obtain greater visibility and objectivity; these four approaches were:

1. Diagnosis of the company's situation in terms of Good Corporate Governance, based on the best national and international practices and considering the following benchmark standards:

    - CNMV Recommendations on Good Governance, good practices stated in the Code of Good Governance approved by the Board of the National Securities Market Commission (CNMV) in February 2015and reviewed in June 2020.
    - Best practices on the functioning of the audit and control committees (Technical Guide 3/2017) as well as the appointments and remuneration committee (Technical Guide 1/2019).
    - The CNMV's recommendations on the information published in the previous year's Annual Corporate Governance Reports (ACGRs).
    - The Directors Institute's Proprietary Director's Guide, Spain 2019.
    - The European Banking Authority (EBA) corporate governance guidelines in 2018.
    - The King IV Report of the Institute of Directors in Southern Africa, South Africa, 2016

2. Performance of self-evaluation: evaluation and opinion of the effectiveness of the performance and functioning of the Board and its Committees by the Directors themselves, through questionnaires and personal interviews, guaranteeing the anonymity of the answers.

3. Benchmarking: Comparative analysis of the Corporate Governance practices of Neinor Homes compared to the actions of comparable listed companies in the sector and benchmark companies in the area of corporate governance (7 companies), both nationally and internationally. The benchmark was based on public information from the financial year of2021 the selected companies (ACGR, policies, website content, etc.). The selection of the companies that have integrated the benchmarking is distributed among consolidated companies of the Ibex 35, listed companies in the sector in Spain and Peers in Europe.

4. Review and analysis by internal audit of documentation and internal functioning, as well as measurement of the level of dedication, commitment, involvement and knowledge of the directors and analysis of the fulfilment of responsibilities on the following specific fronts:

    - Verification of compliance with internal regulations (Board of Directors, Remuneration, etc.).
    - Verification that all the documentation related to the Board's obligations established in the regulations in force (LSC, Good Governance Code, CNMV Instructions) has been reported, analysed and reviewed by the various Boards of Directors.
    - Evaluation of the quality and quantity of the information published by the company on its website.
    - Verification of the company's ESG status.
    - Compliance with best practices: Analysis of the "tone at the top", awareness and interest on the part of the Board and its Committees in ethics, compliance, transparency and continuous improvement for the implementation of best practices in corporate governance.
    - Diversity: Analysis of the number of women on the Board and its Committees. Number of foreign members on the Board and its Committees.
    - Experience and expertise of directors:
        - Analysis of the directors' sector experience based on the information contained in their CVs.
        - Analysis of experience in Corporate Governance based on the number and type of Boards on which they participate other than that of Neinor Homes.
        - Analysis of the training given to directors, within the framework of their membership of the Board and its Committees, in sectorial aspects and Corporate Governance.
    - Succession of directors: Analysis of the existence of a succession plan for the CEO and other directors.
    - Quality and availability of information:
        - Analysis of the level of adequacy and quality of the information supplied to directors for decision-making.
        - Analysis of the availability, in due time and form, of the information supplied to the directors for decision-making.
    - Operation:
        - Analysis of the planning of the calendar of meetings and of the actual meetings.
        - Analysis of the time taken to send out notices of meetings, as well as the agenda for the sessions.
        - Analysis of the duration of meetings of the Board and its Committees.
    - Composition:
        - Analysis of the number of members of the Board and its Committees.

- Analysis of the number of directors by type: executive, proprietary, independent and other external.
- Analysis of the number of years in office of each director.

- Connection with senior management and/or external parties: analysis based on the information in the minutes of the Board and its Committees of the participation of General Management and/or external auditors in the meetings of the Board and its Committees without the presence of the CEO.
- Dedication / involvement of directors: Analysis of the number of absences by directors from meetings of the Board and its Committees, also considering the analysis of non-executive directors in accordance with Art. 11 a) of the Regulations of the Appointments and Remuneration Committee.
- Directors' remuneration: Analysis of the use of comparative market studies carried out by external experts on directors' remuneration.

C.1.18. For those years in which evaluations were assisted by an external consultant, describe the business relations maintained by the consultant or any entity forming part of its group with the company or any group company.

Not applicable. In the current fiscal year, the evaluation has been conducted internally. 2020 has been so far the only year in which the evaluation has been assisted by an external consultant (PwC). Furthermore, in the current fiscal year no business relationship has been maintained with said consultant and with respect to fiscal years 2020 and 2021, details were provided in the corresponding IAGCs.

C.1.19. Describe the circumstances in which directors are obliged to resign.

Directors must tender their resignations to the Board of Directors in the following circumstances:

- when they cease to hold the executive positions with which their appointment as directors was associated;
- when they are affected by any case of incompatibility or disbarment established by law or in the bylaws.
- when they are admonished by the Board of Directors for infringing any of the obligations incumbent upon the directors;
- when their continuance as members of the Board could jeopardize or harm the interest, credit or reputation of the Company, or where the reasons for their appointment are removed, including, without limitation, as a result of significant changes in their professional situation or in the conditions under which they were appointed to their directorship;
- when they are prosecuted for any offence or are the subject of disciplinary proceedings instigated by the supervisory authorities in relation to any serious or very serious offence;
- in the case of proprietary directors, (i) when the shareholder represented sells its entire shareholding or materially reduces said the same, or (ii) by the requisite number, when the shareholder represented reduces its shareholding to a level requiring a reduction in the number of proprietary directors;
- when a director is a member of more than four Boards of Directors of other listed companies (aside from the Company);
- when alleged wrongdoing by a director means that his/her continuance could be seriously detrimental to equity or corporate the reputation in the Board's opinion.

C.1.20. Are qualified majorities other than those established by law required for any decisions?:

☑ Sí ☐ No

Describe the differences, where applicable.

Description of differences
Article 17.4 of the Regulations of the Board of Directors states that: Except where the law or the Articles of Association specifically establish other voting rules, resolutions shall be adopted by absolute majority of the directors present at the meeting. In particular, the appointment, removal and agreements to terminate of CEOs, as well as the previous approval of contracts to be entered into between the Company and directors who are given executive functions will require the favorable vote of at least two thirds of the members of the Board, with the abstention, where applicable, of the affected director. In the event of a tie, the Chairman will not have a casting vote. The Capital Companies Law indicates that a majority is sufficient for the appointment or removal of the Chief Executive Officers.

C.1.21. State whether any specific conditions exist for appointment as chairman the board other than those applicable to directors.

☐ Sí ☑ No

Description of conditions

C.1.22 State whether the bylaws or the Board's Regulations establish any age limits for directors:

☐ Sí ☑ No

☐ Edad límite presidente

☐ Edad límite consejero delegado ☐ Edad límite consejero

Remarks

C.1.23. State whether the bylaws or the Board's Regulations establish any limits on mandates or other stricter requirements in addition to the conditions established by law or applicable regulations for independent directors:

☐ Sí ☑ No

Additional requirements and/or maximum term of mandates in years	

C.1.24. State whether the bylaws or the Board's Regulations establish any specific rules for proxy votes by other directors at board meetings, the procedure for the issue of proxies and in particular, the maximum number of proxies a director may hold. Likewise, state whether any restrictions exist regarding the categories of director to whom proxies may be issued above and beyond the restrictions established by law. Where appropriate, provide a brief description of the rules.

Neither the bylaws nor the Board's Regulations establish any specific rules for proxy votes at Board meetings, and there are no restrictions with regard to the categories of directors to whom proxies may be granted above and beyond the restrictions established by law.

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C.1.25 State the number of meetings held by the board of directors during the year. Where appropriate, indicate the number of board meetings that were not attended by the chairman. In this computation, the chairman should be treated as attending where represented by proxy with specific instructions.

Number of board meetings	13
Number of board meetings not attended by the chairman	0

Remarks

State the number of meetings held by the coordinating director with the other directors but not attended by the CEO either in person or by proxy.

Not applicable because the chairman is not an executive director.

Number of meetings	-

State the number of meetings held by the different board committees during the year:

Number of meetings of the executive or steering committee	- *
Number of meetings of the audit committee	7
Number of meetings of the appointments and remunerations committee	5
Number of meetings of the appointments committee	- *
Number of meetings of the remuneration committee	- *
Number of meetings of the Land Investment Committee (LIC)	10

* Not applicable, because this committee does not exist in the company.

Remarks

C.1.26. State the number of meetings held by the board of directors during the year and the attendance data for the board members:

Number of meetings attended in person by at least 80% of directors	13
% attendance in person / total votes cast during the year	99.15%
Number of meetings attended by all directors either in person or by proxies issued with specific instructions	12
% of votes cast by directors in person or by proxies issued with specific instructions / total votes cost during the year	99.15%

Remarks

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C.1.27 State whether the individual and consolidated annual accounts presented to the board for approval are previously certified:

☐ Sí ☑ No

Where appropriate, identify the person(s) who certified the individual and consolidated annual accounts of the company for preparation by the board:

Name	Office

Remarks

C.1.28. Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

In accordance with Article 39.3 of the Board's Regulations, the Board of Directors shall endeavour to the prepare the final annual accounts in such manner as to ensure that there is no need for the auditor to include any emphasis of matter or qualifications in the opinion issued. In the exceptional cases where emphasis of matter paragraphs or qualifications may exist, both the Chair of the Audit and Control Committee and the external auditors shall provide the shareholders with clear explanations as to the contents of the same. Where the Board considers that it must maintain its stance, it shall publicly explain the meaning and extent of the difference of opinion.

Article 9.1(d) of the Audit and Control Committee Regulation expressly requires the Committee to ensure that the Board of Directors is able to present the financial statements to the Annual General Meeting without scope limitations or qualifications and, in the exceptional cases where such may exist, the Chair of the Audit and Control Committee and the external auditors shall clearly explain to the shareholders of the meaning and extent of such scope limitations and qualifications.

In accordance with Article 9.6(e) of the Audit and Control Committee Regulation, the Committee shall meet periodically with the external auditor (once in the planning phase before audit procedures begin and once after the audit in the drafting phase for reports). At least one such meeting each year shall be held without the presence of any members of the Company's management team to debate audit tasks and any issues arising from the audit procedures carried out.

C.1.29. Is the secretary to the board a director?

☐ Sí ☑ No

Complete the following table if the secretary is not a director:

Secretary's name	Representative
Silvia López Jiménez	Silvia López Jiménez

Remarks

C.1.30. Describe the specific mechanisms established by the company to protect the independence of external auditors, as well as the mechanisms, if any, to protect the independence of financial analysts, investment banks and rating agencies, including a brief explanation of how the pertinent legal provisions were implemented in practice.

The company has established selection, approval and evaluation procedures for all relevant providers to support and ensure transparency in tender processes.

Regarding the services concerned in this section, the company retains the services of external auditors applying the procedures mentioned in the preceding paragraph on the same basis as for other service providers.

In order to safeguard the independence of the company's external auditors, the Audit and Control Committee has also established the following policies and procedures:

- Employment policy for former auditors
- Policy for the provision of non-audit services by the external auditor
- Annual internal audit report on the independence of the external auditor
- Annual Independence Letter/Report issued by the external auditor.

Services performed by external auditors that are not limited to the review of the annual accounts or interim financial statements require the approval of the audit committee to ensure that they do not affect the auditor's independence.

The company's Governance, Risk and Compliance management ensures compliance with these policies.

C.1.31. State whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

☐ Sí ☑ No

Outgoing auditor	Incoming auditor

Remarks

State whether there were any disagreements with the outgoing auditor and explain their content:

☐ Sí ☑ No

Explanation of disagreements

C.1.32. State whether the audit firm carries out any other non-audit work for the company and/or its group, and if so state the fees paid for such work in absolute terms and as a percentage of the total fees billed by the auditor to the company and/or its group:

☑ Sí ☐ No

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Cost of other non-audit work (thousands of euros)	Company	Group companies	Total
	Neinor Homes S.A.		4
Amount of non-audit work / Total amount invoiced by the audit firm (in %)			1%

C.1.33. State whether the auditor's report on the annual accounts for the prior year contained any emphasis of matter paragraphs or qualifications. Where applicable, state the reasons offered by the chairman of the audit committee to the shareholders at the annual general meeting to explain the contents and scope of such qualifications.

☐ Sí ☑ No

Explanation of reasons and direct link to the document made available to shareholders at the time of the call in relation to this matter

C.1.34. State the number of consecutive years for which the current audit firm has examined the individual and/or consolidated annual accounts of the company. Also, state the number of years examined by the current auditor as a percentage of the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	9	9

	Individual	Consolidated
Number of years examined by the current audit firm / Number of years in which the company has been audited (%)	100%	100%

Remarks

C.1.35. State whether there is any procedure to ensure that the directors are provided sufficiently in advance with the necessary information to prepare meetings of the governing body, and where applicable explain such procedure:

☑ Sí ☐ No

Description of procedure
In accordance with Article 16 of the Board's Regulations, calls for meetings of the Board of Directors must be issued at least 72 hours prior to the date of the meeting, accompanied by all relevant information duly prepared and summarized. In practice, both calls and the documentation for meetings are sent 6-7 days in advance using a restricted tool to which only the directors have access, in order to guarantee information security. The agenda for board meetings shall indicate clearly the points on which the board of directors is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance.

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Moreover, Article 23 of the Regulation permits the directors to request information on any matter falling within the purview of the Board of Directors and to examine the books, ledgers, documents and other documentation.

Requests for information must be addressed to the Secretary of the Board of Directors, who will submit them to the Chairman of the Board and to the appropriate interlocutor in the Company.

The Secretary shall advise the director concerned of the confidential nature of the information requested and received, and of his/her duty of confidentiality pursuant to the Regulation.

The Chairman may refuse to provide the information where he considers (i) that it is not needed for the proper discharge of the functions incumbent upon the director, or (ii) that the cost is not reasonable in view of the importance of the problem and the Company's assets and revenues.

C.1.36. Indicate whether the company has established rules obliging directors to report and, where appropriate, resign when situations arise that affect them, whether related to their actions in the company, which could damage the company's credit and reputation:

☑ Sí ☐ No

Explanation of rules
In accordance with Article 21.2(iv) of the Board's Regulations, the directors are required to tender their resignation to the Board of Directors where their continuance could jeopardize the interest, credit or reputation of the Company. The Board shall accept such resignation where deemed appropriate. In such cases, the director concerned shall explain the circumstances in a letter sent to all of the Board members, and his/her removal shall also be duly explained in the Annual Corporate Governance Report.

C.1.37. Indicate, unless special circumstances have arisen which have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether related to his or her performance in the company itself, which could damage the company's credit and reputation:

☐ Sí ☑ No

Director's name	Nature of observation	Remarks

In the above case, indicate whether the board of directors has examined the case. If the answer is affirmative, explain in a reasoned manner whether, in view of the specific circumstances, it has adopted any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his removal.

Also indicate whether the board's decision has been reported to the appointments committee.

☐ Sí ☐ No

Decision adopted / action taken	Reasoned explanation

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C.1.38. List any agreements entered by the company, which will come into force, be amended, or be terminated in the event of a change in control of the company resulting from a public takeover debate and its effects.

Most of the loan agreements made by the company with banks require the lender's prior consent for any change in control of the company.

C.1.39. Indicate any agreements between the company and its directors, managers and employees, which provide for compensation, guarantees or golden parachutes in the event of resignation or unfair dismissal, or where contractual relations are terminated as a consequence of a public takeover bid or any other type of corporate transaction. These agreements should be identified individually in the case of directors and on aggregate in other cases.

Number of beneficiaries / Type of beneficiary	Description of the agreement
CEO and part of the Management Committee.	In the event of termination of the contract by the Company, unless such termination is due to a serious and culpable breach by the beneficiaries of the obligation's incumbent on them by law or contract, the beneficiaries shall be entitled to receive compensation equivalent to two years of their last stipulated fixed salary.

State whether these agreements must be reported to and/or approved by the company's management bodies or by the group in any cases other than those established by applicable law. If so, specify the procedures, the case is concerned and the nature of the management bodies responsible for approval and for reporting:

	Board of directors	General Meeting
Body authorizing clauses	X	

	YES	NO
Are these clauses reported to the General Shareholders Meeting?		X

Remarks

C.2. Board of committees

C.2.1. List all board committees, their members and the proportion of executive, proprietary, independent and other external holding seats on the same:

There is no Executive or Steering Committee.

EXECUTIVE COMMITTEE

Name	Office	Category
-	-	-

% executive directors	
% proprietary directors	
% independent directors	
% other external directors	

Remarks

Explain any functions delegated or assigned to this committee other than those already mentioned in section C.1.9 above and describe the procedures and rules governing the committee's organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws or any other corporate agreements in practice.

AUDIT COMMITTEE

Name	Office	Category
Alfonso Rodés Vilá	President	Independent Director
Ricardo Martí Fluxá	Vocal	Independent Director
Anna M. Birulés Bertrán	Vocal	Independent Director
Van J. Stults	Vocal	Proprietary Director
Felipe Morenés Botín-Sanz de Sautuola	Vocal	Proprietary Director

% executive directors	0%
% proprietary directors	40%
% independent directors	60%
% other external directors	0%

Explain the functions assigned to this committee including any additional functions to those provided for by law and describe the procedures and rules governing the committee's organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws, or any other corporate agreements in practice.

Procedures and rules governing organization and functioning:

Article 42 of the Company's Bylaws is as follows:

1. The Board of Directors will constitute a permanent Audit and Control Committee, an internal body of an informational and consulting nature, with no executive functions, with information, advisory and proposal-making powers within the scope of action indicated in section 5 of this article. The Audit and Control Committee shall have a minimum of three and a maximum of five members, appointed by the Board of Directors itself, all of whom, and especially its Chairman, must have knowledge and experience in accounting, auditing and risk management, both financial and non-financial. The majority of the members of the Audit and Control Committee shall be independent.
2. The Board of Directors shall appoint the Committee's Chair from among the independent directors holding seats on the same. The Board of Directors shall likewise appoint a Deputy Chair where considered appropriate. The Deputy Chair shall be appointed under the same conditions as the Chair.
3. The office of Secretary to the Audit and Control Committee will be held by the person appointed by the Board of Directors. The secretary need not be a full member of the Audit and Control Committee, in which case it will not be necessary for the Secretary to be a member of the Board of Directors. The Secretary to the Audit and Control Committee need not be the same person as the Secretary to the Board of Directors.
4. The directors holding seats on the Audit and Control Committee shall discharge their functions while they continue in office as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, reelection and removal of the directors holding seats on the Committee shall be governed by the pertinent resolutions of the Board of Directors.

   The office of Chair shall be held for a maximum term of four years, after which period the outgoing Chairman shall not be reselected until at least one year has passed since his/her termination, notwithstanding his/her continuation or re-election as a member of the Committee.
5. Notwithstanding any other tasks that may be assigned to it by the Board of Directors from time to time, the Audit and Control Committee shall have the following basic functions:

   (i) To report to the General Shareholders Meeting on any questions raised by the shareholders within the remit of the Committee and, in particular, to report on the results of the audit, explaining how it contributed to the integrity of the financial information and the role played by the Audit and Control Committee in the audit process.

   (ii) To supervise the effectiveness of the Company's and the group's internal controls, internal audit function and risk management systems (including the management of tax risks), and to discuss any significant weaknesses in the internal control system detected in the course of audit procedures with the auditor without thereby compromising its independence. For these purposes, the Committee may present its recommendations and proposals to the management body, establishing the pertinent monitoring periods.

   (iii) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for the possibility of communications being made anonymously, respecting the rights of both the reporting and the reported party.

   (iv) Supervising the preparation and presentation of the statutory financial and nonfinancial statements and presenting recommendations or proposals to the Board of Directors directed to safeguard its integrity. In addition, the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – must also be supervised, reviewing compliance with regulatory requirements, the accurate delimitation of the consolidation perimeter, and the correct application of accounting principles.

   (v) To make proposals to the Board of Directors, for eventual approval by the General Shareholders Meeting, with regard to the selection, appointment, reelection or replacement of the auditors, in accordance with prevailing legislation, as well as proposals relating to the terms of engagements; to seek and obtain regular information from the auditors with regard to their audit plan and the progress thereof; and to safeguard the independence of the auditors in the discharge of their functions.

   (vi) Supervising the activity of the Company's internal audit function.

   (vii) To establish appropriate relations with the auditors in order to obtain information regarding any matters which might compromise their independence for examination by the Audit and Control Committee, as well as information concerning the audit procedures carried out and, where applicable, as required for the authorization of other non-audit services permitted under prevailing legislation, and to receive all other communications required under legislation governing the audit of financial statements and by prevailing audit standards. In any event, the Audit and Control Committee shall obtain the external auditors' annual letter of representations establishing their independence from the company and other companies directly or directly related with the same, as well as detailed, itemized information on any additional non-audit services of any kind and the fees received in respect of thereof by the external auditor or by any persons or entities related with the same, in accordance with prevailing audit legislation.

(viii) To issue an annual report expressing an opinion on the independence or otherwise of auditors and audit firms. Said report shall be issued before the audit opinion is received. The Audit and Control Committee's report shall in any case address the provision of the additional non-audit services referred to in the preceding paragraph, considered both individually and as a whole, and it shall likewise address the system in place to assure the independence of the auditor in accordance with prevailing audit regulations;

(ix) Reporting to the Board of Directors, prior to Board meetings, on all matters provided by law, the Articles of Association or the Board of Directors Regulations and, in particular, on the following matters: (i) the financial and nonfinancial information the Company must publish periodically; (ii) the creation or acquisition of interests in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens; and (iii) transactions with related parties, in accordance with the provisions of any applicable legislation at any given time.

(x) In relation to the external auditor: (i) to ensure its remuneration does not compromise its quality or independence; (ii) supervise that the Company notifies as a material event any change of external auditor to the National Securities Market Commission (Comisión Nacional del Mercado de Valores), accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same; (iii) to ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence and (iv) in the event of resignation of the external auditor, investigate the circumstances that may have caused such resignation.

(xi) To summon any employee or executive of the company, and where appropriate to require their attendance without the presence of any other director or executive.

(xii) Any other functions assigned by the Board of Directors in its Regulations.

6. The Audit and Control Committee shall meet quarterly on an ordinary basis to review the periodic financial information to be reported to stock market supervisors, as well as any information requiring the approval of the Board of Directors for inclusion in the annual reports published. The Committee shall also meet at the request of any of its members and wherever convened by its Chair, who shall convene a meeting whenever the Board of Directors or the Chairman of the Board requires a report or the adoption of proposals, and in any event whenever appropriate for the proper discharge of its functions. Committee meetings shall be deemed quorate whenever attended, either in person or by proxy, by half plus one of its members. Resolutions shall be adopted by majority vote. The Chair shall not have a casting vote in the event of tie.

7. The Board of Directors may draw up and approve a Regulation implementing the foregoing.

Also, Article 14 of the Board's Regulations provides as follows:

- Supervise the activity of the Company's internal audit function reporting organically to the Chairman of the Audit and Control Committee and monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit function; propose the function's budget; approve or make a proposal for approval to the Board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the Company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- Report on related party transactions to be approved by the General Shareholders' Meeting or the Board of Directors, as the case may be, and supervise the internal procedure for transactions whose approval has been delegated.
- Report on the acquisitions that entail or may entail a conflict of interest.
- Report on any corporate structural modification intended to be carried out, its economic conditions and its accounting implications, specially, where appropriate regarding the applicable exchange rate.
- Supervise compliance with the policies and rules of the Company in the environmental, social and corporate governance areas, and internal rules of conduct. In particular, the Committee shall be responsible for:

  (i) Supervise compliance with the Company's internal codes of conduct and corporate governance rules and ensure that the corporate culture is aligned with its purpose and values.

  (ii) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

(iii) Periodically evaluate the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

(iv) Ensure the Company's environmental and social practices are in accordance with the established strategy and policy.

(v) Monitor and evaluate the Company's interaction with its stakeholder groups.

The Audit and Control Committee shall prepare an annual report on its activities, explaining the main matters arising, if any in relation to the Committee's functions. Where the Audit and Control Committee may deem it appropriate, it may include proposals to improve the Company's governance rules in said report.

The Audit and Control Committee may summon any member of the company's management team or staff to appear before it, even without the presence of any other manager. Persons so summoned shall be required to attend the meetings of the Audit and Control Committee and to offer their full cooperation and access to any information they may hold. That committee may likewise require the auditors to attend its meetings.

With a view to achieving the best possible outcomes, the Audit and Control Committee may seek the advice of external experts where deemed necessary to ensure the adequate discharge of its functions.

The Company shall establish an Internal Audit Department to supervise the proper functioning of information systems and internal controls under the oversight of the Committee. The Internal Audit Department shall report functionally to the non-executive Chairman of the Board of Directors or to the Chair of the Audit and Control Committee. The head of the Internal Audit Department shall present the department's annual working plan to the Audit and Control Committee. The Department head shall likewise report any incidents arising in the course of internal audit activities and shall submit a report to the Committee at the end of each financial year.

Among the Committee's actions during the year, we can highlight:

In the exercise of the functions attributed to the CAC, the main activities reviewed and analyzed during its seven meetings by said Committee are detailed below:

(*) Activities submitted to the Board for approval and/or ratification.

- Review and approval of the Internal Audit and GRC Plan 2022 and report on the activities carried out by Internal Audit and GRC in 2021. (*)
- Review and approval of the report on related-party transactions and conflicts of interest for the 2021 financial year. (*)
- Proposed formation of the Board for 2022 (*)
- Review and approval of the report on the measures adopted to ensure compliance with the provisions of the Company's Internal Code of Conduct.
- Report on the audits on quality, environment, R&D&I and Information Security System by independent external auditors (*)
- Review and favourable report on the financial, non-financial and corporate reporting policy (*)
- Review and approval of the annual report on the functioning of the Audit and Control Committee (*).
- Review of the annual financial information as at 31 December 2021, including the Annual Financial Report and the annual accounts for the year ended 31 December 2021. Presentation of the conclusions of the audit work carried out by Deloitte, S.L. (*)
- Review of the proposed summarised financial statements for the twelve months ended 31 December 2021.
- Review and approval of the proposal to the Board of Directors on the re-election of the Company's auditors, as well as for the consolidated group, for the year ending 31 December 2022.
- Report on the trading of the Company's treasury shares (*)

- Review of the merger operation by absorption of various subsidiaries from the Quabit group by Neinor Península, S.L.U. (*)
- Review of the proposed shareholder remuneration to be submitted for approval by the General Meeting (*)
- Report on the press release and explanatory presentation of the Company's annual results (*)

Report on the relevant sections of the Annual Corporate Governance Report (ACGR) for the year ended 31 December 2021. (*)

- Review and approval of:
  - The information on the ICFR to be included in the Annual Corporate Governance Report (ACGR).
  - The auditor's report on the external verification of the ICFR.
  - The internal auditor's executive summary of the ICFR.
- Review of financial information for the first and third quarter and first half of 2022 (*)
- Report on the press release and presentation on the financial information for the first and third quarter and second half year (*)
- Presentation of the audit work carried out for the review of the first half-year financial statements and recommendations of the external auditor (*)
- Update on the estimation of risks arising from ongoing legal proceedings (*)
- Report on the cyber-security audit (*)
- Update of the corporate risk map (*)
- Development and report of the company's first Global Social Impact Report (*)
- Update of the GRC department structure (*)
- Results of the Prevention of Money Laundering and Terrorist Financing audit (*)
- Update of the status of risks and internal control
- Implementation and update of the whistle-blowing channel (*)
- Analysis and reporting of communications received through the whistle-blowing channel (*)
- Review of corporate policies: (*)
  - Internal audit function manual
  - Corporate Governance Policy
- Monitoring of the sustainability plan and progress made in this area.
- Review and approval of the report on auditor independence and on the provision of non-audit services (*)
- Review and approval of the Statement of Non-Financial Information and the Sustainability Report to be included in the management report (*)
- Review and approval of the notes to be included in the annual accounts on (i) Covid-19 risks and impact; and (ii) environmental risks. (*)
- Report on the amendments to the internal corporate governance regulations (*)
- Review of the legal report requested in relation to related-party transactions and conflicts of interest (*)
- Favourable report on the approval of a programme for the repurchase of own shares (*)

- Report on the press release and presentation of the financial information for the first half of the year (*)
- Report of the external auditor on the status of the external audit of the 2022 financial statements (*)
- External Audit Effectiveness Report
- Renta Garantizada and Quabit Construcción reports (*)
- GRC Plan for 2023
- Presentation of the Audit and Control Committee's work schedule for 2023
- Presentation of the Audit and Control Committee's work schedule for 2023

Identify the directors appointed to seats on the audit committee in view of their knowledge and expertise in accounting and audit matters and state the date of the Committee Chair's appointment to office.

Name of directors with relevant expertise	Anna M. Birulés Bertran
	Van J. Stults
	Alfonso Rodés Vila
Date of appointment as Committee Chair	08/03/2017

Remarks

APPOINTMENTS AND REMUNERATIONS COMMITTEE

Name	Office	Category
Ricardo Martí Fluxá	President	Independent Director
Anna M. Birulés Bertran	Vocal	Independent Director
Alfonso Rodés Vilà	Vocal	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Vocal	Proprietary Director
Van J. Stults	Vocal	Proprietary Director

% executive directors	0%
% proprietary directors	40%
% independent directors	60%
% other external directors	0%

Explain the functions assigned to this committee including any additional functions to those provided for by law and describe the procedures and rules governing the committee's organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws, or any other corporate agreements in practice.

Procedures and rules governing organization and functioning:

Article 43 of the Company's Bylaws provides as follows:

1. The Board of Directors shall create a permanent Appointments and Remunerations Committee as an internal

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informational and consultative body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity, as described in sub-section 5 of this Article. The Appointments and Remunerations Committee shall have a minimum of three and a maximum of five members, being non-executive directors appointed by the Board of Directors at the proposal of its Chairman. The majority of the members of the Appointments and Remunerations Committee shall be independent directors.

2. The Board of Directors shall appoint the Committee's Chair from among the independent directors holding seats on the same. The Board of Directors shall likewise appoint a Deputy Chair where considered appropriate. The Deputy Chair shall be appointed under the same conditions as the Chair.

3. The office of Secretary to the Appointments and Remunerations Committee will be held by the person appointed by the Board of Directors. The secretary need not be a full member of the Appointments and Remunerations Committee, in which case it will not be necessary for the Secretary to be a member of the Board of Directors. The Secretary to the Appointments and Remunerations Committee need not be the same person as the Secretary to the Board of Directors.

4. The directors holding seats on the Appointments and Remunerations Committee shall discharge their functions while they continue in office as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and removal of the directors holding seats on the Committee shall be governed by the pertinent resolutions of the Board of Directors.

5. Notwithstanding any other tasks that may be assigned to it by the Board of Directors from time to time, the Appointments and Remunerations Committee shall have the following basic functions:

   (i) To evaluate the competences, expertise and experience required by the Board of Directors; for these purposes, the Appointments and Remunerations Committee shall define the necessary skills and abilities of the candidates to cover any vacancy and shall evaluate the time and dedication required to discharge the related duties effectively.

   (ii) To establish a target for representation by the minority gender in the Board of Directors, and to prepare guidelines for the attainment of that target.

   (iii) To make proposals to the Board of Directors for the appointment of independent directors by co-option or for presentation and approval at the General Shareholders Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders Meeting.

   (iv) To make proposals for the appointment of other directors by co-option or for presentation and approval at the General Shareholders Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders Meeting.

   (v) To make informed proposals for the appointment or removal of management personnel, and on the basic terms and conditions of their contracts.

   (vi) To examine and organize the succession of the Chairman of the Board and of the Chief Executive Officer of the Company and, where applicable, to make proposals to the Board of Directors to ensure an orderly and well-planned succession.

   (vii) To report to the Board of Directors on policy regarding the remuneration of directors and senior managers or other persons holding management posts and reporting directly to the Board of Directors, executive committees or executive directors, as well as the individual remuneration and other contractual terms applicable to the executive directors, and to verify compliance with the policy established.

6. The functioning of the Appointments and Remunerations Committee shall be governed by such rules as may be determined by the Board of Directors in the pertinent Regulation.

Also, Article 15 of the Board's Regulations provides as follows:

- The Appointments and Remuneration Committee shall meet quarterly or, at least, four times a year in ordinary session. It shall also meet at the request of any of its members and when convened by its Chairman, who must call a meeting whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and whenever necessary for the proper exercise of its functions.
- Meetings of the Appointments and Remuneration Committee shall be duly convened when a majority of the members are present in person or by proxy and resolutions shall be adopted by absolute majority vote.
- Minutes shall be taken of the committee's meetings and a copy of the minutes shall be sent to all the members of the Board of Directors.
- The committee shall consult the Chairman and the CEO of the Company, especially in matters concerning executive directors and managerial employees.
- Where considered necessary to enable it to perform its functions more effectively, the Appointments and Remuneration Committee may take advice from outside experts, taking care to ensure that conflicts of interest do not adversely affect the independence of the external advice provided to the committee.

Among the Committee's actions during the year, we can highlight:

In accordance with the functions attributed to the ARC, the following is a list of the main matters discussed at the meetings held during the year:

(*) Activities submitted to the Board for approval and/or ratification.

- Forecast results for the financial year 2021 (*)
- Review and approval of bonus accrued to employees and senior management in 2021
- Review and approval of salaries, targets and bonus targets for employees and senior management for 2022
- Review of performance and approval of targets and incentives earned by the CEO and Executive Vice President in 2021 (*)
- Review and favourable report on the salaries, targets and bonus target of the CEO and Executive Vice Chairman for 2022. (*)
- Review and favourable report on the review of the remuneration of the independent directors and the secretary of the Board and modification of the Directors' remuneration policy. (*)
- Assessment of the evaluation of the Board of Directors and its Committees (*)
- Review and approval of the annual report on the functioning of the Board and its Committees (*)
- Review and report on the reclassification of Mr Felipe Morenés as a proprietary director (*)
- Review of the specific objectives of the bonus for executive directors for the 2022 financial year (*)
- Report on the corresponding sections of the Annual Corporate Governance Report (ACGR) for the year ended 31 December 2021 (*)
- Report on the Annual Directors' Remuneration Report (ARR) for the year ended 31 December 2021 (*)
- Proposal for the re-election of Mr Andreas Segal as an independent director of the Company for the statutory term of three years (*)
- Proposed appointment of Mr Alfonso Rodés as Chairman of the Audit and Control Committee for a term of one year (*)
- Report on the proposed new Directors' Remuneration Policy and maximum annual remuneration of the members of the Board of Directors in their capacity as such for the 2022 financial year, to be submitted to the General Meeting of Shareholders.
- Report on the amendments to the Regulations of the Board of Directors (*)
- Report on the amendments to the Regulations of the Appointments and Remuneration Committee
- Review of the request for a supplement to the call of the ordinary general meeting of the Company and approval of the corresponding report in relation to the new item on the agenda subject to the supplement to the call of the meeting
- Review of the objectives of the company's employees for 2022.
- Proposed appointment of Mr Juan José Pepa as a member of the Investment Committee.
- Review of corporate policies: (*)
  - Director selection policy;
  - Succession plan for the Chairman, CEO and Senior Management;
- Presentation of the work schedule of the Appointments and Remuneration Committee for 2023.

APPOINTMENTS COMMITTEE

The Company does not have an Appointments Committee, the functions and duties of which are assigned to the Appointments and Remunerations Committee.

Name	Office	Category

% proprietary directors	
% independiente directors	
% other external directors	

Explain the functions assigned to this committee including any additional functions to those provided for by law and describe the procedures and rules governing the committee's organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws or any other corporate agreements in practice.

REMUNERATIONS COMMITTEE

The Company does not have a Remuneration Committee, the functions and duties of which are assigned to the Appointments and Remunerations Committee.

Name	Office	Category

% proprietary directors	
% independiente directors	
% other external directors	

Explain the functions assigned to this committee including any additional functions to those provided for by law and describe the procedures and rules governing the committee's organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws, or any other corporate agreements in practice.

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LAND INVESTMENT COMMITTEE

Name	Office	Category
Aref H. Lahham	President	Proprietary director
Borja García-Egotxeaga Vergara	Vocal	Executive director
Ricardo Martí Fluxá	Vocal	Independent director
Van J. Stults	Vocal	Proprietary director
Andreas Segal	Vocal	Independent director
Felipe Morenés Botín Sanz-de Sautuola	Vocal	Proprietary director
Juan José Pepa	Vocal	Proprietary director

% executive directors	14.29%
% proprietary directors	57.14%
% independent directors	28.6%
% other external directors	0%

Explain the functions assigned to this committee, describe the procedures and rules governing its organization and functioning. For each function, state the most relevant actions during the year and explain how the committee discharged each of the functions attributed to it by law, the bylaws, or any other corporate agreements in practice.

Procedures and rules governing organization and functioning:

The internal Regulation of the Land Investment Committee establishes, inter alia, the following:

1. The Committee shall be formed by a minimum of three and a maximum of seven members. The Committee members shall be appointed by the Company's Board of Directors at the proposal of the Appointments and Remunerations Committee, subject to consultation with the Chair of the Land Investment Committee.
2. The majority of the Committee members shall be non-executive directors. All members of the Committee shall have broad, recent and appropriate professional, technical and financial experience in the real estate sector and in financial investment, whether securities investment or investment in real estate assets.
3. Only the Committee members shall be entitled to attend its meetings. However, other directors and employees, and other natural persons and external advisers may be invited to attend the Committee's meetings on a regular basis, and other persons who are not members of the Committee may also be invited to attend all or part of a meeting wherever deemed necessary or appropriate. Only the Committee members shall have the right to vote on its resolutions, and any other persons attending shall be permitted only to speak.
4. The committee members shall be appointed for a maximum term of three years, which may be extended by a further two 3-year terms, provided search Committee members continue to be members of the Board of Directors.
5. The Committee's Chair shall be appointed by the Board of Directors. In the absence of the Committee's Chair and his/her appointed stand-in, the other members of the Committee attending shall select one of their number to chair the meeting.
6. The office of Secretary to the Land Investment Committee shall be held by such persons as may be appointed by the Board of Directors. The Secretary to the Land Investment Committee need not be a full member of the same, in which case (i) he/she shall not have the right to vote, and (ii) he/she shall not be a member of the Board of Directors. The Secretary to the Land Investment Committee need not be the same person as the Secretary to the Board of Directors.
7. The Committee's resolutions shall be adopted by majority vote. All members of the Committee attending its meetings shall vote on all items on the agenda except where any conflict of interest may exist, in which case the Committee member affected shall leave the meeting and shall not take part in deliberations or vote on any matters where he/she may have a conflict of interests.
8. All reports prepared by the Committee and submitted to the Board of Directors for its consideration before the approval of any Board resolution shall expressly mention that all proposals made by the Committee are in compliance with prevailing legislation.
9. The Committee shall meet at least four times each year, and whenever necessary. Notwithstanding, the

Committee shall meet wherever so requested by any of its members or wherever it is validly convened by the Chair.

10. The Committee Chair shall convene a meeting wherever the Board of Directors or the Chairman of the Board may request that a report be prepared or a proposal approved, and in any event wherever deemed expedient for the due discharge of its functions.

11. Committee meetings shall be convened by the Secretary to the Committee at the request of any of its members, or at the request of the Chairman of the Board.

12. Unless otherwise established, the call for each meeting shall state the venue, the date and the time of the same, and the agenda setting out the business of the meeting, and it shall be sent to each of the Committee members and any other persons required to attend, as well as non-executive directors, at least three (3) business days in advance of the date of the meeting. Any background documentation shall be delivered to the Committee members and any other parties invited to attend, where applicable, together with the call for the meeting.

13. Notwithstanding the above, Committee meetings shall be understood to be validly convened without the need for any prior call if all of its members are present, either in person or by proxy, and unanimously agree to hold a meeting and the agenda for the same. Likewise, the members of the Committee may vote by letter without holding a meeting, provided none of the directors opposes this procedure.

14. The Committee members may also meet simultaneously at more than one venue connected by any system allowing recognition and identification of participants, uninterrupted communication between the same wherever they may be and participation in voting, all in real time. Subject to the foregoing, the Committee may hold its meetings by conference call or video conference, and by other similar methods of communication.

    Wherever the participants in a Committee meeting may find themselves, it shall be understood that all of them attend the same meeting. Any such meetings shall be understood to be held at the venue where the majority of the Committee members are met, or in the event of a tie, at the venue where the Committee Chairman or his stand-in as chair of the meeting may be located.

15. The Committee shall discharge the following functions for the company and its principal affiliates:

    (i) To define general investment policies and strategies, investment objectives, the rules for and limitations applicable to the purchase and disposal of real estate assets, and all other investment policies followed by the Company, and where applicable to present all of the foregoing to the Board for its approval.

    (ii) To review all of the aforementioned strategies and objectives at least annually, and to adopt and approve any changes.

    (iii) To evaluate and adopt a final decision either in favour of or against the possible acquisition of real estate assets, possible real estate developments and the financing of real estate purchases and/or developments undertaken by the Company, whether directly or via any group entity, and to evaluate and adopt a final decision with regard to the financial viability of such investments, their fit with the Company's investment policies and compliance with applicable laws.

    (iv) To prepare the pertinent reports on all matters examined by the Committee and to present the same to the Board, especially in cases where a resolution of the Board is required in accordance with prevailing legislation.

    (v) To analyse and track the Company's investment results and performance in relation to the investment strategies, objectives, policies, rules and limits approved by the Committee, including without limitation, examination of the procedures applied by the Company to establish that investments are made in accordance with the aforementioned investment strategies, objectives, policies, rules and limits.

    (vi) To approve the evaluation methods utilized by the Company in relation to the purchase or disposal of real estate portfolios and assets.

    (vii) To address any other issues or tasks that may fall within the Committee's remit.

16. The Chairman of the Committee shall report formally to the Board on the Committee's actions with regard to all issues falling within its remit after each meeting. The Chairman shall likewise report formally to the Board with regard to the discharge of the Committee's responsibilities, including analysis of compliance with legal, regulatory and internal requirements applicable to the evaluation and execution of investments and, in general, the outcomes of all actions concerned in the tasks assigned to the Committee.

17. The Committee shall report to the Board on all purchases, investments and disposals of land for real estate development prior to approval by the Board, wherever the amount of the transaction concerned exceeds €10 million.

18. In general, the Committee shall report to the Board on all and any other matters where the same may request the Committee's opinion, and on any issues which the Committee understands it should remit to the Board for its consideration.

19. The Committee shall make all such proposals to the Board as it may consider necessary with regard to matters falling within its remit and requiring action or the implementation of improvement measures.
20. The Committee shall prepare an activity report for inclusion in the Company's annual report. This report shall provide details of all investments and disinvestments made by the Company, as well as a brief summary of each and every one of the transactions carried out and the conclusions of the Committee reports in relation to each of the same.

Among the Committee's actions during the year, we can highlight:

(i) Approval of the purchase or sale of land by the Company.

(ii) Approval of the commercial launch of all the developments launched by the Company and the associated CAPEX financing.

(iii) Approval of the start of construction of the developments.

(iv) Review, analysis and, where appropriate, approval of corporate transactions.

(v) Review, analysis and approval, where appropriate, of the strengthening or implementation of new lines of business.

C.2.2. Complete the following table with information about the number of female directors holding seats on board committees at the reporting date for the last four years:

	Number of female directors			
	Fiscal year 2022 Number %	Fiscal year 2021 Number %	Fiscal year 2020 Number %	Fiscal year 2019 Number %
Executive committee	-	-	-	-
Audit committee	1	1	1	1
Appointments and Remunerations Committee	1	1	1	1
Appointments committee	-	-	-	-
Remuneration committee	-	-	-	-
Land investment committee	0	0	0	0

C.2.3. Where applicable, state whether there are any regulations for the board committees, where they are kept available for consultation, and whether they have been amended during the year. Also, state whether any annual reports on the activities of each commission have been voluntarily prepared.

Each of the three Board Committees has its own Regulations. All these regulations are available on the Company's website (https://www.neinorhomes.com/en), section Responsible Business and Innovation, sub-section Corporate Governance.

The current Regulations were approved on March 8, 2017, prior to the Company's IPO, and have been updated and amended on April 13, 2022.

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D RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain, if applicable, the procedures and competent bodies for the approval of related-party and intragroup transactions, indicating the company's general internal rules and criteria governing the abstention obligations of the directors or shareholders affected, and provide details of the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the Board of Directors.

Procedure for proposals to approve related-party transactions

The procedure followed by the Company to report the approval of related-party transactions is set out in the Conflicts of Interest & Related Parties Transactions policy approved by the Board of Directors on July 15, 2015, and last updated on February 23, 2022, incorporating the changes in the regime of related-party and intragroup transactions of the Capital Companies Act.

The policy is published on the company's website.

This policy establishes the following:

1. Where any Company Parties learn of a possible Related-Party Transaction, they shall inform Neinor Homes' Governance, Risk and Compliance and Internal Audit Department as soon as they become aware of the same.

   If it is found upon examination that a transaction is a Related-Party Transaction, the Company Party shall prepare a written report addressed to the Governance, Risk and Compliance and Internal Audit Department showing that the transaction would be carried out under market conditions and would respect the principle of equality between shareholders.

2. Following analysis of the report on the Transaction by the Governance, Risk and Compliance and Internal Audit Department, this Department shall analyze and carry out the appropriate reviews of the Transaction and shall prepare the corresponding report (which may endorse the report of the Responsible Party or prepare a different one) and shall proceed to approve the Transaction if it meets the conditions for delegated approval, or shall submit the Transaction to the ACC as provided in the following point.

3. The transaction between Related Parties must be reported to the ACC (unless it is a transaction that may be delegated by the Board and its approval has been delegated, in which case the provisions of the following section shall apply). The reports justifying the transactions shall form part of the documents submitted to the ACC for discussion.

4. The ACC shall evaluate the Transaction, analysing whether it is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the Related Party, giving an account of the assumptions on which the evaluation is based and the methods used. If appropriate, it may request reports from independent experts. When a Transaction may affect the equal treatment of shareholders, reference shall be made to the provisions of section 4.1.5.

5. Once the approval of the ACC has been received, the transaction shall be submitted to the Board of Directors or the General Shareholders' Meeting for review and approval, in accordance with the regulations in force. If the Related Party is a director (or a person related to a director), he/she will have to withdraw from the decision-making process at the Board meeting that decides on the Transaction.

6. Transactions whose approval has been delegated shall not require a prior report from the ACC. However, the Board of Directors establishes the following internal reporting and periodic control procedure in relation to these transactions, with the intervention of the ACC, to verify the fairness and transparency of such transactions and, if applicable, compliance with the applicable legal criteria

   (i) The Compliance Department, as the body responsible for monitoring all Related Party Transactions, shall prepare a report on the number, nature and amounts of such Related Party Transactions;

   (ii) The Compliance Department shall send a report with the frequency requested by the CAC, and in any case on an annual basis when reviewing the financial information, presenting in aggregate form the Transactions approved under the powers delegated by the Board.

   (iii) The ACC shall analyse said report from the Compliance Department and shall submit to the Board the appropriate annual report on its supervision and control of transactions with delegated Related Parties.

The Audit and Control Committee may seek clarification with regard to any given transaction and/or request additional documentation to assess whether the transaction was carried out under the approved terms.

In relation to the Application of Equal Treatment for Conflicts between Interested Shareholders, point 4.1.5 of said policy describes the following:

In order to ensure equal treatment between Neinor Homes shareholders regarding business opportunities that may be identified, guidelines shall be established for the event that more than one significant shareholder may be interested in acting as supplier/service provider of such business opportunity, with regard to the corporate activities performed by such shareholders.

In the event that Neinor Homes is interested in the purchase of any good/transfer of any assets and/or the provision of any service and there is more than one significant shareholder interested, the following procedures shall be followed:

i. If one significant shareholder interested on said business opportunity is informed about it, all shareholders must be informed as well.

ii. If the selection of a service provider is performed through an auction procedure, all interested shareholders shall be invited to attend the auction.

iii. In the selection process of the supplier, the interests of Neinor Homes will always prevail over any other.

D.2. Provide a detailed breakdown of those transactions that are significant due to their amount or relevant due to their subject matter that were carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the Company's Board of Directors, indicating the competent body for their approval and whether any shareholder or director affected abstained. If the competent body was the General Shareholders' Meeting, indicate whether the proposed resolution was approved by the Board without the majority of independent directors voting against:

Name or company name of the shareholder or of any of its subsidiaries	% Ownership interest	Name or corporate name of the company or dependent entity	Nature of the relationship	Type of operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identification of any significant shareholders or directors who abstained	The proposal to the General Shareholder' Meeting , if any, was approved by the Board without the majority of independents voting against
ADAR CAPITAL PARTNERS LTD	14.562%	Global Hesperides S.L.	UBO equal to shareholder	Acquisition of assets	3,073	Audit and Control Committee	N/A	N/A

Remarks
This corresponds to a portion of the homes deeded and delivered in fiscal year 2022 (Axial development) corresponding to a sale of 82 homes with their annexes produced in fiscal year 2020 and analysed by the Internal Audit and Compliance area and analysed and approved by the Audit and Control Committee.

D.3. Provide a detailed breakdown of those transactions that are significant due to their amount or relevant due to their subject matter that were carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities controlled or jointly controlled by the director or executive, indicating the competent body that approved them and whether any shareholder or director affected abstained. If the General Shareholders' Body was the competent body, indicate whether the proposed resolution was approved by the Board without the majority of independent directors voting against:

Name(s) or company name(s) of the director(s) or executive(s) or their controlled or jointly controlled entities	Name or company name of the company or subsidiary	Link	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identification of any shareholders or directors who abstained	The proposal to the General Shareholder' Meeting, if any, was approved by the Board without most independents voting against.

Remarks

D.4. Provide a detailed breakdown of intragroup transactions that are significant due to their amount or relevant due to their subject matter that are carried out by the company with its parent company or with other entities belonging to the parent's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or the latter are wholly owned, directly or indirectly, by the listed company.

You should in any event mention any intergroup transactions carried out with entities registered in countries or territories listed as tax havens:

Group entity's name	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)

Remarks

D.5. Provide a detailed breakdown of those transactions that are significant due to their amount or relevant due to their subject matter that are carried out by the company or its subsidiaries with other related parties that are related in accordance with the International Accounting Standards adopted by the EU, which have not been reported under the preceding headings.

We detail below the transactions and balances that are significant due to their amount (taking as a reference all the related companies with a balance or transaction amount of one million euros, in which in turn we will break down all the remaining balances and transactions) or relevant due to their subject matter.

- **Related entity's name:**
  Banco Santander (Santander Group).

  Amount (thousands of euros): 225

  Brief description of the transaction: Expenses for financial intermediation services and guarantees.

  Amount (thousands of euros): 1,711

  Brief description of the transaction: Financial expenses.

  Amount (thousands of euros): 42,024

  Brief description of the transaction: credit balance/financial debt liabilities as at 31/12/2022 for financing transactions by developer operation.

  Amount (thousands of euros): 44,993

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Brief description of the transaction: debit balance/assets. Net cash position of this entity in favour of the company as of 31/12/2022.

- **Related entity's name:**
  Grupo Rayet, S.A.

Amount (thousands of euros): 531

Brief description of the transaction: Debit balance. Long-term loan maintained since the merger with Quabit Inmobiliaria.

Amount (thousands of euros): 1,329

Brief description of the transaction: Credit balance. Short-term debt for the acquisition of 3 plots of land in Alovera (Guadalajara).

- **Related entity's name:**
  UTE I-15 GRUPO RAYET, S.A.U. - RAYET MEDIO AMBIENTE, S.L.

Amount (thousands of euros): 8,381

Brief description of the transaction: Income from the subsidiary Quabit Construcción for the urbanization works of sector I-15 in Alovera (Guadalajara).

Amount (thousands of euros): 2,581

Brief description of the transaction: Expenses incurred by the subsidiaries; for the fees paid for the urbanization works of sector I-15 in Alovera (Guadalajara).

Amount (thousands of euros): 926

Brief description of the transaction: Debit balance for loan granted by the company to the urbanizing agent to carry out urbanization actions.

Amount (thousands of euros): 1,864

Brief description of the transaction: Balance receivable / Advance payment of the urbanizing agent by the company.

D.6. Explain the mechanisms established to detect, determine and resolve possible conflicts of interests between the company and/or the group and its directors, managers and significant shareholders or other related parties.

The mechanisms established to detect, determine and resolve possible conflicts of interests are set out in the Conflicts of Interest and Related Parties policy approved by the Board and published on the Company's website.

In addition to this policy and the provisions established therein, the company has implemented an internal controls structure in this regard, which is based on the following elements providing reasonable assurance for the companies control bodies:

- ✓ Reporting channel for related-party transactions and other operations likely to generate conflicts of interest.
- ✓ Recording of transactions and analysis of these transactions.
- ✓ Compliance, acceptance and notification letter in relation to any transactions or conflicts of interest involving directors, senior managers and other executives in view of their functions and duties.
- ✓ Cross-checking against analysis tools and knowledge of natural and legal persons of directors and senior management, to identify those companies with which they have commercial or employment relations.
- ✓ Cross-referencing of the companies identified in the previous section with the company's accounts (invoicing sent and received).
- ✓ Periodic reviews and analysis of related-party transactions by the Internal Audit Department.
- ✓ Report on related-party transactions and conflicts of interest brought to the attention of and examined by Internal Audit. This report is prepared for submission to the Audit and Control Committee.

- ✓ Annual presentation of the register of related-party Transactions and conflicts of interest arising during the year to the Audit and Control Committee.

D.7. Indicate whether the company is controlled by another entity within the meaning of article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

☐ Sí ☑ No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand, and the parent company or its subsidiaries on the other hand, have been publicly disclosed with accuracy:

☐ Sí ☐ No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand, and the parent company or its subsidiaries on the other hand and identify where these aspects have been publicly disclosed.

Identify the mechanisms in place to resolve possible conflicts of interest between the parent company of the listed company and the other companies in the group:

Mechanisms for resolving potential conflicts of interest

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E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the extent of the company's Risk Management and Control System, including those of a fiscal nature.

Neinor Homes has defined an Integrated Control System (ICS), which has been transferred to the entire organisation, in which the risks are associated with strategic objectives, processes and control activities and which also incorporates those responsible for the execution and supervision of these controls, as well as the evidence supporting the system.

The continuous monitoring of this model makes it possible to address daily operations and contingencies, as well as to facilitate the management of all areas of risk that may affect the achievement of the company's objectives (e.g. business, financial, tax, regulatory risks, etc.). In short, the Neinor Homes model integrates all regulatory compliance environments, with the entire control structure and business risks in a homogeneous manner, to obtain a transversal vision, which promotes synergies and eliminates duplication.

The main inputs to the ICS are as follows:

- Compliance risks and controls: encompasses internal control of financial reporting, money laundering, data protection, prevention of criminal liability, conflicts of interest, fraud and corruption, etc.
- Corporate risks and controls: covers external factors, competitive environment, cybersecurity, people, corporate governance, sustainability, etc.
- Business risks and controls (value chain): includes land acquisition, product, contracting, commercial management and sales, among others.

On the other hand, the Risk Management methodology used by Neinor Homes is based on Enterprise Risk Management (also known as COSO II), which enables the contribution of added value through the identification, management and monitoring of business risk management.

In relation to the control of tax risks, Neinor Homes has adopted the necessary control mechanisms to ensure compliance with tax legislation as part of appropriate business management. It also dedicates adequate and sufficiently qualified human and material resources to this end.

Every two years, the company reviews and updates its strategic/corporate risk map, which is submitted to the Board and the Audit and Control Committee for review and consideration.

In fiscal year 2022, the company has proceeded to update and review the entire corporate risk map, which is the main source of the company's entire control system.

This risk-based control system is flexible and dynamic, in this sense a specific risk plan is made in certain situations or transactions where all the risks that may arise are analysed from different prisms in order to establish the appropriate verification tests, controls that allow and help the company to make better decisions and respond.

As an example, in 2020, after the outbreak of the pandemic, the company, as part of its Integrated Risk Control and Management System, defined a specific model for dealing with the risks that could materialise as a result of this situation (Scipio Project), which was transferred to the entire organisation and is associated with strategic objectives, processes and control activities, with regular monitoring and reporting of the results to senior management and the Audit Committee.

Some of the strengths that recurrently appear in the audit report of the ISO 9001 certification are the risk management system implemented by the company, the money laundering prevention model or the design of the risk-based strategic sustainability plan, among others, all of them areas of responsibility of the GRC, Internal Audit and Sustainability Department, and which have been developed by this same department, which in turn is in charge of the company's risk management by mandate of the Audit and Control Committee on which it functionally depends.

E.2. Identify the corporate bodies responsible for the preparation and implementation of the risk control and management system, including control and management of tax risks.

In accordance with Article 5.6 of the Board's Regulations, approval of the risk control and management policy falls within the Board's remit, including the management of tax risks and periodic monitoring of internal information and control systems.

The Board delegates these functions to the Audit and Control Committee (ACC), and in accordance with Article 9.7 of the Audit and Control Committee Regulation, therefore, the ACC has the following risk management functions:

- To identify and assess the different types of risk (operational, technological, financial, legal, corporate, environmental, political, tax and reputational risk, among others) to which the Company is exposed, including contingent liabilities and other off-balance sheet risks among financial and business risks.

- To establish the levels of risk considered acceptable by the Company.
- To identify the measures in place to mitigate the impact of the risks identified in the event of materialization.
- To identify the information and internal control systems used to control and manage risks, including contingent liabilities and off-balance sheet risks.

However, initial responsibility for the supervision of the Integrated Risk Control and Management System in Neinor Homes lies with each business area involved, with the addition of periodic reviews conducted by the Governance, Risk and Compliance Department and ultimate validation from the Audit and Control Committee.

In particular, in the tax area, the Company's tax officer reports annually to the Board of Directors, either directly or via the Audit Committee, on the tax policies applied by the entity.

E.3. State the principal risks, including tax risks and corruption risks (within the meaning of Spanish Royal Decree Law 18/2017), where material, which could affect the successful attainment of business objectives.

Neinor Homes has classified the various risks to which it is exposed into 6 global categories:

- **Environmental risks:** related to the real estate sector and the cyclicality of the business. Correlation of our sector closely linked to the economic cycle. Business structure/resources not aligned to the changes in the cycle/diversification of Servicing/Equity/Leasing activity. Administrative impact of the sector. New tax and regulatory policies for the sector, policies regarding land, management and licensing deadlines. Increase in construction and raw materials and land acquisition costs, as the existing supply and demand in the market and competitive environment are not homogeneous: associated with the competitiveness of the various agents involved in the real estate sector. Increased competition. Non-homogeneous competition.
- **Operational Risks:** Management of customer expectations and satisfaction. Excessive dependence on suppliers and sometimes limited supplier capacity of execution in time and form. Loss of business knowledge due to the outsourcing of essential services in the value chain. Retention and succession of key people. Inadequate adaptation to the industrial model. Alienation from the transformation and digitalization of the sector. Business paralysis due to external factors (pandemics, conflicts).
- **Compliance and ethical risks:** Non-compliance in time and quality of homes delivered. Illegal acts / criminal offences specified in the regulations, carried out by the company or its employees. Non-compliance with the rules and regulations to which the company is subject.
- **Financial and market risks:** Management of the capital market and all those related to the fulfilment of the expectations agreed with the shareholder/market. Excessive linkage to the financial sector. Non-compliance with margins and profit expected by investors and the market.
- **Strategic Risks:** Failure to meet deadlines or cost targets for strategic land development (land not ready for development) / and land acquisition. Valuation of assets and lack of discipline, coherence and reason in the acquisition of land. Failure to achieve sales foreseen in the Business Plan. Conflicts of interest in the strategic development and long-term viability of the company versus the expectations of investors and the market with a more short-term vision.
- **Climate change risks.** Following the main risks and opportunities identified by the Task Force on Climate-related Financial Disclosures (TCFD) in its recommendations for disclosures on climate-related risks and opportunities for financial institutions and non-financial companies, recommendations that were published in 2017 and are widely recognised internationally as guidelines on the subject. Transition risks (Political/Legal, Technology, Market, Reputational risks) and acute and chronic physical risks.

  The nature of the real estate development activity means that Neinor Homes must assess and, where appropriate, mitigate both the risks inherent in the transition to a low-emission economy and those related to the physical impacts of climate change. See the note on Environmental Impact in the financial statements.

  In this sense, in addition, non-compliance with certain ESG factors is one of the company's main risks, considering the company's environmental and social impact on the environment and on people as key, which has favoured certain actions with suppliers of raw materials, the energy efficiency of buildings, the analysis of climate change risks in our developments, the analysis of compliance with European taxonomy, actions aimed at promoting greater accessibility to housing or the study of the social impact in all our developments, among others.

The Integrated Control System (ICS) implemented is a dynamic tool, and as such it is intended to provide up-to-date, continuous information on the possible risks to which the Company may be exposed. Neinor Homes periodically compiles data on development / events that could potentially pose a risk from the various risk detections sources defined in order to facilitate analysis and continuous monitoring, to take any remedial measures required, and, where appropriate, to include any appropriate control / mitigation measures, and to analyse the effectiveness and value of the measures already in place in the ICS.

E.4. State whether the entity applies risk tolerance levels, including in relation to tax risks.

Risk tolerance levels are defined in the risk assessment scale used by Neinor Homes to evaluate the potential risks to which it is exposed, classifying those that the company is willing to assume or reject (in order to achieve its strategic objectives) and placing these risks on the Risk Map.

These assessment scales consider both the financial and reputational impacts which the materialization of the risks evaluated could entail.

In addition, the final risk evaluation made applying the assessment scales addresses the likelihood of materialization in view of both historic data and future estimates.

Risks are evaluated both at the inherent level and at the residual level, i.e. after the application of the control measures established in each case. This procedure ensures effective prioritization of all risk events.

The final risk classification includes both qualitative elements and elements that could affect the attainment of the company's strategic goals or interfere with its mission, vision and values.

The analyses made are contrasted with the opinions of third parties interested in the company and against internal sources.

In the tax area, Neinor Homes ensures strict compliance with tax legislation in the different territories where the group operates, settling the taxes due in accordance with the law based on a reasonable interpretation of prevailing rules, notwithstanding the possibility of legitimate disputes arising with the tax authorities in relation to the interpretation of the applicable tax legislation, despite the application of a best tax practice policy.

The Audit and Control Committee is responsible for reviewing these variables each year to update and approve the appropriate tax practices.

E.5. State any risks, including tax risks, which have materialized during the year.

During the year 2022, some risks inherent to the real estate business of Neinor Homes and the consequences of various causes such as shortages in the supply of raw materials, higher energy prices, inflation or rising interest rates, among others, have materialized, although they have not had a material impact on the development and operation of the company, we detail below those that we consider have been able to materialize mainly:

- Increased construction costs (raw materials and labor).
- Difficult situation of certain construction companies and subcontractors for the completion of the development.
- Shortage of qualified labor for the execution of the different works.
- Shortage of land for future developments and excessive cost of existing land.
- Regulatory uncertainty (Lease Law, development of urban plans).
- Valuation of the company in the capital market.
- Increase in the cost of financing (interest rates), developer loans, corporate loans and increase in the spread for customers on mortgages.
- Uncertainty in the cycle due to the macroeconomic situation and demand.

On the other hand, during the 2017 fiscal year (1 June 2017), verification and investigation activities were initiated in respect of the companies in the NEINOR SUR group (VAT 2014-2016; Company Tax 2012-2015) and NEINOR PENINSULA (VAT 2015-2016; Company Tax 2015).

On 8 January 2019, the tax authorities concluded the verification and investigation procedure in respect of the companies and taxes described above, by means of a final settlement agreement with the following result:

- In relation to NEINOR SUR, no contingent liabilities have been detected that could represent a risk for the company;
- In relation to NEINOR PENINSULA:
  - Previously contingent liabilities (year ended 30 June 2015) in Company Tax have materialised due to differences in allocation over time, and tax penalties were issued. However, in the opinion of the Company and its advisors, the liabilities arising from such penalties do not evidence that they carry an associated material risk for the inspected company, given the nature of the discrepancy, so the likelihood of being confirmed by the Courts is remote.

- In addition, previously contingent liabilities were detected for VAT (2015), and it is believed that it is likely that these liabilities will be confirmed by the courts, and therefore the company has made full provision for such risk.
- In this regard, during 2019, the company filed an economic-administrative complaint with the Central Economic Administrative Tribunal (TEAC) against the inspection reports. The company and its advisors believe it is likely that the Court will be able to resolve the claim in a manner that will be favourable for the company's interests.

In the 2020 financial year, there were no new developments in this respect, with the actions described above continuing at the appeal stage.

During the 2021 financial year, contentious-administrative appeals were filed with the National Appellate Court in relation to the rejection of the Central Economic-Administrative Tribunal's resolutions regarding Corporate Income Tax, financial year 2015. The company and its advisors believe that the National Appellate Court may rule in favour of the company's interests.

There were no new developments in this regard in fiscal year 2022.

E.6. Explain the response and oversight plans for the entity's principal risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to any new challenges arising.

During the process of updating the company's Corporate Risk Map, not only the risks and risk events that affect the business and regulatory compliance objectives of Neinor Homes have been defined, but also the control activities that allow mitigating such events.

The officers responsible for execution and supervision were identified for each of the controls established, and the supporting evidence required to show due implementation was defined.

In this regard, the functions envisaged in the Annual Activity Plans of the GRC and Internal Audit Management include periodic reviews of control activities to ensure their effectiveness and, where any control weaknesses may be observed, to make recommendations and propose relevant action plans.

Such periodic reviews of control activities are a fundamental part of the companies entire control structure, which integrates the different compliance systems implemented since the company was founded in May 2015, such as the FIICS and the criminal liability prevention, money laundering and terrorism finance prevention, data protection, related-party transactions and conflicts of interest, and fraud and corruption prevention systems, etc.

In order to effectively and efficiently integrate all of the compliance systems, the same uniform, standard implementation process was applied in every case, the key steps of which comprised analysis of external and internal expectations and risk appetite, analysis of domestic and international best practice policies and regulations, risk analyses, drafting of policies, analysis of the existing internal control structure, implementation and, where appropriate, design of additional controls / improvement measures, identification of the governance system (implementation / supervision / reporting), training and communication to the organization.

In addition, the Audit and Control Committee is provided with periodic reports for supervisory purposes on risk management developments in the company, the status of critical risks, monitoring and the progress of the response plans agreed.

The following are some of the measures taken to mitigate the materialized risks described in the previous point and which, as can be seen in the operational aspects related to construction, are easier to identify:

- Increased construction costs (raw materials and labor);
  - Promote the procurement of materials in advance of project execution.
  - Framework agreements with suppliers of the main brands prescribed in your projects.
- Delicate situation of certain construction companies and subcontractors for the completion of the development.
  - Establishment of collaborative agreements with construction companies.
  - Control of payment flows to all parties involved in the execution of the project.
  - Strengthening of the approval and selection processes for construction companies, increasing the relevance of their financial situation.
- Shortage of qualified labor for the execution of the different works.
  - Integration of more than one subcontractor for the execution of the main works.
  - Revision of the planning, in order to hire the necessary manpower in advance.

In addition to these measures, the company has strengthened both its construction management (Neinor Works), which provides support in those projects where the initially contracted construction company has left, and its construction subsidiary Quabit Construcción, which, together with the former, carries out projects from the outset when the price/quality/term conditions mean that the internal route may be the best option.

With regard to the scarcity of land for future development and the excessive cost of the existing ones, the complex existing regulations for ordering new buildable land, added to the tensions experienced in relation to construction costs, makes it difficult to find available assets that can be promoted.

The company's main response plans to mitigate this factor are the in-depth knowledge of the real estate market by geographic areas and expected expansion zones, the continuous monitoring of opportunities and the analysis and search for unique and adapted transactions.

As for regulatory uncertainty (leasing law, development of urban plans, etc.), the changing adaptation of urban planning regulations by the different public administrations to new socio-economic contexts, adds to the already complex urban management regulations. Issues such as the reservation of subsidized housing on developable land or the flexibility of uses are some examples that cast uncertainty on the viability or economic reality of certain assets.

With regard to this situation, the company tries to have a deep knowledge of regulatory matters, an investment policy aimed at reducing regulatory risks, the complete monitoring of regulatory developments in order to know potential advances in regulatory matters and, of course, to maintain direct contact with all public authorities.

In the case of the increase in the cost of financing (interest rates), developer loans, corporate loans and increase in the spread for customers in mortgages, it is important to note that at December 31 Neinor Homes had available an amount of 921 million euros, of which it had 470 million available. In addition, a high percentage of the company's financing is green financing with better market conditions than the rest. Finally, this financing was obtained prior to the increase in interest rates and its conditions are mostly fixed, also for financing that has not been previously established in fixed rates, the Company has a derivative / cap for 300 million that ensures that it will not pay more than 2% interest rate, so that the company between these measures has covered all the current exposure and for the next 5 years.

Finally, regarding the valuation of the company in the capital market or the uncertainty in the cycle due to the macroeconomic situation and demand, these are risks that involve a greater degree of complexity when taking specific measures that can help to mitigate them. However, the measures set out in the different strategic, business and real company response plans are based on the consolidation of a real estate platform, the diversification of the business, strengthening the rental line, the search for new alliances and partners to develop the BTS and BTR, the creation of business lines for the promotion of more affordable housing, the prioritization of the social and environmental impact of our business and finally to maintain a solid company in terms of deliveries, results and margins that gives an adequate return to shareholders and maintain this over time.

In relation to tax risks, Neinor Homes has implemented control mechanisms to ensure due compliance with tax regulations and its commitment to the application of good tax practices, in particular:

- ✓ Approval of tax criteria in accordance with the company's tax policy and its commitment to the application of good tax practices. These criteria are reviewed and validated annually by the person responsible for tax matters;
- ✓ Supervision and continuous control of the proper implementation of the agreed criteria. This supervision is carried out both internally, by those responsible for tax matters, and externally, by an independent tax expert;
- ✓ Periodically, the person in charge of tax matters of the entity reports to the Board of Directors on the results of the tax risk control mechanisms.

As of 31 December 2022, following the course of the last financial year, all the measures and decisions taken in view of the risks analysed and materialised have enabled the company to diversify and become, thanks to both inorganic and organic growth, a real estate platform incorporating the entire value chain (urban development, retail, property development, rental of owned and third-party properties, construction and analysing or managing coliving or senior living lines).

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PREPARATION AND ISSUE OF FINANCIAL INFORMATION (FIICS)

Describe the mechanisms making out the risk control and management systems relating to the preparation and issue of financial information by the company (FIICS).

F.1. Entity's control environment

Explain at least the following, describing key characteristics:

F.1.1. What bodies and/or departments are responsible for (i) the existence and application of an adequate and effective FIICS, (ii) implementation, and (iii) supervision.

Article 5.4 of the Board's Regulations establishes the powers of the Board of Directors in this area, and subparagraph xxiv specifically mentions its "ultimate responsibility for the existence and application off attend effective Financial information internal control system (FIICS)".

Implementation of the FIICS is a matter for all of the business areas defined in Neinor Homes, insofar as they are responsible for the application in practice of control mechanisms and measures to ensure the reliability of the company's financial information.

In its work of supervising the appropriate implementation and application of the system, the Board receives the support of the Audit and Control Committee (ACC), which is assigned the following tasks in accordance with Article 9.3 of the Audit and Control Committee Regulation:

- To assess the suitability and effectiveness of internal financial controls and systems of internal control and financial and non-financial risk management, including oversight of the financial information internal control systems (FIICS) to ensure that the main risks are duly identified, managed, assessed and reported.
- To provide assurance that these systems appropriately mitigate risks in the context of the policy established by the Board of Directors, where appropriate.

F.1.2. Whether the following exist, especially in relation to the preparation of financial information:

- **Departments and or mechanisms for (i) the design and review of the organizational structure, (ii) the definition of lines of responsibility and authority, including appropriate distribution of tasks and duties, and (iii) the existence of sufficient procedures and awareness of the same throughout the company.**

  Neinor Homes' Board of Directors competences include defining the structure of the company, and it therefore has maximum responsibility for assigning duties related with the preparation and supervision of financial information and ensuring that each of the departments involved is duly apprised of its functions.

  The General Finance Department (GFD) has primary responsibility for preparing the financial information, although all departments of the company are required to foster transparency and ensure the accuracy of the information they handle and supply to the market.

- **Code of conduct, approval body, diffusion and training, principles and values included (stating any specific mentions of transaction recognition and the preparation of financial information), and body responsible for analysing non-compliance and proposing corrective actions and sanctions.**

  Neinor Homes Code of Ethics was approved by the Board of Directors on 14 May 2015, and it has since been updated on several occasions, the last time on 10 March 2017. The company's Ethics Code is the main pillar of its culture, and it provides the main guide for the activity of Neinor Homes, establishing a catalogue of ethical principles, values and rules of conduct that should effectively direct the activity of all group companies and of the people forming part of the company. This document is distributed to all employees on a periodic basis and upon the induction of new employees into the company for their information. Employees are required to return a signed copy signalling their acceptance.

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In addition, there is regular annual company-wide training on ethics and compliance.

Specifically, annex 4 of the Ethics Code explains that “persons responsible for entering data in the different physical and digital ledgers utilized by the company in the process of preparing its financial information must assure the reliability, integrity, accuracy and currency of such data” in order to ensure that the financial information reported reflects a true and fair image of the company’s equity, financial position and results of operations.

Both the Ethics Code and the Code of Conduct for third parties, and many of the company’s Compliance Policies, Manuals and best practices, compliance with which is mandatory for all employees, are published on the company’s website (Shareholders and Investors / Corporate Governance and Sustainability / Codes and Policies). The company’s principles and values are set out in its Ethics Code and in the published document titled “Mission, Vision and Values”.

In addition, "the effectiveness of the Internal Financial Information Control System (SCIIF) as a whole is assessed annually by the Internal Audit Management or by an independent third party".

On the other hand, one of the principles governing Neinor Homes’ operations according to the Ethics Code is transparency, and the company therefore establishes that “it will supply the authorities, its shareholders, the markets in which it operates and its customers with accurate, transparent information on financial and accounting matters prepared in accordance with prevailing legislation”.

Finally, all commitments to the Code of Ethics and the company's various policies and behaviour / conduct manuals are regularly circulated to all employees and new recruits, all of whom ratify their understanding and acceptance.

The body responsible for examining cases of non-compliance with the ethics code and proposing corrective action and sanctions is the GRC (Governance, Risk, Compliance) Internal Audit and Sustainability department, which reports directly to the Audit and Control Committee.

- **Whistleblowers channel to allow reporting of financial and accounting irregularities to the audit committee, as well as possible cases of non-compliance with the code of conduct and irregular activities within the organization, stating, where applicable, whether this channel is confidential and whether it allows for anonymous communications, respecting the rights of the whistle-blower and the reported party.**

Neinor Homes has established an Ethics Channel to facilitate reporting (either by post or by email) of irregular or inappropriate conduct related with the accounts, control, risks and financial information, as well as other matters considered relevant in relation to the integrity, conduct and transparency of transactions arising in the course of the company’s internal and external functioning.

The communication channels on which it is based are twofold:

– an Ethics Channel accessible through the address https://neinorhomes.integrityline.com/frontpage
– A postal address: Neinor Homes; Canal Ético; Paseo de la Castellana 20, 5ª planta; 28046, Madrid

Neinor Homes has published its Ethical Channel Management Procedure, which regulates the functioning of the Ethics Channel, on its website.

Reports identifying and not identifying the whistleblower are formally accepted, total confidentiality and anonymity of the person providing the information is guaranteed, and the system also permits reports to be filed without identifying the whistleblower. Whistleblowers reports are received by the GRC (Governance, Risk and Compliance), Internal Audit and Sustainability Department, and their analysis is a priority for the company. Where appropriate, the matters concerned may be submitted to the Monitoring and Control Department for a decision.

The complaints that are normally received through the ethics channel do not normally relate to reportable events that go against the principles set out in the company's code of ethics but are more related to after-sales operational incidents due to incidents after the delivery of homes. These incidents, when they affect aspects of habitability, are monitored by GRC management to ensure that a response is given and that our procedures are complied with.

In the event of an allegation that does impinge on the company's ethical principles, the facts are analysed by GRC management, which prepares a report and passes it to the CEO and/or the Audit and Control Committee, depending on the relevance and seriousness of the incident.

In 2022, we received complaints related to 5 transactions, through the ethical channel or other channels, regarding conflicts of interest, non-compliance with internal procedures, or defects in homes that affected their habitability. All complaints were processed in the manner and within the deadlines established in the Channel's management procedure.

As a result of the complaints received, certain internal company procedures were improved and, in one case, corrective measures were applied to an employee for serious misconduct. No complaints have been received regarding discrimination, human rights violations, corruption or bribery, or breaches of the Code of Ethics. All complaints were reported to the Audit Committee as part of the Annual Report on Compliance Activities.

In addition to the external and internal Ethics Channel, the company has implemented a confidential internal confidential channel for the communication of inefficiencies, non-compliance with procedures, malpractice and inappropriate conduct on the part of employees. Access to this channel is restricted to the GRC Department and to the Quality Manager.

- **Periodic training and refresher programmes for employees involved in the preparation and review of financial information, and in FIICS assessments. These courses, or at least accounting rules, auditing, internal control and risk management.**

When the Internal Audit Department was set up it organized an FIICS training course covering matters concerned in the preparation and review of financial information.

Meanwhile, the Internal Audit Department and the external Auditor gave a course to the accounts department when the company was listed on the stock exchange last year, dealing with the obligations of listed companies in relation to the financial information reported to the market and corporate good governance.

In addition, the staff involved in preparing and reviewing the financial information receive periodic training and refresher courses on accounting rules, internal control, risk management and regulatory Compliance.

Mandatory training, which is given on an annual basis, is on compliance, ethics, competition, conduct of business rules in securities markets, prevention of money laundering, cybersecurity and data protection.

In relation to the people who make up the GRC team, responsible for ensuring regulatory compliance in the company, in this financial year, in addition to the training received by the entire workforce, they have received training on:

- ✓ Conflicts of interest and related parties.
- ✓ Data protection.
- ✓ Regulatory compliance and legal risk in the company's environment.
- ✓ Whistle-blowing channel.
- ✓ Supervision of non-financial information.
- ✓ Prevention of money laundering.

Regarding the company's directors, on joining the company, a welcome protocol is in place which includes training on ethics, compliance, good governance, the use of privileged and confidential information, the company's internal control structure and their responsibilities and obligations as company directors, information which they ratify in various documents which they sign.

In the current financial year, the company's directors have received training on:

- ✓ Corporate Governance: changes in regulations relating to the CNMV (Spanish Companies Law, Securities Market Law and Law on Auditing of Accounts).
- ✓ Risks in the real estate sector, the situation of the residential market and Directors' responsibilities and obligations.
- ✓ Developments, macroeconomic situation, demand/prices, forecasts for the real estate sector: rental and property development.
- ✓ Non-financial information, sustainability and taxonomy regulations.

F.2. Assessment of financial reporting risks

Report at least the following:

F.2.1 Principal features of the risk identification process, including error and fraud, with regard to:

- **Existence and Documentation of the process.**

Neinor Homes has a procedure in place to establish the scope of the processes to be included in the FIICS and to identify the relevant business cycles.

The company has also defined a matrix of controls associated with potential risks and accounting or administrative processes in each procedure included in the FIICS. This matrix is reviewed annually. The officers responsible for execution and supervision, associated policies / procedures in place and the audit evidence required have been established for each control.

The company has established a risk management methodology, which is applied in the process of design and implementation of all internal control and regulatory compliance structures. In this regard, we may highlight the following:

- Consideration of internal and external information for the identification of risks
- Consideration of assessment scales for the evaluation of risks
- Risk prioritization interviews and workshops
- Consideration of financial and reputational impacts in relation to the classification of risks
- Consideration of past, present and future probabilities in the analysis of risk materialization

All of the company's compliance environments, including the FIICS, form part of an integrated internal control and ongoing risk management system. The principal characteristics of this system are as follows:

- Identification of the corporate / strategic risk, strategic objectives, procedures, controls and evidence associated with each risk event, which are included in a controlled schedule to avoid duplication between the controls and risks defined for each regulatory compliance and operational environment.
- Implementation of processes and procedures allowing ongoing identification of the risks materializing and their consideration in the redesign and improvements of the internal control system, as well as the pertinent corrective actions.
- Monitoring and ongoing reporting to the company's Audit and Control Committee on the system's functioning and the risks materializing.

Section E above explains the company's Risk Control and Management Systems in more detail.

- **Whether the process covers all financial reporting objectives (existence and occurrence, integrity, measurement, presentation, details and comparability, and claims and obligations), and the frequency with which procedures are updated.**

The process defined and Neinor Homes covers all financial reporting objectives:

- Existence and occurrence: The transactions, events and other matters reflected in the information actually exist and are recognized at the appropriate time.
- Integrity: The information reflects all transactions, events and other matters to which the entity is party or which affect the same.
- Measurement: Transactions, events and other matters are recognized and measured in accordance with applicable accounting rules.
- Details, presentations and disclosure: Transactions, events and other matters are classified, presented and disclosed in the information in accordance with applicable rules.
- Claims and obligations: The information reflects claims and obligations through the appropriate asset and liability captions in accordance with applicable accounting rules.

These objectives are reviewed and updated when significant changes arise in the company's operations resulting in impacts on the financial information reported.

- **Existence of a process to establish the scope of consolidation, taking into consideration, inter alia, the possible existence of complex corporate structures, instrumental entities and special purpose vehicles.**

The identification of the consolidation perimeter with details of company shareholdings is carried out at least annually or when corporate transactions affecting share capital or reserves take place, which are communicated as soon as they occur by the Legal Management or to the Financial Management, providing the deeds and documentation supporting the transaction.

In this way, the company ensures that its equity situation is kept up to date, and the GFD proceeds to consolidate the new companies in the financial statements and to recognize the transactions concerned on an appropriate basis.

The structure of Neinor Homes' consolidated group does not include any complex corporate structures that could give rise to any interpretations or value judgments such as might affect comprehension of the financial statements. All corporate transactions and operations which could result in changes to the scope of consolidation were discussed with our external auditors to ensure appropriate recognition in the Annual Accounts.

- **Whether the process takes into consideration the effects of other types of risks (operational, technological, financial, legal, tax, reputational and environmental risks, etc.) insofar as they might affect the financial statements.**

  The FIICS is one of the components of Neinor Homes integrated control system (ICS). As mentioned in section E.1 above, the system also takes into account the principal risks associated with regulatory compliance, such as the risk of fraud and corruption, money-laundering, data protection, etc., as well as corporate risks and those proper to the operations and business of the company (e.g. acquisitions of land, products, sales and purchases).

  For a detail of the risks identified at the corporate level, see section E.3.

- **Which of the entity's governance bodies supervises the process?**

  As mentioned in section F.1.1, the Board of Directors is the ability responsible for supervising the FIICS via the Audit and Control Committee (ACC) to ensure that the principal risks are adequately identified, managed, measured and reported. In order to carry out this function, the Audit and Control Committee (CAC) relies on the company's GRC and Internal Audit Department, which annually reviews the effectiveness and efficiency of the operation of the Internal Financial Information Control System (SCIIF).

F.3. Control activities

Explain at least the following, describing key characteristics:

F.3.1. Procedures involved in the review and authorization of the financial information to be published in the stock market and description of the FIICS, indicating the officers responsible, and of the documentation describing workflows and controls (including controls relating to the risk of fraud) involved in the different types of transactions which could materially affect the financial statements, including the procedures applied in the accounting close and in specific reviews of the use of relevant judgements, estimates, valuations and projections.

In accordance with Article 14.5.iii of the Board's Regulations, responsibility for supervising the preparation and presentation of regulated financial and non financial information is delegated to the ACC in order to safeguard its integrity. The Committee relies on the support of the General Finance Department and the Internal Audit Department to discharge this function.

The review and authorization procedure for financial information consists initially of double verification by the Accounts Unit and Accounts Department, followed by a review carried out by the company's Management Control Unit and final verification by the Finance Department.

Financial results are reported to the Audit and Control Committee each month.

Before the approval of quarterly financial information by the Board of Directors and its subsequent publication, the Audit and Control Committee meets each quarter to review and authorize said financial information. This information is provided sufficiently in advance to allow a reasonable margin for analysis.

The GRC and Internal Audit Department or an external expert reviews the efficiency and effectiveness of the ICFR on an annual basis, reporting its findings to the Audit and Control Committee.

At the close of the year, the company had 270 procedures / policies and manuals, non-compliance with which could have a direct or indirect impact on the financial statements. The General Finance Department is responsible for 52 such procedures, covering the Department's principal functions such as accounting, the financial information control system, guarantees, financial debt, payments and collections, receipt of invoices, dividends, bank reconciliations and cash flow, among others.

In the area of closing procedures, Neinor Homes has established a schedule sitting out key milestones and dates to be met in each monthly accounting close. In this regard, the Accounts Department closes out accounting periods sequentially by working group in line with the schedule dates in order to avoid errors in the accounting information. Meanwhile, the management system used does not allow the members of the working groups to make accounting entries where they were themselves responsible for closing the accounting period concerned. Each person responsible for making accounting entries verifies that the closing checklist has been properly followed.

Also, specific individual control measures exist to ensure supervision of the calculations made in relation to estimates and provisions (e.g. provisions for bonuses and accrued salaries payable, for legal contingencies and for tax contingencies). The financial information collected independently by the different departments and units involved is then subjected to an overall review, in which it is validated by the Management Control Department before being passed onto the Accounts

Department. An analytic review is also carried out by the Strategic Financial Planning Department and by the Internal Audit Department.

F.3.2. Internal control policies and procedures relating to the information systems supporting relevant corporate processes involved in the preparation and publication of financial information (e.g. access security, change tracking, system operation, operational continuity and segregation of functions).

Most of Neinor Homes' business activities are supported by information systems, which provide the basic support for its internal operations, services management and marketing operations. The information handled by the different systems and applications, as well as the communications infrastructure, represent the principal asset used in the normal conduct of business operations, together with the company's people.

In this connection, the company has prepared a Security Policy, which covers the organizational structure, human and technical resources, processes, plans, procedures and protocols related with prevention and response measures to combat relevant physical, logical, compliance and good governance risks.

Security requirements and objectives are determined by the Information Security Committee based on the criteria established in Neinor Homes' policies and the needs detected by the officers responsible for information assets and for business processes. Their scope takes in all activities related with physical and information security, focusing especially on logical security. These requirements and objectives are applicable not only to the Organization's own Security activities and services directly, but also to third-party providers, who follow the guidelines and instructions provided from the standpoint of an advanced, all-round and integrated approach.

The purpose of this policy is to ensure adequate protection of Neinor Homes' information assets within the scope defined by the Information Security Management System, applying the following security principles:

- Confidentiality: ensure that information can be accessed only by authorized persons. The procedures established relate to:
    - Physical and logical access controls
    - Information marking
    - Supports management and Destruction
- Integrity: assure the accuracy and completeness of information and processing methods.
    - Management of ERP patches and vulnerabilities
    - Change management procedures (new developments, mobility applications, etc.)
    - Security of development and support processes
- Availability: ensure that authorized users can access systems when they require information and associated assets. The scope of procedures yes associated with the availability guarantee comprises:
    - Backup Plan
    - Contingency Plan
    - Business Continuity Plan
    - Sundry Detection, Evaluation and Response procedures relating to disruptive incidents
- Privacy: ensure appropriate treatment of personal data

These basic principles must be protected and assured whatever the format of the information, whether electronic, printed, visual or verbal, regardless of whether processing is carried on at Neinor Homes' facilities or elsewhere.

The company has established high levels of security for access, continuous training in cybersecurity, reviews of information sent, protocols for the use of mobile devices, daily security copies of servers, restriction of access to external devices, etc.

Neinor Homes has established authorization processes for the approval of the invoices and payments, which are parameterized in the IT tool utilized, allowing identification of the persons involved in each Department and determination of the segregation of functions.

During the 2022 fiscal year, Neinor Homes is certified by ISO 27001 for Information Security. Recently, in December 2022, it renewed this certification.

Lastly, Neinor Homes periodically conducts cybersecurity audits that test its IT defense systems, the last audit took place in October 2022.

F.3.3. Internal control policies and procedures relating to supervision of the management of activities subcontracted to third parties, as well as assessments, calculations and evaluations entrusted to independent experts, where the same could materially affect the financial statements.

Neinor Homes has established a procedure for the selection, approval and assessment of providers / third parties (e.g. architects, construction firms, marketing firms, advisors and so on). This procedure allows an objective appraisal of external firms for the purposes of selection and contracting of those considered most suitable for the provision of services in accordance with the law and the company's own internal procedures (which include appropriate processing of financial information and the prohibition of disclosure without authorization, among other matters).

Neinor Homes understands that the scope of the internal control procedures applicable to third parties should include material providers, strategic providers having a potentially significant impact on financial information or at the reputational level, providers using confidential information or providing relevant professional services, as well as external auditors, independent asset appraisers and so forth, all of whom must be required to show their experience, independence and reputation in the market.

The reports issued by independent experts are reviewed by company personnel with relevant experience and technical expertise relating to the matters concerned.

The company has a Code of Conduct for third parties, which establishes the ethical standards that significant business partners are required to maintain when they provide services of any kind to Neinor Homes. These principles include compliance with legal and tax obligations, and the avoidance of any criminal offences, fraud or corruption. This Code is accepted and signed by all strategic parties with whom the company works.

F.4. Information and communication

Explain whether the entity has at least the following, describing key characteristics:

F.4.1. A specific department responsible for defining accounting policies and keeping them up to date (accounting policy unit or department), and for the resolution of concerns or conflicts arising in relation to their interpretation, maintaining fluid communication with the organization's operational managers, as well as a current manual of accounting policies duly issued to all of the entity's business units.

The General Finance Department (GFD) of Neinor Homes establishes the applicable accounting processes, policies and rules, and it is responsible for coordinating with the various departments involved in the preparation of financial information. Meanwhile, the GFD's Administration and Accounting Unit is responsible for defining accounting policies and resolving any concerns arising with respect to their interpretation.

In this regard, Neinor Homes has an Accounting Policy Manual prepared internally but checked by independent accounting experts. This Manual is periodically reviewed and defines the classification and measurement criteria applicable in the preparation of the financial statements.

The staff involved in the preparation and review of the financial information are kept constantly abreast of changes in accounting and tax rules by means of ongoing communication with the company's tax advisers, its external auditor and via the alerts and notifications received from leading audit firms and professional services providers.

The Audit and Control Committee is charged with supervising and reviewing the annual accounts in conformity with prevailing legislation and with generally accepted accounting principles.

Where the application sheet of regulations involves interpretation of a certain complexity, the company seeks the advice of its external auditor and other advisers, or of the regulatory authority.

F.4.2. Mechanisms for the collection and preparation of applicable standard format financial information for use by all the company's departments and by the group to support the financial statements and the explanatory notes thereto, as well as the FIICS information.

The process concerned in the preparation of financial information is duly defined in Neinor Homes, including a description of all standardized activities involved in the accounting close and in the preparation of the financial statements, as well as the officers assigned to the preparation and review of the same.

A common IT tool (ERP) this is used to process the financial information reported (PRINEX) by all of the group companies,

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which facilitates subsequent consolidation.

Furthermore, a single Chart of Accounts is used, which has been implemented for the preparation and management of accounting functions in all the group companies.

F.5. Supervision of the system's functioning

Explain at least the following, describing key characteristics:

F.5.1. Supervisory activities undertaken in relation to the FIICS by the audit committee, and whether the entity has internal audit unit whose competences include supporting said committee in its supervision of the internal control system including the FIICS. Also, explain the scope of the FIICS evaluation carried out in the year and the procedure by which the party responsible for such evaluation reports its findings, whether the entity has an action plan establishing eventual corrective measures, and the consideration given to the possible impact on the financial information.

As explained in section F.1.1 above, the Board of Directors of Neinor Homes oversees the implementation and the application of the FIICS with the support of the Audit and Control Committee (ACC), which in turn delegates monitoring tasks to the Internal Audit Department.

The GRC and Internal Audit Department is thus an objective unit which is independent of all other departments, in as much as it reports directly to the Audit and Control Committee and indirectly but functionally to the Board of Directors.

The functions assigned to the Internal Audit Department include supervision of the functioning of the FIICS to assess the effectiveness of the internal control system and obtain reasonable assurance of the efficiency with which resources are used, the reliability of the financial information and compliance with applicable laws and regulations, and internal policies and procedures.

In the current fiscal year, the internal audit function has tested certain controls in different companies of the Group.

Each year the FIICS review addresses the design and efficacy of controls and the integrity of the evidence supporting said controls.

In the current and previous fiscal years, additional verification has been carried out:

- The integrity and accuracy of the information reported in section F of the ACGR
- Alignment between the design of the controls included in the matrix and the risks which they are intended to mitigate or eliminate, in order to obtain reasonable assurance of the fulfilment of design purposes
- Integrity of the evidence supporting the controls

Based on these reviews, a series of measures have been proposed to improve the ICFR model derived from the recommendations made by the GRC function, which will be implemented in the next fiscal year if approved by the Finance Department and the Audit Committee.

F.5.2. Whether the entity has a discussion procedure allowing the auditor (in accordance with technical audit standards or NTA in the Spanish acronym), the internal audit department and other experts to communicate with senior management, the audit committee and the directors to report any significant internal control weaknesses observed in the course of their review procedures carried out in relation to the annual accounts and any other matters required of them. Also, report whether there is any action plan in place to correct or mitigate the weaknesses observed.

As established in the regulations of the Board of Directors, the Audit and Control Committee will supervise the effectiveness of the internal control of the Company and its group, the internal audit and risk management systems, as well as discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, among other things.

Therefore, Neinor Homes prepares a quarterly report for Senior Management and the Audit and Control Committee, in which the Internal Audit Department presents its analysis and follow-up on the internal control and risk management system implemented, as well as the key issues identified and the action plans drawn up.

This report also includes the findings from other mandatory regulatory compliance audits carried out in partnership with the Compliance Department (e.g. data protection, money laundering, etc.).

The external auditors also report their findings on the interim and annual financial statements, as well as any weaknesses observed during the audit.

The GRC and Internal Audit Department and the external auditor also hold regular meetings with the ACC without the presence of senior management to discuss the functioning of control systems.

In addition to their presence at the committee meetings held in 2022, the external auditors also held three meetings with the ACC or the GRC Management without the presence of senior management, and the internal audit function has maintained an ongoing flow of communication with the audit committee, reporting on various issues such as the requirements received from supervisory bodies, the risks identified and the audits performed, as well as analyses of new regulations and training carried out.

Various protocols and policies are in place to deal with weaknesses and incidents of non-compliance related with ethical issues and fraud.

Finally, compliance is analysed and supervised in relation to conflicts of interest and related parties, as well as compliance with the Internal Code of Conduct established by the entity as a public company. These matters are periodically reported to the Audit and Control Committee for its information and approval, when applicable.

F.6. Other relevant information

Not applicable.

F.7. External auditor’s report

Report of Deloitte, S.L., see annex I.

F.7.1. Whether the FIICS information published in the markets was subjected to a review by the external auditor, in which case the entity should include the pertinent report in an annex. Otherwise, explain the reasons.

In order to provide the greatest possible transparency in the preparation of its financial statements to all stakeholders, the Group's management has decided to submit the information relating to the ICFR included in this section F of the Annual Corporate Governance Report for financial year 2021 prepared by the Group's management for review by the external auditor. Attached to this Annual Corporate Governance Report is the auditor's report on the information relating to the internal control over financial reporting system (ICFR) of Neinor Homes S.A. for the year ended 31 December 2021.

The external auditor’s strategy since 2016 to focus the audit is based on reliance on controls, and information is therefore collected to establish how the entity addresses the risk of errors in relation to each of the significant business cycles (e.g. procurements, sales, stocks, etc.).

G IMPLEMENTATION OF CORPORATE GOVERNANCE RECOMMENDATIONS

State the degree of implementation by the company with respect to the recommendations contained in the Code of Good Governance for listed companies.

Provide a detailed explanation of the reasons if any recommendation is not followed, or is only partially followed, so that the shareholders, investors and markets in general are provided with sufficient information to evaluate and assess the company's actions. General explanations will not be considered acceptable.

1. The bylaws of listed companies should not limit the maximum number of votes which may be cast by a single shareholder or contain any other restrictions which might hinder a takeover of the company by means of the acquisition of shares in the market.

☑ Cumple ☐ Explíque

2. That when the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it publicly and accurately discloses:

   a) The respective areas of business and potential business relationships between the listed company or its subsidiaries, on the one hand, and the parent company or its subsidiaries, on the other.

   b) The mechanisms you established to resolve any potential conflicts of interest that could arise.

☐ Cumple ☐ Cumple parcialmente ☐ Explíque ☑ No aplicable

3. During the annual general meeting, the chairman of the Board of Directors should supplement the published annual corporate governance report with a sufficiently detailed verbal report to the shareholders on key corporate governance issues in the company, including the following:

   a) Changes occurring since the last annual general meeting.

   b) The specific reasons why the company does not follow any of the Corporate Good Governance recommendations, and whether any alternative rules are applied to the matters in question.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

4. That the company defines and promotes a policy of communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors, that fully respects the rules against market abuse and gives similar treatment to shareholders in the same position. And that the company makes this policy public on its website, including information on how it has been put into practice and identifies the parties or persons responsible for implementing it.

   And that, without prejudice to the legal obligations to disclose inside information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximising the

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dissemination and quality of the information available to the market, to investors and to other stakeholders.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

5. The Board of Directors should not seek the delegation from annual general meetings of powers to issue shares or convertible bonds where such issues exclude preferential subscription rights and exceed 20% of share capital at the time of delegation.

Where the board of directors approves any issue of shares or convertible securities involving the exclusion of preferential subscription rights, the company should immediately publish the reports on such exclusion required in accordance with prevailing companies' legislation on its website.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

6. Listed companies preparing the reports mentioned below, whether on a mandatory or voluntary basis, should publish the same on their corporate website sufficiently in advance of the date of the annual general meeting, even where publication is not mandatory:

a) Report on auditor independence

b) Reports of the functioning of the audit and appointments and Remunerations Committees

c) Audit committee report on related-party transactions

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

7. The company should broadcast shareholders' general meetings live on its website.

And that the company has mechanisms that enable proxy voting and voting by electronic means and also in the case of large capitalisation companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting

☑ Cumple ☐ Explíque

8. That the audit committee ensures that the annual accounts submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting regulations. In those cases where the auditor has included a qualification in its audit report, the chairman of the audit committee clearly explains to the general shareholders' meeting the audit committee's opinion on its content and scope, making a summary of this opinion available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the proposals and reports of the board.

☑ Cumple ☐ Cumple parcialmente ☑ Explíque

9. The company should publish the requirements and procedures required to establish ownership of shares, the right of attendance at shareholders' general meetings and arrange proxy votes on its website on a permanent basis.

Such requirements and procedures should be designed to foster attendance and the exercise of voting rights by shareholders, and they should be applied on a non-discriminatory basis.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

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10. Where any shareholder may legitimately have exercised the right to make any addition to the agenda or to present new proposals for resolutions before the date of the annual general meeting, the company should:

a) Immediately publish such additional agenda items and new proposals for resolutions.

b) Publish the form of the attendance card, proxy voting form or remote voting form containing the necessary changes to allow voting on the new points on the agenda and alternative proposals, in accordance with the terms proposed by the board of directors.

c) Submit all such agenda items or alternative proposals to a vote applying the same voting rules as in the case of proposals made by the board of directors, including in particular any assumptions or deductions with regard to the nature of votes.

d) After the General Shareholders Meeting, the company should provide a breakdown of votes cast on any such additional agenda items or alternative proposals.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

11. If the company intends to pay any premiums for attendance at the annual general meeting, it should establish a general policy regarding such premiums in advance and apply said policy on a stable basis.

☐ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☑ **No aplicable**

12. The board of directors should perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be always guided by the company's best interest, to be understood as establishing a profitable business that is sustainable in the long run, promoting business continuity and maximizing the company's value.

In pursuit of the corporate interest, the company should not only abide by applicable laws and regulations and act in good faith, ethically and with due respect for custom and generally accepted best practice, but also seek to reconcile said corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders potentially affected by the conduct of affairs, and with the impact of the company's activities on the community as a whole and on the environment.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

13. The Board of Directors should be of an appropriate size to ensure effective functioning and participation, which makes it advisable that it should have between five and fifteen members.

☑ **Cumple** ☐ **Explíque**

14. The board of directors should approve a policy for the selection of directors which:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election of members are based on a prior analysis of the board's needs.

c) Encourages diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The result of the prior analysis of the needs of the board of directors should be included in the nomination committee's explanatory report published when convening the general meeting of shareholders at which the ratification, appointment or re-election of each director is to be submitted.

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Compliance with the director selection policy shall be verified annually by the nomination committee and reported in the annual corporate governance report.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

15. Proprietary and independent directors should represent and ample majority on the board of directors, and the number of executive directors should be the lowest possible taking into consideration the complexity of the corporate group and the percentage of shares in the company held by the executive directors.

And that the number of female directors accounts for at least 40% of the members of the board of directors by the end of 2022 and thereafter, and is no less than 30% prior to this.

☐ Cumple ☑ Cumple parcialmente ☑ Explíque

In the financial year that has ended, the number of female directors did not reach 40% of the total number of board members, given that the only resignation from the Board was replaced by a proprietary director elected by the relevant reference shareholder, and the number and diversity (except for gender) of the Board members is considered appropriate, as has been evidenced by the various evaluations of the functioning of the Board and its Committees carried out by the Appointments and Remuneration Committee assisted by external experts of recognised prestige, and internally by the Governance, Risk and Compliance area.

Regarding new board members, the Company will encourage diversity of gender, experience and knowledge among its directors and will ensure that there are no implicit biases that could lead to any kind of discrimination, especially in the selection of female directors.

For future appointments (not foreseen in the short term), female candidates must always be considered and given equal qualifications, must be selected.

16. The percentage of proprietary directors out of the total non-executive directors should not be greater than the proportion between the shares in the company represented by said proprietary directors and the rest of the share capital.

This criterion may be relaxed in the following circumstances:

a) In companies with significant capitalization in which there are very shareholdings that would legally be defined as significant.

b) In the case of companies where numerous unrelated shareholders are represented on the board of directors.

☑ Cumple ☐ Explíque

17. Independent directors should make up at least half of the total number of directors.

Nevertheless, where a company is not a large capitalization concern, or if it is, where a single shareholder or several acting in concert control more than 30% of share capital, the number of independent board members should represent at least one third of the total board members.

☑ Cumple ☐ Explíque

18. Companies should publish the following information about directors on their corporate websites, keeping always said information up to date:

a) Professional and biographical profile.

b) Other boards of which directors are members, whether or not in listed companies and any other remunerated activities undertaken, whatever their nature.

c) Indication of the category of director to which each board member belongs, stating the shareholder represented or with whom a director has links in the case of proprietary directors.

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d) Date of first appointment as a director of the company, and dates of any subsequent reappointments.

e) Shares and stock options held in the company.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

19. Subject to verification by the appointments committee, the annual corporate governance report should explain the reasons for the appointment of proprietary board members at the request of shareholders holding equity interests of less than 3% of share capital. Likewise, the reasons for the refusal, where applicable, of any formal requests for seats on the board made by shareholders holding interests of equal size or greater than the interests owned by other shareholders at whose request proprietary board members were appointed.

☐ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☑ **No aplicable**

20. Proprietary directors should tender their resignation whenever the shareholder represented transfers its interest in share capital. An appropriate number of proprietary directors should also do so where the shareholder represented lowers its shareholding to a level requiring a reduction in the number of proprietary directors.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

21. The Board of Directors should not propose the removal of any independent director before the end of the statutory term of office for which the same was appointed, except with good cause established by the board subject to a report of the appointments committee. In particular, good cause shall be deemed to exist where the director takes up any new office or contracts new obligations which would prevent him/her from dedicating the time necessary to discharge the functions proper to the office of director or fails to discharge the duties inherent in his/her office or is affected by any circumstances in view of which he/she might lose the condition of independence within the meaning of applicable legislation.

The removal of independent directors may also be proposed because of any public takeover bid, merger or similar corporate transactions which would entail a change in the company's capital structure, where such changes in the make-up of the board of directors are obey the principle of proportionality mentioned in recommendation 16.

☑ **Cumple** ☐ **Explíque**

22. Companies should establish rules obliging directors to report and, where applicable, to resign in any circumstances that could detrimentally affect the credit and reputation of the company and requiring them to notify the board of directors of any criminal charges that may be brought against them and explain the progress of trial proceedings.

And that the board, having been informed of or otherwise having knowledge of any of the situations mentioned in the preceding paragraph, examines the matter as promptly as possible and, in view of the circumstances, decides, after a report from the Appointments and Remuneration Committee, whether or not to take any action, such as initiating an internal investigation, requesting the resignation of the director or proposing his or her removal. And that a report is included in the annual corporate governance report, unless there are special circumstances justifying it, which must be recorded in the minutes. This is without prejudice to any information that the company must disclose when the corresponding measures are adopted.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

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23. All directors should clearly express their objections when they consider that any proposal submitted to the board for a decision is contrary to the corporate interest. In particular, the independent and other directors who are not affected by a potential conflict of interests should likewise object wherever they consider that any decisions might be detrimental to the interests of other shareholders not represented on the board of directors.

Where the board of directors adopts any significant decision in relation to which a director may have expressed serious reservations, or where it may repeat any such decision, the director concerned should consider their position and, if they opt to resign, they should explain their reasons in the letter mentioned in the next recommendation.

This recommendation also applies to the secretary to the board of directors, even where the same is not a director.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque ☐ No aplicable

24. That when, either by resignation or by resolution of the general shareholders' meeting, a director resigns before the end of his or her term of office, he or she sufficiently explains the reasons for his or her resignation or, in the case of non-executive directors, his or her opinion on the reasons for the removal by the board, in a letter to be sent to all members of the board of directors.

And that, without prejudice to the disclosure of all the above in the annual corporate governance report, insofar as it is relevant for investors, the company publishes the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque ☐ No aplicable

25. The appointments committee should ensure that non-executive directors have sufficient time available for the appropriate discharge of their duties.

The Board's Regulations should establish a maximum number of other companies' boards on which the directors may hold seats.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

26. The board of directors should meet as often as necessary to perform its functions effectively and at least eight times per year, following a schedule of dates and issues established at the start of the year. However, each director may also individually propose other initially unscheduled items for inclusion in the agenda.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

27. Failure on the part of board members to attend meetings should be confined to unavoidable cases and non-attendance should be quantified in the annual corporate governance report. Proxies should be arranged with instructions in the event of inability to attend.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

28. Where the directors or the secretary express any concerns over a proposal, or in the case of directors, over the conduct of the company's affairs, and such concerns are not resolved at a meeting of the board of directors, the concerns raised shall be recorded in the minutes at the request of the party expressing the same.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque ☐ No aplicable

29. The company should establish appropriate channels to allow the directors to obtain the necessary advice to discharge their duties, including external advisory services payable by the company where circumstances so require.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

30. Irrespective of the expertise required of directors for the discharge of their duties, companies should offer the directors training programmes to refresh their knowledge and skills, where circumstances so require.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

31. The agenda for board meetings should clearly indicate the points on which the board of directors is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance.

Where the chairman may wish in exceptional circumstances and for reasons of urgency to propose decisions or resolutions which are not included in the agenda for approval by the board of directors, the express prior consent of most of the board members present shall be required and shall be recorded in the minutes.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

32. Board members should be periodically informed of changes in the shareholder structure and of the opinions of the company held by significant shareholders, investors and credit rating agencies.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

33. As the officer responsible for the effective functioning of the board of directors, the chairman shall exercise the functions attributed by law and the bylaws and should prepare and submit to the board of directors a schedule of dates and an agenda, organize and coordinate periodic assessments of the board, and where appropriate, of the company's chief executive officer. The chairman should likewise direct the work and effective functioning of the board, ensuring that sufficient time is given over to the discussion of strategic issues, and agreeing and reviewing the programmes established to refresh the knowledge of each director where circumstances so require.

☑ Cumple ☐ Cumple parcialmente ☑ Explíque

34. Where there is a coordinating director, the bylaws or Board's Regulations should attribute the following functions to said officer in addition to the powers legally assigned to the same: to chair the board of directors in the absence of the chairman and deputy chairs, where applicable; to take note of the concerns voiced by non-executive directors; to maintain contacts with investors

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and shareholders in order to learn their points of view and form an opinion of their concerns, in particular with regard to corporate governance of the company; and to coordinate the plan for succession of the chairman.

☐ Cumple ☐ Cumple parcialmente ☐ Explíque ☑ No aplicable

35. The secretary to the board of directors should oversee the board's actions and decisions, ensuring that they are based on the good governance recommendations applicable to the company as set forth in the Code of Good Governance.

☑ Cumple ☐ Explíque

36. The board of directors shall meet once per year in full session to evaluate and, where appropriate, adopt an action plan to correct any weaknesses identified with respect to:

a) The quality and effectiveness of the board's functioning.

b) The functioning and membership of its committees.

c) The diversity of the board's membership and competences.

d) The performance of the chairman of the board of directors and of the company's chief executive.

e) The performance and contribution of each director, paying special attention to the heads of the various board committees.

Assessments of the different committees should be based upon the reports submitted by the same to the board of directors, while the evaluation of the board itself shall be based on the report submitted by the appointments committee.

Every three years, the board of directors should be assisted in its evaluation by an external consultant, whose independence should be verified by the appointments committee.

Business relations maintained by the company or any group company with the consultant or any company forming part of the consultant's group shall be duly disclosed in the annual corporate governance report.

The processes and areas evaluated should be described in the annual corporate governance report.

☑ Cumple ☐ Cumple parcialmente ☐ Explíque

37. That when there is an executive committee, at least two non-executive directors sit on it, at least one of whom is independent; and its secretary is the secretary of the board of directors.

☐ Cumple ☐ Cumple parcialmente ☐ Explíque ☑ No aplicable

38. The board of directors should always be apprised of the matters debated and decisions taken by the executive committee, and all directors should receive copies of the minutes to meetings of the executive committee.

☐ Cumple ☐ Cumple parcialmente ☐ Explíque ☑ No aplicable

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39. That the members of the audit committee, and especially its chairman, are appointed considering their knowledge and experience in accounting, auditing or risk management, both financial and non-financial.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

40. A unit should be set up under the supervision of the audit committee to perform the internal audit function and oversee the proper functioning of information and internal control systems. The internal audit unit should report functionally to the non-executive chairman of the board or to the audit committee.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

41. That the head of the unit responsible for the internal audit function presents his/her annual work plan to the audit committee for approval by the committee or by the board, reports directly to it on its implementation, including any incidents and limitations on scope arising in the course of its implementation, the results and follow-up of his/her recommendations, and submits activities report to it at the end of each year.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

42. In addition to those established by law, the audit committee should perform the following functions:

1. In relation to information systems and internal control:

a) To supervise and assess the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, where appropriate, the group - including operational, technological, legal, social, environmental, political, reputational and corruption-related risks - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) To ensure the independence of the unit assuming the internal audit function; proposing the selection, appointment and removal of the head of the internal audit department; proposing the budget for internal audit; approving or proposing approval to the board of the annual internal audit orientation and work plan, ensuring that its activity is primarily focused on relevant risks (including reputational risks); receiving regular information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) To establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers and contractors or subcontractors, reporting any potentially significant irregularities, including financial and accounting irregularities, or of any other type, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistleblower and the reported party.

d) To ensure in general that the established internal control policies and systems are effectively implemented in practice.

2. In relation to the external auditor:

a) To examine the circumstances and reasons in the event the external auditor should resign.

b) To ensure that the external auditor's fees for its work do not compromise quality or its independence.

c) To oversee reporting by the company of any change of auditor to the CNMV, and to ensure that it is accompanied by a statement regarding the possible existence of disagreements with the outgoing auditor, if any, and the contents thereof.

d) To ensure that the external auditor holds an annual meeting with the whole of the board of directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.

e) To ensure that the company and the external auditor respect prevailing regulations governing the provision of non-audit services, the limits on the concentration of the auditor's business and the terms of other regulations governing auditor independence in general.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

43. The audit committee should be able to call any employee or executive of the company, and even to require attendance without the presence of any other executive.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

44. The audit committee should be informed of all transactions involving structural or corporate changes which the company plans to carry out. The committee shall examine such information and report in advance to the board of directors on the financial terms and accounting impact of such transactions, and on the exchange ratio proposed, if any.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

45. The risk control and management policy should define at least:

a) The different types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by the company, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules so provide or where the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures established to mitigate the impact of the risks identified, in the event any should materialize.

e) The information and internal control systems used to control and manage risks, including contingent liabilities and off-balance sheet risks.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

46. An internal control and risk management function headed up by an internal unit or department of the company should be set up under the direct supervision of the audit committee or, where appropriate, of a specialized board committee to take charge of the following functions:

a) To ensure the proper functioning of risk control and management systems and, in particular, to ensure that the same adequately identify, manage and quantify all significant risks to which the company may be exposed.

b) To participate actively in the preparation of the risk strategy and significant decisions with

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regard to risk management.

c) To ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

47. The members of the appointments and Remunerations Committee (or of the appointments committee and remuneration committee where separate) should be appointed in view of their expertise, skills and experience with regard to the functions they are required to discharge, and the majority should be independent board members.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

48. Large capitalization companies should establish a separate appointments committee and remuneration committee.

☐ **Cumple** ☐ **Explíque** ☑ **No aplicable**

49. The appointments committee should consult with the chairman of the board and the company's chief executive officer, on matters relating to executive board members.

Any director should be able to request that the appointments committee take potential candidates to cover vacancies in the board into consideration, where they understand the same to be suitable.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

50. The remuneration committee should exercise its functions independently. In addition to those attributed by law, said functions shall comprise the following:

a) To propose the basic terms of senior management contracts to the board of directors.

b) To verify compliance with the remuneration policy established by the company.

c) Periodically to review the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, if any, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the company.

d) To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the committee.

e) To verify information on the remuneration of directors and senior executives contained in corporate documents, including the annual report on directors' remuneration.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

51. The remuneration committee should consult with the chairman of the board and the company's chief executive, on matters relating to executive directors and senior management personnel.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

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52. The rules governing the membership and functioning of supervisory and control committees should be set out in the Board's Regulations and should be consistent with those applicable by law to mandatory committees in accordance with the foregoing recommendations, including:

a) Membership should comprise exclusively non-executive directors and a majority should be independent board members.

b) Committee chairpersons should be independent directors.

c) The board of directors should appoint the members of committees in view of the expertise, skills and experience of directors and the duties entrusted to each committee and should debate their proposals and reports. Each committee should likewise be held to account for its activity and work at the first full meeting of the board held after each of committee meeting.

d) Committees should seek external advice where considered necessary for the due discharge of their functions.

e) Minutes should be kept of each meeting and should be provided to all the directors.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

53. That the supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, is entrusted to one or several committees of the board of directors, which could be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the board of directors, in the exercise of its powers of self-organisation, decides to create. And that such a committee is composed solely of non-executive directors, the majority of whom are independent, and it is specifically attributed the minimum functions indicated in the following recommendation.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

54. That the minimum functions referred to in the above recommendation are as follows:

a) Overseeing compliance with the company's corporate governance rules and with the internal codes of conduct and ensuring that the corporate culture is aligned with the purpose and values thereof.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the entity communicates and interacts with small and medium-sized shareholders will also be monitored.

c) The periodic review and evaluation of the corporate governance system and of the company's environmental and social policy, so that they fulfil their mission of promoting the interests of society and consider, where appropriate, the legitimate interests of other stakeholders.

d) Monitoring that the company's environmental and social practices are in line with the strategy and policy established.

e) Monitoring and evaluation of stakeholder engagement processes.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

55. That the sustainability policies on environmental and social issues identify and include, as a minimum:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect integrity and honour.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

56. Directors' remuneration should be set at the necessary levels to attract and retain directors with the desired profile, and to reward the dedication, qualifications and responsibility required by their office, but it should not be set so high as to compromise the independence of non-executive directors.

☑ **Cumple** ☐ **Explíque**

57. Variable remuneration linked to the company's results and personal performance should be confined to the executive directors, as should remuneration systems based on the allocation of shares, options or rights over shares or other instruments linked to the share price, and long-term savings systems such as pension plans or retirement and other prudential schemes.

Share-based remuneration may be considered for non-executive directors subject to the condition that any securities delivered by held until the director concerned leaves office. This condition shall not apply to any securities which the board member concerned may need to dispose of, where applicable, to settle acquisition costs.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque**

58. That the payment of variable components of remuneration are subject to sufficient verification that performance or other pre-established conditions have been effectively met. Institutions will include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In particular, variable pay components should:

a) Be linked to predetermined, measurable performance criteria, and such criteria should take into account the risks assumed to obtain results.

b) Promote the sustainability of the company and include non-financial criteria related to long-run value creation, as well as compliance with the company's internal rules and procedures, and with its risk control and management policies.

c) Be structured on the basis of balance between the attainment of objectives in the short, medium and long term, so as to remunerate ongoing success and performance over a sufficient period of time to appreciate the contribution made to the sustainable creation of value and ensure that the performance variables measured do not refer only to one-off, occasional or extraordinary events.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

59. That the payment of variable components of remuneration are subject to sufficient verification that performance or other pre-established conditions have been effectively met. Institutions will include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, institutions are assessing the establishment of a "malus" clause based on the deferral for a sufficient period of the payment of a part of the variable components involving their total or partial loss in the event that an event occurs prior to the time of payment that makes this advisable.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

60. Compensation that is tied to the company's earnings should consider the qualifications, if any, contained in the external auditor's report where the same reduce earnings.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

61. A relevant percentage of the variable remuneration paid to executive directors should be linked to the delivery of shares or financial instruments indexed to the share price.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

62. That once the financial instruments, options or shares corresponding to the remuneration systems have been allocated, executive directors may not transfer ownership or exercise such rights until at least three years have elapsed.

An exception is made where the director, at the time of the transfer or exercise, has a net financial exposure to changes in the share price of a market value equivalent to an amount of at least twice his/her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, to deal with any extraordinary situations that so require.

☐ **Cumple** ☐ **Cumple parcialmente** ☑ **Explíque** ☐ **No aplicable**

The 2020-2023 Long-Term Incentive Plan, from which the share-based compensation of executive directors and other members of the management team is derived, establishes an incentive vesting period of three years. Once the period has ended, the accrued amount, if any, is payable on a deferred basis as follows: 50% in the year following the end of the vesting period, 25% in the second year following the end of the vesting period and the remaining 25% in the third year following the end of the vesting period. Once the shares have been received, the executive directors are obliged to maintain the shares received for a period of one year from their delivery.

63. Contractual agreements with directors should include a clause allowing the company to claim reimbursement of variable remuneration items where payment was not in line with the performance conditions established, or where payment was made in view of data later found to be inaccurate.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

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64. Severance payments made on the termination of contracts should not exceed two years' total annual remuneration, and they should not be made until the company has been able to verify that the director concerned fulfils the performance criteria established.

For the purposes of this recommendation, contractual cancellation or termination payments include any payments whose accrual or payment obligation arises because of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

☑ **Cumple** ☐ **Cumple parcialmente** ☐ **Explíque** ☐ **No aplicable**

H OTHER MATTERS OF INTEREST

1. **Briefly describe any other relevant corporate governance matters in the company or its group entities that are not considered in the preceding sections of this report and require inclusion to complete the reasoned information offered on the governance structure and practices of the entity and its group.**

2. **You may also include in this section any other information, clarification or qualification related with the preceding sections of this report, to the extent that such explanations are not repetitious.**

   Specifically, state whether the company is subject to any corporate governance legislation other than Spanish law and, where applicable, include any information that you are under the obligation to provide other than that required in this report.

3. **The company may also state whether it has voluntarily adhered to any other international, industry or other ethical or best practice codes. Indicate the code in question and the date of adhesion, where applicable. In particular, you should mention whether the company has adhered to the Code of Best Tax Practice of 20 July 2010.**

H.1

Neinor Homes is fully aware of its significance as a business, institutional and social reality and as a benchmark company in the area of residential development in Spain, and in this light it cannot ignore the importance of conducting its entire business with the maximum diligence in terms of Good Governance, ethics and transparency.

We consider it necessary to provide the following information to ensure a proper understanding of the company from a Good Governance standpoint, and of the efforts it has made to progress in this area.

Neinor Homes relies principally on its own proprietary Code of Conduct, which sets out the main mandatory guidelines and criteria governing the conduct of all Neinor Homes employees. This code is communicated to and acknowledged by all employees on an annual basis.

According to the previous paragraph, then, Neinor Homes' Corporate Governance rules are established in its Corporate Bylaws, in the Regulations of the Board of Directors and the General Shareholders Meeting, in the Regulations of all of the Board Committees, in the Internal Regulations Governing Conduct in the Securities Markets, all of which have been duly approved by the Board of Directors and have applied since the first day's trading of the company's shares on the Spanish Stock Exchanges.

In this connection, Neinor Homes has prepared a series of mandatory policies and regulations monitored by the integrated control system and designed to underpin and provide support in matters of Good Governance for the regulations of its Governing Bodies, all of which are published online in the corporate website, in the section https://www.neinorhomes.com/en/responsible-business-and-innovation/sustainability/

- Code of Conduct for third parties.
- Conflict of interest and related parties transactions.
- Code of best practices in the real estate mediation services.
- Corporate Crime Prevention System.
- Director selection policy.
- Tax policy and good tax practices
- Compliance Handbook.
- Internal Audit Handbook.
- Policy on provision of non-audit services by the external auditor.
- Employment policy for former employees of the Company´s auditor.
- Electronic shareholder forum operating rules.
- Risk management policy.
- Diversity and non-discrimination policy.
- Corporate Governance policy.
- Sustainability policy.
- General economic-financial and corporate communication policy
- Internal manual for the disclosure of privileged and other relevant information
- Remuneration policy for the member of the Board of Directors.
- Quality, environment and innovation policy.
- Treasury shares policy.

- Internal code of conduct in security markets.
- Prevention of corruption, fraud and bribery policy.
- Health and safety policy.
- Sustainable investment and financing policy.
- Sustainable financing framework
- Ethical Channel management procedure
- Human Rights Policy

We would also stress that the company's Board of Directors has given much thought since the day of its incorporation to its relations with all stakeholder groups in its role as a leader in the transformation that we are determined to effect in the real estate sector, eschewing a narrow focus on the shareholders and the financial community. We have implemented numerous initiatives and measures which we wish to see reflected in our way of doing business, and which we trust will benefit our human team, our suppliers, our customers, the environment, the regulatory authorities, the media and society in general, including:

1. **Ongoing Internal Control and Risk Management Model.** The quality certification (ISO 9001) repeatedly considers risk management and other areas of assurance in the company as one of the most significant strengths. Thus, in 2020, risk management motivated by Covid-19 and its impact on all the company's transactions was considered as one of the best practices in the company's management. See section F**.**

2. **Continuous Corporate Governance Advancement System,** resting basically on the following two pillars:

   - The company has created a continuous tracking and monitoring system to assess progress with its goal of continuous improvement in non-financial projects in which it is involved in the areas of environment, quality, innovation, etc.

   - The company has implemented a continuous Good Governance Management System to monitor good governance activities over the course of the year. For this purpose, an in-depth analysis was carried out of both Spanish and international regulations, establishing the obligatory activities that must be included in the agenda of the Board and of each Committee, and it prepares annual diagnoses of compliance with the recommendations of the CUBG, LSC, new Spanish Audit Act, CNMV Guidelines and best international practices (King IV, Federal Sentencing Guidelines, etc.).

3. **White Book.** Neinor Homes has created the first residential sector White Book, consisting of a design and construction manual that seeks to standardize the quality, sustainability and design parameters defining all real estate developments. The White Book systematizes and details all of the processes required throughout the lifecycle of Neinor Homes' products so that both architects and builders are able to apply the relevant parameters to the high standards defined by the company**.**

4. **BREEAM Certification.** We are the residential developer in Spain with the highest number of BREEAM certifications. BREEAM promotes sustainable construction that results in economic, environmental and social benefits for everyone involved in the life of a building (tenants, users, developers, owners, managers, etc.) while at the same time conveying the company's Corporate Social Responsibility to society and to the market in an unequivocal and easily perceptible way.

5. **Certification of Neinor Homes' integrated management system.** The company holds the following certificates: Quality Management (ISO 9001), Environmental Management (ISO 14001), R&D Management (UNE 166002) and Information Security Management (ISO 27001). All of these certificates were obtained in prior years and have been renewed in the current fiscal year. Neinor Homes is the first new cycle real estate developer to obtain these four certificates.

6. **Preparation of the Sustainability Report (Statement of Non-Financial Information) based on GRI standards,** publicly reflecting the resources applied and efforts made by the company in the field of corporate responsibility. The report includes a materiality analysis, which is highly valuable from a strategic standpoint because it focuses on those corporate, environmental and economic issues that are most relevant to the company's business and that most influence stakeholder value creation.

7. **It also reveals the enormous opportunity offered by the transformation and consolidation of the real estate sector in terms of the generation of sustainable value for all interested parties.** In 2021, the company approved its 2022-2025 Strategic Sustainability Plan, focused on creating value for the environment, society and people. To this end, 16 areas of action have been identified, for which 30 objectives have been established and broken down into 95 lines of action, all of which are based on the company's 3 strategic pillars: Environmental, Social and Governance. Our principal objective is to generate margins and returns in line with the development and risks assumed, building homes for people, establishing stable relations with our suppliers and increasing value for our employees.

We also wish to make clear that Neinor Homes is fully committed to sustainability and its impact on our society. For this reason and despite not having been required to comply in recent years with the Law on non-financial and diversity reporting approved on 13 December 2018, the company fully complies with its provisions and publishes a sustainability report in line with old disclosure requirements contained in the new legislation. The integrity and accuracy of this report is further verified in a review carried out by an independent third party.

H.2

Neinor Homes adheres to the Code of Best Tax Practice promoted by the Spanish Large Companies Forum and Tax Service, which was first approved by the Board on 26 July 2017, and it is careful to comply with its provisions.

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on February 22, 2023.

State whether any directors voted against the approval of this Report or abstained.

☐ Sí ☑ No

Names of directors who did not vote in favour of approving this report	Type of vote (against, abstention, absence)	Explain the reasons

Remarks

cve: BOE-A-2018-9935
Verificable en http://www.boe.es

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

NEINOR HOMES, S.A.

REPORTING PERIOD END 2022

Company Tax ID Code (C.I.F.) A-95786562

Company name: NEINOR HOMES, S.A.

Registered Office: C/ Ercilla 24, Bilbao

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A1. *Explain the current remuneration policy for directors applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that the inclusion is clear, specific and concrete.*

A description must be given of the specific decisions for the current year, both on the remuneration of directors due to their status as such, as well as for the performance of executive roles, which the board makes in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general shareholders' meeting.

In any case, at least the following aspects must be reported:

- *Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its terms.*
- *Indicate and, if applicable, explain whether comparable companies have been considered in establishing the company's remuneration policy.*
- *Information on whether any external advisors have been involved and, if so, who they are.*
- *Procedures contemplated in the current director compensation policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.*

- The remuneration policy for members of the Board of Directors of Neinor Homes (the "Policy") was amended during the 2022 financial year. The amendments were approved by the Board of Directors at its meeting held on February 23, 2022, following a favourable report from the Appointments and Remuneration Committee. It was also approved at the General Shareholders' Meeting held on April 13, 2022.

  The Remuneration Policy is applicable to the members of the Board of Directors of Neinor Homes, S.A. ("Neinor Homes" or the "Company"), in compliance with the legal requirements established by the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (hereinafter, the "Capital Companies Act") (the "Remuneration Policy" or the "Policy").

  The Remuneration Policy has been prepared by the Company taking into account the relevance of the Company, its economic situation and market standards for comparable companies.

  As part of the latest review process of the Remuneration Policy, the Company has received legal advice from Roca Junyent, S.L.P, the previous updates were advised by Uria. In addition, the Company received in its initial implementation, advice from Willis Towers Watson for the development of the Company's long-term variable remuneration plans described in the Policy.

  The remuneration programs set out in the Policy and detailed in this report maintain a reasonable proportion to the Company's relevance, its economic situation and the market standards of comparable companies and promote the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders.

  The last review of the Remuneration Policy was carried out with the aim of adapting it to the provisions of Article 529 novodecies of the Capital Companies Act, as amended by Law 5/2021, which amends the Capital Companies Act, imposing new requirements on the content of the remuneration policies for directors of listed companies and making it mandatory to adapt the policies in force at the next General Meeting held by listed companies after the entry into force of said law in accordance with the First Transitory Provision of Law 5/2021. Additionally, aspects derived from the revision of the Good Governance Code of the National Securities Commission in June 2020 were incorporated.

  The Remuneration Policy is applicable from its approval by the Ordinary General Shareholders' Meeting in fiscal year 2022, which was held on April 13, 2022, and the three fiscal years following the fiscal year corresponding to the date of approval, i.e., until December 31, 2025. The General Shareholders' Meeting of Neinor Homes may amend, modify or replace this Remuneration Policy at any time in accordance with the procedures established in this policy..

- The Policy is designed to provide a solid structure for good corporate governance. The general principles and criteria used are summarized as follows:

  a) Ensuring independence of judgment

  Remuneration is structured in such a way as not to compromise the independent judgment of non-executive directors, with special attention to that awarded to independent directors.

  b) Attracting and retaining the best professionals

  The remuneration policy aims to establish a competitive remuneration that allows to attract and retain talent that contributes to the creation of value for the Company.

c) Long-term sustainability

Remuneration shall be consistent with the long-term interests and strategy of the Company, as well as with its values and objectives, and includes provisions to avoid conflicts of interest, excessive risk-taking and rewarding unfavorable performance.

d) Transparency

The remuneration policy and the specific rules for determining remuneration shall be clear and well-disseminated. In this regard, at the beginning of each year or at the General Shareholders' Meeting, the maximum total amount of remuneration that can be paid to directors shall be made public, as well as the conditions that must be met in order to obtain such remuneration.

e) Clarity and individualization

The rules for the management and determination of remuneration shall be drafted in a clear, simple and concise manner.

f) Fairness of remuneration

- Remuneration is set taking into consideration the dedication, qualifications and responsibility required by the position, as well as the experience, functions and tasks performed by each director. In addition, remuneration must maintain a balance between market competitiveness and internal equity.
- Likewise, the conditions of the other employees of the group have been taken into account so that the principles of the remuneration system for executive directors are aligned with the general remuneration programs of the group. In this sense, certain remuneration elements such as other additional components to the remuneration, or the remuneration systems referenced to the value of the Neinor Homes share may only be offered to executive directors when similar elements are accessible to other employees of the Group.
- The maximum annual remuneration to be received by the members of the Board of Directors in their capacity as such is 1,500,000 €.
- The maximum individual amount to be received by each of the aforementioned directors as fixed annual compensation is as follows:
    - A maximum of 150,000 euros for the Chairman of the Board of Directors.
    - A maximum of 100,000 euros for each independent and “other external” directors.

  If, following any increase in the number of directors sitting in the Board, the aggregate remuneration otherwise payable to them as members of the Board were to exceed the maximum annual amount of 1,500,00 euros referred in this Section, then the Board of Directors may reduce the individual remuneration described in this section on a proportional basis.
- Only independent directors and those in the "other external" category are entitled to receive remuneration for their status as such.

As part of the 2017 IPO, as previously mentioned, the Company received advice from Willis Towers Watson for the development of the Company's long-term variable remuneration plan. In performing its advisory functions, Willis Towers Watson (i) conducted a consultation process with several of the Company's senior executives; and (ii) analyzed the remuneration system of 12 European companies in the real estate sector and 14 comparable companies (by size) from different sectors.

- The Policy provides for the following compensation components:

a) Fixed annual remuneration.

b) Attendance fees for meetings of the Board and its Committees.

c) Remuneration in shares or linked to their performance, without prejudice to the provisions of the Regulations of the Board of Directors.

The remuneration mentioned in a) and b) above only applies to independent and "other external" directors.

Notwithstanding the provision mentioned in section c) above, the Directors are currently not entitled to share-based or performance-linked remuneration, except for the executive director (the Chief Executive Officer, Mr. Francisco de Borja García-Egocheaga).

The total amount payable by the Company as compensation to all of its directors for these three items may not exceed the relevant amount determined for this purpose by the General Meeting. The amount thus determined by the General Meeting shall apply unless and until the General Meeting approves other amount in accordance with applicable laws.

However, the determination of the specific amount to be paid to each director for these items within the maximum amount approved by the General Meeting shall be agreed by the Board of Directors in accordance with this Remunerations Policy. For such purpose, the Board shall take into account the office held by each director within the Board itself, as well as the membership and attendance of each director to any committees.

Finally, the Company shall pay for any premium due for any civil liability insurance policy taken out by the Company in respect of its directors upon customary market terms and commensurate with the circumstances of the Company.

- The remuneration of the Chief Executive Officer is set forth in his contract signed with the Company on April 8, 2019. The Chief Executive Officer does not receive any remuneration for his position as a member of the Board of Directors or the Committees, only for his executive position and, unlike the external directors, he does have a variable remuneration system, which seeks to align the interests of the Chief Executive Officer with the Company's shareholders by establishing specific objectives linked to the creation of value in the medium and long term. The remuneration structure is composed of the following elements:

  a) Fixed remuneration: The executive director of the Company shall be entitled to receive an amount not exceeding 900,000 euros as fixed annual remuneration. In fiscal year 2022, the Chief Executive Officer has received a remuneration of 600,000 euros.

  b) Annual bonus to be established annually by the Board of Directors. The annual variable remuneration of the executive directors may in no case exceed 100% of the amount of the fixed remuneration. The effective variable remuneration in fiscal year 2022 was 450,000 euros.

  c) Participation in the company's long-term incentive schemes payable in shares approved by the company. See section B.7 below.

  d) Directors and Officers ("D&O") insurance.

- *The relative importance of variable to fixed remuneration items (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and align it with the long-term objectives, values and interests of the company, including, where appropriate, a reference to measures envisaged to ensure that the remuneration policy addresses the long-term performance of the company, measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures envisaged to avoid conflicts of interest.*

  Also indicate whether the company has established any vesting or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period for the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed to reduce deferred remuneration or oblige the director to return the remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been manifestly demonstrated.

Article 25.3 of the Board of Directors' Regulations establishes that directors' remuneration must be in reasonable proportion to the importance of the Company, its economic situation at any given time, the standards that are met on the market in companies of a similar size or activity and consider their dedication to the Company. The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid the excessive assumption of risks and unfavourable results. In particular, the remuneration system should set the necessary limits and safeguards to ensure that variable remuneration is related to the professional performance of the beneficiaries and does not derive solely from the general evolution of the markets or the sector.

The directors' remuneration policy established by the Company does not establish variable remuneration for directors for their status as such, but only a fixed remuneration and per diems for attending meetings, with the aim of remunerating directors adequately and sufficiently for their dedication, qualifications and responsibilities, without compromising their independence of judgement or encouraging the Company to take excessive risks.

The Chief Executive Officer remuneration system is aligned with the Company's interests. The annual objectives set for the bonus are linked to performance. Specifically, the individual contract entered into with the Chief Executive Officer provides for the possibility of receiving annual variable remuneration in cash, provided that the results significantly improve the business plan and that the Board of Directors of the Company so decides. In this respect, the weighted parameters taken into consideration to set the variable remuneration are as follows:

Financial and operating performance parameters:

Margin Contribution Development (M€) 25% being the target of the Business Plan 148,182

Craners (#) 25% being the target of the Business Plan 3,198

OpEx (M€) 25% being the target of the Business Plan 81,850

EBITDA (M€) 25% being the target of the Business Plan 146,000

Non-financial performance parameters:

These are linked to different objectives, such as the progress of the Group's Sustainability Plan, compliance with Corporate Governance, implementation of ESG improvements, measurement and compensation of the carbon footprint, employee training, level of customer satisfaction, equality and non-discrimination objectives, and similar. The weight of non-financial objectives will be a maximum of 25%. The company takes as a reference some of the world's most recognized ESG analysts' indexes/rankings, to take as an element of performance their evaluations and degree of improvement with respect to previous years, as an evaluative element that can integrate, together with many others, the aspects mentioned above.

In fiscal year 2022, the parameter to be considered will be a very positive rating in one of the main analysis agencies in the measurement of the ESG performance of companies (agency determined by the Appointments and Remuneration Committee). The achievement of this objective has a weight of 10% of the variable compensation.

The above criteria have been established based on their contribution to the achievement of the Group's long-term objectives by pursuing sustainable revenue growth with a debt ratio appropriate to the Group's capital structure, while the Company takes into due consideration the non-financial parameters that, among other aspects, promote the stability of the working personnel to ensure talent retention and service excellence and the Group's ESG concerns, all in the interest of maximizing shareholder value creation.

The contracts entered into by the Company with the beneficiaries of the annual bonus plans shall contemplate that, in the event that (i) any event or circumstance occurs that has as a consequence the alteration or negative variation, of a definitive nature, of the financial statements, results, economic data, performance or any other type in the financial statements, results, economic data or any other type in the annual bonus plans, (ii) such alteration or variation determines that, had it been known on the date of accrual or payment, the beneficiary would have received an amount lower than the amount initially paid and the beneficiary shall be obliged to reimburse the Company for the excess amount received, and the Company shall be entitled to claim such reimbursement. This provision is independent of any liability that the beneficiary may have in the alteration or negative variation referred to above. The Company may offset the amount claimed against any other amount due to the beneficiary.

During the 2022 fiscal year, a long-term incentive plan was in effect for three years, which ended on December 31, 2022; this plan is explained in detail in section B7:

a) Long Term Incentive Plan 2020 ("2020 LTIP")

In addition to certain members of the Company's senior management, the Chief Executive Officer is a beneficiary of the 2020 LTIP.

The 2020 LTIP consists of a single three-year cycle. The achievement period starts on 1 January 2020 and ends on 31 December 2022. At the end of the achievement period, the number of shares of each beneficiary will be calculated considering the level of achievement of certain pre-approved metrics described in section B.7, together with the shares equivalent to the dividends paid, both in accordance with the following:

– 50% of the shares earned will be delivered at the end of the three-year vesting period (initial payment), plus a number of shares equal to the dividends that would theoretically have been paid on 50% of the shares earned from the start of the 2020 LTIP (1 January 2020) until the day of payment, divided by the average share price in the 6-month period prior to the end of the cycle.

– 25% of the shares obtained will be delivered one year after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares equal to the dividends that would theoretically have been paid on such 25% of the shares obtained since the beginning of the 2020 LTIP (1 January 2020) and until the day of payment, divided by the average share price in the 6-month period prior to the end of 2023.

– 25% of the shares earned will be delivered two years after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares which will be equivalent to the dividends that would theoretically have been paid on such 25% of the shares earned since the beginning of the 2020 LTIP (1 January 2020) and until the day of payment, divided by the average share price in the 6-month period prior to the end of 2024.

50% of the amount payable is determined based on the Company's EBITDA achievement, measured on a cumulative basis, the target being set at the beginning of the cycle.

The other 50% of the amount payable will be determined based on the total return to shareholders, which will be calculated as the evolution of the share price plus the value of dividends, if any, during the period assuming they are reinvested in Neinor Homes shares on the day they are received.

The Appointments and Remuneration Committee shall have the power to propose to the Board of Directors the cancellation of the payment of the 2020 LTIP to the executive directors, in whole or in part, in the event of certain supervening circumstances (reduction, or malus, and clawback clauses): (a) losses in the Neinor Homes Group (negative EBITDA / Profit after tax) in the year following the end date of the 2020 LTIP attributable to management decisions taken in the achievement period of each year; (b) material restatement of the Group's financial statements, where deemed by the external auditors, except where appropriate due to a change in accounting standards; (c) serious breach of the internal code of conduct by the executive director. The malus clause applies during the payment deferral period of the 2020 LTIP, while the clawback clause applies during the year following the delivery of the shares, in both cases only in respect of the shares to be delivered in each payment (after tax).

- *Amount and nature of the fixed components expected to accrue to directors in their capacity as directors during the financial year*

The remuneration established for directors qualifying as "independent" and "other external" is as follows:

a) Fixed remuneration:
   - A maximum of 150,000 euros for the Chairperson of the Board of Directors. The fixed remuneration in fiscal year 2022 amounted to 115,000 euros.
   - A maximum of 100,000 euros for each independent and "other external" directors. The fixed remuneration in fiscal year 2022 amounted to 85,000 euros.

b) Per diems for attendance at meetings of the Board and its Committees:
   - Board meetings: 3,000 € per meeting.
   - Committee meetings: 1,500 € per committee meeting.

The Chief Executive Officer only receives remuneration for the performance of senior management functions. Therefore, he does not receive any remuneration for the performance of his duties as member of the Board of Directors and as a member of the Land Investment Committee.

- *Amount and nature of the fixed components that will be accrued in the year for the performance of senior management functions by executive directors.*

The fixed salary of the Chief Executive Officer for the performance of senior management duties is six hundred thousand Euros (600,000 €).

- *Amount and nature of any component of remuneration in kind that will accrue in the year including, but not limited to, insurance premiums paid on behalf of the director.*

The contract entered with the Chief Executive Officer provides for entitlement to the social welfare benefits set out below:

- Medical assistance insurance.
- Life insurance, total permanent disability, absolute disability or major disability covering (i) a gross capital benefit of 1,000,000 euros in the event of total permanent disability, absolute disability or major disability and (ii) a gross capital benefit of 1,000,000 euros in the event of death.
- Directors and Officers (D&O) insurance.
- Any other social welfare benefits generally recognised by the Company for the group of directors or executives, established by the Board of Directors, subject to a report from the Appointments and Remuneration Committee.

- *Amount and nature of the variable components, distinguishing between short- and long-term components. Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, explaining the extent to which such parameters are related to the performance of the director, the company and its risk profile, and the methodology, time frame and techniques used to determine them, at the end of the year, the degree of compliance with the parameters used in the design of variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.*

  Indicate the range in monetary terms of the different variable components according to the degree of compliance with the established objectives and parameters, and if there is any maximum monetary amount in absolute terms.

There are no variable components in the remuneration of the members of the Board of Directors in their capacity as such (except for attendance fees, the amount of which depends on the number of annual meetings of the Board and its Committees).

For his part, the Chief Executive Officer receives the following variable remuneration indicated below for his senior management functions:

1. **Annual bonus**

   The contract signed by the Company with the Chief Executive Officer establishes the right to receive a variable remuneration (bonus) to be set at the discretion of the Board of Directors and to be received exclusively if the objectives established in the business plan are exceeded.

   The contracts entered with executive directors shall establish clawback clauses obliging the director to repay the Company and empowering the Company to claim repayment of all or part of the variable remuneration in the event of the occurrence of any event or circumstance that results in the alteration or negative variation with definitive character, of the financial statements, results, economic, performance or other data on which the accrual and payment to the Executive Director of any amount as variable remuneration was based.

   The annual variable remuneration that, if applicable, is approved by the Company may be paid in cash and/or include the delivery of shares or share-based instruments, provided that the corresponding threshold of the indicators established with respect to what is foreseen in the business plan is reached. In this regard, the parameters to be taken into consideration by the Board of Directors to set the amount of variable remuneration must be specific, predetermined, quantifiable and measurable and be in line with the Company's strategy, promote its sustainability and the Group's profitability in the long term.

   Within the new remuneration policy for board members approved both by the Board on February 23, 2022 and by the General Shareholders' Meeting on April 13, 2022, both financial performance parameters and non-financial performance parameters are included.

2. **Long Term Incentive Plan (LTIP)**. Details of the Plan can be found in section B7 below.

- *Main characteristics of the long-term savings systems. Among other information, the contingencies covered by the system, whether it is a defined contribution or defined benefit system, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidation of the economic rights in favour of the directors and their compatibility with any type of payment or indemnity for early termination or severance, or derived from the termination of the contractual relationship, under the terms provided, between the company and the director, shall be indicated.*

  Indicate whether the vesting or vesting of any of the long-term savings' plans is linked to the achievement of certain objectives or benchmarks related to the short- and long-term performance of the director.

The Company has no long-term savings system in place.

- *Any type of payment or indemnity for early termination or severance or derived from the termination of the contractual relationship under the terms established between the company and the director, whether the termination is at the will of the company or of the director, as well as any type of agreed covenants, such as exclusivity, post-contractual non-competition and permanence or loyalty, which entitle the director to any type of payment.*

The contract signed by the Company with the Chief Executive Officer establishes compensation for an amount equivalent to two years of his fixed remuneration in the event of termination of the contract by the Company, unless said termination is due to a serious and guilty breach on his part of the obligations that legally or contractually incumbent upon him.

In the event of termination of the contract due to withdrawal of the Chief Executive Officer, he must notify the Company in writing at least 3 months in advance, and must compensate the Company with an amount equivalent to the fixed remuneration applicable in the moment of termination of the Contract corresponding to the period of notice that has not been complied with.

- *Indicate the conditions to be respected in the contracts of those who perform senior management functions as executive directors. Among others, information should be provided on the duration, limits on the amounts of compensation, tenure clauses, notice periods, as well as payment in lieu of the notice period, and any other clauses relating to hiring bonuses, as well as compensation or golden parachute clauses in the event of early termination or termination of the contractual relationship between the company and the executive director. Include, among others, non-competition, exclusivity, permanence or loyalty and post-contractual non-competition covenants or agreements, unless explained in the preceding section.*

The main terms and conditions of the service contract entered into by the Company with the Chief Executive Officer are as follows:

- Duration: the contract entered into force on 8 April 2019 and will remain in force for as long as Mr Francisco de Borja García-Egocheaga Vergara remains as Chief Executive Officer of the Company.

- Exclusivity: The Chief Executive Officer of the Company shall perform his duties exclusively for the Company on a full-time basis and may not work directly or indirectly or provide services for third parties or on his own account, even if such activities do not compete with those of the Company.

- Post-contractual non-competition: once the contract is terminated for any reason, the Chief Executive Officer may not carry out, for a period of one year, any activity that is concurrent with those of the Company or any company of the Neinor group, either on his own account or on behalf of a competing employer.

As compensation for the post-contractual non-competition obligation, he shall be entitled to receive a gross amount equal to 70% of the annual fixed remuneration in force at that time.

- *The nature and estimated amount of any other additional remuneration to be earned by directors in the current financial year in consideration for services rendered other than those inherent in their office*

The Company has not established any supplementary remuneration for directors.

- *Other items of remuneration such as those derived, if applicable, from the granting by the company to the director of advances, loans and guarantees and other remuneration.*

There are no other remuneration items.

- *The nature and estimated amount of any other expected additional remuneration not included in the preceding paragraphs, whether paid by the entity or another group entity, that will accrue to directors in the current financial year.*

There are no other supplementary remunerations.

A.2 *Explain any relevant changes to the remuneration policy applicable in the current financial year arising from:*

- *A new policy or a modification of the policy already approved by the Board.*

- *Relevant changes in the specific determinations established by the board for the current financial year in the current remuneration policy compared to those applied in the previous financial year.*

- *Proposals that the board of directors would have resolved to submit to the general meeting of shareholders to which this annual report will be submitted and which are proposed to be applicable to the current financial year.*

The review of the Remuneration Policy is carried out in order to adapt it to the provisions of Article 529 novodecies of the Capital Companies Act, as amended by Law 5/2021 amending the Capital Companies Act, which imposes new requirements on the content of the remuneration policies for directors of listed companies and requires the adaptation of the policies in force at the next General Meeting held by listed companies after the entry into force of said law in accordance with the First Transitional Provision of Law 5/2021. Additionally, aspects derived from the revision of the Good Governance Code of the National Securities Commission in June 2020 are incorporated.

The update was preceded by a detailed analysis requested by the Board in fiscal year 2021 to improve the transparency of the Annual Remuneration Report and the directors' remuneration policy to the GRC, Internal Audit and Sustainability Management, in order to adapt to the regulatory changes set out above and to respond to:

- Consideration of all the company's shareholders and increase the favourable vote for the approval of the Annual Remuneration Report and, if applicable, the Directors' Remuneration Policy at the General Shareholders' Meeting.
- To respond to requests from certain proxy advisors and investors who contacted the company and raised certain improvements in the description of both documents.

The work carried out was based on the conversations held with different proxy advisors and investors, on the analysis of the requirements of the regulations and the CUBG and recommendations in the preparation of CNMV reports, as well as on a market study of the reports presented by similar companies and benchmark companies in compliance and good corporate governance.

Some of the main changes agreed in this work, and which are included in the IAR and in the Board Remuneration Policy, were as follows:

- The establishment of KPIs with financial and non-financial parameters to measure the performance of variable amounts, and that these are recorded in the minutes and described in the IAR.
- Include non-financial performance parameters in the consideration of variable compensation.
- The validity of the Policy for three fiscal years and the obligation to ratify it at the AGM.
- Include global limits on fixed and variable remuneration for the Board as a whole, the Executive Director and at an individual level for all members of the Board of Directors due to their status as such.
- Inclusion of a limit on the variable remuneration of the Executive Director.
- Inclusion of the amounts to be received for life insurance and permanent disability for the Executive Director.
- Increase the detail of the malus and clawback clauses.
- Empower the Governance, Risk and Compliance (GRC), Internal Audit and ESG Department to assist the Appointments and Remuneration Committee in ensuring compliance with the Policy and all the guidelines set forth therein.

On February 23 and April 13, 2022, respectively, the Remuneration Policy for the Board of Directors, following a favourable report from the Appointments and Remuneration Committee, was approved by the Board of Directors of Neinor Homes and by its General Shareholders' Meeting.

A.3 *Identify the direct link to the document containing the company's current remuneration policy, which should be available on the company's website.*

https://www.neinorhomes.com/en/responsible-business-and-innovation/corporate-governance/remuneration-policy-for-the-members-of-the-board-of-directors/

A.4 *Explain, considering the data provided in section B.4, how the vote of the shareholders at the general meeting at which the annual remuneration report for the previous year was put to a consultative vote was considered.*

As stated in the notarial minutes of the General Shareholders' Meeting held on April 11, 2022, authorized by the Bilbao Notary Ms. Raquel Ruiz Torres under number 1,029 of her protocol, he Annual Directors' Remuneration Report for the year ended December 31, 2021 was approved in a consultative vote by 88.07% of votes in favour.

The shareholders' vote at the AGM has been key for the Board to propose an improvement analysis to the GRC, Internal Audit and ESG Management, already implemented and explained in previous points, in the IAR and in the Remuneration policy of the Board. This improvement in the vote in favour is expected to materialize in the current fiscal year, although there has been a small increase in the vote in favour with respect to the IAR from 84.34% of favourable votes in 2020 to 88.07% in 2022.

The percentage of votes in favour of the new Remuneration Policy explained in the previous points has been approved in fiscal year 2022 with a percentage of votes in favour of 98.11%, substantially improving the percentage of votes in favour obtained in the last update of said policy in 2020 with 84.26%.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

B.1.1 *Explain the process followed to implement the remuneration policy and determine the individual remuneration reflected in section C of this report. This information shall include the role played by the remuneration committee, the decisions taken by the board of directors and, if applicable, the identity and role of external advisors whose services were used in the process of implementing the remuneration policy in the financial year ended.*

As regards the remuneration of directors in their capacity as such, insofar as the remuneration provided for in the remuneration policy is fixed, the Company has limited itself to applying it on its own terms.

The amount accrued by the directors in their capacity as such during the financial year 2022 is as follows:

- Ricardo Martí Fluxá: received a fixed annual remuneration of 115,000 €, as well as 51,000 € in attendance fees.
- Anna M. Birulés Bertran: received a fixed remuneration of 85,000 €, as well as 39,500 € in attendance fees.

- Alfonso Rodés Vilà: received a fixed remuneration of 85,000 €, as well as 36,000 € in attendance fees.
- Andreas Segal: received a fixed remuneration of 85,000 €, as well as 34,500 € in attendance fees.
- Felipe Morenés Botín-Sanz de Sautuola: received a fixed remuneration of 6,250 €. (*)

(*) Mr. Morenés was reclassified from Independent Director to Proprietary Director on January 26, 2022, the date on which the Appointments and Remuneration Committee approved his change of status and which was subsequently ratified by the Board based on Article 529 duodecies of the Capital Companies Act, in view of his relationship with the shareholder Stoneshield Southern Real Estate Holding II, S. à r.l, which informed by letter dated January 23, 2022 of the acquisition of 18.453% of the share capital of the Company, a percentage that was subsequently increased to the shareholding that appears as of December 31 in the Annual Corporate Governance Report. For this reason, Mr. Morenés has only received the fixed remuneration corresponding to the period in which he has been an Independent Director, given that, as explained above, Proprietary and Executive Directors do not receive remuneration for their status as such.

Regarding the variable remuneration of the Chief Executive Officer and the Executive Director, the Appointments and Remuneration Committee, at the meeting held on January 25, 2023, analysed compliance with the objectives set for the collection of the variable remuneration corresponding to the 2022 financial year.

Regarding variable remuneration, it was established as a vesting requirement for all company employees that at least 80% of the EBITDA target had been achieved. The distribution of the objectives set was: 20% of the company objectives, 20% of the corporate departmental objectives or territorial objectives and 60% of individual objectives. The percentage of compliance with the company's objectives was 75%, that of the departments and regions ranged from 25% to 118% and the average compliance with the individual objectives was 71%.

Therefore, the Committee proposed, and the Board approved, a bonus of 300,000 € for the Chief Executive Officer, for the results of fiscal year 2022, to be paid in fiscal year 2023.

B.1.2 *Explain any deviations from the established procedure for the application of the remuneration policy that occurred during the financial year.*

There has been no deviation from the established procedure for the application of the remuneration policy.

B.1.3 *Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.*

There have been no exceptions to the remuneration policy.

B.2 *Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and aligning it with the company's objectives, values and long-term interests, including a reference to the measures that have been taken to ensure that accrued remuneration has taken into account the long-term performance of the company and achieved an appropriate balance between fixed and variable components of remuneration, what measures have been taken in relation to those categories of staff whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest, if any.*

See section A.1

B.3 *Explain how the remuneration accrued and consolidated in the year complies with the provisions of the current remuneration policy and how it contributes to the long-term and sustainable performance of the company.*

Also report on the relationship between the remuneration obtained by the directors and the results or other short- and long-term performance measures of the company, explaining, where applicable, how variations in the company's performance may have influenced the variation in directors' remuneration, including accrued remuneration for which payment has been deferred, and how these contribute to the company's short- and long-term results.

The remuneration accrued in the year complies with the provisions of the current remuneration policy.

Regarding the remuneration of the Chief Executive Officer, who is the only Director who is contemplated to receive variable compensation, his variable remuneration targets, due to his executive position, the planned remuneration system is in line with the interests of the Company. The annual targets set for the bonus are linked to financial and non-financial results. In particular, the individual contract entered into with the Chief Executive Officer provides for the possibility of receiving annual variable remuneration in cash, provided that the results significantly improve the business plan and that the Company's Board of Directors so decides.

The weighted parameters taken into consideration to set the variable remuneration of the portion of the financial result, as company objectives, are as follows:

	Weight
1. Margin Contribution Development (M€)	25%
2. Cranes (#)	25%
3. OpEx (M€)	25%
4. EBITDA (net MIP) (M€)	25%

The Appointments and Remuneration Committee, at its meeting held on January 25, 2023, analysed the compliance with the objectives set for the payment of the variable remuneration corresponding to financial year 2022.

Regarding variable remuneration, it was established as an accrual requirement for all company employees that at least 80% of the EBITDA target had been achieved. The distribution of the objectives set was: 20% of the company objectives, 20% of the corporate departmental objectives or territorial objectives and 60% of individual objectives. The percentage of compliance with the company's objectives was 75%, that of the departments and regions ranged from 25% to 118% and the average compliance with the individual objectives was 71%.

In the case of the Chief Executive Officer's variable compensation, it is based entirely on the company's objectives, which are in themselves his personal and "departmental" objectives, although the distribution of these is modified to take into account the non-financial parameters, as follows:

	Weight
1. Margin Contribution Development (M€)	25%
2. Cranes (#)	25%
3. OpEx (M€)	15%
4. EBITDA (net MIP) (M€)	25%
5.ESG index score	10%

Thus, the company's objectives account for 90% and the objectives related to non-financial information or sustainability criteria account for the remaining 10%. The company's performance objective (financial metrics) was 75% met and the metrics related to sustainability objectives were 100% met.

Accordingly, the Committee approved a bonus of 300,000 € for the Chief Executive Officer.

B.4 *Report on the result of the advisory vote of the general meeting on the annual report on remuneration for the previous financial year, indicating the number of abstentions and negative, blank and affirmative votes cast:*

	Number	% of issued
Votes cast	70,070,137	87.6%

	Number	% of issued
Votes against	8,176,274	11.67%
Votes for	61,711,330	88.07%
Blank votes	-	-
Abstentions	182,533	0.26%

Observations

B.5 *Explain how the fixed components accrued and consolidated during the year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied from the previous year:*

The fixed components of the remuneration of directors who qualify as "independent" and "other external" consist of a fixed annual salary and allowances for attendance at meetings of the Board and its committees. The amounts paid have been increased by 10,000 euros for the fixed annual remuneration of the directors for their status as such and 15,000 euros for the Chairman of the Board with respect to the remuneration paid in the previous year. The amounts paid to the directors are below the limit stipulated in the Board's Remuneration Policy.

The allowances have been paid based on attendance at meetings of the Board and its committees.
The proportion represented by the annual fixed remuneration compared to the total fixed components accrued and consolidated (fixed remuneration + attendance fees) for the directors Ricardo Martí Fluxá, Anna M. Birulés Bertran, Alfonso Rodés Vilà and Andreas Segal, are respectively 69%, 69%, 70% and 71%, not having produced significant differences with respect to the proportion that occurred in the previous year.

B.6 *Explain how the salaries accrued and consolidated during the year ended for each of the executive directors for the performance of management duties have been determined, and how they have varied with respect to the previous year.*

The salary earned by the Chief Executive Officer for performing management functions consists of a fixed salary and a variable compensation ("bonus"). The overall compensation (fixed and variable compensation) of the Chief Executive Officer has decreased by 21%, from 1,324,500 euros in fiscal year 2021 to 1,050,000 euros in fiscal year 2022. The difference is mainly due to the extraordinary bonus approved by the Appointments and Remuneration Committee for the execution of the corporate transaction of merger with Quabit.

With respect to the proportion of variable remuneration with respect to fixed remuneration, it has changed from 100% (same amount of fixed and variable remuneration) to 50% following the analysis and approval made by the Appointments and Remuneration Committee at the beginning of the 2022 financial year.

The variable salary has been determined as indicated in section B.3 above.

B.7 *Explain the nature and main features of the variable components of the remuneration systems accrued and vested in the financial year ended. In particular:*

- *Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the year ended, including information on their scope, date of approval, date of implementation, vesting conditions, if any, vesting periods and term, criteria used to assess performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be in a position to adequately measure all stipulated conditions and criteria, detailing the criteria and factors applied in terms of the time required and methods to verify that the performance or other conditions to which the vesting and vesting of each component of variable remuneration was linked have been effectively met.*

- *In the case of stock option plans or other financial instruments, the general features of each plan shall include information on the conditions both for unconditional vesting and for the exercise of such options or financial instruments, including the exercise price and exercise period.*

- *Each of the directors, and their category (executive directors, external proprietary directors, external independent directors or other external directors), who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.*

- *Where applicable, information shall be provided on vesting, vesting or deferral periods for payment of consolidated amounts that have been applied and/or holding/non-disposal periods for shares or other financial instruments, if any.*

As explained in section A.1 above, only executive directors can receive variable remuneration. Variable remuneration consists of the following:

1. **Annual bonus**, which is approved each year by the company's Board of Directors and the details of which can be found in section A.1 above;

2. **Long Term Incentives Plan 2020 ("2020 LTIP")**.

The 2020 LTIP was approved by the Board of Directors of the Company on February 28, 2020 with the favourable report of the Appointments and Remuneration Committee. The LTIP was included in the Board Remuneration Regulations that were approved by the General Shareholders' Meeting held on April 1, 2020.

In addition to certain employees of the Company, the Chief Executive Officer, who is an executive director, is a beneficiary of the 2020 LTIP.

This is a remuneration system consisting entirely of Company shares.

The 2020 LTIP consists of a single three-year cycle. The achievement period starts on January 1, 2020 and has ended on December 31, 2022. At the end of the achievement period, the number of shares of each beneficiary will be calculated taking into account the level of achievement of certain pre-approved metrics, which are detailed below, together with the shares equivalent to the dividends paid, both in accordance with the following:

– 50% of the shares earned will be delivered at the end of the three-year vesting period (initial payment), plus a number of shares equal to the dividends that would theoretically have been paid on the 50% of the shares earned from the start of the 2020 LTIP (1 January 2020) until the day of payment, divided by the average share price in the 6-month period prior to the end of the cycle.

– 25% of the shares obtained will be delivered one year after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares equal to the dividends that would theoretically have been paid on such 25% of the shares obtained since the beginning of the 2020 LTIP (1 January 2020) and until the day of payment, divided by the average share price in the 6-month period prior to the end of 2023.

– 25% of the shares obtained will be delivered two years after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares which will be equivalent to the dividends that would theoretically have been paid on such 25% of the shares obtained from the beginning of the 2020 LTIP (1 January 2020) until the day of payment, divided by the average share price in the 6-month period prior to the end of 2024.

50% of the amount payable is determined on the basis of the Company's EBITDA achievement, measured on a cumulative basis, the target being set at the beginning of the cycle.

The other 50% of the amount payable will be determined on the basis of total shareholder return, which will be calculated as the performance of the share price plus the value of dividends, if any, during the period assuming they are reinvested in Neinor Homes shares on the date they are received.

The maximum amount that the Chief Executive Officer can potentially receive is 2,700,000 euros in the case, with the basis for 100% compliance with the objectives being 1,800,000 euros.

The Plan's metrics are as follows:

50% EBITDA + 50% Total Shareholder Return (“TSR”)

EBITDA is measured cumulatively, with the target being set at the beginning of the cycle. It is defined as the sum of the EBITDA targets for the 3 years of the cycle and the achievement is based on the sum of the actual EBITDA for the same period.

TSR is calculated as the share price performance plus the value of dividends, if any, during the period, assuming they are reinvested in the Company's shares on the day they are received.

The initial share price is 11 €. The closing price will be the average of closing prices in the market sessions of the 6 months prior to the end of the cycle (1 July to 31 December 2022 inclusive).

The targets are as follows:

Target		**Incentive achieved (% of target shares)**
Level	**EBITDA**	
≥ MAXIMUM	≥ 410 M€	150%
TARGET	370 M€	100%
MINIMUM	330 M€	50%
< MINIMUM	< 330 M€	0%

Target		**Incentive achieved (% of target shares)**
Level	**TSR**	
≥ MAXIMUM	≥ 48.2 %	150%
TARGET	36.80 %	100%
MINIMUM	26 %	50%
< MINIMUM	< 26 %	0%

The Appointments and Remuneration Committee will have the power to propose to the Board of Directors the cancellation of the payment of the 2020 LTIP to the executive directors, in full or in part, in the event of certain supervening circumstances (reduction, or malus, and clawback clauses): (a) losses in the Neinor Homes Group (negative EBITDA / Profit after tax) in the year following the end date of the 2020 LTIP attributable to management decisions made in the achievement period of each year; (b) material restatement of the Group's financial statements, when so deemed by the external auditors, except where appropriate due to a change in accounting standards; (c) serious breach of the internal code of conduct by the executive director. The malus clause applies during the payment deferral period of the 2020 LTIP, while the clawback clause applies during the year following the delivery of the shares, in both cases only with respect to the shares to be delivered in each payment (after tax).

B.8 *Indicate whether certain accrued variable components have been reduced or clawbacked when, in the first case, the payment of unconsolidated amounts has been deferred or, in the second case, consolidated and paid, based on data that have subsequently proved to be manifestly inaccurate. Describe the amounts reduced or refunded by the application of the malus or clawback clauses, why they have been applied and the financial years to which they relate.*

As of the date of this report, the Company is not aware of any event that determines the application of clawback clauses for the reduction or refund of the variable components of remuneration.

B.9 *Explain the main characteristics of the long-term savings systems whose amount or equivalent annual cost is shown in the tables in Section C, including retirement and any other survivor's benefits, which are partially or fully funded by the company, whether internally or externally endowed, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the conditions of consolidation of the economic rights in favour of directors and its compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.*

The Company has not established any long-term savings system.

B.10 *Explain, if applicable, the indemnities or any other type of payment derived from early termination, whether the termination is at the will of the company or of the director, or from the termination of the contract, in the terms provided therein, accrued and/or received by the directors during the financial year ended.*

The Company has not paid any indemnities or other payments arising from the early termination of directors.

B.11 *Indicate whether there have been any significant changes in the contracts of those exercising senior management functions as executive directors and, if so, explain them. Also explain the main terms and conditions of the new contracts signed with executive directors during the year unless they have already been explained in section A.1.*

During the 2022 financial year, there were no changes to the contract of the person who performs senior management functions as Executive Director.

The main conditions of the contract signed with Mr. Francisco de Borja García-Egocheaga are detailed in section A.1.

B.12 *Explain any additional remuneration accrued to directors in consideration for services rendered other than those inherent to their position.*

The Company has not paid any additional remuneration to directors in consideration for services rendered other than those inherent to their position.

B.13 *Explain any remuneration derived from the granting of advances, loans and guarantees, with an indication of the interest rate, their essential characteristics and any amounts repaid, as well as the obligations assumed on their behalf by way of guarantee.*

The Company has not granted any advances, loans or guarantees to directors.

B.14 *Give details of the remuneration in kind earned by directors during the year, briefly explaining the nature of the different salary components.*

The directors in their capacity as such have not accrued remuneration in kind. Regarding the Chief Executive Officer, see section B.7.

B.15 *Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third-party entity in which the director provides services when such payments are intended to remunerate the director's services in the company.*

No such remuneration has been paid.

B.16 *Explain and detail the amounts accrued during the year in respect of any other remuneration item other than those listed above, regardless of its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, in particular, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.*

There are no remuneration items other than those indicated above.

C. DETAILS OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	2022 accrual period
Ricardo Martí Fluxá	Independent	01/01/2021 to 31/12/2021
Anna M. Birulés Bertran	Independent	01/01/2021 to 31/12/2021
Alfonso Rodés Vilá	Independent	01/01/2021 to 31/12/2021
Andreas Segal	Independent	01/01/2021 to 31/12/2021
Felipe Morenés Botín-Sanz de Sautuola	Proprietary	01/01/2021 to 31/12/2021
Juan José Pepa	Proprietary	01/01/2021 to 31/12/2021
Francisco de Borja García-Egocheaga	Executive	01/01/2021 to 31/12/2021
Van J. Stults	Proprietary	01/01/2021 to 31/12/2021
Aref H. Lahham	Proprietary	01/01/2021 to 31/12/2021

C.1 Complete the following tables with respect to the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the financial year.

a) Remuneration of the company that is the subject of this report:

i) Remuneration accrued in cash (in thousands of €)

Name	**Fixed remuneration**	**Allowances**	**Remuneration for membership of board committees**	**Salary**	**Short-term variable remuneration**	**Long-term variable remuneration**	**Compensation**	**Other items**	**Total year 2022**	**Total year 2021**
Ricardo Martí Fluxá	115	51							166	152.5
Anna M. Birulés Bertran	85	39							124	120
Alfonso Rodés Vilá	85	36							121	118.5
Andreas Segal	85	34.5							119.5	109.5
Felipe Morenés Botín-Sanz de Sautuola	6								6	123
Francisco de Borja García-Egocheaga				600	450				1,050	1,324
Juan José Pepa										
Van J. Stults										
Aref H. Lahham										

ii) Movement table of share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	**Name of the Plan**	**Financial instruments at the beginning of the 2022 financial year**		**Financial instruments granted during the 2022 financial year**		**Financial instruments consolidated in the financial year**				**Expired and unexercised instruments**	**Financial instruments at the end of 2022**	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of consolidated equivalent shares	Consolidated share price	Gross profit from consolidated shares or financial instruments (thousands €)	No. of instruments	No. of instruments	No. of equivalent shares
Ricardo Martí Fluxá												
Anna M. Birulés Bertran												
Alfonso Rodés Vilá												
Andreas Segal												
Felipe Morenés Botín-Sanz de Sautuola												
Juan José Pepa												
Francisco de Borja García-Egocheaga												
Van J. Stults												
Aref H. Lahham												

iii) Long-term savings schemes

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	
Anna M. Birulés Bertran	
Alfonso Rodés Vilá	
Andreas Segal	
Felipe Morenés Botín-Sanz de Sautuola	
Juan José Pepa	
Francisco de Borja García-Egocheaga	
Van J. Stults	
Aref H. Lahham	

	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Financial Year 2022		Financial Year 2021	
	Financial Year 2022	Financial Year 2021	Financial Year 2022	Financial Year 2021	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Ricardo Martí Fluxá								
Anna M. Birulés Bertran								
Alfonso Rodés Vilá								
Andreas Segal								
Felipe Morenés Botín-Sanz de Sautuola								
Juan José Pepa								
Francisco de Borja García-Egocheaga								
Van J. Stults								
Aref H. Lahham								

iv) Details of other items:

Name	Item	Amount of remuneration
Ricardo Martí Fluxá		
Anna M. Birulés Bertran		
Alfonso Rodés Vilá		
Felipe Morenés Botín-Sanz de Sautuola		
Juan José Pepa		
Francisco de Borja García-Egocheaga		
Van J. Stults		
Aref H. Lahham		

b) *Remuneration paid to company directors for their membership of the boards of other group companies:*

i) *Remuneration accrued in cash (in thousands of €)*

Name	Fixed remuneration	Allowances	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2022	Total financial year 2021
Ricardo Martí Fluxá										
Anna M. Birulés Bertran										
Alfonso Rodés Vilá										
Andreas Segal										
Felipe Morenés Botín-Sanz de Sautuola										
Juan José Pepa										
Francisco de Borja García-Egocheaga										
Van J. Stults										
Aref H. Lahham										

ii) *Movement table of share-based remuneration schemes and gross profit from consolidated shares or financial instruments*

Name	Name of the Plan	Financial instruments at the beginning of the 2022 financial year		Financial instruments granted during the 2022 financial year		Consolidated financial instruments in the year				Expired and unexercised instruments	Financial instruments at end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ consolidated shares	Consolidated share price	Gross profit of consolidated shares or instruments (thousands €)	No. of instruments	No. of instruments	No. of equivalent shares
Ricardo Martí Fluxá												
Anna M. Birulés Bertran												
Alfonso Rodés Vilá												
Andreas Segal												
Felipe Morenés Botín-Sanz de Sautuola												
Francisco de Borja García-Egocheaga												
Juan José Pepa												
Van J. Stults												
Aref H. Lahham												

iii) *Long-term savings schemes*

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	
Anna M. Birulés Bertran	
Alfonso Rodés Vilá	
Andreas Segal	
Felipe Morenés Botín-Sanz de Sautuola	
Juan José Pepa	
Francisco de Borja García-Egocheaga	
Van J. Stults	
Aref H. Lahham	

Name	Company's contribution for the financial year (thousands €)				Amount of accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings schemes with non-consolidated economic rights		Financial Year 2022		Financial Year 2021	
	Financial Year 2022	Financial Year 2021	Financial Year 2022	Financial Year 2021	Savings schemes with consolidated economic rights	Savings schemes with non-consolidated economic rights	Savings schemes with consolidated economic rights	Savings schemes with non-consolidated economic rights
Ricardo Martí Fluxá								
Anna M. Birulés Bertran								
Alfonso Rodés Vilá								
Andreas Segal								
Felipe Morenés Botín-Sanz de Sautuola								
Juan José Pepa								
Francisco de Borja García-Egocheaga								
Van J. Stults								
Aref H. Lahham								

iv) Detail of other items

	Item	Amount of remuneration
Ricardo Martí Fluxá		
Anna M. Birulés Bertran		
Alfonso Rodés Vilá		
Andreas Segal		
Felipe Morenés Botín-Sanz de Sautuola		
Juan José Pepa		
Francisco de Borja García-Egocheaga		
Van J. Stults		
Aref H. Lahham		

c) *Summary of remuneration (in thousands of €):*

The summary should include the amounts corresponding to all the remuneration items included in this report that have been accrued by the director, in thousands of euros.

	Remuneration accrued in the Company					Remuneration earned in group companies					
Name	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2022 company	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2022 group	Total year 2022 company + group
Ricardo Martí Fluxá	166				166						166
Anna M. Birulés Bertran	124				124						124
Alfonso Rodés Vilá	121				121						121
Andreas Segal	119.5				119.5						119.5
Felipe Morenés Botín-Sanz de Sautuola	6				6						6
Francisco de Borja García-Egocheaga	1,050				1,050						1,.050
Juan José Pepa											
Van J. Stults											
Aref H. Lahham											

C.2 *Indicate the changes over the last five years in the amount and percentage change in the remuneration earned by each of the listed company's directors during the year, in the consolidated results of the company and in the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.*

Total amounts accrued and % annual change

	Year 2022	**% change 2022/2021**	**Year 2021**	**% variation 2021/2020**	**Year 2020**	**% variation 2020/2019**	**Year 2019**	**% variation 2019/2018**	**Year 2018**
Executive Directors									
Francisco de Borja García-Egocheaga	1050	-20.7%	1,324	64%	805	145%*	328.7		
External Directors									
Felipe Morenés Botín-Sanz de Sautuola	6	-95,12%	123	1%	121.5	0%	121.5	79%	68
Anna M. Birulés Bertran	124	3.33%	120	3%	117	-12%	133,5	37%	97.5
Ricardo Martí Fluxà	166	8.85%	152.5	2%	149.5	-8%	163	23%	133
Alfonso Rodés Vila	121	2.1%	118.5	4%	114	-10%	126	27%	99
Juan José Pepa									
Andreas Segal	119.5	9.13%	109.5	3%	106.5	6%	100.4		
Van J. Stults									
Aref H. Lahham									
Consolidated results of the company	96,572	-6.10%	102,855	47%	70,116	10%	63,748	39%	45,991
Average employee remuneration	59,459	-28.62%	83,299	31%**	63,632	-2%	64,641	-6%	68,727

* The increase corresponds to the fact that in 2019, the Chief Executive Officer held this position for a few months and not for the entire fiscal year, as was the case in 2020, 2021 and 2022.
** The difference between 2020 and 2021 is mainly due to the incorporation of Quabit employees to the Group with higher average salaries, the bonus for senior management for the performance and response to the pandemic exercise, the bonus for the integration of Quabit and finally, the salaries and wages of all those people who left the company in the last quarter of 2021 with the integration of Quabit and who were not considered as staff, as they did not belong to the company on 31.12.2021. In the current year, with a consolidated workforce, the average salary has been reduced, although it is slightly higher than in previous years due to the incorporation of part of Quabit's workforce with higher salaries.

D. OTHER INFORMATION OF INTEREST

If there is any relevant aspect regarding directors' remuneration that has not been included in the other sections of this report, but which it is necessary to include in order to provide more complete and reasoned information on the company's remuneration structure and practices in relation to its directors, briefly describe them.

This annual remuneration report was approved by the board of directors of the company at its meeting held on February 22, 2023.

Indicate whether any directors voted against or abstained from voting on the approval of this report.

Yes ☐ No ☒

Name or company name of the member of the Board of Directors who did not vote in favour of the approval of this report	Reasons (vote against, abstention, non-attendance)	Explain the reasons

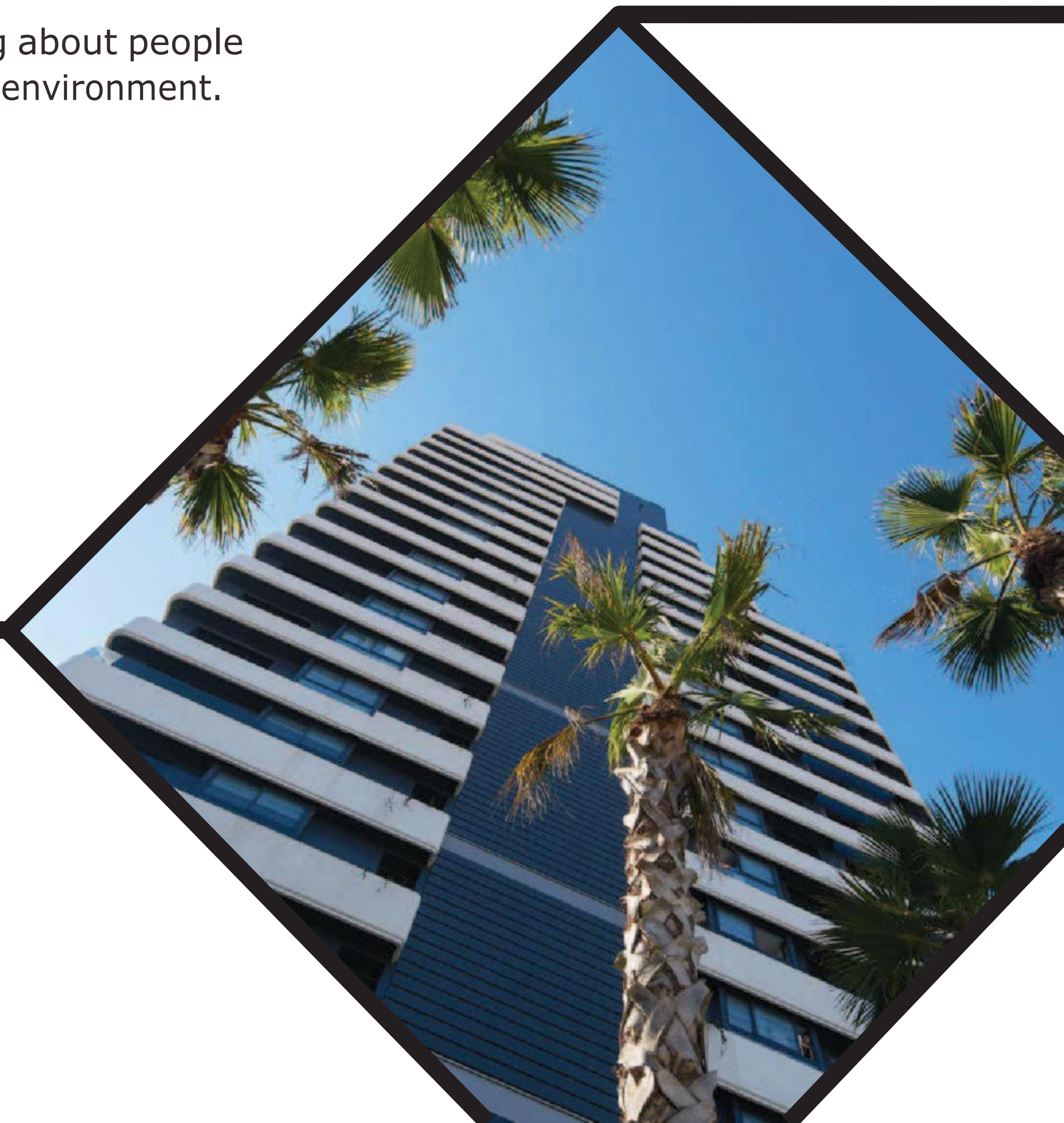
Neinor HOMES

STATEMENT OF NON-FINANCIAL INFORMATION

SUSTAINABILITY
REPORT

2022

Thinking about people and our environment.



CONTENTS

01

EXECUTIVE **SUMMARY**

WHO ARE WE?

Neinor Homes, the real estate platform with the ambition to transform the sector.

STRATEGIC PILLARS

Environmental	Social	Governance
We build homes for tomorrow	**Our people and communities**	**Our own way of doing things**
We want to provide society with **residential solutions that respect the environment**, whose consumption of resources is only what is necessary and that are energy efficient in their development.	**We build the city**, committing ourselves to our social environment and to the safety, health and well-being of people. Our aim is to provide **a quality residential offer to all segments of the population.**	We operate under **ethical standards of integrity and transparency,** both for ourselves and for our entire supply chain. We are committed to **innovation, digital culture and sustainable financing.**

VISION

To be the **benchmark for real estate platforms**

MISSION

Generating **sustainable value** for stakeholders

VALUES

Products designed for **our customers**

Multidisciplinary talent

Strategy of **permanent innovation**

Sustainability, the key to our DNA

Accountability to the sector

Good **Governance**

HOW DO WE CREATE VALUE?

We create value through a responsible business model.

EMPLOYMENT GENERATION

511
direct jobs[1]

6,583
indirect jobs[2]

ECONOMIC VALUE GENERATED
765
million euros

EBITDA
146
million euros

More than 8,000 homes in various phases of production: 4,528 homes in the launch phase and 4,183 in the execution phase.

[1] Encompasses the entire Neinor Homes Group, including the employees of Renta Garantizada and Quabir Construcción at 31 December 2022

[2] According to the Association of Real Estate Developers of Madrid (ASPRIMA), 2.4indirect jobs are generated for each dwelling.

We take into account for this calculation the homes delivered (2,743), given the fluctuation of homes under construction throughout the year.

INDUSTRIALISED MODEL

Promotion of first and second homes, construction, rental management of own and third-party homes.

Systematisation | Standardisation | Rigour | Environment | Innovation | Technology

Management of **all phases of the value chain** of the residential development process.

2.15 million m²
land bank

183 developments/
12,645 homesfor sale, and
23 developments/
2,606 homes for rent

2,743 homes delivered in 2022,
277 of which we retain ownership of **for rental**

QUALITY AND ENVIRONMENTAL MANAGEMENT

Environment, Quality and Innovation Policy	**ISO** Certificate **14001** of Environmental Management **ISO** Certificate **9001** of Quality Management	**282,788 KWh** consumed	**1,855 kg of paper** consumed	**7.56%** energy use reduction	**1,588 m³ of water**

CORPORATE SOCIAL RESPONSIBILITY AS AN INTERNAL POLICY FRAMEWORK

SUSTAINABILITY POLICY

Objectives	
	Lead the **transformation of the sector**
	Define **the commitment to good governance, environment and society**
	Provide a basis for **integrating sustainability into business strategy**
	Deliver a quality product
	Care for employees

2022 - 2025 Sustainability Plan

Environmental **(A)**	Social **(S)**	Governance **(G)**
· Sustainability and eco-efficiency of housing · Consideration of climate change · Protection and improvement of the environment · Circular economy	· Access to housing · People's safety, health and well-being · Customer relations and protection · Commitment to the team and to society	· Ethics, integrity and transparency · Good corporate governance practices · Responsible supply chain · Sustainable financing · Innovation

WHAT IS OUR GOVERNANCE MODEL BASED ON?

Our business is based on a model of responsible governance

GENERAL SHAREHOLDERS' MEETING OF

· In 2022: **quorum 87.60%** of share capital

BOARD OF DIRECTORS

· **13 meetings** in 2022
· **9 directors** in total
· **1 woman** on the board (**11%**)

1 executive
4 proprietary
4 independent

Audit and Control Committee

· **7 meetings**
· **5 members**
· **40%** proprietary directors
· **60%** independent directors

Appointments and Remuneration Committee

· **5 meetings**
· **5 members**
· **40%** proprietary directors
· **60%** independent directors

Land Investment Committee

· **10 meetings**
· **7 members**
· **14%** executive directors
· **57%** proprietary directors

- **29%** independent directors

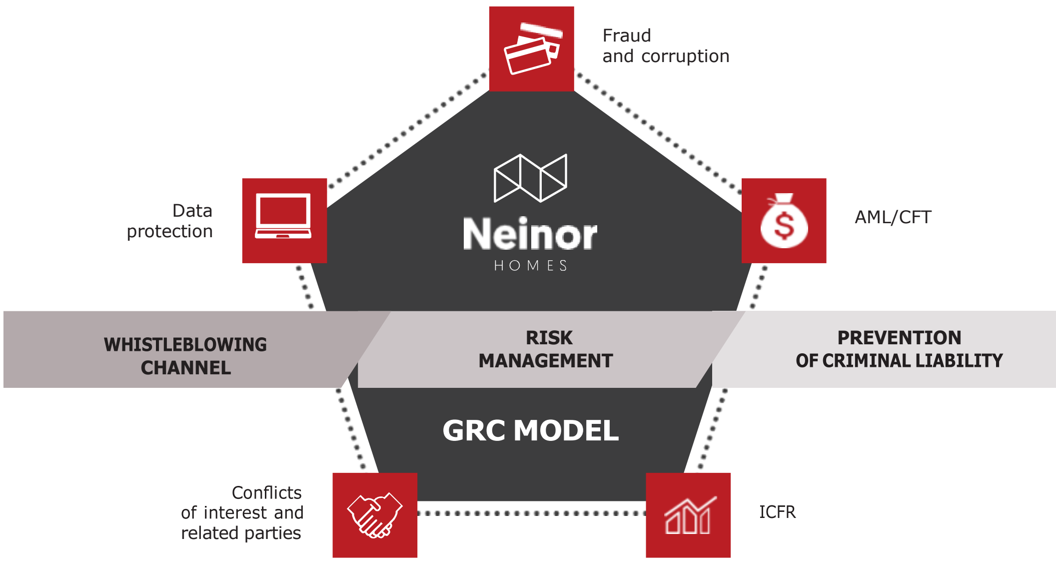
A COMPREHENSIVE MODEL OF CONTROL, COMPLIANCE AND ASSURANCE

GOVERNANCE, RISK AND COMPLIANCE MODEL (GRC)

Based on best practices of companies in the industry and other sectors

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE GOVERNANCE



Whistleblowing Channel

- Code of Ethics
- Whistleblowing Channel
- Ethical channel management procedure
- Code of Conduct for third parties
- Code of best practices in the real estate mediation services
- Human Rights Policy

Risk Management Model

- Integrated Internal Control System
- Corporate Risk Map
- Risk Plan (Covid 19)

Prevention of criminal liability

- Criminal Risk Policy
- Criminal Risk Prevention Manual
- Internal rules of conduct
- General economic-financial and corporatecommunication policy
- Internal manual for the disclosure of privileged and other relevant information

Zero tolerance for corruption

- Anti-Corruption, Fraud and Bribery Policy
- Instructions on gifts, invitations and donations
- Controls in place

Conflict of Interest Management

Conflict of interest and related party transactions policy

Data protection, confidentiality and information security

- Privacy Policy on Personal Data Protection
- Procedure for the enforcement of the rights of data subjects

System of internal control over financial and non-financial reporting

Internal control and risk management systems in relation to the financial reporting process (ICFR) and non-financial reporting (SICNFR)

ISO 27001 Information Security **Certification**

ISO 9001 Quality Management **Certification**

ISO 14001 Environmental Management **Certification**

UNE 166002 R&D&I Management **Certification**

WHAT ADDED VALUE DO WE OFFER OUR CUSTOMERS?

We offer a personalised service tailored to customer needs

BETTER KNOWLEDGE OF OUR CUSTOMERS

CRM and Customer Centric tools implemented

NEINOR EXPERIENCE

Exclusive **customer service Neinor Experience Manager** in each development
Neinor Responds Channel

16,488
customers

47,747
sessions
on the web

1,026
APP downloads
Neinor Experience

40,997
contacts

36,310
incidents
through all its channels

25
hours
average response time

WE BUILD HOMES WITH ADDED VALUE

FAMILY HOMES PROTECTION INSURANCE

BRREAM STAMP

NEINOR MOBILITY PACK

QUALITY HOUSING

- **Research + Listening + Development** Process
- Standardisation **White Book**
- **Climate Risks** study
- **Personalisation** alternatives
- Sustainabilitv: **BREEAM® certified**

INNOVATION AS A DRIVER OF TRANSFORMATION

NEINOR NEXT

- Collaboration with start-ups to test their products/services and see if they generate added value for Neinor Homess

PROCESS INNOVATION

- Analysis of the integration and optimisation of the construction white book in the adaptation to the technical code

COOPERATIVE INNOVATION

- Participation in forums and working groups: Basque Construction Cluster, Building Cluster, PTEC (Spanish Construction Technology Platform) and Cemex

DIGITAL TRANSFORMATION

- Digital Transformation Plan
- Digital initiatives that add value

In 2022, 887 customers have been insured by Neinor Homes so they are able to pay for their new homes.

More than 70 BREEAM certified developments at source

Cooperation with start-ups to test their products/services

Participation in **forums and working groups** in the real estate and construction sector

WHO ARE WE AT NEINOR HOMES?

We have a committed **team**

Neinor HOMES

People management

Strategic Human Resources Plan
Loyalty plan
Protection of employees in pandemics

Professional and personal development

Internal Promotion
Welcome Pack
Attractive and flexible remuneration

Well-being and work-life balance

Work-life Balance Plan

Work-life balance measures

Equality and diversity

Diversity and non-discrimination policy
Code of Conduct
Code of Ethics
Code of Conduct for third parties
Human Rights Policy

Training

Training platform
15.32 h. of training per employee and 22 training courses given to employees

Health and safety

Occupational Risk Prevention (ORP) audits
Life insurance: inclusion of cover for Absolute Permanent Disability due to illness in common for all the employees.
Work site safety
Health and safety policy

Communication, satisfaction and initiatives to engage employees

Social initiatives
Work climate survey
Regular communications from Management
Team building activities

297[1] employees
44.5 average age

45% women
55% men

0.84% absenteeism rate

46 hirings
2 promoted employees

1 Analysis performed for employees of Neinor Homes parent company, excluding RG and QC in the process of integration.

HOW DO WE WORK WITH OUR SUPPLIERS?

We are strategic partners of our suppliers

Responsible purchasing management

- Purchasing management procedure
- Mandatory clauses
- Tendering procedure for construction companies

Safety and awareness requirements

- Good practice manual
- Safety coordinator
- Health and safety audits
- Training days

FRAMEWORK AGREEMENTS

with manufacturers to achieve a mutually beneficial relationship and to be strategic partners

Approval / Evaluation of suppliers

- Demanding accreditation and selection process
- Annual re-approval of construction companies
- Evaluation of suppliers and subcontractors

Communication, satisfaction and cooperation

- Bilateral communication
- App. to evaluate the perception of Neinor Homes
- Cooperative initiatives

219 suppliers in 2022

323 subcontractor evaluations

67% local suppliers in 2022

126 health and safety audits

306 million euros of expenditure on purchases

91.04% comply with the **Good Practice Manual**

38 approved suppliers, **31** Architecture and **12** Engineering Studios in 2022

38.9 accident frequency rate

02

LETTER FROM THE **CEO**

We are a company that has been **able to achieveits financial targets** without compromising its **sustainability.**

BORJA GARCÍA-EGOTXEAGA
CEO

Dear Shareholder,

It is a pleasure to present the 2022 Sustainability Report for Neinor Homes, a company committed to sustainability since its inception in 2015. The company has driven the transformation of the real estate sector towards a more sustainable model, focussing on creating value for the environment, society and people.

Our mission is to provide and facilitate a home to improve the prosperity and well-being of people, communities and the environment through a sustainable yet cost-effective housing model.

We are convinced that long-term viability requires the consideration in business strategy of social and environmental impact. Aware of these challenges, the Board of Directors approved the 2022-2025 Sustainability Plan. This plan integrates various actions in the analysis of our corporate operations, public-private agreements and business lines, such as leasing, integration of construction in the value chain and our Neinor Essential business line, which offers affordable and quality housing. We are also pioneers in carrying out a climate change risk analysis based on TFCD, and ours is the first developer to measure the social impact of the company in aspects such as, among others, accessibility to housing, basic services, healthy lifestyles, employment and local development.

Our commitment to sustainability has been recognised with the highest international rating in environmental criteria by Sustainalytics, which positions us as a 2023 Top-Rated ESG Performer in the Global, Region and Industry area, highlighting our sustainability performance. We are duly prepared to face the challenges of the housing sector, such as climate change, and we believe that this business model, where social and environmental aspects are key, gives us social legitimacy and financial stability.

From a social point of view, the main challenge we are facing is the housing shortage. Through the actions carried out by the company, we seek to lead the change in the practices of our sector, aiming at the sustainable development of our business activity, minimising its impact on the environment, and contributing to the development of the social and business fabric of the areas in which we are present. Likewise, we are helping our customers in their search for the housing that best suits their needs, and we are reducing the difficulties of access to housing for many groups in Spain.

At Neinor Homes, we are convinced that working together with our stakeholders will strengthen our business model in which social and environmental benefits are part of our corporate success.

Yours sincerely,

Borja García-Egotxeaga

03

FROM CSR TO SUSTAINABILITY. STRATEGIC PLAN

Since its inception Neinor Homes has maintained a strong commitment to its social and environmental impacts, publishing its "CSR or Sustainability" reports since 2016 and auditing these, when it was not yet mandatory to do so. However, the financial year 2021 was a decisive year in the transformation of Neinor Homes' Corporate Social Responsibility, as the company's 2017 Corporate Social Responsibility Master Plan evolved giving rise to the 2022-2025 Sustainability Plan, which was approved in September 2021 by the Board of Directors.

The Sustainability Plan has been developed with the aim of transforming the real estate development model towards a more sustainable one, and has focused on creating value for the environment, society and people: minimising the impact of our activity on the environment, contributing to the development of the social and business fabric, as well as reducing the difficulties of access to housing for many groups.

For this reason, the Sustainability Plan has been articulated around our three **strategic pillars**: Environmental, Social and Governance (ESG).

Environmental

We build homes for tomorrow

Because the housing of todaywill determine our home of tomorrow, we want to provide society with **residential solutions that respect the environment,** that use only the resources necessary, and that are energy-efficient in their development.

Homes, in short, **that our children and future generations will be proud of**.

Social

Our people and communities

In Neinor homes we don't just build homes. We **build cities**, committing ourselves to our social environment and to people's health, safety and wellbeing.

The aim is also to **provide quality residential homes to all segments of the population.**

Governance

Our way of doing things

We firmly believe that **how we do things determines who we are and who we want to be.** That's why we hold ourselves and our entire supply chain to **ethical standards of integrity and transparency.**

A way of doing things that we complement with our commitment to i**nnovation, digital culture and sustainable financing.**

Our Sustainability Plan is made up of 16 areas of activity, within which 30 objectives and their corresponding 95 courses of action have been established, assigning specific deadlines and departments responsible for their development and fulfilment.

Furthermore, as a sign of our commitment to the United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs), we have used these as a **reference** to define the courses of action of our **Sustainability Plan.**

- The **Environmental (E)** pillar focuses on building sustainable and resilient homes that are certified as such by a third party and whose consumption of energy resources is very low, on reducing and offsetting the company's emissions, on promoting sustainable mobility in our developments, on protecting the biodiversity of the area, on supporting urban regeneration and on reducing and recovering construction waste.
- The **Social (S)** pillar focuses on improving access to housing, improving the safety, health and well-being of employees, suppliers/contractors and customers, actively listening to customers to offer them personalised service and products that bring them well-being, attracting and retaining talented employees, placing great importance on issues such as equality, diversity and non-discrimination, and developing and promoting social action and community engagement and human rights initiatives.
- The **Governance (G)** pillar focuses on aligning with best governance standards, maintaining and strengthening the ESG responsibilities of governance bodies, ensuring the company's ethics and integrity, engaging with stakeholders and communicating detailed ESG progress to stakeholders, and incorporating ESG criteria into supplier contracts and evaluations.

We build homes for tomorrow

E

ENVIRONMENTAL

- **E.1.** Resilient and Sustainable Homes
- **E.2.** Taking into account climate change. LCA/Carbon footprint
- **E.3.** Ecoefficient homes/resource use
- **E.4.** Protection and improvement of the environment
- **E.5.** Circular Economy

Our People and Communities

S

SOCIAL

- **S.1.** Homes for everyone
- **S.2.** People's health, safety and wellbeing
- **S.3.** Customer attention and care
- **S.4.** Commitment to the team
- **S.5.** Commitment to Society, the Community and the City

Our way of doing things

G

GOVERNANCE

- **G.1.** Best practice in Corporate Governance
- **G.2.** Ethics and Integrity
- **G.3.** Transparency and Relations
- **G.4.** Responsible sourcing chain
- **G.5.** Digital Culture/Innovation
- **G.6.** Sustainable Financing

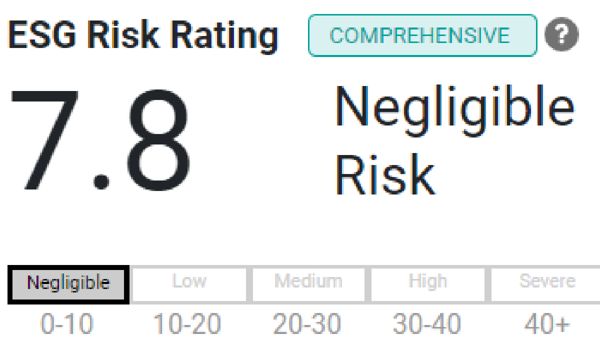
In this way, the Sustainability Plan covers all the points reflected in the previous Master Plan, but goes a step further, as it is a Plan that has evolved and broadened its scope, making its objectives more global and giving them a message and meaning, such as the commitment to sustainability at a global level and the company's involvement with an organisation such as the United Nations.

Our Sustainability Strategic Plan can be consulted at: https://neinorhomes.com/en/responsible-business-and-innovation/sustainability/sustainability-plan/

Validation of the Neinor Homes Group ESG

In 2021, in order to assess where Neinor Homes' ESG performance stands, it was decided to work with several analysts to obtain an objective assessment and receive feedback that would allow the company to continue improving.

This year, Neinor Homes has once again been assessed by the prestigious analyst Sustainalytics, being recognised for the second consecutive year as **the best residential developer in the world in ESG criteria**. The company's score has improved from 10.5 (low risk) in 2021 to 7.8 (negligible risk) in 2022. In addition, Neinor Homes has been recognised as one of the top 50 companies in the world in this area, beating almost all IBEX 35 companies (except Merlin Properties; our congratulations to these extremely smart people).



04

TRANSFORMATION OF THE SECTOR

We are a **real estate platform** in which, through the application of best practices in the various areas of our activity, we seek to **accompany our customers** in a **close and responsible way** in one of the most important decisions of their lives, the **choice and purchase/rental of their home**.

4.1. OUR IDENTITY

Neinor Homes is a listed company dedicated to r**esidential development,** first and second homes, **and the rental** of its own and third-party homes in Spain, whose offer is aimed at customers of all segments. One of our pillars is the social pillar, given our profound conviction that **people should be at the centre** of each and every decision.

Neinor Homes is guided by a **culture of good governance**, both internally and throughout its supply chain. It also has a vision oriented towards a **new, more sustainable business model**, based on the consideration of climate change, sustainability, eco-efficiency and resilience of housing, the protection and improvement of the environment and the circular economy.

The company's raison d'être is based on **three strategic pillars:**

ENVIRONMENTAL

We build homes for tomorrow

Because the housing of today will determine our home of tomorrow, we want to provide society with **residential solutions that respect the environment**, that use only the resources necessary, and which are energy efficient in their development.

Homes, in short, that our childrenand future generations will be proud of.

SOCIAL

Our people and communities

At Neinor Homes we don't just build homes. We **build cities**, committing ourselves to our social environment and to people's safety, health and wellbeing.

The aim is also to **provide quality residential homes to all segments of the population.**

GOVERNANCE

Our way of doing things

We firmly believe that **how we do things determines who we are and who we want to be.** That's why we hold ourselves and our entire supply chain to **ethical** standards of **integrity and transparency.**

A way of doing thingsi that we complement with our commitment to **innovation, digital culture and sustainable financing.**

4.2. A NEW TRAJECTORY, A LONG JOURNEY

Neinor Homes S.A. started business in **May 2015** with the clear objective of leading the **transformation of the real estate sector** and becominga **benchmark in quality and customer service**. In addition, the firm can draw on the almost 30 years of experience of its predecessor, a real estate subsidiary of Kutxabank, from which Neinor Homes is spinning off to become an **independent real estate development firm.**

Neinor Homes entered a new dimension on 29 March 2017 with its **listing on the Spanish Stock Market**, being admitted for trading on the secondary markets of Madrid, Barcelona, Bilbao and Valencia. This was the first listing of a residential developer in Europe in the last decade.

The company's **achievements** to date and the **rapid growth** it has experienced since its creation (2,743 homes delivered in the last year) are due to a firm strategy, strong investment in innovation and technology and the talent of its professionals, making it **a benchmark company in the sector**. In this way it has managed to increase its workforce by a factor of 5.4, from 80 to 511 employees.

The figures achieved in terms of deliveries, turnover and profit have made us the leading national residential developer. And the inclusion of services of land purchase and urban development management, design, construction, consultancy and rental management of homes (our own and those of third parties) make us the only real estate platform in Spain that covers 100% of the real estate value chain.

Neinor has become the benchmark for real estate platforms.

4.3. OUR PURPOSE AND VALUES

Neinor Homes carries out its activity in a highly competitive environment based on a proposition that highlights its **aspirations** and **objectives**, which are based on **values** closely linked to the 3 strategic pillars: we build homes for tomorrow (environmental), our people and communities (social) and with our own way of doing things (governance).

Our purpose is to contribute, from the real estate activity, to the improvement of society. We are looking to the future, adapting to new consumption models and the current social reality.

Moving house has become more than just an option; it is a necessity, a symbol and a driver of social change. That is why at Neinor Homes we are moving forward with people towards the future they want, both personally and globally.

HUMAN CENTRIC

We evolve with people and their new needs in mind. **We change with society, we work with empathy.**

SUSTAINABILITY

The only way of working that we believe in is one that **respects the planet.** And makes it possible for people to exercise their responsibility at home.

TALENT

We believe in the development of society through the promotion of talent and the **creation of suitable environments for its development.**

INNOVATION

We embrace our role as industry innovators by **investing in innovation** that improves the lives of our customers and society at large.

RESPONSIBILITY

We engage with society to put housing at the heart **of fair and sustainable social growth**. Leading the transformation of the sector.

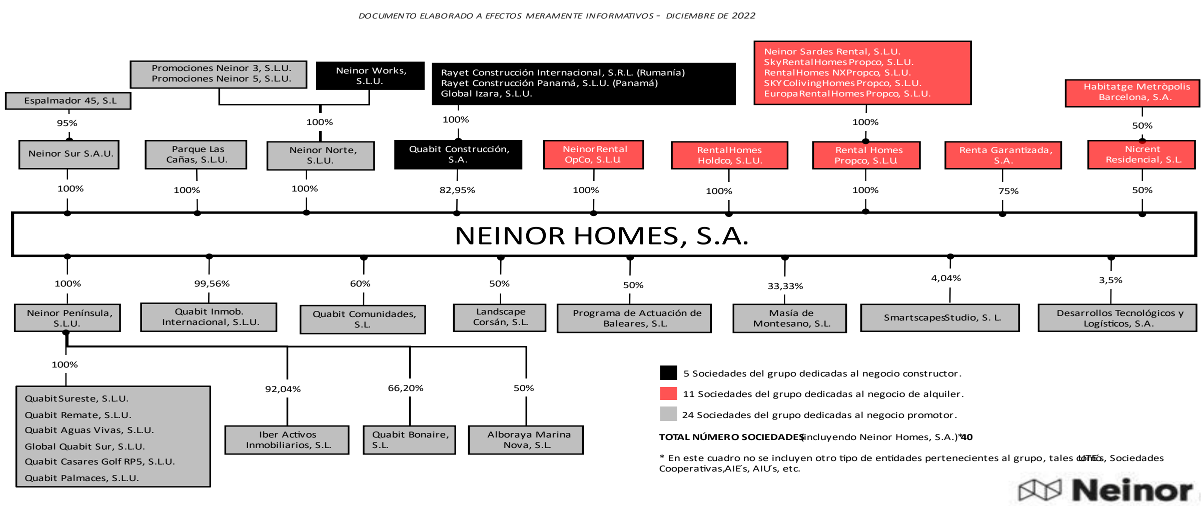
PRINCIPLES

The ethical principles of **transparency and commitment** are basic to our credibility.

4.4. OWNERSHIP STRUCTURE

Neinor Homes has its main base in the **Basque Country**, from where it has extended its activity throughout the **rest of the Spanish Peninsula**, concentrating on the markets with the highest demand and lowest stock, with a special presence in Madrid, the Basque Country, Catalonia, Castile-La Mancha, Andalusia, Valencia and the Balearic Islands. It has **offices** in Bilbao, Barcelona, Madrid, Guadalajara, Cordoba, Malaga and Valencia.

Below is an outline of the Neinor Homes **Group's corporate structure**.



05

SOCIAL IMPACT: CREATING VALUE THROUGH OUR **RESPONSIBLE BUSINESS MODEL**

The priority of our **business model** is to satisfy the needs of our customers based on responsibility in the **exercise of our activities** and the **commitments** we have made to our stakeholders.

5.1. ECONOMIC AND SOCIAL ENVIRONMENT

At Neinor Homes we are focused on meeting the needs, changing appetites and aspirations of our customers. We have a superior first home product, the best locations in Spain and a land bank acquired for the best prices.

Despite the climate of uncertainty resulting from the war in Europe that began in February this year, the sharp increase in costs and prices that has followed, and the effect of the consequent restrictive monetary measures dictated by central banks around the world to try to curb price increases, we remain in optimal financial, operational and technological conditions to meet this challenge.

In 2020, we added the rental line to our development line, dedicated to rental management and new developments for rental. We also incorporated the construction line, creating our construction company, Neinor Works, which was strengthened with the acquisition of Quabit and its construction company Quabit Construcción.

As a new departure, in 2021 we created the Neinor Essential line, in which we develop affordable housing for more segments of the population with the company's usual qualities. In addition, we have also committed to the public-private partnership line to build 4,500 social rental homes in Barcelona and its Metropolitan Area through the mixed company Habitatge Metròpolis Barcelona (HMB).

The sharp rise in interest rates, which undoubtedly makes it more difficult for Spaniards to afford home ownership, and the fact that financial institutions have put an end to the long dynamic of easy access to mortgage credit, has not yet managed to overcome the solid demand for new housing that continues to exist in our main areas of activity in Spain, compared to the scarce existing supply.

In this **context of a degree of economic stability** and bearing in mind that residential development is a sector with a complex value chain in which numerous agents are involved, Neinor Homes is tackling all these factors through a critical analysis based mainly on **new technologies, innovation** and **sustainability**. Improved **continuous listening** to our current and potential **customers**, virtual visits, on-line pre-reservations and digital signatures are other factors that allow us to better understand thedirection the market is taking.

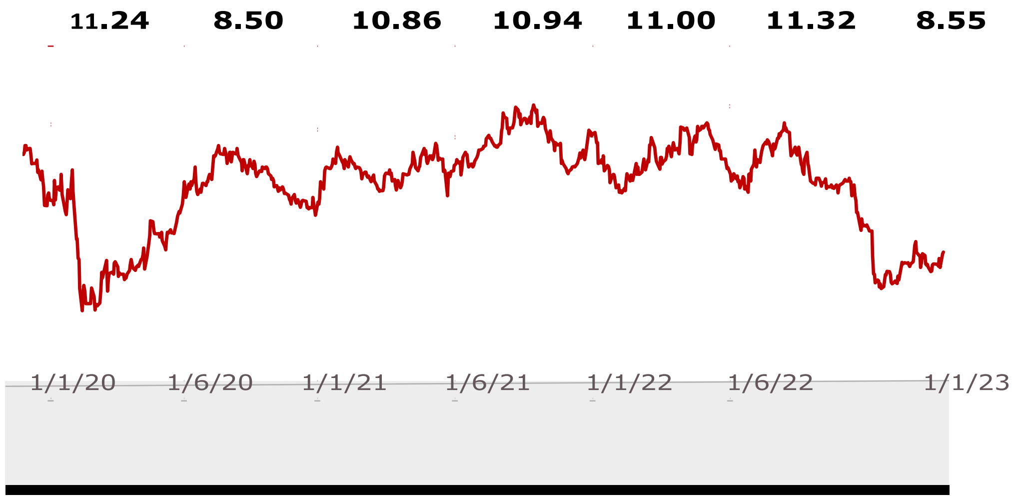
5.2. DEVELOPMENTS ON THE STOCK EXCHANGE

Neinor Homes was floated on the stock exchange on 29 March 2017 **with a value of 16.46 euros per share**. The first years of listing were markedby political and economic uncertainty for Spain. Subsequently, 2020 sawthe COVID-19 health emergency have a social and economic impactthat was reflected in the financial markets. Since the lows of March 2020, Neinor's stock has recovered as investor confidence has increased, driven by the roll-out of vaccines.The first half of 2021 continued to be based on optimism in the economic recovery. In contrast, during the second half of the year, fears of a more restrained economic policy by central banks, coupled with the advance of new variants of the virus, have caused the markets to reduce some of the gains made during the first months.

Following the announcement of the creation of the new rental business line in 2020 and a record year of both financial and operating results, Neinor announced in early 2021 the first consolidation transaction in the Spanish real estate sector: the merger by acquisition of Quabit Inmobiliaria. This merger added a total of 7,000 units to Neinor's land bank - 1,600 of them under construction or already completed. The valuation of the transaction together with its capital structure allowed for strong value creation for shareholders in the following years. By the end of 2021 Quabit was fully integrated into Neinor Homes and was generating operating profits for the company.

2022 has been a year marked by atypical macroeconomic factors such as the war in Ukraine and inflation levels close to 10% year-on-year in Europe and the United States. This has led central banks to implement a contractionary monetary policy by raising interest rates and thus increasing the cost of financing for households. However, it is important to highlight the resilience of Neinor's development business, whose sales performance remains at historically high levels, highlighting the shortage of new housing in Spain. Moreover, Neinor's rental business had a very solid performance marked by high occupancy rates and double digit rental growth.

SHARE PRICE EVOLUTION



The sector's discounts to its asset value have increased, pressured by the stock price of the real estate sector which had the worst performance of the EUROSTOXX 600 with a 40% drop in 2022. At year-end, Neinor Homes is trading at a discount of approximately 50% with regard to its asset value.

The number of analysts covering the company is 12. The average price target stands today at 10.4 euros per share, 26% higherthan the share price. In total, the Neinor share has 5 "Buy", 5 "Hold" and 2 "Sell" recommendations.

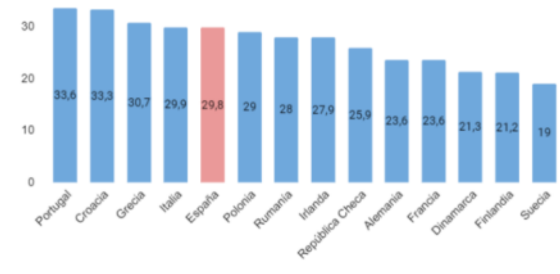
The distribution of the shareholding is estimated as follows:

MAIN SHAREHOLDERS AS AT DECEMBER 2022

Name or company name of shareholder	Total % of voting rights
Orion European Real Estate Fund IV, SLP	28.01%
Stoneshield HOLDING S.A.R.L.	22.70%
Adar Capital Partners LTD	14.60%
BMO Asset Management Limited	4.79%

5.3. HOUSING FINANCIAL ACCESSIBILITY (AFFORDABILITY)

In Spain, one of the biggest social problems is financial accessibility to housing. According to Eurostat 2021 data, young Spaniards begin to live independently on average at 29.8 years of age, partly due to the difficulty of accessing housing.



Edad Media de Abandono de Hogar Parental

Neinor Homes, aware of this challenge, has developed various lines of business focused on the construction of accessible and affordable housing.

Unsubsidised Housing

Neinor Homes is currently the developer with the highest number of subsidised homes delivered. In 2022, it achieved delivery of a total of 766 homes, including affordable housing and subsidised housing priced below €200,000. This achievement has enabled many groups with financial difficulties to gain access to home ownership.

In addition to its experience in the construction of subsidised housing, Neinor Homes has created a new product line, called Neinor Essential. This line is exclusively aimed at offering unsubsidised housing at affordable prices, making it the first real estate development company to do so. With this objective, it seeks to bring the quality and services it offers to a wider public, irrespective of their economic situation. During 2022, the company has delivered 562 homes in unsubsidised developments priced under €200,000.

In addition to the deliveries of housing already made, it has a portfolio of projects with 542 homes under construction and 124 homes in the project phase, aimed at groups with difficulties in accessing unsubsidised housing. With these projects, it seeks to continue to fulfil its commitment to the acquisition of quality housing at affordable prices, so that everyone can have a decent and comfortable home.

Subsidised Housing (*)

Neinor Homes has demonstrated its commitment to the construction of housing for groups with difficulties in accessing housing through its subsidised housing development business line. During 2022, 204 subsidised housing units have been delivered, both oficial subsidised (VPO) and public subsidised (VPT) housing, among others, located in the Madrid, Guadalajara and Barcelona regions. In addition, Neinor Homes currently has a total of 1,126 subsidised housing units in various stages of production, 460 of which are already under construction.

Public-Private Partnership

Neinor Homes has entered into a public-private partnership with Cevasa and Habitatge Metròpolis Barcelona (HMB) to build 4,500 social rental homes in Barcelona and its metropolitan area, which are scheduled to come into operation between 2024 and 2027. This agreement represents a milestone in public-private collaboration in Spain, as it was the first City Council and private company to lead the way, which will allow certain population groups to have access to affordable rental housing.

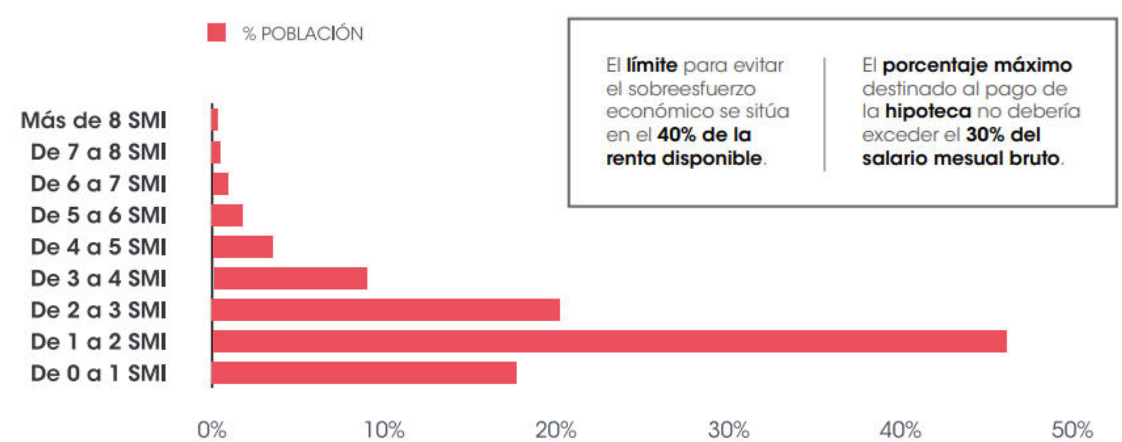
Work on this agreement began in 2022 and the first step has already been taken with the launch of the first phase, which includes 692 homes spread over 8 developments, which are at various stages of design or awaiting planning permission.

At the beginning of 2023, a licence will be sought for one of these developments, with 112 homes, and work will begin on the analysis of the project for phase 2. With this agreement, the company is fully aware that increasing financial accessibility to housing (one of our main objectives) requires cooperation with public administrations and demonstrates its commitment to inclusion and the construction of affordable housing for all segments of the population.

Rental

The choice to rent housing is affected by factors such as affordability and mortgage costs, labour mobility and social changes. Renting is a more affordable alternative for households with limited budgets and is more common among those with incomes below 60% of median income.

FIGURA 9 | Trabajadores en función de su ganancia anual respecto al Salario Mínimo Interprofesional



(Instituto Nacional de Estadística, 2020)

Neinor Homes has demonstrated its strength in the rental market - where there is a significant shortage of product and where the availability of new-build supply is practically non-existent - thanks to the consolidation and growth of its Neinor Rental line.

Neinor Rental is a real estate platform that covers the entire value chain in the rental of homes:

- It manages third-party rental housing and currently manages around 4,000 assets.
- It manages the rental of its own portfolio of new homes, which currently has around 4,000 units in the management and execution phase. During 2022 the managed portfolio was 542 homes with an average occupancy rate of 96%. In December 2022 it increased to 800 with the completion of Sky Rental Homes and Buenavista Rental Homes. Around 900 homes are expected to be delivered in 2023 and the remaining 2,300 homes in the design and construction phase will be delivered between 2024 and 2026.
- In addition, the company has a team for rental management in developments and portfolios sold to Family Office.

According to the company's pioneering Social Impact Report, greater accessibility to housing has been achieved through three channels:

- Unsubsidised housing → in 2021, a total of 3,167 unsubsidised homes were delivered, representing 7.1% of the new construction supply in the areas where Neinor Homes operates.
- Subsidised housing → in 2021, the company built 464 subsidised housing units, representing 5.9% of the total number of subsidised housing units built in Neinor Homes' areas of operation that year.
- Rental → this housing arrangement gives access to premium housing to 20% more of the population.

In addition, the following three points of the Strategic Sustainability Plan have already been fulfilled in the 2022 financial year:

- Promotion of the construction of subsidised housing for sale (social housing) (10 % of the annual number of subsidised housing units under construction).
- Encouragement and promotion of public-private agreements for the development and construction of social rental housing (10% of social rental housing being built each year).
- Incorporating of a new line of homes at more affordable prices than those offered on the market in well-connected locations and with quality services (Neinor Essential) and boosting of the construction of these developments (10% of homes of this type being built each year).

5.4. MEASURING SOCIAL IMPACT

Over the past decade, the environmental impact of companies has been the main focus of sustainability commitments. While environmental issues have been, and will continue to be, critical to the achievement of the SDGs, **social impact is becoming an increasingly important issue on the business agenda,** especially following the presentation in July 2021 of the **European Union's** draft **Social Taxonomy,** where it seems clear that the classification of activities will contribute significantly to boosting sustainable and responsible investment with a focus on social aspects.

As part of Neinor Homes' commitment to its Stakeholders, and being aware of its **capacity for both social and environmental impact,** the Top Management of the company is committed to the search for elements that allow it to measure and manage this impact as a source for making better strategic decisions and thus maximise its contribution to society.

Along these lines, the company, with the support of an external expert of recognised prestige, has carried out an ambitious and pioneering project in the sector that aims to measure the impact of its developments. **Neinor Homes has therefore been the first developer to measure the social impact of the company in aspects such as accessibility to housing, basic services, healthy lifestyle, employment and local development, among others.**

This is supported within the framework of the Impact Management Project (IMP), a pioneering global association in impact measurement that brings together many of the available international standards and guidelines.

Based on an internal process of identification and prioritisation of impacts, which has involved both the Management Committee and key people in the organisation, Neinor Homes has developed its own tool based on international standards, which allows the quantification of the impact that the company has on its Stakeholders.

The measurement of this impact is framed in three broad dimensions:

1

HABITABILITY, WELL-BEING AND SOCIAL COHESION

This incorporates the contribution the company makes to the health, well-being and lifestyle of the people who live in the homes it builds and designs. The measurement and management of the impact contributes to ensuring the creation of healthy, sustainable neighbourhood communities where the well-being of families is promoted in a quality environment.

2

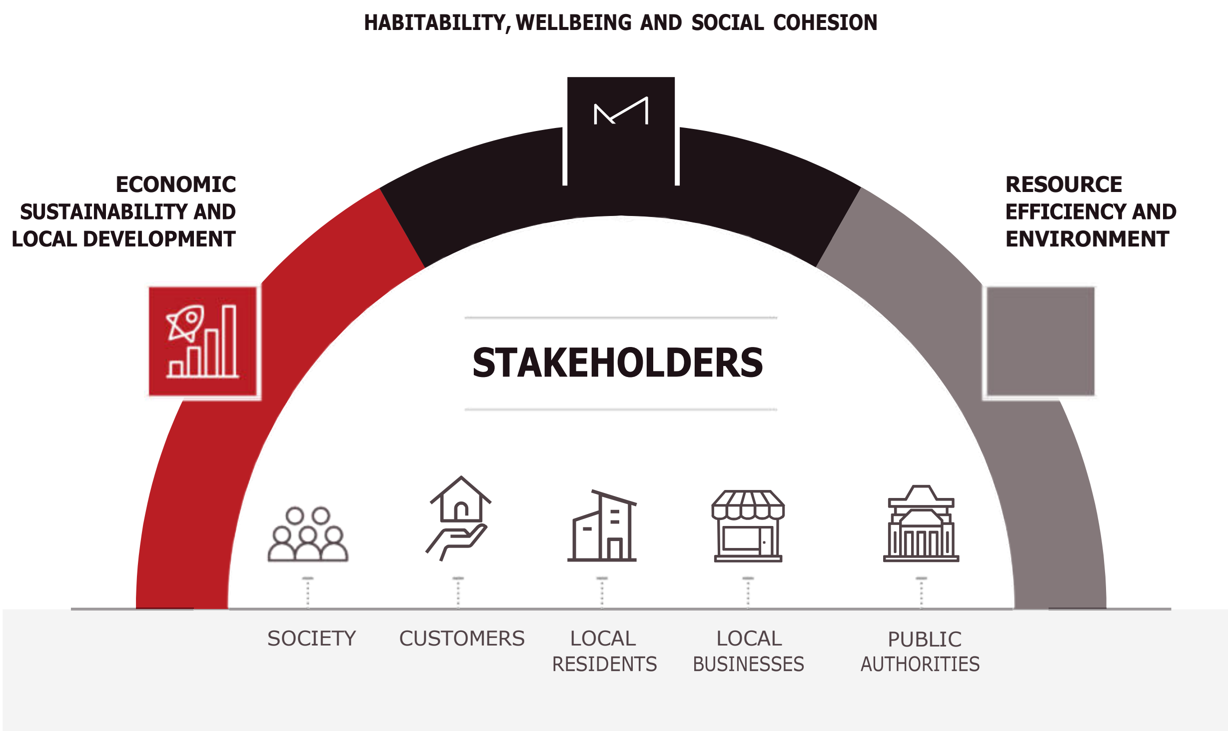
ECONOMIC SUSTAINABILITY AND LOCAL DEVELOPMENT

Neinor Homes contributes to the economic development of the municipalities in which it operates, being a relevant player in the development and regeneration of the neighbourhoods in which the developments are located.

3

RESOURCE EFFICIENCY AND THE ENVIRONMENT

It contributes to the European Union's objectives promoting urban transformation towards a sustainable, more efficient and more adaptable urban model in the face of climate change.



The management of Neinor Homes, totally involved with and committed to this project, intends for the company, by means of the same, to be a benchmark in driving the transformation of the real estate sector towards more inclusive and sustainable models, **consolidating the company's leadership in sustainability.**

The project has been developed by Transcendent, an expert consultancy in sustainability and impact, through **5 major phases**

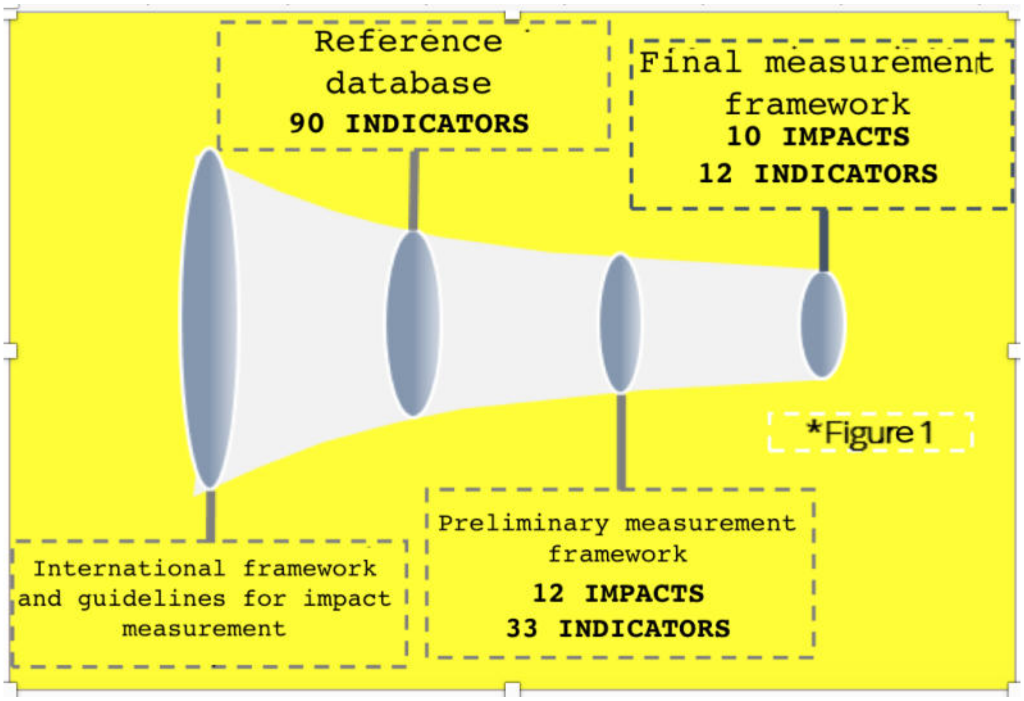
- **Understanding the projects and classification by type.** This first phase allowed Neinor Homes' developments to be classified according to various criteria, such as line of business, size in number of homes, type, per capita income and population density, etc.

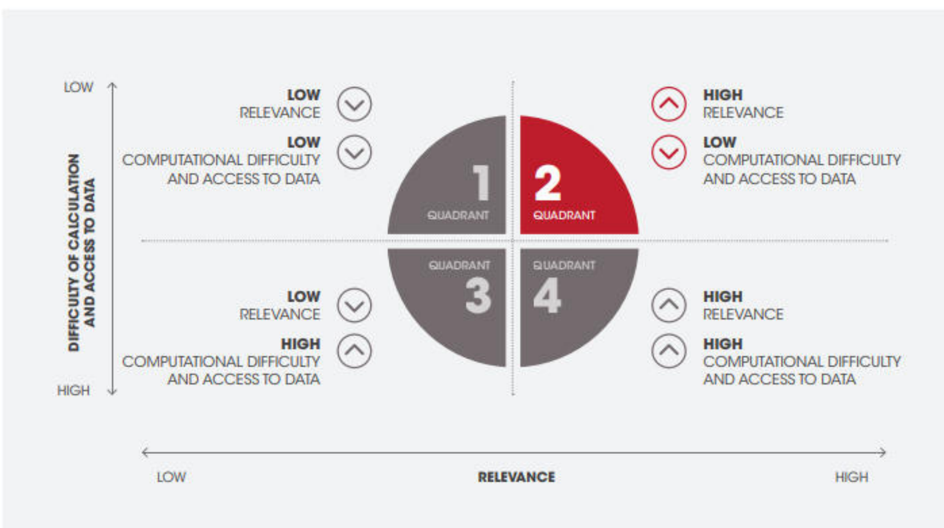
- **Review of international standards,** on two levels, analysing on the one hand the international framework established by the United Nations in its **Sustainable Development Goals** and on the other hand various impact measurement guides in real estate, such as the **UK Building Council's Green Book**. This phase resulted in the creation of an initial database with 90 indicators.

- **Identification and prioritisation of impacts.** Based on this initial database, a prioritisation process was carried out **(figure 1)**, conducting two workshops involving key members of the company and the Management Committee.

Once this preliminary measurement framework was established, work was done on a prioritisation matrix **(Figure 2),** ranking indicators according to their importance and ease of calculation and reliable data access.

- **Definition of the method of quantification and search for quality data sources,** prioritising official and standardised data sources.
- **Development of a proprietary measurement tool** that allows reporting at the individual development level, at the regional level, or at the aggregate global level.





During 2022, the impact of Neinor's developments with end of works in 2021 was measured. The final measurement framework was made up of a total of 3 dimensions encompassing 9 impacts and 12 indicators, the aggregate results of which were as follows:

1. Habitabilidad, Bienestar y Cohesión Social	1.1	Accesibilidad a la vivienda	Medimos nuestra contribución para una mayor accesibilidad a la vivienda, aumentando la oferta en relación a la demanda, y abriendo líneas de negocio enfocadas a facilitar el acceso a la vivienda a los segmentos de la sociedad más desfavorecidos.	El total de viviendas finalizadas en 2021 suponen un **7,1% sobre el total de la oferta de obra nueva en en las zonas de implantación de Neinor Homes.** Construimos **464 viviendas VPO** en 2021, el **5,9% del total de viviendas VPO construidas en en las zonas de implantación de Neinor Homes en 2021.** Nuestra línea Rental permite dar **acceso a vivienda premium a un 20% más de la población.**
	1.2	Accesibilidad a servicios básicos	Los servicios básicos son los aquellos a los que toda la población debería tener acceso para garantizar una vida de calidad: sanidad, educación, alimentación.	Neinor Homes, gracias a la localización de sus promociones, **incrementa de media en 15 veces** la accesibilidad a este tipo de servicios.
	1.3	Promoción de un estilo de vida saludable	La disponibilidad de espacios verdes cercanos y la realización de deporte de forma regular ofrecen múltiples beneficios relacionados con el bienestar y la salud mental y física.	Nuestras promociones, de media, **incrementan en 4,1 veces la accesibilidad a instalaciones deportivas** en comparación con la media de la provincia y la dimensión de **zonas verdes disponibles a 10 minutos caminando en 3,7 veces**.
	1.4	Bienestar familiar y cohesión social	Promovemos la interacción familiar y la creación de una comunidad fuerte y unida.	Promovemos viviendas que cuentan, de media, con un **38% más de superficie de zonas comunes** que la media de la comunidad.
2. Sostenibilidad Económica y Desarrollo Local	2.1	Generación de empleo	El sector de la construcción se considera uno de los principales motores de la economía en España. Neinor Homes, a través de la construcción y posterior habitabilidad de sus promociones incrementa el total de puestos de trabajo de ciertas localizaciones	Como consecuencia de la promoción de las viviendas entregadas en 2021, **hemos creado 9.286 empleos directos e indirectos**, tomando en cuenta aquellos creados durante la fase de construcción y durante la fase de habitabilidad de las viviendas.
	2.2	Regeneración urbana	Los impuestos y las tasas son la principal fuente de ingresos de los municipios. La llegada de nuevos habitantes a una localidad contribuye a aumentar los recursos de la Administración Pública Municipal	La aportación directa de **Neinor en los municipios donde ha construido las viviendas terminadas en 2021 fue de 26M€** en total. Los residentes de estas viviendas, por su parte, **aportarán 2M€ cada año a las administraciones Municipales** mediante el pago de impuestos recurrentes.
	2.3	Promoción del negocio y comercio local	La llegada de los residentes de una promoción Neinor Homes estimula a la actividad de los negocios de la zona.	Calculamos que la llegada de nuevos vecinos a los distintos barrios donde localizamos nuestras promociones supone **45 M€ de beneficio al comercio local.**
3. Eficiencia de Recursos y Medioambiente	3.1	Impulso de movilidad sostenible	Con la elección de la localización de la promoción, Neinor Homes determina la facilidad de acceso al transporte público de sus residentes	Nuestras promociones garantizan un acceso **en línea con la media de la población española**.
	3.2	Diseño de vivienda eficiente	La eficiencia energética se ha convertido en una prioridad para los consumidores y gobiernos de todo el mundo.	Estimamos que cada familia que vive en una vivienda Neinor Homes **ahorrará de media 1.152 € al año en costes de energía**.

See full report at https://neinorhomes.com/en/responsible-business-and-innovation/our-commitment/social-impact-measurement/

5.5. INDUSTRIALISED BUSINESS MODEL WITH THE CUSTOMER IN MIND

Neinor Homes is a real estate platform that covers the entire value chain of its business activity: urban development management, design, construction, sale and rental.

Neinor Homes' main activity is the **residential development of first and second homes in Spain**. Unlike other companies in the sector, it **buys development-ready land at market value and strategic land with a high degree of urban development,** without running financial risks in the event that it does not reach development-ready status, obtaininga profit margin from the transformation of this land into homes. In addition, Neinor Homes **manages all phases of the value chain of the residential development process**, including land acquisition and urban development management, design, construction and marketing of the product and after-sales service. Its business model is based on the industrialisation and systematisation of processes, involving the entire company in the business objectives and strategy. Thus, **all employees are involved in the aim of creating a stand-out developer.**

Neinor Homes manages all the phases of the value chain residential development process.

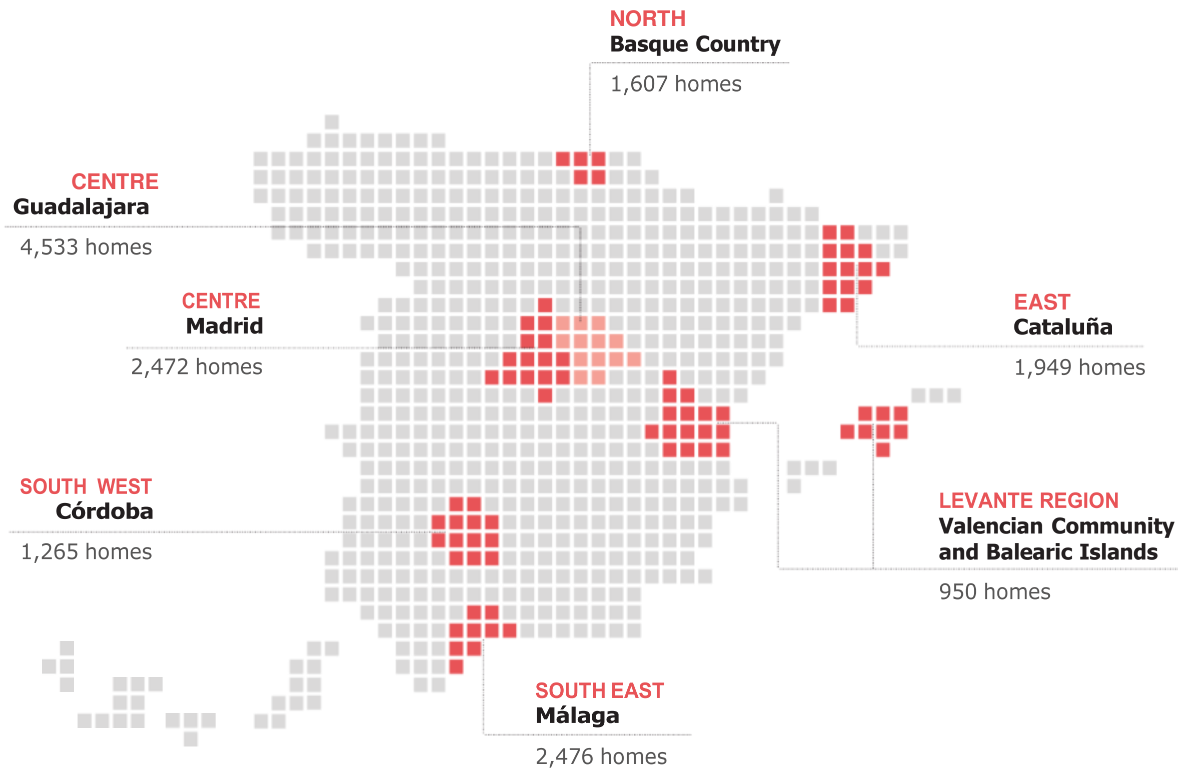
Neinor Homes applies an **industrialised model based on 6 main pillars:**

SYSTEMATISATION	STANDARDISATION	RIGOUR
The systematisation of the company's processes makes it possible to **work with defined rules** in all developments.	Neinor Homes has developed the **construction White Book**, in which it establishes the design criteria and company-specific product attributes that are adapted and applied to all products.	Rigour in **meeting development deadlines** and focus on the margins are clear principles of the company's industrial model, which enables it to meet its commitment to customers and shareholders.
ENVIRONMENT	**INNOVATION**	**TECHNOLOGY**
The Neinor Homes team is part of the same **production chain**, made up of different roles and processes.	Through **innovation**, Neinor Homes **optimises** the development of the different processes, incorporating new services, construction systems, technologies and materials.	Integration of the entire value chain in a **digital environment**, with the objective of increasing productivity, fostering collaborative work and decision-making.

Moreover, Neinor Homes is an **environmentally responsible** company with a strong commitment to **sustainable building**, with all its homes being **eco-efficient** and thus offering its customers maximum energy efficiency and user comfort.

THE MAIN FIGURES FOR NEINOR HOMES

Neinor Homes currently has **one of the largest banks of quality development-ready land in Spain**, with an area of **2.15 million m^2.**



Within its pre-eminent position in the real estate sector, the fundamental component of Neinor Homes' business model and its value chain is the **launch of residential developments.** The year 2022 has continued to be a year of profound institutional development with the consolidation of Neinor Homes as a benchmark developer thanks to the **delivery of 2,743 homes; and having, at the end of 2022, more than 8,000 homes in various stages of production (4,528 homes in the launch phase and 4,183 homes under construction for development).**

With respect to the Neinor Rental platform, the developer has a housing portfolio of around 4,000 units in the management and execution phase. During 2022, the managed portfolio totalled 542 homes with an average occupancy rate of 96%. In December this rose to 800 with the completion of Sky Rental Homes and Buenavista Rental Homes. **As of 31 December 2022, the company has 1,456 homes under construction that are to be rented** and a further 1,664 homes in the pipeline. Around 900 homes are expected to be delivered in 2023 and the remaining 2,300 in the design and construction phase will be delivered between 2024 and 2026.

Renta Garantizada, a group company dedicated to the rental and management of third-party housing, has around 4,000 assets under management and in 2022 has extended its activities to new geographic locations such as Barcelona, Malaga and Valencia.

VALUE CREATION FOR OUR STAKEHOLDERS

ECONOMIC VALUE

Neinor Homes is an engine of economic progress in the Spanish real estate sector. In 2022 it purchased land worth €21 million, in line with the dynamic of land acquisition at prices in accordance with the company's business plan, in line with the containment policy implemented in 2020 which advised waiting forthe right time to buy. Total revenues for the year were €765 million, with anet profit of €96 million euros and EBITDA of €146 million. In addition, €23million income tax was paid and no subsidies were recorded. Moreover, the net book value of Neinor Homes' stock at 31 December 2022 was €1,129 million, in line with 2021*.

In the 2022 financial year, the economic value generated was **€765 million** and the economic value distributed was **€646 million**, with a retained economic value of **€119 million.**

*For further information please see Annual Accounts.

ECONOMIC VALUE GENERATED

€765 million

(ordinary income + other income + gain or loss on disposal of fixed assets)

DISTRIBUTED ECONOMIC VALUE

€646 million

(costes de existencias + costes operativos + costes financieros + costes de personal)

ECONOMIC VALUE RETAINED

€119 million

SOCIAL VALUE

Neinor Homes seeks to sell homes that meet the **needs of its customers** and contribute to the **social and economic development** of the places where they are located.

Since its origins, Neinor Homes has maintained a strong commitment to outsourcing. Its **511 employees** work side by side with the **best external professionals in the sector,** from architects to project managers, from construction companies to quality control, geologists, etc. Therefore, Neinor Homes acts as a driving force in the sector, with a strong national presence and which this year has generated indirect employment for **6,583 professionals**, a figure that has remained stable over the last few years.

[1]According to the Association of Real Estate Developers of Madrid (ASPRIMA), 2.4 indirect jobs are generated per individual home.

511
DIRECT JOBS

6,583
INDIRECT JOBS[1]

ENVIRONMENTAL VALUE

Neinor Homes is a company committed to the environment that surrounds it and promotes the **preservation of and respect for the environment,** setting itself demanding challenges to work in a more sustainable way and to find solutions that allow it to reduce the environmental impact of all its corporate activity. This commitment is reflected in the fact that most of its homes from the outset meet the requirements of the prestigious **BREEAM® sustainability certificate**.

Currently, 52% of our developments have BA/BB Energy Certification and 33% have AA Energy Certification, and Neinor Homes has committed to carry out a life cycle analysis of all its projects started from 2023. In addition, in 2021 Neinor Homes began measuring the corporate carbon footprint.

Neinor Homes has an **Environmental, Quality and Innovation Policy** and is ISO 14001 certified for promoting the use of sustainable techniques in the design of energy efficient buildings*.

QUALITY, ENVIRONMENT AND INNOVATION POLICY

ISO 14001
CERTIFIED

*For more information please see pages 32 and 33.

5.4. SUSTAINABILITY AS AN INTERNAL ACTION FRAMEWORK

SUSTAINABILITY GOVERNANCE

Sustainability management at Neinor Homes is carried out by the Sustainability Committee, chaired by the CEO of the company and headed by GRC, Internal Audit and Sustainability management, which reports hierarchically to the Audit and Control Committee, which is the supervisory body in this area, in line with the principles established in the **Sustainability Policy.**

Neinor Homes has a Sustainability Policy that establishes the **general principles and the internal action framework** for the integration and management of social responsibility with respect to people, operations and the environment, based on the company's strategic pillars: environment, society and governance.

SUSTAINABILITY PLAN 2022-2025

In October 2016, Neinor Homes defined its sustainability strategy to 2030 through the **Corporate Social Responsibility Master Plan.** The aim of the Plan was to create a **single cross-cutting framework** that would allow for the **integrated management of all** social, environmental and good governance initiatives, identify specific objectives and design specific actions in the short, medium and long term. For each of the company's strategic pillars, a **set of courses of action and operational monitoring indicators** were established.

In the 2021 financial year, the company worked to improve and update this Plan, on the understanding that its premises and objectives were still valid but that they needed to evolve, thus giving rise to the **2022-2025 Sustainability Plan**, which was approved by the Board of Directors in September 2021.

The Sustainability Plan is articulated around our three strategic pillars: Environmental, Social and Governance, which are clearly an evolution of the three strategic pillars of the Sustainability Master Plan: Product, Customer and Institutionalisation.

All departments of the company are involved in the fulfilment of the Plan, deadlines for compliance are set and each of the 30 targets is linked to a Sustainable Development Goal.

STRATEGIC PILLAR	AREAS OF ACTION	OBJECTIVES
SOCIAL Our people and communities	• Housing for all • People's safety, health and well-being • Customer relations and protection • Commitment to the team • Social, community and city engagement	• Affordable social housing • Safety, health and well-being of employees, suppliers/contractors and customers • Community well-being and cohesion • Personalised attention and active listening to customers • Attracting and retaining talent • Diversity and equality • Social action • Relations with local communities and human rights
ENVIRONMENTAL Building homes for tomorrow	• Sustainable and resilient housing • Consideration of climate change. LCA / Carbon footprint • Eco-efficient housing / resource consumption • Protection and improvement of the environment • Circular economy	• Sustainable building certifications • Environmental management system • Resilient housing • Operational emissions and energy • Energy efficiency • Water management • Sustainable mobility • Biodiversity • Urban planning and community transformation • Reduction of consumption and waste
GOVERNANCE Our way of doing things	• Best practices in corporate governance • Ethics and integrity • Transparency and relations • Responsible supply chain • Digital culture / innovation • Sustainable financing	• Alignment with government standards • Maintaining and strengthening ESG responsibilities in governance bodies • Ethics and integrity • Engagement with stakeholders and external initiatives • Positioning in ESG ratings and indices • Sustainable discourse • Quantification of impact • Responsible supply chain • Sustainable innovation • Promoting digital literacy • Alignment with the European taxonomy of sustainable finance • Definition of theoretical frameworks for ESG fundraising

Neinor Homes, as a real estate developer, is a member of several associations linked to the construction sector within the scope of activity thereof. Likewise, aware of the importance of sustainability and the environment, it is a member of the BREEAM® Advisory Board, as well as forming part of the BREEAM® programme reserved for companies that share the philosophy and objective of transforming the building sector, promoting more sustainable construction.

It also participates in several associations, following its Corporate Governance, Ethics and Compliance policy: Participation in the working group on sustainable building taxonomy of the Green Building Council Spain, advising the EU on sustainable buildings.

https://gbce.es/blog/2021/03/24/gbce-presenta-el-primer-estudio-de-taxonomia-de-la-ue-que-permite-clasificar-la-sostenibilidad-de-los-edificios/

SECTORAL ALLIANCES AND MEMBERSHIP OF ASSOCIATIONS

Association of Builders and Developers of **Bizkaia** (ASCOBI)

Association of Real Estate Developers of **Madrid** (ASPRIMA)

Construction Cluster of the **Basque Country** (ERAIKUNE)

Provincial Association of Real Estate Developers and Agents of Building and Rehabilitation of **Valencia**

Provincial Association of Constructors and Developers of **Málaga**

Association of Construction Entrepreneurs of **Córdoba**

Association of Developers and Building Constructors of **Barcelona**

Association of **Internal Auditors**

Institute of Compliance Officers **(IOC)**

BREEAM® Advisory Board members

Green Building Council Spain

Global Compact (Sustainable Development Goals)

ASVAL (Association of Rental Property Owners)

CPEA (Climate Positive Europe Alliance)

Clúster de la Edificación (Association made up of companies, universities and research centres)

PTEC: Spanish Technological Platform for Construction (Public and private R&D&I collaboration)

QUALITY AND ENVIRONMENTAL MANAGEMENT

The application of the principles established in the area of CSR, together with its commitment to offer its stakeholders the maximum excellence in quality in its products and actions, lead Neinor Homes to carry out efficient management of quality and the environment in its daily activities. The Environment, Quality and Innovation Policy is focused on achieving excellence in management in order to meet these expectations.

Neinor Homes has a **Quality Committee** which, since 2016, has been responsible for setting the annual Quality and Environment objectives, to advance towards excellence, and to monitor these objectives, meeting as needed, and the presentation and approval of the company's procedures, monitoring of the Quality department and management review, keeping them up to date and in a process of continuous improvement. The Committee is made up of the general management, regional managers and the company's CEO.

The Quality area became part of the Corporate General Management in 2021, prioritising the updating of procedures and their accessibility. Among the tasks carried out, priority was given to updating and improving the company's processes and the procedures that support them, in pursuit of continuous improvement and improving the efficiency of all areas.The integrated Quality, Environment and Innovation Management System was successfully recertified in accordance with the ISO 9001:2015, ISO 14001:2015 and UNE 166002 standards.

Neinor's activity involves a large number of suppliers and contractors who work together in the development of projects. To ensure the **highest quality standards,** all of them are obliged to comply with what the provisions of the signed contracts and with the indications included in the White Book. Of the developments currently under construction, (7 developments out of 45), **16% include the requirements to obtain BREEAM®** sustainability certification.

CERTIFICATIONS

Management Quality
(ISO 9001)

Environmental Management
(ISO 14001)

R&D&I management
(UNE 166002)

Security Management Information
(ISO 27001)

Reducing the **environmental impact in all its offices** is another of the key points for Neinor Homes, which is why significant efforts are made to minimise energy consumption and the usage of materials such as paper and toner. In addition, 100% of the company's facilities are certified according to widely accepted quality standards.

SIGNED UP TO GREEN ENERGY

The **offices** in **Bilbao, Barcelona, Cordoba,Valencia, Malaga and Guadalajara** are currently supplied with green energy. Withits commitment to green energy, it has tried to standardise the supply of green energy to all possible branches.

MEASURES TO REDUCE ENERGY CONSUMPTION

The replacement of lighting takes into account the installation of **new lighting with LED technology.** In addition, **motion sensors** have been installed in the Bilbao office.

In 2022, thanks to Neinor Homes awareness campaigns, we have managed to reduce use by 7.51% compared to last year.

DUAL-SCREEN WORKSTATIONS

The addition of more dual-screen workstations **avoids unnecessary printing.**

PAPERLESS POLICY

A company-wide paperless policy was established in 2017, with recommendations to **reduce paper consumption**

- Dual screen at each workstation
- Sharing documents in digital format
- Possibility of submitting Board documentation via tablets, avoiding the need to print out all the documentation
- Default option on computers for double-sided printing
- Using recycled paper for certain documents

The application of all these measures has resulted in a continuous improvement in **environmental indicators and greater environmental awareness** in Neinor Homes' offices. **Energy consumption** during 2022 has continued to be linked to the implementation of COVID protocols such as "open windows", especially in the first half of the year, and even so, a reduction by 7.56% compared to 2021 was achieved, with use totalling 282,788 kWh.

Moreover, **paper use** has been **reduced by more than 45% since 2019**, we have moved from **paper expenditure per employee of 4.65 to 2.54 in 2022**. Total use at company level has been 1,855 kg, 773 packs (625 packs in 2021). This is due to the fact that we have now internalised posts that we had previously outsourced to service companies and therefore we have to take over the provision of office supplies (APIS, PM and NW). In addition, we have to take into account that we have a new branch, Guadalajara.

Neinor Homes is very conscious of the environment and sustainability and has therefore adapted all its work centres to be able to recycle all types of waste. In addition, Neinor Homes applies the legislation applicable to the collection and treatment of confidential paper, fluorescent bulbs, toner, batteries and sanitary hygienic products, with an external treatment company collecting each type of waste from the offices. In 2022, the company continued its commitment to digitalisation, involving the new team that came from Quabit and that was not very familiar with Neinor's measures. There is an **87.87%** increase in the destruction of physical documentation compared to last year. Also **118.20 kg of toner, 13 kg of metal keys, 50.20 kg of batteries and 144.82 kg of sanitary ware**. There is a small increase in use compared to last year due to the incorporation of the Guadalajara branch.

Neinor Homes employees have travelled **665,117 km** in their vehicles for work, which has meant a spending of **€208,415,78** in fuel. The use of videoconferencing has enabled us to reduce fuel consumption, both for journeys with personal vehicles and for journeys by different means of transport.

Finally, the **water consumption** of our seven territories was around **1,588 m³***.

*The water consumption for 2022 associated with the offices whose rent includes the payment of utilities has been estimated on the basis of the actual consumption of the remaining offices and the number of employees in these offices.

COMPARISON OF CONSUMPTION OVER THE LAST THREE YEARS

	YEAR 2020	YEAR 2021	YEAR 2022
Nª of employees	**288**	**328**	**297**
kwh consumed	**278,501**	**305,913**	**282,788**
Kg paper used	**1,860**	**1,500**	**1,855**
Paper use per employee	**2.80**	**2.10**	**2.54**

5.5. THE IMPORTANCE OF COMMUNICATION WITH OUR STAKEHOLDERS

Communication at Neinor Homes is the visible face of the work carried out by the company, both at a business as well as corporate and professional level. In this sense, communication takes on a leading role, focusing especially on the company's contribution to the improvement and professionalization of the sector.

In this connection, Neinor Homes focusses its efforts on **effective communication that highlights its role in the leadership of the residential sector in Spain and extols its brand attributes**; all with the ultimate goal of **contributing to a change in the sector and generating customer trust and approachability**.

To this end, we have a **360º communication strategy promoted and supervised by Senior Management**, with the **involvement of various corporate areas**, to promote open and bilateral communication with the main stakeholders:

INTEREST GROUP	WHY IS IT RELEVANT?	COMMUNICATION CHANNELS
INVESTORS AND SHAREHOLDERS	Shareholders are an **excellent thermometer** of a company's **confidence** and financial health.	• Shareholders' Day • General Shareholders'Meeting • Investor Relations website • Email communications • Press releases • Corporate and product presentations
CUSTOMERS	Customers are **the raison d'être of Neinor Homes**, which strives to offer them the best service and the highest possible quality in order to achieve maximum satisfaction.	• Neinor Experience website • Neinor Experience app • Development mailbox with personalised attention by NEXT manager • Neinor Store • Communication to clients • Newsletters • Satisfaction surveys • Direct care from Neinor Experience manager
EMPLOYEES	Employees are **what make Neinor Homes what it is,** so achieving their satisfaction and pride in belonging to the Company is the key to achieving maximum efficiency and being competitive in the market.	• Meetings with the CEO • Work climate survey • Whistleblowing Channel • Corporate Newsletter • Performance appraisals • Inefficiency Channel

SUPPLIERS	Neinor Homes works with a large number of suppliers and they are in charge of carrying out the construction of the housing and a **key element in maintaining high quality standards.**	• Ongoing dialogue • Regular meetings • App to evaluate Neinor Homes • Building committees • Supplier evaluation • Third party code of conduct
SOCIETY	Neinor Homes' activity has a significant impact on society, creating **direct and indirect jobs, and contributing to the social and economic development** of the places where the developments are located.	• Corporate website • Participation in sectoral forums and associations • Work with universities and associations • Social media

In addition, communication continues to be boosted through **social networks**, generating higher quality content on a fixed and regular basis, as well as through the internal communication channel with employees. Finally, the company continues to increase the presence of various company spokespersons at **events and forums in the sector**, thus reinforcing Neinor Homes' leading position in the market.

Neinor HOMES

IN SOCIAL NETWORKS

LINKEDIN	FACEBOOK	INSTAGRAM	TWITTER
44,749 followers	**10,589** followers	**10,200** followers	**3,617** followers

YOUTUBE 1,310 followers

5.6. SOCIAL ACTION

At Neinor Homes we continue to be committed to our employees and those who work with us, to society and to the planet. In 2019 we implemented a strong Corporate Social Responsibility Policy with CSR plans aimed at reinforcing our commitment to sustainability and the environment. As a natural evolution of this Policy, in September 2021 the 2022-2025 Strategic Sustainability Plan was approved. Neinor Homes' commitment to sustainability forms an essential part of its DNA, driving the transformation of the real estate development model towards a more sustainable one, focused above all on creating value for the environment, society and people.

The COVID-19 pandemic led to a redefining of our CSR policies and plans in search of a **stronger and closer commitment to protecting and safeguarding the health and safety** of the people who form part of the organisation.

This **safety and security** is transferred to **our suppliers** with a clear motto of no accidents in our Works, and with the implementation of the supplier channel to facilitate and guarantee the receipt of invoices; to **our shareholders and Directors**, with the attendance of Boards and meetings electronically; and **to our customers** through the implementation of electronic signatures for both sales and purchases.

Work-life balance, understood as a means to achieve equality, is another of Neinor Homes' priorities. In addition to the measures already in place and implemented in terms of job quality, work and temporary flexibility, family support, personal and professional development, guidelines are given for an orderly **equality plan** aimed at achieving equal treatment and opportunity between women and men in the company and eliminating discrimination.

Neinor Homes, aware that a sustainable company must be economically, socially and environmentally sustainable, and with its actions based on good governance, has taken the **17 Sustainable Development Goals (SDGs)** of the United Nations as a benchmark to define its Sustainability Plan, and therefore the social action to be pursued, with the conviction that the actions and cooperation of everyone - company, employees and those working with it - is essential.

In line with the SDGs and complying with the initiatives of our Strategic Sustainability Plan, which seeks to **promote the health and sporting habits of employees**, Neinor Homes pays the registration fees for various sporting events to **encourage team sports and to support and help various social causes and charities.** This year, a number of employees took part in the 4th edition of the **Carrea de la Ría 2022 (Bizkaia Business Race),** which combines sport, fun and camaraderie on a route around the Bilbao estuary, run by teams of 4 employees per company, and in which Neinor Homes has taken part in previous years.

Along these lines, as a company committed to a healthy lifestyle and teamwork, Neinor Homes also works with various sports associations to support the values that sport promotes:

- **Eibarrés Cycling Club:** sponsorship of various cycling races and events held throughout the year.
- **Alovera Football Club:** main sponsor of the club during the season to support its continuity.

With regard to social initiatives, in terms of aid and collaboration, we have put into practice the following initiatives this year:

- The attack launched by Russia on the Ukrainian people in March has appalled everyone. Thanks to the solidarity of our employees and the assistance of Neinor Homes, **we were able to distribute €31,705 raised**, in collaboration with the following NGOs:
    - ✓ **Save the Children:** Working on the frontline in countries bordering Ukraine directly assisting refugees entering these countries fleeing war, especially mothers and children.
    - ✓ **EACNUR**. Since 2014 in refugee camps in Ukraine. Through the creation of a register of all refugees, in order to welcome them and help them, especially with basic needs.
    - ✓ **World Central Kitchen WCK.** Focused on providing food to Ukrainian refugees and displaced people.
    - ✓ **Messengers of Peace**. With the help of Father Jesus from Poland. Helping Ukrainian refugees and the management of reception in Spain.
    - ✓ **ALBOAN**: NGO of Jesuits in the Basque Country and Navarre for international cooperation and to offer a welcoming response to both the displaced population in Ukraine and refugees in other countries.
- **Our continued participation in the Gavi Programme, the Vaccine Alliance through the "la Caixa" Foundation** through donations every year, to fight child mortality, save children's lives and protect the health of the most vulnerable populations, and to which in 2022 Neinor Homes donated €2,000.
- **Apadrina un Árbol Foundation** (Sponsor a Tree Foundation, a non-profit organisation): We are the main sponsors of the "Apadrina un Árbol" programme and of the environmental, economic and social recovery project at the Solanillos Estate.

In addition, the **development of our own business** contributes to progress and participation in some of the SDGs, helping to **create more sustainable cities and communities, affordable and non-polluting energy and forming alliances to achieve goals (SDGs 7, 11 and 17): 63.20% of the developments delivered** since the company was founded have **BREEAM® certification**, ensuring that both the user and the environment benefit from health, energy and ecological savings. In addition, initiatives such as Neinor Smart Sun, the Spatium stamp (2018), participation in the "Spain Green Building Council" sustainable building taxonomy working group, participation in the European CPEA (Climate Positive Europe Alliance) working group to improve the sustainability of construction, and the agreement to work together with Cemex that will enable the development of the first residential development in Spain built entirely with Vertua® "green" concrete, manufactured with between 50% and 70% fewer emissions than a traditional concrete with similar performance, all endorse this commitment.

In line with our ESG Plan, and with the integration of the community and territories in which Neinor Homes has offices or in the places where it does business, during 2022, it has taken various measures aimed at fostering and promoting links with these areas and the development of their communities.

- Working with the ASIGC magazine (Annual Bulletin of the Civil Guard). Through advertising in the Bulletin, Neinor Homes helps to promote activities that favour the social integration and progress of the Institution and its members, who provide an essential public service throughout Spain.
- Sponsorship and collaboration of Neinor Homes in the Fiestas de la Virgen del Carmen 2022 in the town of Alovera (Guadalajara), where we are developing various residential developments, contributing to the development of activities that develop neighbourhood integration and, in this case, focussed on children, with cultural and sports activities.
- Donation to the San Joan de Déu Hospital in Esplugues de Llobregat, where Neinor Homes is developing a strong residential business. This hospital is a world leader in innovative treatments for many serious illnesses in children and newborns, and the company collaborates in the Myroom Programme for companies committed to the emotional health of hospitalised children.
- During the Christmas season, coinciding with the arrival at the offices of corporate gifts from Neinor Homes' suppliers and collaborators, a raffle of the gifts received in each branch is organised to foster team spirit, as well as a donation to the NGO chosen by the most supportive branch (the one with the highest ratio of gifts received to gifts donated).

  The amount of this donation depends on the number of gifts donated by the employees/departments receiving them: for each gift received, accepted (provided it complies with our Anti-Corruption, Fraud and Bribery Policy, which does not allow the acceptance of gifts worth more than €100) and handed in for the raffle, the company contributes €10. Last year, the most supportive delegation was Valencia and the NGO to which the donation was destined was ASPANION, Association of parents of children with cancer in the Community of Valencia, which awarded us the distinction of 2022 Star Company.
- "Operation Kilo - Join the solidarity challenge" collection of the food requested by each of the Food Banks where Neinor Homes has offices. A total of 397 kg of food was collected for distribution among the neediest groups in the areas of Bilbao, Barcelona, Madrid, Malaga, Valencia, Cordoba and Guadalajara. A total of 111 kg of food collected by the 26 employees of Neinor Homes in Malaga makes them the most supportive office.

In these rather economically unstable times, the **greatest social value that the company contributes is its own viability, because if it does not exist, neither does its ESG**. In this connection, it is worth highlighting the organic growth that the company has experienced, as a result of its exceptional results that generate enormous value to the environment, giving positive results every year and increasing them from one year to the next, which is vital for the creation of direct and indirect employment (one of the major problems nationally).

In addition to this organic growth, Neinor Homes has also grown inorganically through the acquisition of other companies in order to diversify the business (SDGs 8 and 11) and to consolidate existing business lines to ensure the continuity of its activity:

RENTAL[1]. With the consolidation of a large portfolio of homes for rent (both its own and acquired through corporate transactions) and the integration of the company Renta Garantizada (acquired in 2020).

CONSTRUCTION. The acquisition of Quabit has allowed us to incorporate all its experience in the construction business into our Neinor Works line.

ESSENTIAL[2]. We have created a line of housing that is accessible to more social groups.

PUBLIC-PRIVATE PARTNERSHIP. for the construction of social rental housing in Barcelona.

EXPANSION OF THE LAND PORTFOLIO: through the acquisition of Quabit and other corporate transactions.

1 Extended in section 5.3.

2 **Housing at affordable prices** for groups with difficulty in accessing housing and offering housing **for less than €200,000**, reinforcing this type of housing.

- **ESSENTIAL**: Unsubsidised housing
- **Subsidised housing**

We know that innovation and technological progress are key to discovering lasting solutions to the economic and environmental challenges we face. We remain committed to teleworking and videoconferencing, both inside and outside the workplace, which also avoids sometimes unnecessary travel and trips, and digital signatures and virtual visits to our developments, which also contribute to reducing pollution and greenhouse gases in our cities.

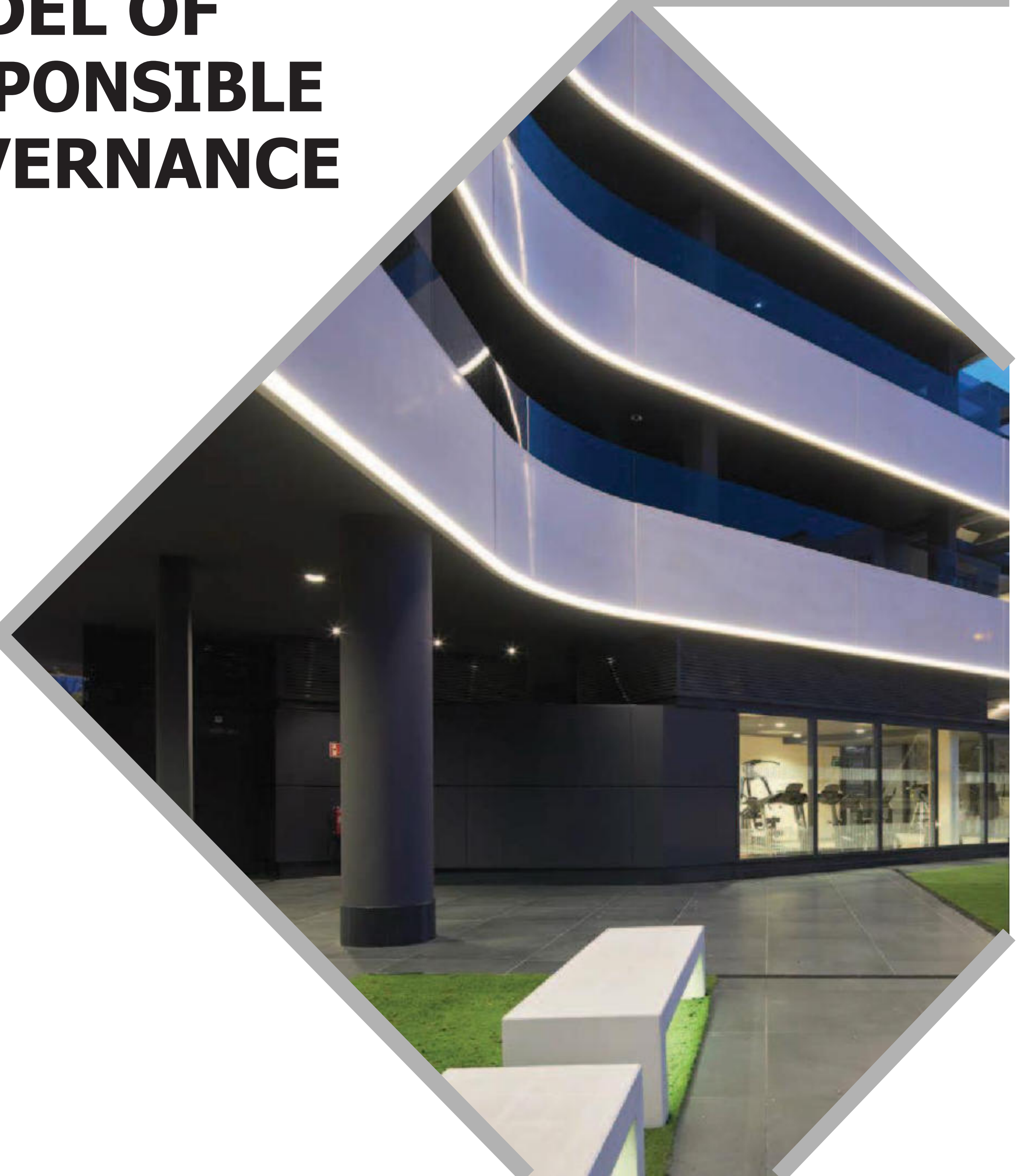
We remain more committed than ever to a clean, green, safe and more resilient economy. Our efforts to create a more sustainable world continue: In addition to plastic reduction, selective recycling, the use of green energy and the rational use of our resources, some of our employees are involved in campaigns to maintain and clean up our oceans.

The development and implementation of Neinor Homes' CSR Policy, which is carried out through the Governance, Risk and Compliance Department (GRC), Internal Audit and ESG, in collaboration with other Departments such as HR, Communication and Marketing, is responsible for encouraging employees to change their behaviour in a more supportive and responsible way, as a way of driving business growth.

We believe that the collaboration of all our employees and those who work with us is key to the development of the ESG strategy of our Sustainability Plan 2022-2025. Through surveys and emails received in our Social Action mailbox (accion.social@neinorhomes.com) we are able to ascertain their concerns, suggestions and preferences in terms of sustainability and social collaboration, which allows us to focus our actions on their opinions and the initiatives they recommend, thus achieving greater staff involvement: Initiatives such as "Operation Kilo" carried out in the Food Banks of our regional offices.

06

OUR BUSINESS IS BASED ON A **MODEL OF RESPONSIBLE GOVERNANCE**



At Neinor Homes when we talk about **Corporate Governance we are talking about people and decisions**, with the understanding that these people are the right people and that they take the right decisions. We firmly believe that it is not only important to do the right things, but also to do them correctly and to be consistent with one's words, as these must be aligned with one's actions and deeds.

6.1. PRINCIPLES OF CORPORATE GOVERNANCE

The company understands corporate governance to be the set of mechanisms at the service of generating value in a simultaneous and sustained manner for all of the organisation's stakeholders. Therefore, Neinor Homes carries out its activity in a **transparent and responsible** manner, with **good corporate governance** as one of the objectives of its Sustainability Policy.

The aim is to provide an efficient response to one of the aspects that arouses most interest among investors, shareholders and other companies in the sector. Good corporate governance is a key trend nowadays, and **stakeholders** are increasingly **demanding more information** on various related aspects, to which Neinor Homes **responds in different ways:**

Neinor Homes is the benchmark in the real estate sector in terms of good governance and management.

- Measures implemented in the **fight** against **fraud** and **corruption**
- Evaluations carried out to **measure** the **functioning** and **management** of the bodies of **government**
- **Financial transparency** on the business model
- **Feasibility** of the company and its **long-term** purpose
- **Sustainability and** responsible **impact** on people and the environment

In addition, Neinor Homes monitors all good governance recommendations and trends, orienting its practices to achieve the highest standards of compliance and competitiveness. A regular **corporate governance diagnosis** is also carried out, analysing, among other aspects, compliance with the CNMV's **Unified Code of Good Governance**.

GOOD GOVERNANCE REGULATIONS AND POLICIES

- Articles of Association
- Internal Audit Function Articles
- Code of Ethics
- Third Party Code of Conduct
- Code of Good Practice in Real Estate Brokerage
- Anti-Corruption, Fraud and Bribery Policy
- Diversity and non-discrimination policy
- Book of good practices in Health and Safety on construction sites.
- Occupational Health and Safety Policy
- Regulations of the General Shareholders' Meeting
- Internal Code of Conduct for Securities Markets
- Rules of Procedure of the Compliance Function
- Rules of operation of the Electronic Shareholders' Forum
- Corporate Governance Policy
- Sustainability Policy
- Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors
- General economic-financial and corporate communication policy
- Internal manual for the disclosure of privileged and other relevant information
- Human Rights Policy
- Tax Risk Control and Management Policy. Adherence to the Tax Agency's Code of Good Practices.
- Director Selection Policy
- Remuneration policy for members of the Board of Directors
- Sustainable Investment and Financing Policy
- Treasury Stock Policy
- Tax and good tax practices policy
- Conflict of interest and related party policy
- Policy on non-audit services to be provided by the auditor
- Employment policy for former auditors

6.2. GENERAL SHAREHOLDERS’ MEETING

The General Shareholders’ Meeting is the **highest decision-making and control body** of Neinor Homes in the matters within its competence, through which the shareholder has the right to intervene in decision-making.

The convening, preparation and conduct of the General Shareholders’ Meeting is governed by the **Regulations of the General Shareholders’ Meeting.** All of this in turn is subject to the provisions of current legislation and the **Articles of Association.** All shareholders have the **right to attend** the General Shareholders’ Meeting irrespective of the number of shares held and all have the **right to vote.**

On 13 April 2022 the **fifth General Shareholders’ Meeting of Neinor Homes** was held with a **quorum of 87.60 % of the share capital** (29.63% present and 57.97% represented). All the items on the agenda were approved with a percentage of votes in favour of more than 98%, exceptfor four items which were approved with 93.12%, 93.17%, 90.97% and 88.07% votes in favour, respectively.

The Board of Directors of Neinor Homes has informed the GRC, Internal Audit and ESG Management, as well as the Investor Relations Management that **one of its main objectives is to increase shareholder participation in the AGM.**

The Shareholders’ Meeting was broadcast live on the corporate website and could be followed later in streaming on a delayed basis. In addition,all the documents generated from it have been posted publicly on thewebsite.

Neinor Homes also has an **Electronic Shareholders’ Forum** where **proposals** for inclusion on the agenda or **offers or requests for voluntaryproxies can be posted.**

POWERS OF THE GENERAL SHAREHOLDERS’ MEETING

Approval of company management

Approval of the annual accounts, both individual and consolidated

Appointment and dismissal of the members of the Board of Directors and ratification or their appointments

Appointment and removal of the company’s auditors

Agreement on the increase and the reduction of share capital

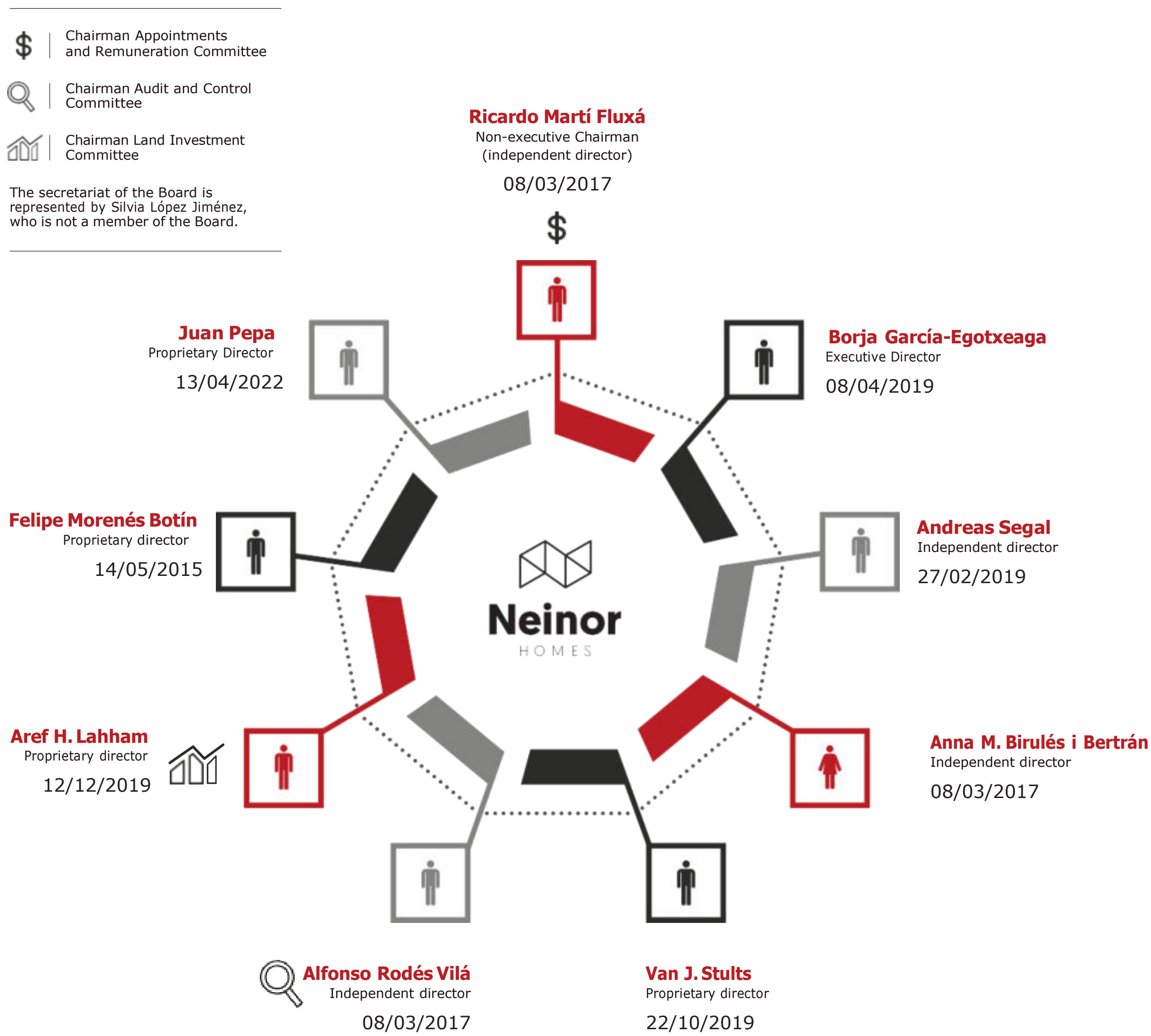
6.3. BOARD OF DIRECTORS

The Board of Directors is the highest governing body within the company and has **the broadest powers and authority to manage, direct, administer and represent** Neinor Homes. It therefore approves the company's strategy and general policies. Its functioning is governed by the **Regulations of the Board of Directors and byte Articles of Association.** The Board of Directors **meets as often as is convenient** forthe proper performance of its functions, at least every three months. In 2022 the Board of Directors met on 13 occasions, and on 4 of these, ESGissues were dealt with.

At the 2022 close of business the composition of the Board was as follows:

44%
INDEPENDENT DIRECTORS

11%
WOMEN



Neinor Homes **evaluates the quality and efficiency in the functioning and performance of its Board of Directors and its respective Committees** on an annual basis, following the best national and international market practices. Once every 3 years, the Appointments and Remuneration Committee is assisted by an external expert in carrying out this evaluation, as was the case in 2020.

In 2022 this assessment process was carried out internally. The results of the assessments carried out both internally and externally have been similar in terms of conclusions, recommendations and on common lines, placing Neinor Homes in a position of a high degree of compliance with standards and best practices, positioning it above its competitors and other companies in the international real estate sector. These evaluations are public and can be consulted on the corporate website.

This year, as in previous years, four working approaches have been followed in an attempt to achieve greater visibility and objectivity:

1. Review by internal audit of documentation and **internal functioning**, as well as measurement of the level of dedication, commitment, involvement and knowledge of the directors and analysis of the fulfilment of responsibilities.

2. Conducting a **self-assessment**: Assessment and insight into the effectiveness of performance and functioning by the Directors themselves, through questionnaires of questions and personal interviews which will be processed while respectingthe anonymity of the answers.

3. **Comparison with companies in the sector** (Benchmarking): Comparative analysis of the Corporate Governance practices of Neinor Homes compared to the performance of comparable listed companies in the sector and benchmark companies in the field of corporate governance, both nationally and internationally.

4. **Diagnosis of the company's situation in terms of Good Corporate Governance** based on national and international best practices and taking into account benchmark standards such as CNMV, IC-A, EBA, KING IV, etc.

The areas of review taken into account were:

Compliance with good practice

Analysis of the tone at the top, awareness of and interest in, on the part of the Board and its Committees, ethics, compliance, transparency and continuous improvement for the implementation of best practices in corporate governance.

Diversity

Analysis of the number of women on the Board and its Committees. Number of foreign members on the Board and its Committees.

Experience and expertise of directors

- Analysis of the directors' sector experience based on the information contained in their CVs.
- Analysis of experience in Corporate Governance based on the number and type of Boards on which they participate other than that of Neinor Homes.
- Analysis of the training given to directors, within the framework of their membership of the Board and its Committees, in sectorial aspects and Corporate Governance.

Succession of directors

Analysis of the existence of a succession plan for the CEO and other directors.

Quality and availability of information

- Analysis of the level of adequacy and quality of the information supplied to directors for decision-making.
- Analysis of the availability, in due time and form, of the information supplied to the directors for decision-making.

Operation

- Analysis of the planning of the calendar of meetings and of the actual meetings.
- Analysis of the time taken to send out notices of meetings, as well as the agenda for the sessions.
- Analysis of the duration of meetings of the Board and its Committees.

Composition

- Analysis of the number of members of the Board and its Committees.
- Analysis of the number of directors by type: executive, proprietary, independent and other external.
- Analysis of the number of years in office of each director.

Liaison with Senior Management and/or external parties

Analysis based on the information in the minutes of the Board and its Committees of the participation of General Management and/or external auditors in the meetings of the Board and its Committees without the presence of the CEO.

Dedication / involvement of board members

Analysis of the number of absences of directors from meetings of the Board and its Committees, also considering the analysis of non-executive directors in accordance with Art. 11a) of the Regulations of the Appointments and Remuneration Committee.

Remuneration of directors

Analysis of the use of comparative market studies carried out by external experts on directors' remuneration.

The Strengths identified in this evaluation were as follows:

1 Referring both to the Directors' assessments and to the analysis of best practices and standards carried out, the Board of Directors of Neinor Homes has a structure in line with best practices, in terms of size and composition, with a high degree of diversity in terms of profile, experience, age, knowledge and nationalities. In this regard, the international diversity of Neinor Homes' Board of Directors is above the average for the sector at a national level, even above benchmark Ibex 35 companies with a greater international presence.

2

2 Correct internal functioning of the Board of Directors with regard to the frequency of meetings, the period of advance notice of meetings, the level of attendance by directors and the correct and adequate quantity and quality of supporting documentation for informed decision-making.

3

Highly participatory nature and openness to discussion in the decision-making process of the Board of Directors, differences of opinion being resolved within the Board in a fluid and orderly manner.

4

Good level of interaction and dialogue between the Board of Directors and Senior Management, with the accessibility of the company's executives, the rigour in the preparation of their appearances and their high level of participation and discussion standing out in a positive way.

5

An analysis of the documentation provided, as well as the information available on the Neinor Homes website, highlights very positively the existence of a Policy regarding the communication of economic-financial, non-financial and corporate information, a Procedure for conflict of interest and related-party transactions, as well as a Model for the prevention of corporate criminal liability. In relation to the aforementioned policies and procedures and considering the results of the benchmarking carried out, Neinor Homes is one of the pioneering listed companies in complying with recommendations 2, 4 and 22 of the CBGSC, having defined and communicated mechanisms or established rules to prevent possible negative actions or attitudes by directors from affecting or potentially damaging the credit and reputation of the Company.

6

Compared to its peers, Neinor Homes is a top performer in terms of quality and quantity of public information on topics such as corporate governance, compliance, internal policies and procedures, as the company shows a strong commitment to transparency with its stakeholders and other third parties.

7

Very positive assessment by the Directors of the performance of the Board Committees of the Board of Directors of Neinor Homes, with special mention of the Audit and Control Committee. Likewise, very positive assessment of the performance of the CEO, the Secretary of the Board and the GRC, Internal Audit and ESG Department.

8

The analysis of Neinor Homes' internal documentation and regulations shows a high degree of compliance with the CBGSC recommendations (55 comply, 1 does not comply, 1 partially complies and 7 are not applicable due to the company's structure).

9

The Company and its Board recognise the importance of sustainability and ESG, being at the forefront of this trend on a national scale. As a result of these efforts, Neinor Homes has been recognised for the second consecutive year as one of the best companies in ESG criteria by the prestigious analyst Sustainalytics, and rated as the best real estate developer in the world in ESG matters, following the development and approval of its Sustainability Plan and the Sustainability Report that the company has been publishing and auditing for 7 years, in anticipation of legal requirements.

In addition, as a result of this review, **opportunities for improvement** have been detected in aspects such as:

- Continuing to work towards gender diversity. It should be noted that the Board is aware of this aspect and, therefore, when an Independent Director leaves the Board, priority will be given to appointing a woman to the position.
- Continuing to work on improving the Director Succession Plan to ensure that the governance model evolves in line with the evolution of the business.
- Due to the equal proportion between proprietary and independent directors on the Board, following the changes in its composition in 2022, it is proposed to evaluate the incorporation of an independent director, with priority given to a woman.

BOARD TRAINING

Neinor Homes has defined a **training plan for its Board of Directors and its Committees,** in which offers a programme of update of knowledgefor its directors. During 2022, the directors have received training on the following:

- Changes in corporate governance and regulatory issues, and the company's ESG, ethics and compliance status.
- Risks in the real estate sector, the situation of the residential market and Directors' responsibilities and obligations.
- New regulations on sustainability: European Taxonomy and the "Fit for 55" legislative package.
- Developments, macroeconomic situation, demand/prices, forecasts for the real estate sector, both Build to Sell and Build to Rent.
- Non-financial information.

DELEGATED COMMITTEES OF THE BOARD OF DIRECTORS

For **greater efficiency in the exercise of its functions**, the Board has the following delegated committees, the functioning of which is governed by the Regulations of the Board:

BOARD OF DIRECTORS

STEERING COMMITTEE

Composed of the CEO, all directorates general, the territorial directorates and the head of the legal division

Audit and Control Committee [1]

- Monitor financial and non-financial reporting.
- Monitor and evaluate compliance with the Sustainability strategy and practices.
- Monitor the effectiveness of internal control.
- Propose to the Board of Directors the appointment of the auditors.
- Review the adequacy and effectiveness of the Company's arrangements for its employees and contractors to report any possible irregularities.
- Oversight of the crime prevention model.

Appointments and Remuneration Committee [1]

- Assess the skills, knowledge and experience required on the Board of Directors.
- Establish a representation target for the under-represented gender on the Board and develop guidance on how to achieve this target.
- Propose to the Board of Directors the remuneration policy for directors.

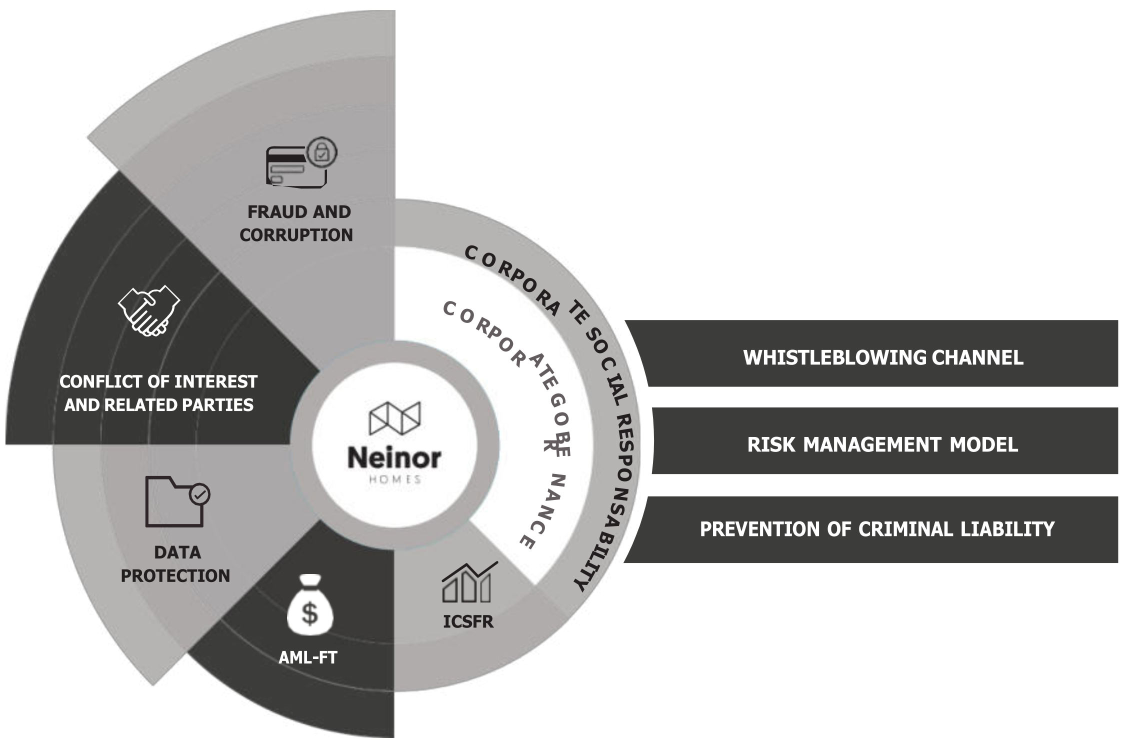
Land Investment Committee

- Define overall investment policies and strategies, investment objectives.
- Evaluate and take the final decision on the possible acquisition of real estate assets, property developments and the financing thereof.
- Analyse and monitor the company's investment performance results in relation to investment strategies, objectives, policies, standards and constraints.

[1] Bodies in which the majority of its members are Independent Directors.

6.4. A COMPREHENSIVE CONTROL, COMPLIANCE AND ASSURANCE MODEL

Neinor Homes has developed a **comprehensive Control, Compliance and Assurance model**, also called **Combined Assurance**, based on best practices in the sector and other sectors, which is a system that allows the **integration and alignment of assurance processes** so that senior management and the audit and supervisory committees obtain a **comprehensive and holistic view of the effectiveness of the governance, risks and controls** of their organisation. At the same time, itallows for **prioritisation and identification of necessary actions.**



With this system, a new integrated organisation chart was developed for the Audit, Risk and Compliance functions. With this, everything is subject to the same Governance, Risk and Compliance Management (GRC) and the main priority is the **integration of the Corporate Social Responsibility strategy** in the business, thus achieving an increase in its exposure and dissemination. With all this system, it is possible to **respond to the expectations of stakeholders,** to the requirements of legislation in terms of good governance policies and to the need to be based on an effective and dynamic risk management system.

This comprehensive model also establishes an **internal regulatory framework**, establishing a series of specific management models for each area (fraud prevention, anti-money laundering, ICFR, conflicts of interest and data protection and privacy) which in turn define policies, procedures and responsibilities.

MODEL	POLICIES/RESPONSIBILITIES
FRAUD AND CORRUPTION PREVENTION MODEL	• Spending and reporting policy • Ethical channel management procedure • Supplier Selection, Approval and Parties Evaluation Policy • Code of good practice for real estate brokerage • Code of Ethics • Monitoring and Control Committee • Code of Conduct for Third • Complaints channel and log • Gift policy and log
ANTI-MONEY LAUNDERING MODEL	• AML/CFT Manual • Internal Control Body • Specific AML Unit • Practical guide to AML • KYC files: natural and legal person • Trade Compliance Form and Questionnaire • AML procedure for management of unique assets and retail • AML procedure for management of new builds • External audit
INTERNAL CONTROL SYSTEM FOR FINANCIAL REPORTING	Adaptation of the information to the contents required by the CNMV (matrix of risks and controls of the processes in operation and responsibilities assigned, accounting policies manual, evidence repository, among others).
CONFLICT OF INTEREST AND RELATED PARTIES MODEL	• Conflict of Interest and Related Party transactions log • Review and approval of related-party transactions • Reporting to the Board and the Audit and Ratification Committee • Conflict of interest and related party transactions policy • Communication channel for transactions
DATA PROTECTION AND INFORMATION PRIVACY MODEL	• Privacy Policy • Incident Management Procedure • Stakeholder Rights Procedure • ISMS Procedure • Personal Data System Management Procedure Committee • Personal Data Privacy and Regulation • Procedure for personal data processing life cycle • Regulator consultation procedure • PIAC procedure • Information Security • Communication Channel Policy

CODE OF ETHICS

One of the commitments and essential values for Neinor Homes in the area of good corporate governance is to **act in accordance with the strictest corporate standards in relation to ethics and transparency**, ensuring and demanding that all staff, members of the governing bodies and related entities act in accordance with the company's ethical principles and moral criteria.

In 2015, Neinor Homes approved the **Code of Ethics**, which establishes the ethical principles, values and rules of conduct that should guide the actions of all companies and individuals that form part of the company and its third-party collaborators. For this reason, all employees receive regular in-person and online training on the Code, as do some suppliers.

In addition, in 2017 the **Code of Conduct for third parties** was approved, which defines the highest ethical standards that must be met by all **third parties that provide any type of service to Neinor Homes,** andthe company undertakes to publicise this Code. The **principles and values** contained therein are based on **best** market **practices** and the **principles of the United Nations Global Compact.**

Neinor Homes ensures compliance with human rights in all areas related to our business. To mitigate the risk of human rights vulnerability we have published on our website a code of conduct for third parties that our suppliers or subcontractors must accept and comply with, our Code of Ethics, which includes the principle of managing human rights vulnerability and the complaints management procedure which describes how to manage complaints or claims received through the company's whistleblowing channel.

In addition, we regularly review our ethical values and related policies and codes, as well as our other compliance and corporate governance policies, to ensure that they are always up to date.

WHISTLEBLOWING CHANNEL AND MANAGEMENT PROCEDURE

In 2022, Neinor Homes completely renewed its Whistleblowing Channel both to comply with regulations, with the entry into force this year of European Directive 2019/1937, and to address certain aspects of improvement detected, being more useful and secure for anyone who wants to report possible irregularities or conduct that goes against the Company's code of ethics, allowing completely anonymous communications, without the need to enter any personal data on the part of the reporter.

Although the channel is managed internally, its data is hosted on an external, third-party encrypted server, shielding the security of the communications received.

This communication system helps to detect and prevent risks and violations at an early stage, before they can materialise and impact the company. In this way we are also promoting a strong compliance culture inside and outside the company, in line with our Code of Ethics.

The GRC, Internal Audit and ESG Department is responsible for processing and managing the complaints received, ensuring strict compliance with the Code of Ethics and promoting the use of the Whistleblowing Channel. Mechanisms are in place to ensure impartiality in the event that communications are received about the GRC Management or persons or bodies with responsibility for it.

The Board of Directors is regularly informed about the management of complaints through the Audit and Control Committee. In 2022, complaints were received in relation to 5 transactions, through the whistleblowing channel or other channels, concerning conflicts of interest, non-compliance with internal procedures, or defects in dwellings affecting their habitability. All complaints were dealt with in the manner and within the deadlines established in the channel's management procedure.

As a result of the complaints received, certain internal company procedures were improved and, in one case, corrective action was taken against an employee for serious misconduct. No complaints were received concerning discrimination, human rights violations, corruption or bribery, or breaches of the Code of Ethics. All complaints were reported to the Audit Committee as part of the Annual Compliance Activity Report.

Neinor Homes refrains from working with third parties who do not comply with the provisions of the Code of Conduct, reserving the right to terminate the business relationship with those who fail to comply with any of the stipulated points.

Mandatory training is given to all Neinor Homes employees on an annual basis to guarantee knowledge and encourage the application of all the regulations and internal tools in force in the ethics and transparency area.

In 2022, 100% of Neinor Homes employees received this mandatory annual training, which was given by the CEO and by the Director of GRC, Internal Audit and ESG, and covered, including cases and practical examples, Ethics, the Neinor Homes Compliance system and its elements, the new Whistleblowing Channel, gender diversity, new developments in sustainability and ESG, and the Group's mandatory documents and policies: Code of Ethics, Third Party Code of Conduct, AML/CFT Regulations, Internal Code of Conduct, data protection and cybersecurity, etc.

In this training session, in addition to the topics described above, the staff were introduced to a package of measures that will be implemented throughout 2023 and which focuses on the healthy lifestyle of employees, and included training on energy efficiency in the workplace, when travelling to and from work, and at home, for which an external expert provided this section of the training.

RISK MANAGEMENT MODEL

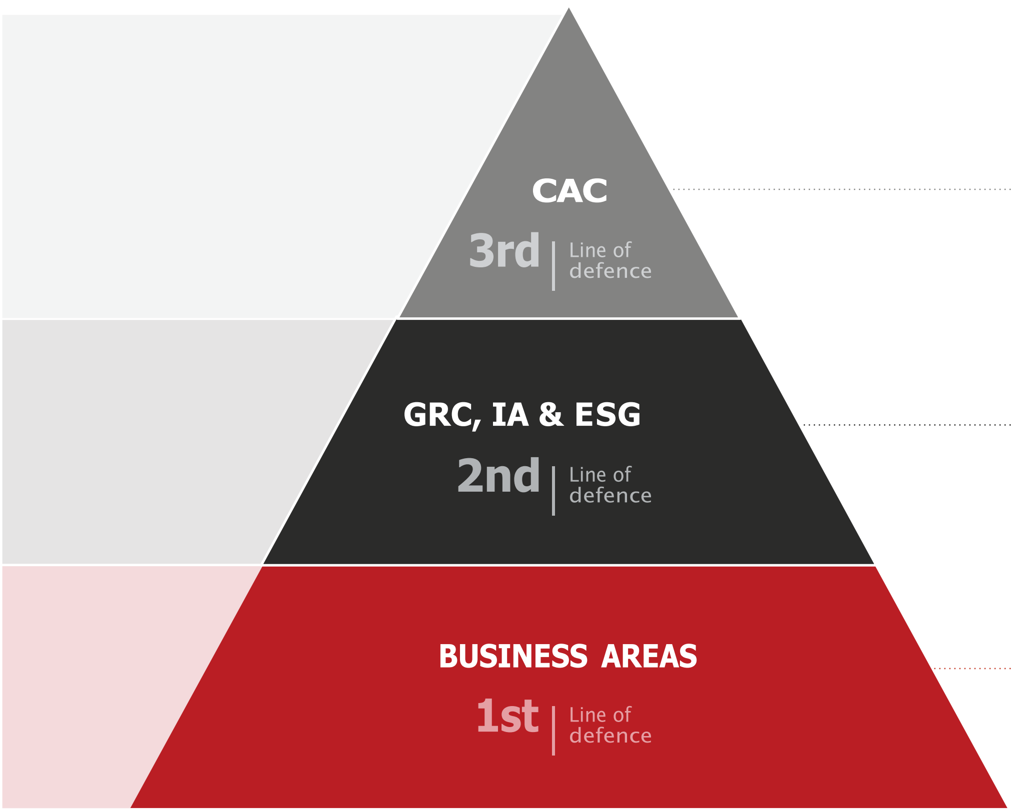
Neinor Homes continuously manages its risks under an **Integrated Internal Control System (ICS).** This **comprehensive scorecard** associates **risks** with **strategic objectives, processes** and **control activities** in which those responsible for their execution and supervision are incorporated, as well as the evidence that supports the system. The**objectives** of the ICS are:

- To have a **risk management control and supervision model** inplace to address day-to-day operations and contingencies.
- To m**anage risks** in line with the mission, vision and values, focusing action on control and mitigation of those that are most likely to hinder the achievement of the objectives.
- To integrate all compliance, control and business risk environments seamlessly, to **obtain a cross-sectional vision,** which fosters synergies and eliminates duplication of effort.
- **To provide security for the Audit and Control Committee,** streamlining reporting and covering its growing responsibilities.
- **To generate confidence** in the company, the directors and CEO and third parties.

In order for the ICS to have **ongoing updates,** it is essential to have internal and external communication channels and to be able to count on the commitment of all those who make up Neinor Homes. **External updates** are mainly provided by legal experts, advisors, forums, networks and suppliers.

The model monitoring can be summarised in t**hree lines of defence**:

Neinor Homes has a management model for ongoing and dynamic risks.



The **Audit and Control Committee (ACC)** oversees that the 1st and 2nd lines of defence fulfil their implementation and oversight functions and perform the final validation.

Governance, Risk and Compliance (GRC), Internal Audit and ESG Directorate regularly monitor that the 1st line of defence fulfils its implementation and oversight functions.

The key controls embedded in the ICS are reviewed by the **oversight manager in the various areas of business** to verify that the controller has carried out the assigned activity with the specified frequency.

The **main inputs** to the ICS are **compliance, corporate and business risks and controls.**

In 2022, as an essential part of updating its risk map, Neinor Homes has **identified its corporate risks through** an analysis of the company and the real estate sector, taking into account the experiences of Neinor Homes' executives and other external experts in the sector.

The Internal Audit Department participates in the risk identification phase, together with the Compliance Department and all the persons responsible for risks and controls in the various areas of the company. Neinor Homes has thus classified the various risks to which it is exposed into **6 categories**:

1

ENVIRONMENTAL RISKS

Related to the real estate sector and the cyclicality of the business. Correlation of our sector to macroeconomic cycles. Business structure/resources not aligned to changes in the cycle / diversification of activity: Property / Rental / Construction. Administrative impact of the sector. New fiscal and regulatory policies in the sector, land policies, management and licensing periods. Increased construction and land acquisition costs due to higher raw material costs and inflation. Shortage of third parties necessary for the development of our activity, such as construction companies, due to their insolvency. Changes and impact on consumer demand and the environment as a result of climate change.

2

OPERATIONAL RISKS

Management of customer expectations and satisfaction. Excessive dependence on suppliers and sometimes limited capacity of suppliers to provide in due time and form. Loss of business knowledge due to outsourcing of essential services in the value chain. Retention and succession of key persons. Inadequate adaptation to the industrial model. Being alienated from the transformation and digitalisation of the sector. Business stoppages due to external agents.

3

COMPLIANCE AND ETHICS RISKS

Failure to comply with deadlines and quality of homes delivered. Illegal acts / criminal offences established by regulations carried out by the company or its employees. Non-compliance with the rules and regulations to which the company is subject.

4

FINANCIAL AND MARKET RISKS

Management of the capital market and all those related to the fulfilment of the expectations agreed with the shareholder / market. Excessive linkage to the financial sector. Non-compliance with the margins and profit expected by investors and the market.

5

STRATEGIC RISKS

Failure to meet deadlines or cost targets for strategic (not ready for development) land development / and for land acquisition. Asset valuation and lack of discipline, consistency and reasonableness in land acquisition. Failure to meet the sales forecast in the business plan. Lack of diversification of the company's activity in a single line of business. Conflicts of interest in the strategic development and viability of the company in the long term versus expectations of investors and the market with a more short-term vision.

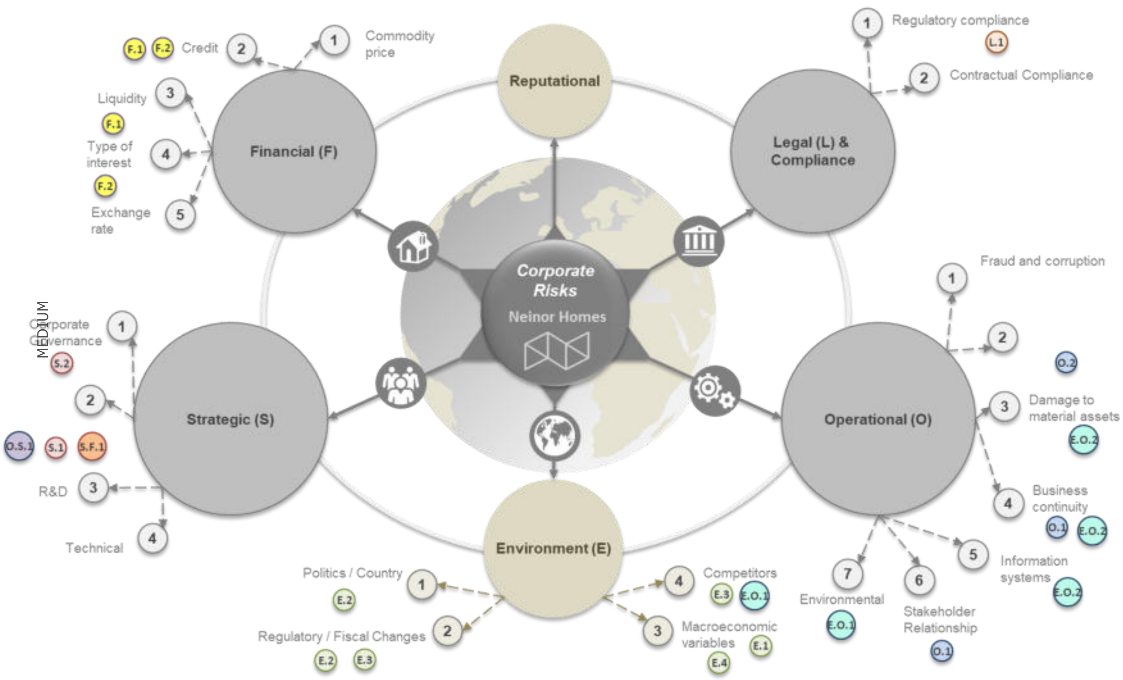
6

CLIMATE CHANGE RISKS

Following the main risks and opportunities identified by the TCFD (Task Force on Climate-related Financial Disclosures) in its recommendations for disclosures on climate-related risks and opportunities for financial institutions and non-financial companies, recommendations that were published in 2017 and are widely recognised internationally as guidelines on the subject. Transition risks (Political/Legal, Technology, Market, Reputation) and acute and chronic physical risks.

The nature of the development activity means that Neinor Homes must assess and, where appropriate, mitigate both the risks inherent in the transition to a low-emission economy and those related to the physical impacts of climate change. See note on Environmental Impact in the financial statements.

Given that the Integrated Control System (ICS) implemented is a dynamic tool, which aims to provide updated and continuous information on the possible risks faced by the company, Neinor Homes periodically compiles, from the various risk detection sources defined, the events that could become a risk, in order to facilitate their analysis and continuous monitoring and to take measures to remedy them,as well as if appropriate, the incorporation of a control mitigation activity, or the analysis of the effectiveness and efficiency of one already existing within the ICS.

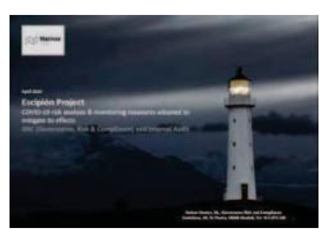


Neinor Homes risk universe (2022)

The Risk Management methodology used by Neinor Homes is based on the latest version of ***"Enterprise Risk Management"*** (also known as COSO III), which enables the contribution of added value through the identification, management and monitoring of business risk management.

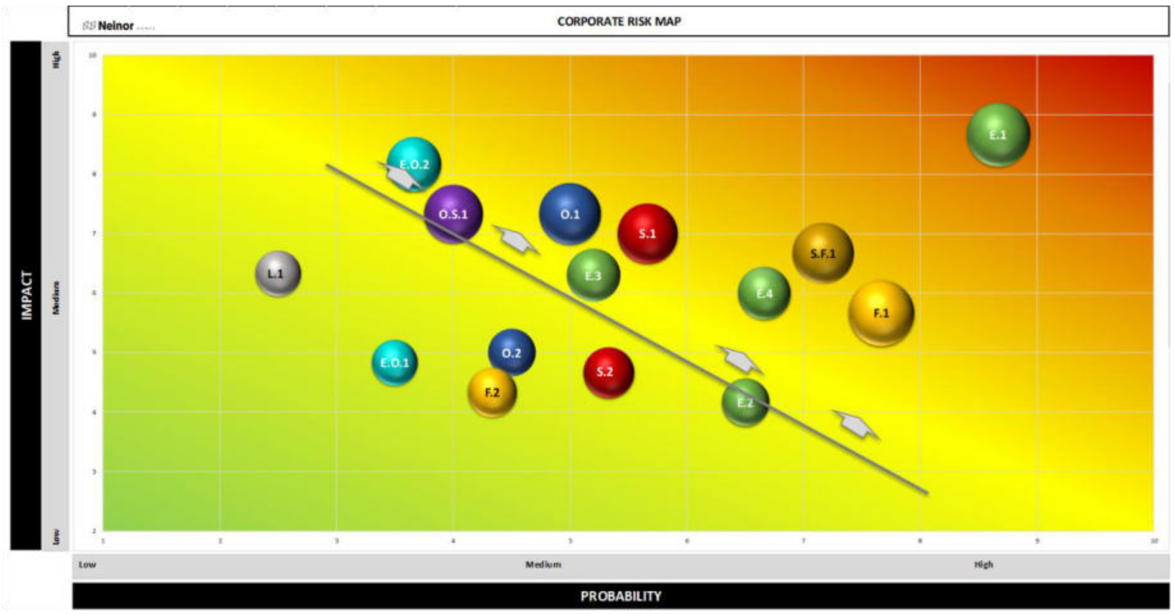
The **Corporate Risk Map** is reviewed periodically, making it a fully dynamic model that is continuously monitored, thus increasing the company's resilience in the face of adverse situations.

The best proof of this is that in 2020, with the irruption of Covid-19, the company defined a specific model to deal with the risks derived from this situation (Project Scipio), which was transferred to the entire organisation. Many of the actions defined in this project remain in place today, such as the possibility of digitally signing contracts or the use of videoconferencing programmes, as they have resulted in an improvement and modernisation of work processes and mitigate certain business and operational risks, especially those related to external agents or business interruption, reinforcing Neinor's capacity to adapt to different situations.



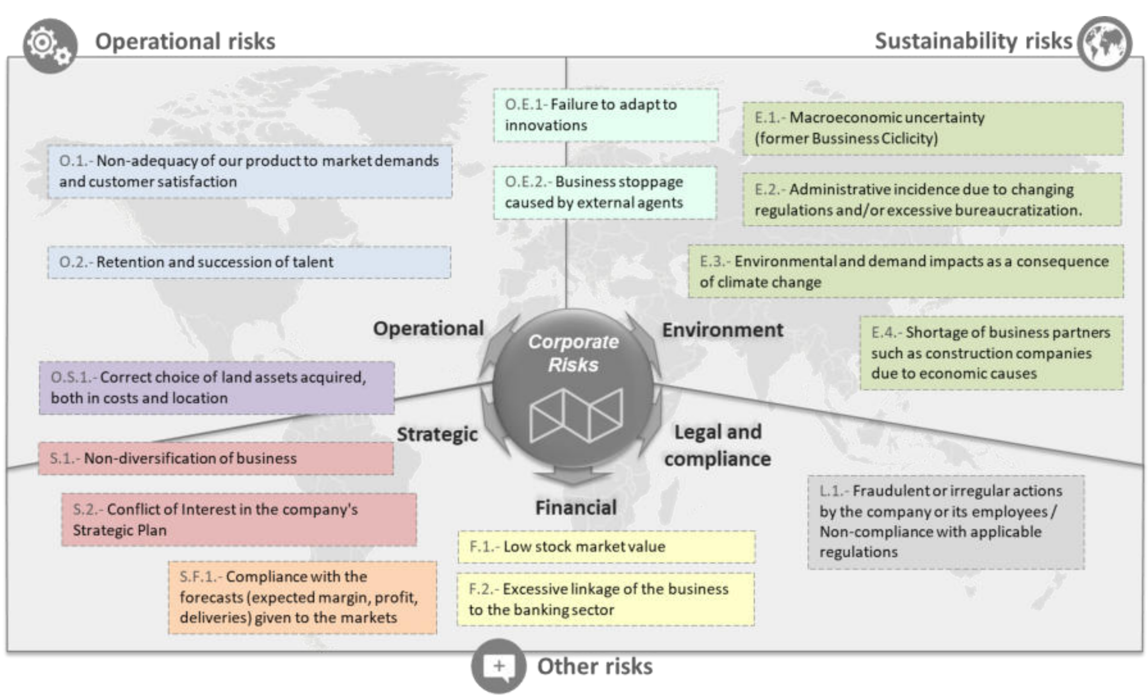
As mentioned at the beginning, Neinor Homes has updated its Corporate Risk Map in 2022 and, as in previous years, has considered environmental and climate risks. In this regard, one of the actions carried out was the analysis of climate risks for all the company's developments (see point 8.5).

15 strategic and operational risks have been identified for the company and classified according to their likelihood, impact and size, thus forming the risk map.



Neinor Homes has classified the various risks to which it is exposed into 6 global categories,which are set out in Section E.3 of the ACGR.

The risks identified, for which corresponding management measures have been proposed, are as follows:



PREVENTION OF CRIMINAL LIABILITY

All the people who form part of Neinor Homes must maintain strict observance of the legal regulations in force. In this regard, the company develops the necessary internal policies and procedures to comply with this principle and makes every effort to **prevent the commission of criminal offences** to which it is exposed in the course of its activities. In the event that any of these offences were to take place, Neinor Homes would investigate the perpetrator, cooperate in repairing the damage caused and denounce the perpetrators, cooperators or accessories.

The **Criminal Risk Prevention Manual** is the framework in which the principles of management and crime prevention within Neinor Homes are detailed and its main objective is to define the rules of action and behaviour that regulate the company's activity, as well as the control systems it has in place in order to prevent the commission of crimes defined in the Spanish Criminal Code.

If it is detected that a crime is being committed by any of Neinor Homes' managers, employees or those under its auspices, there is a **protocol that sets out the guidelines for action.**

The **Manual** and its principles are **disseminated** via the website and by e-mail to all staff. Likewise, new recruits receive it together with the Code of Ethics in the welcome pack. Finally, Neinor Homes has a **specifictraining plan** for the Prevention of Criminal Risks, ensuring knowledge and dissemination of the rules of conduct with regular training and an aptitude test on their content.

ZERO TOLERANCE FOR CORRUPTION

Neinor Homes applies the principle of "zero tolerance" towards corruption. The company's commitment against corruption and bribery is materialised through the provisions of the Code of Ethics and through the **Anti-Corruption, Fraud and Bribery Policy,** both documents published on the website.

ANTI-CORRUPTION, FRAUD AND BRIBERY POLICY

This governs and prohibits the following cases:

- Making and offering gifts, favours and services on advantageous terms.
- Receiving and soliciting gifts, favours or services on advantageous terms.
- Donations, sponsorships and other non-profit contributions: Donations made must have a social purpose and must be earmarked for entities with an acknowledged track record. All donations must be reported to the Compliance Department.
- Professional meetings, congresses, conventions, seminars and other events: attendance at these must be authorised by the Compliance Department, which keeps a record of the expenses incurred.
- Trading in influence: it is prohibited to exert any kind of influence on a public official for the purpose of taking advantage of the exercise of the powers of his or her office.
- Recruitment of advisors, agents, intermediaries and suppliers: this must be subject to a verification and valuation procedure and their remuneration must be in line with the market.

Employees and members of the governing body have received and confirmed the commitment to comply with the Code of Ethics and the group's policies, and specific training has been provided in 2022 to employees and Directors.

CONFLICT OF INTEREST MANAGEMENT

At Neinor Homes there is a **Policy for Managing Conflicts of Interest and Related Party Transactions** that is applicable to all parties concerned and that establishes the criteria and procedures for approving transactions involving related parties, which is defined as when one of the parties has significant influence in the financial or operational decision-making of the other.

In addition to all the analyses carried out for conflicts of interest and related parties, two full investigation reports on two conflict of interest transactions were carried out this year.

The GRC management shall keep a **register of related-party transactions and conflicts of interest** and shall report annually to the Audit and Compliance Committee and the Board on transactions carried out under the terms established, requesting explanations from the directors, should they deem it necessary.

Finally, internally, transactions between companies related to directors and senior management with the company are checked by the Internal Audit Department and these persons additionally confirm these transactions in a declaration.

ANTI MONEY LAUNDERING AND COMBATTING TERRORIST FINANCING

Neinor Homes maintains a firm commitment to anti money laundering and combating terrorist financing (AML/CFT), with an **AML/CFT Manual** that establishes rules that all members of Neinor Homes and its external sales agents must be cognizant of and strictly comply with, as failure to comply with it could result in the corresponding **disciplinary or employment sanctions.** It is the responsibility of each member to be familiar with it, and the company also provides face-to-face and online training for both employees and sales agents, in which attendance must be duly accredited and a test of the knowledge acquired must be passed.

The Prevention of Money Laundering and Terrorist Financing model has been audited.

The **Anti Money Laundering and Combating Financing of Terrorism Model** is monitored by an in-house internal Control and Communication Body, with the **Board of Directors** being the most senior body responsible. In addition, during the year 2022 it has been supervised byan independent expert who has stated that the model is effective andefficient and has not revealed any relevant incidents.

In addition, we carry out an annual Risk Self-Assessment Report to gain a more effective understanding of our customer typology, with a view to adapting our AML mechanisms accordingly.

In 2022, the AML Unit analysed a total of 5,518 transactions, including both assets registered during the year and assets for which a reservation or sale and purchase contract has been signed and not yet delivered, as well as housing and other assets (garages, land, etc.). Of these 5,518 transactions, alerts were generated for 2,096, for which the AML Unit carried out enhanced due diligence, increasing the requirements necessary to be able to approve their formalisation.

With regard to the homes delivered during the year, the AML Unit again analysed the situation of the customers prior to and close to the deeds, requesting the necessary documentation to ensure that they continued to comply with current legislation on AML/FT, and thus detect possible alterations since the date of reservation of the home.

DATA PROTECTION, CONFIDENTIALITY AND INFORMATION SECURITY

Neinor Homes is aware of the importance of the **confidentiality ofthe information** that it handles on its customers and those working with it, which is why the Code of Ethics establishes the obligation of all professionals not to disclose, cede or distribute confidential and sensitiveinformation.

In addition, Neinor Homes has a **Privacy Policy on Personal Data Protection** which sets out the different uses of personal data and the purposes for which the company uses them. There is also a **Procedure for the fulfilment of the rights of data subjects** approved in March, 2018, which provides the minimum guidelines necessary to ensure that data subjects are provided with the necessary mechanisms to exercisetheir rights with respect to the processing of their personal data.

In 2022 Neinor Homes received **14 requests** related to the rights of customers to **cancel their data, and 1 request** related to the **right of access to personal data**, having responded to all of them within the period and in the manner stipulated by the regulations.

Neinor Homes has a **Data Protection Officer (DPO)**, responsible for supervising, coordinating and disseminating the data protection policy both inside and outside the company. In this regard, training on cybersecurity and data protection has been provided to employees and users of the Neinor Homes network.

Neinor Homes considers **cybersecurity** to be a key part of its digital strategy. As a result of this concern, it has signed up to a third party service, Redes Limpias, which provides firewall protection for the most common threats.

Neinor Homes has the ISO 27001 certification.

The **Regulatory Framework** of the Neinor Homes Information **Security Management System** aims to achieve adequate protection of information assets, preserving the security principles of **confidentiality, integrity and availability.** Furthermore, in the event of a possible threat of cyber-risks, Neinor Homes has developed a **Cybersecurity Management Model** that aims to guarantee the protection of assets, operations and the integrity of information. The security requirements and objectives are determined by the **Information Security Committee**.

In addition, a business contingency plan is implemented on a biannual basis. In 2022, a cybersecurity audit was carried out, in accordance with the Audit Plan approved by the Committee, to assess the company's overall risk level through a series of controlled tests, in order to uncover existing vulnerabilities and subsequently remedy them. The audit consisted of an internal intrusion test, an external intrusion test and a simulation of a social engineering attack (phishing), from which recommendations for improvement in the company's cybersecurity structure were obtained.

INTERNAL CONTROL SYSTEM FOR FINANCIAL REPORTING

Neinor Homes has various mechanisms that make up the **internal control and risk management systems in relation to the process of issuing financial information (ICSFR).** The implementation of this ICSFR is the responsibility of the company’s own business areas, which are in charge of putting into practice the control mechanisms and activities to ensure the reliability of the company’s financial information. For its part, the Board of Directors oversees the proper development and implementation of the system, with the support of the Audit and Control Committee.

The General Financial Management is responsible for the preparation of financial information, although all areas of the company must ensure the**transparency and veracity** of the information handled and supplied to the market.

In addition, Neinor Homes voluntarily submits the information relating to ICSFR included in its annual Corporate Governance Report to an **independent external verification.**

In addition, the effectiveness and model of the ICSFR is reviewed each year by Internal Audit. In the current year, an internal assessment has been carried out on the compliance of the ICSFR in terms of the development, design, effectiveness and functioning of the existing controls and the need to redesign some of them.

In relation to the control of tax risks, Neinor Homes has adopted the necessary control mechanisms to ensure compliance with tax legislation as part of appropriate business management. It also dedicates adequate and sufficiently qualified human and material resources to this end.

In particular, in the tax area, on an annual basis, the entity's head of tax matters reports to the Board of Directors, either directly or through the audit committee, on the tax policies applied by the company.

In tax matters, Neinor Homes ensures strict compliance with the tax regulations in the various territories in which the Group operates, paying the taxes that are payable in accordance with the legal system on the basis of a reasonable interpretation of the applicable regulations, without prejudice to any legitimate disputes that, in accordance with its policy of good tax practices, may arise with the tax authorities regarding the interpretation of the applicable regulations.

In relation to tax risks, Neinor Homes has implemented control mechanisms to ensure due compliance with tax regulations and its commitment to the application of good tax practices, in particular:

- Approval of tax criteria in line with the company's tax policy and its commitment to the application of good tax practices. These criteria are reviewed and validated annually by the head of tax matters;
- Ongoing monitoring and control of the proper implementation of the agreed criteria. Such monitoring is carried out both internally, by those responsible for tax matters, and externally, by an independent tax expert;
- On a regular basis, the head of tax matters of the entity reports to the Board of Directors on the outcome of the tax risk control mechanisms.

On an annual basis, all employees are informed of changes to our compliance, ethics and internal control codes and policies. In addition, each employee receives a packet of letters to confirm receipt, understanding and acceptance of these codes and policies.

07

WE OFFER A **PERSONALISED SERVICE TAILORED TO THE NEEDS** OF THE CUSTOMER

We are aware that our customers rely on us for one of the most important decisions of their lives, and that is why **we take great care** in the service we provide. In all our processes we try to continuously improve by applying new technologies and implementing specific measures aimed at greater satisfaction.

Neinor Homes' commitment to customers is total and is its main raison d'être, with **customer-oriented quality** as its hallmark and seeking to achieve customer satisfaction as its main objective. For this reason, it always strives to offer excellent customer service that meets the real expectations of its customers, so that they become the best ambassadors of the Neinor Homes brand.

A customer-centric culture must be at the heart of our Company and therefore the objective on which to base our strategies for growth both internally and externally.

We have various **measures aimed at getting to know better the customers** who are interested in Neinor Homes:

We have implemented ***CRM and Customer Centric*** tools that are unique in the real estate sector and allow for a very detailed knowledge of the customers. The aim is to build developments that are more in line with what customers expect from their homes.

For Neinor Homes, each customer is unique and we offer a **personalised service**, endeavouring to be their travelling companion at all times and keeping them continually informed. Furthermore, Neinor Homes designs all its projects with the customer's needs in mind and for all its developments it carries out a thorough prior analysis of the market and the target buyer.

Aware of the importance of sustainability and energy efficiency for our customers and the arrangements that must be made when they move into their new home, Neinor Homes has made available to customers a **free service to help with the contracting of individual utilities**, with the aim of speeding up the move into their new home as much as possible. Neinor Homes assumes the costs of this service, avoiding the days established by the companies to activate the supplies.

In turn, when the homes are handed over, the company offers customersthe possibility of scheduling meetings with them to provide them withtraining and advice on the correct use of home automation, domestic appliances and the rest of the systems installed in their homes, so that they are aware of how they work and can optimise energy consumption.

By the end of 2022 Neinor Homes had more than 16,000 customers.

7.1. NEINOR EXPERIENCE

Neinor Experience is the **exclusive customer service** offered by Neinor Homes to all its customers, to accompany them from the moment they sign the reservation of the property until the keys are handed over and the subsequent after-sales service, guaranteeing maximum transparency. Customers can request information by e-mail or telephone. In addition, a newsletter is sent every month informing them of the progress of the construction work. All this is coordinated by a Neinor Experience manager in each development, who can also respond to the customer and look after their interests whenever necessary.

The services offered by Neinor Experience can be broken down into 7 stages that occur during the purchase of a home:

1) Welcome pack with the reservation 2) Start of works 3) Management of the purchase contract 4) Personalisation of the property 5) Courtesy visit prior to handover 6) Follow-up of the handover process 7) Other measures

WELCOME PACK WITH THE RESERVATION

When the client signs the Reservation Contract, the Neinor Experience service is activated, sending a Welcome email, explaining each of our areas:

- Access to the website and the Neinor Experience App, which includes content on the project, the team involved in the project, the home, documents, information on financing, consultations, surveys, etc.
- Neinor Experience personal manager's contact details: email address and telephone number

COMMENCEMENT OF WORKS/ MANAGEMENT OF THE CONTRACT OF SALE

The process of signing the Sale and Purchase Contract begins with the customer, where they are informed of any possible changes to the project and the monthly Newsletters are sent out which contain:

- Description of the monthly status of the work.
- General progress of the development.
- Details of the construction site including information on any construction process of interest or commercially relevant information on the development.
- Photos of the progress of the work in that month and the degree of progress by chapters.
- Corporate news about Neinor Homes.
- Culture Experience: cultural events in the city or province where the development is located.

PERSONALISATION OF THE HOME

Once the work on site has progressed and specific established milestones have been reached, the choice of customisation materials will be scheduled. All customers who have signed a Purchase and Sale Contract will be informed of the process and the NEX website will be enabled so that this milestone can be carried out together with the Marketing Company.

COURTESY VISIT PRIOR TO HANDOVER

Close to the handover and the signing for the property, Courtesy Visits are carried out with the customer. For this purpose, an agenda will be set up on the Neinor Experience website, where each customer will select their appointment and they will receive an explanation of what the visit will consist of in order to meet their expectations for their first contact with the properties they have purchased.

MONITORING THE HANDOVER PROCESS

- Coordination and management of the entire process with all the parties involved, ensuring that the established deadlines are met and that all the documentation required to complete the transaction is correct.
- Control and monitoring of the state of the property for its correct handover and signing.

OTHER ACTIONS

Satisfaction surveys. Several satisfaction surveys are conducted at various milestones of the developments:

- App
- Reservation.
- Buying and selling:
- Showroom
- Courtesy Visit
- Signing.

The Covid-19 pandemic has changed the way we work with our customers; safety, health and commitment have been our priorities:

- Virtual tours to get to know the Developments.
- Online booking.
- Electronic signatures of documents.
- Security protocols at the Notary's office for the signing of deeds.
- Reinforcement of the Family Homes Protection information, which has helped 7 customers this year. As of today, a total of 107 customers have been able to reduce a monthly payment, as they have been laid off (ERTE) or similar.
- Payment flexibility

we promote the digital transformation of the real estate process, in which the use of new technologies is key.

One of the strengths of **Neinor Experience's Customer Service** department is to have ascertained the **Customer Satisfaction Level** in order to implement corrective measures in the areas that need it.

To do this, certain parameters are measured at significant milestones in the homebuying process, in order to close the interaction circuit with the customer and determine whether all the dealings with the customer have been effective in generating the planned level of satisfaction.

The Company's overall figures for 2022 were as follows:

- Average **CSI** data **for the year_ 3.34 out of 4**

The milestones on which we assess customer satisfaction are:

- App/Reservation/Showroom/Courtesy Visit/ Signing.

Covering the whole process, from the moment the customer signs the reservation contract until he/she has been living in the property for a year.

We work hard so that the customer can recommend our Company to his/her circle of acquaintances, since a satisfactory experience is also a recommendable one.

Accessible at www.neinorexperience.com or via the App.

Our motto, customer satisfaction, can be defined as the feeling or attitude of the customer towards a product, company or service provided by the same, working to ensure that these three points meet customer expectations.

COMMUNICATION CHANNELS OF *NEINOR EXPERIENCE*

Neinor Homes offers its customers a wide range of two-way communication channels:

For each development there is a specific email address where the customer can contact the Neinor Experience manager directly, and through which the Neinor Homes staff responsible for the development can make personalised contact, or generic contact through press releases, to provide information on the progress of the development.

The ***Neinor Experience* website**, through which customers can consult the progress of everything related to the purchase of their home. Each customer has a **private web area** where all the documentation relating to the purchase can be found.

The monthly ***newsletter*** which includes a section called "the construction work in detail". As well as current news about the company.

The ***Neinor Responde* channel** is a corporate service offered to all non-new-build customers. It is a telephone consultation service via an internal **call centre**.

Call centre service to deal with customer incidents. During the year 2022, 36,310 incidents were resolved, with an average response time of 58 seconds.

MAIN FIGURES FOR 2022

47,747	12,108	1,026
Sessions on the *Neinor Experience* website	New contacts	APP downloads

7.2. COMPLAINTS AND CLAIMS HANDLING

Neinor Homes acts with due diligence when faced with complaints and claims from its customers, having **specific procedures** in place and enabling **various accessible channels** through which the complaints received are logged and those responsible for their resolution are assigned. Understanding and evaluating customer complaints and claims is an opportunity to gain a more accurate understanding of their expectations and needs, allowing for progress and continuous improvement.

In 2022 Neinor Homes received 36,310 communications with an average response time of 58 seconds.

Likewise, once the title deeds to the properties have been signed, **after sales claims** begin, due to problems in the operation of the installations and faults in the finishes due to small knocks or stains on the paintwork, wood, etc. In this case, an agent will arrive to take note of the incidents, always before the customer moves in and, if possible, with sign-up to the various utilities already done.

The Neinor Experience manager of each development is in charge of processing all incidents registered through the **call centre** or the **exclusive email of the development.** In the case of urgent incidents, the incident is strictly monitored until it is completely resolved. All other incidents are handled on a case-by-case basis.

The improvement of digital transformation, which was accelerated by the COVID-19 pandemic, allowed the creation of pre-sales and post-sales records during the same visit to the property in an agile way (with photographs and documentation), from a smartphone or tablet.

NEINOR HOMES AFTER SALES SERVICE

Neinor Homes establishes guarantee periods to attend and respond to customer recommendations, in compliance with current regulations

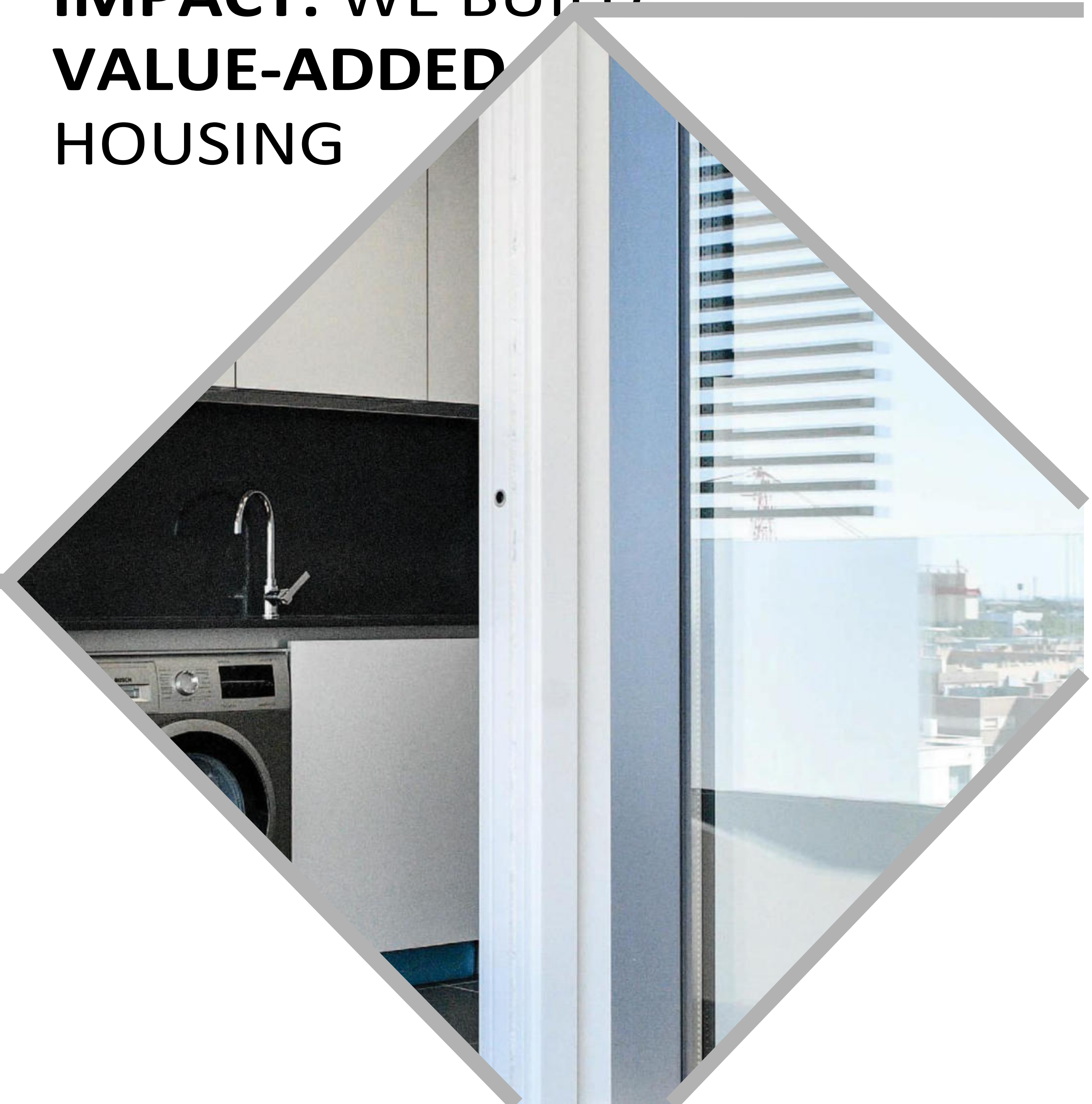
Finishes: 1 year from receipt of the construction

Installation faults, appearance of **dampnessor** leaks: 3 years from receipt of the construction

Serious errors in the **structure**: 10 years from delivery of the dwelling

08

ENVIRONMENTAL IMPACT: WE BUILD **VALUE-ADDED** HOUSING



In the design of our homes we take into account **demanding quality,sustainability and health criteria** so that our customers enjoy a product that they are satisfied with and allows them to live better. And innovation and digitalisation allow us to add value, optimise processes, increase efficiency and reduce operating costs.

The **quality of homes** is a **priority** for Neinor Homes, one of its main hallmarks and a source of pride. This responsibility begins before designing and building, with the carrying out of a market research process. This is the only way to create innovative 21st century homes that are excellent in design and quality and, above all, sustainable.

Since its inception, Neinor Homes **has registered around 8,000** dwellings to obtain the BREEAM® seal

VALUE-ADDED SERVICES

1

***FAMILY HOMES PROTECTION* INSURANCE**

Neinor Homes was the **first developer to offer a protection insurance policy for its customers that covers the outstanding capital outstanding on the property**, from the signing of the purchase contract until the handover of the property, in the event of death due to accident or absolute permanent disability. In addition, Neinor Homes undertakes to cover the outstanding payments of the purchase contract for the home up to a maximum of 12 monthly payments, in the event that the customer suffers involuntary loss of employment or temporary disability or hospitalisation due to an accident. **In 2022** we have incorporated a new insurance policy to cover the causes of death and absolute permanent disability of buyers due to illness, in addition to the existing accidental insurance policy. In this way, their heirs will be able to pay for the property.

2

NEINOR MOBILITY PACK

Within the framework of **Neinor Lab**, the initiative arose to offer customers the possibility of adapting their homes in aspects that facilitate their **habitability, accessibility and comfort, especially in circumstances in which their mobility has been reduced**.

This initiative, which has the backing of **ILUNION Technology and Accessibility**, focuses on aspects of **design, equipment and technology and home automation**, and consists of a set of measures offered as a **personalisation pack for homes.**

8.1. HOUSING EXCELLENCE AND QUALITY MANAGEMENT

Neinor Homes has an **Environment, Quality and Innovation Policy** that establishes the principles that have to guide the company's activity in terms of quality, minimising environmental impact and promoting innovation. In this regard, in 2022 the company continued for the sixth year with the maintenance of the AENOR ISO 9001, ISO 14001 and UNE 166002 management certifications. Work has been carried out to improve procedures that directly involve the company's value chain, seeking out inefficiencies in processes and better work methodologies.

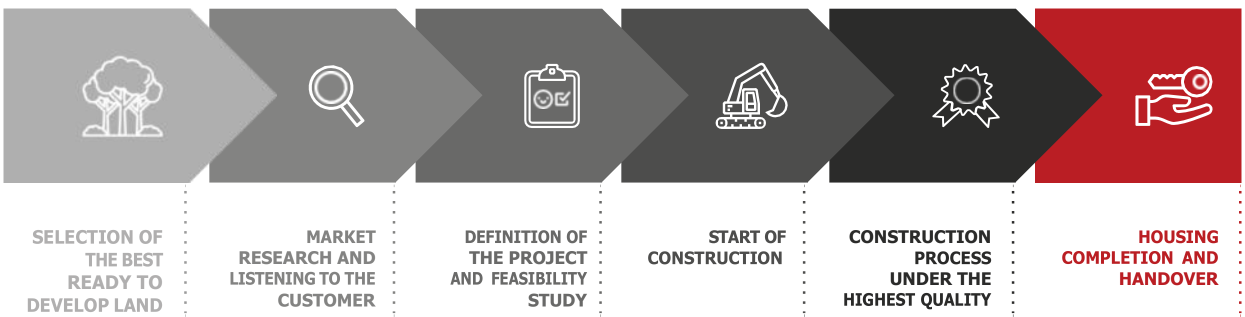
With the premise of achieving maximum quality and sustainability, Neinor Homes applies a **process of Research + Listening + Development** in the launch of all its developments and in the construction of its homes, which is a differentiating factor compared to the competition.

Therefore, after selecting the best ready-for-development plots, all developments begin with an in-depth **analysis of the physical environment,** an **analysis of demand** and a market study to define the product to be offered in each development. **Benchmarking** is also carried out in other sectors to detect solutions that can also be implemented in the real estate sector.

Once the research and listening process has been carried out, the project is defined, adapting it to the demand and studying its **technical, social and environmental viability,** taking the utmost care with quality, after which construction begins. **Interaction with the customer** is present throughout the entire life cycle of the home.

CHARACTERISTICS OF NEINOR HOMES DEVELOPMENTS

- **Economy of maintenance**:
  design, careful selection of materials and innovative technological solutions allow for savings in long-term maintenance costs.
- **Habitability and functionality**:
  maximum use is made of every metre of floor space.
- **Attractive**:
  homes that adapt to the new lifestyle and environment in which they find themselves.
- **Acoustic comfort**:
  thanks to the exterior insulation and interior layout.
- **Security**:
  healthy and safe homes in the face of natural hazards.



QUALITY IN HOUSING THROUGH THE WHITE BOOK

Neinor Homes is a pioneer in the development of a **design and construction manual** called the **White Book.** The main objective of this manual is to **standardise the quality, sustainability and design parameters** that define all the Company's property developments.

In this way, the Neinor Homes White Book ensures that all developments have **Neinor Homes' own design criteria and product attributes** and are adapted to the needs of the customer in each territory, which are always applied irrespective of the architectural firm developing the project. The standards it sets are independent of the design used and each product is customised for each development.

The White Book is a living tool and its success lies in the fact that it is **constantly being revised** to adapt to the conditions and trends of the sector and the company, to new systems or materials that arise and to the experience acquired. In addition, **the whole company has the possibility to suggest and contribute changes and updates.** Thus, the White Book allows Neinor Homes to **lead the transformation of the sector,** as it has an implicit know-how that allows the transfer of knowledge, capacities, standards and ways of doing things.

The White Book is a pioneering manual in the sector.

8.2. MEASURING THE CORPORATE CARBON FOOTPRINT

The environment is one of the company's three strategic pillars, and includes **climate change as one of its main areas of action**.

In line with its sustainability strategy, in 2022 Neinor Homes calculated the greenhouse gas emissions of its operations for the first time, taking 2021 as the base or benchmark year. The calculation of Scope 1 and Scope 2 emissions was performed following **the methodological guidelines of the GHG Protocol**: *A Corporate Accounting and Reporting Standard*, and the guidance for the calculation of Scope 2 emissions, accounting for **all activities over which Neinor Homes has 100% operational control**.

In addition, in the 2021 footprint calculation, and as an exercise in transparency in the company's emissions reporting, **Neinor Homes carried out a Scope 3 screening** to identify the emission categories that are material for the company. To this end, use was made of the Scope 3 evaluator, the tool developed by the GHG Protocol to make a first quantitative approximation of the 15 Scope 3 emission categories, based on the spend-based method.

The result of the scope 3 screening indicated that, of the 15 emission categories, the categories of product purchases, goods and services, other fuel and energy related activities, waste management, use of products sold, end of life of products sold and leasing of downstream assets **accounted for 99.84% of the total scope 3 emissions** and could be considered as material for Neinor Homes.

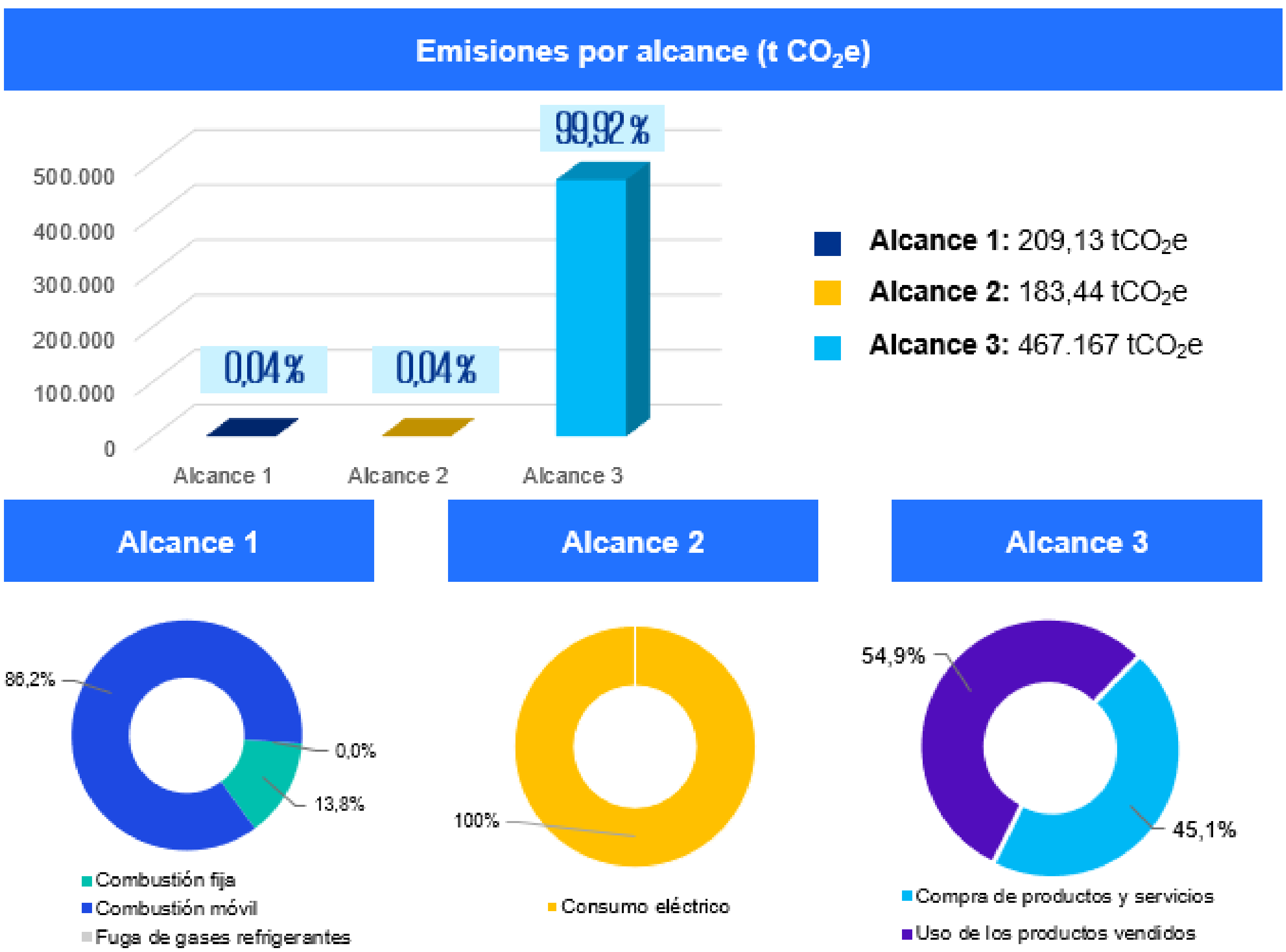
Emission category	Material
1. **Purchase of products, goods and services**	✓
2. Purchase of capital assets	NA
3. Fuel and energy-related activities not included within the scope of 1 and 2	✓
4. Upstream transport	✗
5. Waste management	✓
6. Business trips	✗
7. Trips to and from work	✗
8. Upstream rental of assets	NA
9. Downstream transport	NA
10. Processing of sold vehicles	NA
11. **Use of products sold**	✓
12. End of life of sold products	✓
13. Downstream rental of assets	✓
14. Franchises	NA
15. Investments	NA

Subsequently, in order **to reduce the uncertainty** of the carbon footprint analysis and identify the material categories for Neinor Homes, **a more detailed calculation of these 6 categories was performed** with specific activity data and using the GHG Protocol's Scope 3 technical guidelines as a benchmark. This analysis resulted in a Scope 3 carbon footprint in 2021 of 609,528.65 tCO_2e, and that the categories of **purchase of products and services** (category 1), and **use of products sold** (category 11), **accounted for 99.2% of total Scope 3 emissions.**

In this connection, and **with the aim of focussing efforts and investments on those emission sources where the greatest impact on climate change is generated**, these two Scope 3 categories were deemed material for the company and will be included in the calculation of the carbon footprint from the 2022 analysis onwards.

Carbon footprint results 2022

In 2022, the **total carbon footprint of Neinor Homes amounted to 467,560.10 tCO2e**, of which **99.92% corresponds to indirect Scope 3 emissions** from value chain activities.



Emission trends

Scope / emission source	Emissions 2022 (tCO_2e)	Emissions 2021 (tCO_2e)
Scope 1	**209.13**	**219.08**
Fixed combustion	28.95	79.74
Mobile combustion (leasing vehicles)	180.18	137.25
Leakage of refrigerant gases	0.00	2.09
Scope 2	**183.44**	**131.01**
Electricity consumption (*market-based*)	183.44	131.01
Electricity consumption (*location-based**)	269.54	278.56
Scope 3	**467,167.52**	**599,497.58**
Purchase of products and services	210,745.22	301,858.71
Use of products sold	256,422.30	297,638.87
Total (tCO_2e)	**467,560.10**	**599,497.58**
Emission intensity (tCO_{2e}/m^2)	**1.45**	**1.75**

* The *location-based* emissions, calculated with the emission factor of the Spanish electricity mix, are reported with the aim of evaluating the evolution of the energy efficiency measures implemented in the organisation's facilities. However, the emission reduction targets were set for the value obtained according to the *market-based method*.

In 2022, **Neinor Homes' total carbon footprint decreased by 22.1%** compared to the reference year. The indicator relating to the organisation's activity (surface area of homes delivered) shows that Neinor Homes' performance has improved and **emissions intensity has been reduced by 16.8%.**

Scope 1:

Mobile combustion, the main source of Scope 1 emissions, a 31.3% increase in GHG emissions was recorded, as increased construction activity required the hiring of additional leasing vehicles to attend construction sites. Emissions associated with **stationary combustion** decreased by 64.7% compared to the previous year due to the elimination of generators from 50% of the sales outlets. Finally, during the reporting year no **refrigerant gas recharges** were carried out, therefore zero emissions were recorded under this category.

Scope 2:

Emissions associated with **electricity consumption** in offices and Neinor Stores increased by 40% due to the opening of new points of sale.

Scope 3:

Emissions linked to the **purchase of products decreased by 30.2%** compared to 2021, due to the fact that Neinor Homes is opting to make more efficient use of resources in the construction of housing. In addition, it is currently working on the life cycle analysis (LCA) of all property developments to identify the main environmental impacts from the acquisition of raw materials to the end of life of the assets. In this way, Neinor Homes will focus its efforts on the construction materials and project phases that have the greatest impact on the decarbonisation of its activity.

2021	2022
104,80 tCO2e / Vivienda entregada	75,37 tCO2e / Vivienda entregada
0,88 tCO2e / m2 entregado	0,65 tCO2e / m2 entregado

On the other hand, emissions from the **use of the products sold**, i.e. the use of the dwellings over their lifetime, **decreased by 13.8%**, as the average energy intensity (kWh/m2/year) decreased by 9.4% compared to the previous year. Thus, the share of A-certified dwellings increased from 26.7% in 2021 to 35.6% in 2022.

2021	2022
103,35 tCO2e / Vivienda entregada	91,71 tCO2e / Vivienda entregada
0,87 tCO2e / m2 entregado	0,80 tCO2e / m2 entregado

Aware of the importance of taking action in the fight against climate change to limit the increase in the average global temperature to below 1.5ºC, at the end of 2022 Neinor Homes submitted its emissions reduction targets to the Science Based Targets (SBTi) initiative, **committing to reduce its Scope 1 and 2 emissions by 42% by 2030**, with respect to 2021. The targets have been approved by SBTi and are currently in the process of validation and publication.

8.3. PERSONALISATION OF HOUSING

For Neinor Homes it is essential that the user is satisfied with their own home. For this reason, it offers the possibility for the customer to **personalise their home** to their taste with a predefined catalogue to adjust it to their needs.

To manage this, there is a process that allows personalisation to be carried out systematically. Neinor Homes offers customers a series of alternatives that they can see physically at the points of sale or through the NEX website where their options appear, and they have the option to save, modify their selection and, once confirmed, formalise their choice with the sales team.

STANDARD CUSTOMISATION

The proposals are divided into 3 core packages:

- **Bathrooms**: there is a choice of two possible alternatives for the layout, if the bidet is to be removed or kept, and if the bathtub is to be replaced by a shower tray.
- **Kitchen**: sthere is a choice of two possible alternatives for the layout, and the combination of furniture and kitchen worktop from three possible options.
- **General housing**: sthe flooring is chosen from two options and the wall paint from three possible shades.
- **Always adjusting to the marketingplan and commercial needs of each branch.**
- **Standard customisation is always offered where possible based on technical feasibility.**

WITH-COST PERSONALISATION PACK

In some developments, due to commercial needs,customers are offered more advanced personalisation options in the form of packs at a cost.

- **Mobility Pack:** Neinor Homes offers the possibility of adapting the home for people whose mobility is reduced due to various circumstances with the Neinor Homes Mobility Pack, which entails an added cost for the customer.

SOME OF THE POSSIBLE PACKAGES ARE:

- **Home Automation Pack:** Allows home automation at a cost depending on commercial needs.
- **Partition Wall Pack:** Allows elimination of the partition wall between the kitchen and living room to unify the spaces.

The Commercial Department, Neinor Experience, Product, Personalisation Manager, and the Technical Team of the construction participate in the **process of personalising** the homes in order to coordinate the customer's choice.

8.4. ENVIRONMENTAL SUSTAINABILITY AND HEALTH IN HOUSING

Neinor Homes is taking into account sustainability, health and quality criteria in its developments, so that the homes meet the increasinglydemanding requirements of customers.

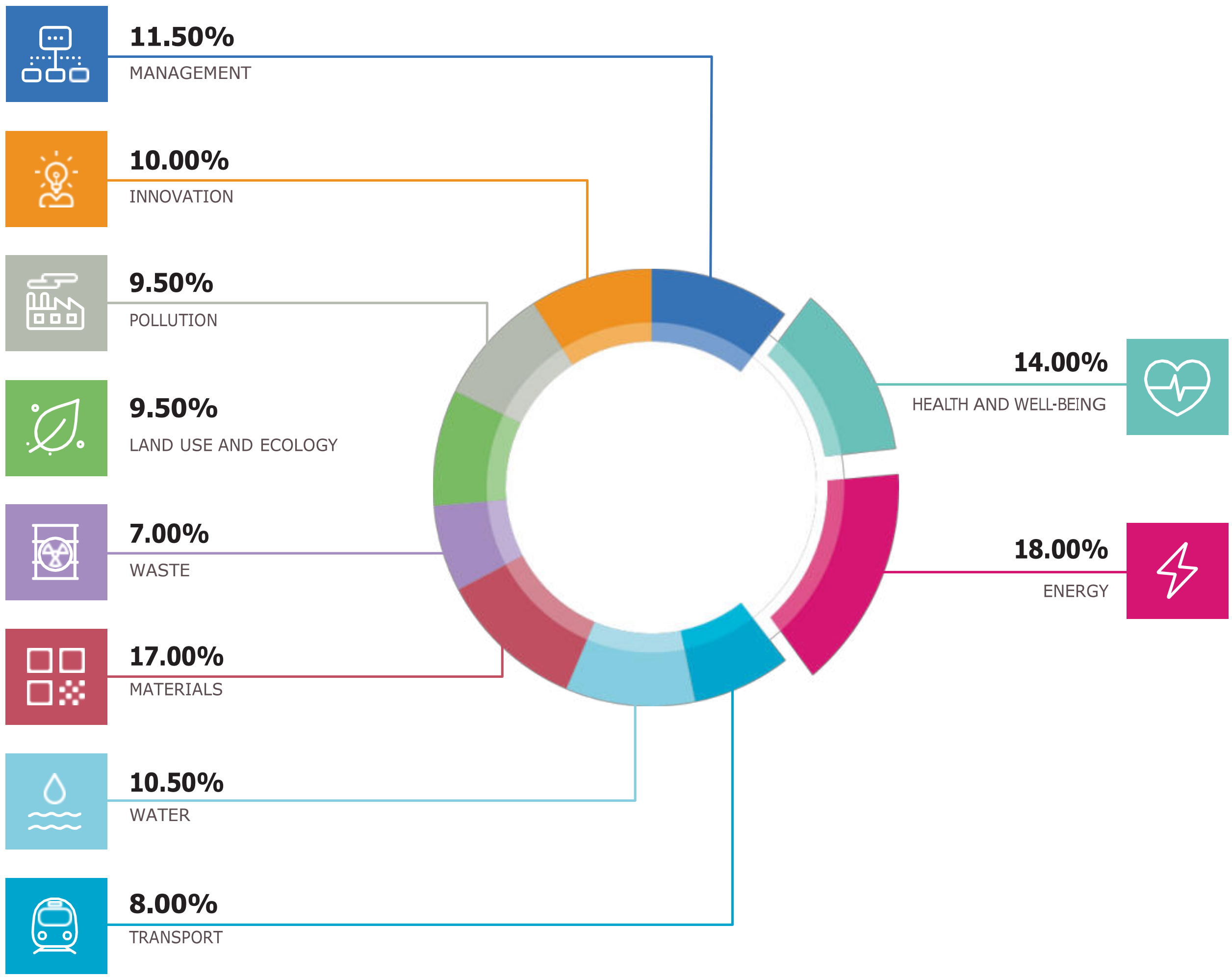
In this regard, it has been committed from the outset to green certifications for its homes, independently of environmental regulations. The company is currently focusing on compliance with the technical environmental criteria of the Taxonomy.

At the date of publication of this Report, Neinor Homes continues to be the developer with the most Breeam® certified homes in Spain since the implementation of the Breeam® seal in Spain more than 8 years ago.

BREEAM® CERTIFICATION

BREEAM® is the most visible part of a global project to transform the building sector worldwide.

It promotes more sustainable construction that results in economic, environmental and social benefits for all the people involved in the life of a building(tenants, users, developers, owners, managers, etc.), while at the same time conveying the company's Corporate Social Responsibility to society and the market in an unequivocal and very visible way. It is responsible for assessing certain requirements divided into categories, the weighting of which is adapted to the country in which it is implemented.



11.50%
MANAGEMENT
10.00%
INNOVATION
9.50%
POLLUTION
9.50%
LAND USE AND ECOLOGY
7.00%
WASTE
17.00%
MATERIALS
10.50%
WATER
8.00%
TRANSPORT
14.00%
HEALTH AND WELL-BEING
18.00%
ENERGY

Neinor Homes has made a voluntary commitment to consider the requirements of the **BREEAM®** sustainability certification at the Good or VeryGood level in most of its developments.

In this regard, in 2022 we have made progress in fulfilling this commitment: **of the total number of developments delivered since the company was founded (106), 67 have the final BREEAM® certificate** or are in the process of certification, which represents **63.20%.** Of these 67 developments, 61 are certified at the good level and 6 at the very good level.

In addition, of the **21 developments delivered this year,** 5 are **BREEAM®** certified, i.e.23.8%.

When a building meets the **requirements of BREEAM® certification, this ensures that both the user and the environment benefit** from the following aspects:

HEALTH

- Use of **paints, varnishes and materials** with minimum harmful elements.
- Homes with **amenities to enjoy and relax:** swimming pool, communal leisure areas, etc.
- **Proximity to basic services** (less than 500m from a hub of bus stops, a school, grocery shops, health centres, etc.)

COST SAVINGS

- **Thermal envelope** design that saves on heating and air conditioning.
- Choice of **efficient lifts.**
- Use of **energy-saving** and efficient **lamps and lights.**
- Installation of **solar panels** to supply part of the demand for domestic hot water, resulting in significant economic savings and a reduction in greenhouse gas emissions.
- Installation of vegetation on roofs and in gardens to create a pleasant environment with low maintenance and water consumption, as they are **native plants** with low water requirements.

ECOLOGY

- Choice of **consumption saving taps.**
- Reduction of **private car journeys** due to the proximity of the dwelling to basic services.
- CO_2 **emissions reductions.**
- **Recycling of waste** generated on site.
- **Legal** timber p**rocurement.**
- Installation of **grease separators** to minimise contamination of watercourses.

Neinor Homes guides its sales managers and those working with it in conveying the benefits of BREEAM® certification to users and builders. Its continued commitment to this certification is also reflected in the 2022-2025 Sustainability Plan, as it aims to continue to be the national developer with the highest percentage of homes delivered with BREEAM® certification. This, together with the other factors explained in this report, has made Neinor Homes a **leading developer in sustainability.**

8.5. CLIMATE RISK ANALYSIS OF OUR HOMES

In line with the requirements of Appendix A of the European Taxonomy Delegated Regulation 2021/2139, the assessment of physical climate risks is necessary to satisfy the Assessment of climate risk and vulnerability section, where vulnerability, sensitivity, adaptive capacity and areas of improvement thereof must be reported for an activity to be considered aligned with the European Taxonomy.

In this context, Neinor Homes has carried out a study to identify and integrate measures to adapt to climate change based on the best practices available and on Neinor Homes' business model, based on the identification of assets vulnerable to the risks of climate change in order to contribute to sustainable development and to the requirements of the European Union's Taxonomy of Economic Activities Regulation. To carry out the analysis, a multiple methodology was used, compiling bibliographic and documentary analysis, cartographic analysis, statistical analysis and compilation of Neinor Homes' own documentation and information.

For the study, two climate scenarios have been selected in line with the recommendations of the IPCC (Intergovernmental Panel on Climate Change) and the EU Taxonomy. These scenarios are SSP2-RCP2.6 for short-term economic activities and SSP2-RCP8.5 for long-term economic activities. In this way, the entire 21st century is covered and a sufficiently broad and short time horizon is established for the correct analysis of the set of climate vulnerabilities of Neinor Homes.

Vulnerability of infrastructures and projects

The EU taxonomy determines a series of climate hazards that must be taken into account for the study of vulnerability[1]. However, since Neinor Homes' activity is limited to the Iberian Peninsula and the Balearic archipelago, with little or no presence of property developments in high mountain areas, climate hazards such as avalanches or glacier overflows, among other hazards, are excluded from the analysis in question.

Vulnerability is defined as the predisposition that a system or set of systems may be adversely affected[2]. Vulnerability has been determined on the basis of a variety of concepts such as sensitivity, exposure and adaptive capacity of a system. Vulnerability thus depends on both the exposure and sensitivity of the system and its adaptive capacity. The higher the severity of the assessed risk and the lower the adaptive capacity, the higher the vulnerability of a system.

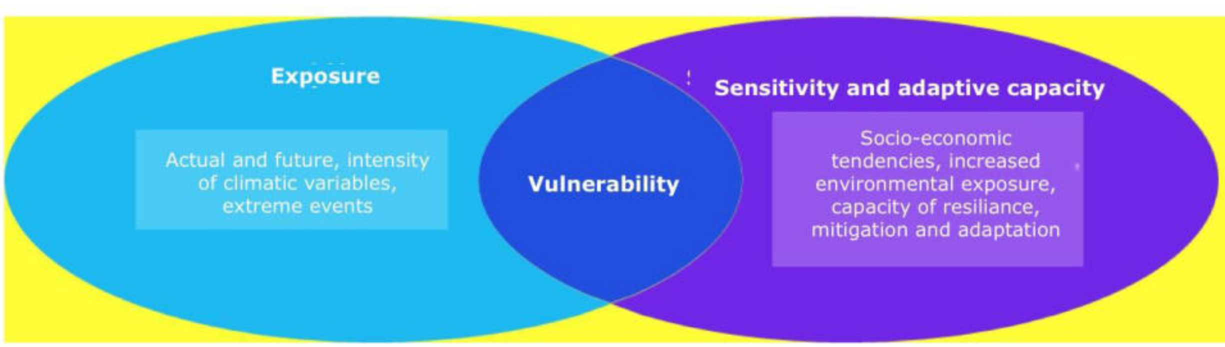


Illustration 1. Vulnerability diagram

[1] Delegated Act on Climate, Annex I, Appendix A
[2] Climate Change: Impacts, Adaptation and Vulnerability

The climate hazards that represent the maximum value of climate vulnerability based on the 80% percentile, i.e. with a high or very high vulnerability index for Neinor Homes, are:

For real estate developments under construction and Neinor Stores

- Temperature variations (air, freshwater, seawater)
- Heavy precipitation (rain, hail, snow or ice)
- Floods (fluvial, pluvial, coastal and/or groundwater)
- Heat wave

For Neinor Homes offices and rental property developments

- Temperature variations (air, freshwater, seawater)
- Heat wave
- Drought
- Water stress

Analysis of activities

Depending on the location and useful life of Neinor Homes' assets, a series of climate hazards have been identified that may be more accentuated in some locations in Spain than in others. Due to the very significant climatic and geographical heterogeneity of the Spanish territory, 3 geographical areas have been identified at company level in Spain (Iberian Peninsula and Balearic Islands), in order to identify the main climatic hazards or threats that affect the economic activities of Neinor Homes in these geographical areas. These are the north of the peninsula (Cantabrian coast and Pyrenees), the interior of the peninsula (central area and areas far from the influence of the sea) and the Mediterranean coast (Andalusian coast, Levante and Balearic Islands).

Based on these three geographical areas, we have looked most closely at those climate hazards to which Neinor Homes' assets have the highest climate vulnerability index, corresponding in this case to the medium (V3), high (V4) and very high (V5) indices.

		GEOGRAPHICAL DIVISIONS		
TIME HORIZONS - ECONOMIC ACTIVITIES	CLIMATE HAZARDS	NORTHERN PENINSULAR	PENINSULAR INTERIOR (CENTRE)	MEDITERRANEAN COAST (SOUTH AND EAST)
Short Term (<10 years) SSP2-RCP2.6	Temperature variations (air, freshwater, seawater)	V3	V5	V4
	Heavy precipitation (rain, hail, snow or ice)	V4	V3	V5
	Floods (fluvial, pluvial, coastal and/or groundwater)	V4	V3	V5
	Heat wave	V3	V5	V4
Long-term (>30 years) SSP2-RCP8.5	Temperature variations (air, freshwater, seawater)	V4	V5	V4
	Heat wave	V4	V5	V4
	Drought	V3	V4	V5
	Water stress	V3	V4	V5

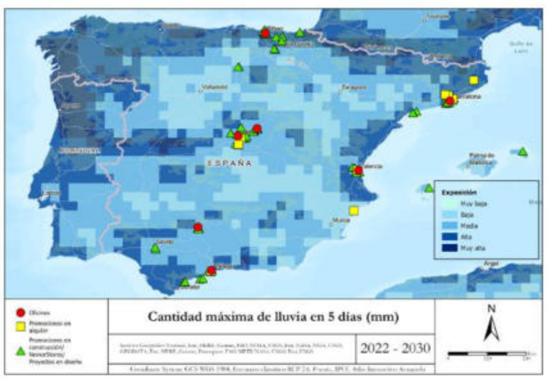
On the one hand, real estate assets under construction and Neinor Stores (short term) in the north of the peninsula have a medium vulnerability to temperature variations and heat waves. On the other hand, they are highly vulnerable to heavy rainfall and to river, rain and coastal flooding.

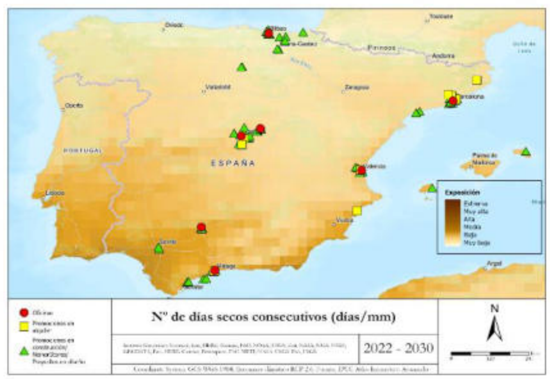
As regards the central peninsular area, real estate assets have a very high vulnerability to temperature-related climate risks (heat waves and temperature variations), in particular extreme heat events that are intensified as a result of the effect of continentality. In the case of the Mediterranean coast, it is observed that the assets have a very high vulnerability to both temperature and water-related climate risks, mainly due to the amount of heat energy absorbed by the Mediterranean Sea which leads to stronger storms and supercells and, therefore, increases exposure and sensitivity to severe flooding.

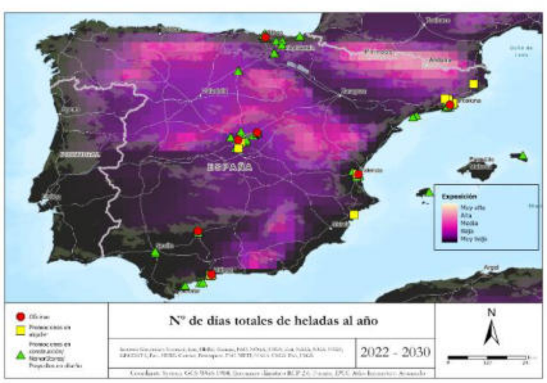
On the other hand, rental real estate assets and Neinor offices (long term) in the north of the peninsula show a medium vulnerability to periods of drought and water stress conditions; and a high vulnerability to temperature variations and heat waves.

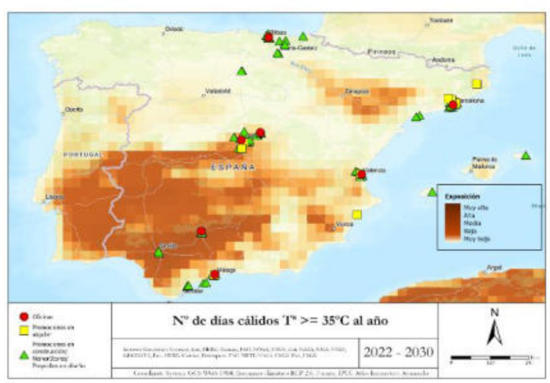
As regards the central peninsular area, real estate assets have a very high vulnerability to temperature-related climate risks (heat waves and temperature variations), in particular, extreme heat episodes that are expected to increase in intensity and frequency. In the case of the Mediterranean coast, it can be seen that the assets have a high and very high vulnerability to both temperature and water-related climate risks, mainly due to torrential rainfall leading to severe flooding.

In this regard, all Neinor Homes developments have been analysed with their exposure to all the aforementioned climate risks.









Adaptation measures for projects and infrastructure

Finally, in order to adapt to or mitigate the impacts of climate hazards on Neinor Homes' activity, a series of solutions have been identified to address the most significant climate hazards.

Some of the proposed measures, shown in the Status of Implementation of Measures column in the table below, have already been implemented by Neinor Homes, and therefore present an adaptive advantage in the face of some of the risks that may materialise in the future. In addition, another series of adaptation measures for each of the hazards experienced by Neinor Homes' most vulnerable projects and infrastructures have been identified and are currently being analysed for implementation.

Climate hazards	Adaptation measure	Application	Status of implementation of measures
Heat wave and heat stress	Creation and design of parks and green spaces	P	Implemented
	Installation of green roofs.	E+P	Under review
	Strategic tree planting.	E+P	Under review
	Implementation of early warnings for owners.	E+P	Under review
	Location and solar orientation of the building.	P	Implemented
Water stress and drought	Implement rainwater harvesting systems.	E+P	Implemented
	Adjust watering schedules to periods of lower evaporation.	E+P	Under review
	Use xerogardening techniques for the surrounding vegetation areas.	E+P	Under review
	Installation of individual meters to measure water consumption.	E+P	Implemented
	Use of high-efficiency appliances.	E+P	Under review
	Design measures for water recycling	P	Implemented
Heavy precipitation	Installation of Sustainable Urban Drainage Systems	E+P	Under review
Floods - Avoidance	Establishment of watertight walls and permanent barriers	E+P	Under review
	Temporary flood barriers	E+P	Under review
	Landscape-integrated earthworks and embankments	E+P	Under review
Floods - Resistance	Use of materials resistant to water, abrasion and impact due to solid dragging.	E+P	Under review
	Increase the flexibility of the building and its systems, allowing the building's responsiveness.	E+P	Under review
	Sealing of the external walls of the building with waterproof coatings.	E+P	Implemented
	Screed made of damp-proof brick courses or concrete with a waterproof membrane.	E+P	Under review
	Raising door and window thresholds by means of automatic or manual, permanent or temporary protection measures.	E+P	Implemented
	Protection of ventilation openings or similar.	E+P	Under review
	Checking of drains and pipes, together with the state of septic tanks.	E+P	Under review
	Design the building so that the first habitable floor is above flood levels. Establish platforms or piles to protect people and spaces from potential risks.	P	Under review
Floods - Toleration	Establishment of a good drainage system	E+P	Implemented
	Relocation of valuable equipment or systems to elevated locations.	E	Under review
	System of pumps and non-return valves in the pipes to drain into the sewer.	E+P	Under review
	Design the building to locate facilities and services in elevated areas protected from the flood level, so that material losses are reduced.	P	Implemented

8.6. URBANISATION AND ACTIVATION OF THE ENVIRONMENT

Neinor Homes, aware of the need to improve and recover the most degraded areas, is committed to a new urbanism that transforms and generates wealth: investment in projects for the revitalisation and redevelopment of urban areas, and the remodelling of industrial areas.

Three standout key activities of which Neinor Homes is a part are:

BOLUETA AREA (Bilbao)

A strategic urban regeneration project framed within a set of decisions andmeasures aimed at recovering, for the benefit of society, disused industrialland in Bilbao's surroundings due to its potential value for completing andrenovating the city.

This project represents an opportunity to reverse the initial situation of degradation associated with obsolete industrial facilities in favour of urban regeneration and environmental recovery that will enable the integration of this area of the city into the urban, social and environmentalfabric of Bilbao, with plans for the rescue and enhancement of the natural landscape.

This operation combines the intrinsic value it has as a generator of protected housing with the environmental recovery of land and spaces, and is presented as an opportunity to adapt the habitability conditionsand productive facilities of the residents and pre-existing economic activities, and all this from the promotion of citizen participation in decision-making and administrative power in urban planning matters.

MONTESA STRATEGIC RESIDENTIAL AREA (Esplugues de Llobregat)

The Montesa SRA is the first major housing land reserve in the metropolitanarea of Barcelona.

This project is located in an area where there was a progressive abandonment and decline of non-specialised industrial uses, which began with the demolition of the Montesa factory and the moving away of its activities.

The proposed planning defines the land as a significant opportunity for metropolitan centrality, as it has very good links to major mobility infrastructures and adjacent municipalities, and will allow for a large number of social housing units.

The amendment to the development plans for the area envisages a redefinition of the urban planning to make the transformation of the areaviable, reconsidering the delimitation of zones and systems and revisingthe housing typologies planned.


Before


After

ZORROTZAURRE (Bilbao)

The Zorrotzaurre project is the latest major urban regeneration operationto be launched in Bilbao.

This is a zone that experienced an era of industrial boom in the mid-1960s,with the consolidation of industrial activities related to port activity on bothsides of the Deusto canal. However, the economic crisis of the time led toa decline in industrial activity and a deterioration in the standard of livingin the area as a result of the ageing of buildings and public and privatespaces.Today there are barely half a thousand residents.

The urban environs of Zorrotzaurre occupy an area of 838,781 m2, of whichmore than half belongs to public entities (Basque Government, Bilbao CityCouncil and the Port Authority of Bilbao), the rest being divided betweenvarious private owners.

The General Urban Development Plan of Bilbao, approved in 1995, changed the industrial use of Zorrotzaurre to residential. At the same time,it left the definition of the urban design of the area to the drafting of aSpecial Development Plan.

The Master Plan for the project was designed by the prestigious Anglo- Iraqi architect Zaha Hadid in 2004 and revised in 2007. It incorporates the complete opening of the Deusto Canal, which means the transformationof the Zorrotzaurre peninsula into an island, thus guaranteeing the non- flooding of the area.

The regeneration of Zorrotzaurre represents an integral and balancedproject, defined under criteria of sustainability, which recovers a currentlydegraded area to convert it into a new district of Bilbao, well connected to the rest of the city, with affordable housing, areas for non-contaminating businesses, numerous social and cultural facilities, and large areas for theenjoyment of citizens.

In addition, Neinor Homes has carried out urban and industrial regeneration projects throughout Spain:

EASTERN ZONE	NORTHERN ZONE	CENTRAL ZONE
Area Montesa Espluges de Llobregat (Barcelona)	Bolueta (Bilbao)	Las Rozas (Madrid)
La Marina Prat Vermel (Barcelona)	Amezola (Bilbao)	
La Catalana (Barcelona)		

8.7. INNOVATION AS AN ENGINE OF TRANSFORMATION

Innovation, technology and digital transformation have been in the DNA of Neinor Homes since its inception, with the vision that its drive allows it to gain a **competitive advantage and maintain a leading position** in the transformation of the Spanish residential and real estate sector.

From a purely product point of view, new buildings are expected to be sustainable, smart, safe, adapted to new user lifestyles and different climate scenarios.

Neinor Homes has analysed the **trends forecast for the building sector** and the challenges it will face in the next 20 years, considering aspects such as ethics, transparency, customer focus, industrialisation, digital transformation, automation and new sustainable materials, among others.

In this context, innovation is one of the fundamental values that govern Neinor Homes, acting as a cross-sectional thread running through the company's three strategic pillars: Environmental, Social and Governance.

Neinor Homes leads the way in innovation in the real estate sector.

In 2022 Neinor Homes renewed the

AENOR Certification 166002:2021

it has held in the last 5 years.

Neinor Homes is aware that the future of the sector involves a commitment to the trends and new technologies that will transform the homes of the future.

COLLABORATIVE INNOVATION

Neinor Homes is committed to the **exchange of experiences and solutions** with the rest of the real estate sector and with other sectors, in order to **seek new solutions in innovation** and adapt them to the new needs of customers.

- On these lines, the ***Neifior Mobility Pack*** has continued to be offered in 2022 in conjunction with ILUNION Accessibility (ONCE Social Group), which was also the first initiative to emerge from Neinor Lab. Neinor Homes was a pioneer in establishing an agreement to facilitate the inclusivity of groups with different capacities.

- **ERAIKUNE Basque Construction Cluster,** participating to address thevarious challenges posed in the Basque Country within its StrategicPlan. More specifically, the development of the Working Group 2"Innovation and Training" to address Challenge 2"incorporating state-of-the-art knowledge and technologies in the industry".

  The objective is to incorporate state of the art knowledge and technologiesin the construction industry that will improve the competitiveness of thecluster's companies by means of:

  · Sector technology watch.
  · Promoting the development of new advanced products and processes.
  · Launching innovation projects.
  · Upgrading of the skills of existing professionals.
  · Training of future professionals.

- **Building Cluster:**
  https://clusteredificacion.com/

  The building sector is one of the strategic sectors in Spain due to its size and its economic, environmental and social importance. In this field, the Building Cluster operates as a non-profit association and is made up of companies, universities and research centres.

  The objective shared by all is to innovate in the construction of existingand new buildings of any use or tenure.

- **PTEC: Spanish Construction Technology Platform**
  https://plataformaptec.es/

  PTEC aims to contribute to the improvement of the construction sector through public-private cooperation in research, development and innovation, carried out between companies, business associations,universities, research centres, technology centres and customers.

- **Implementation of the Life Cycle in all works: LCA Neinor**
  https://itec.es/infoitec/sostenibilidad/neinor-homes-implanta-el-analisis-del-ciclo-de-vida-en-todas-sus-obras/

  Implementation of a digital tool in all works to carry out Life Cycle Analysis and quantify their environmental impact automatically, according to the different stages of the manufacturing process, construction, use and end of life.

  Project backed by the independence of the Institute of Construction Technology, whose environmental database BEDEC Sustainability provides rigour and transparency.

  This is an innovative initiative that confirms Neinor Homes' commitment to the environment and sustainability in its strategy to reduce the Scope 3 carbon footprint. Fundamental objectives to decarbonise the development sector and respond to the housing needs that exist in Spain without compromising the future of coming generations.

- **First residential building site with "green" concrete**
  https://www.cemex.es/-/primera-obra-residencial-con-hormigon-verde

  CEMEX and Neinor Homes are developing in Madrid Spain's first residential development built entirely with 'green' Vertua® concrete: technological concrete developed by CEMEX that is a response to the current needs of low-emission and sustainable construction.

  The Torrejón Park Homes development of 81 homes is built with CEMEX 'green' concrete manufactured with between 50 and 70% less CO_2 emissions than traditional concrete. It will be a residential complex with almost zero consumption, with an A energy certificate, BREEAM Good seal and a recovery of more than 80% of construction waste.

COOPERATION AGREEMENT WITH CEMEX VENTURES

In 2022, a cooperation agreement between CEMEX Ventures, CEMEX's Corporate Venture Capital, and Neinor Homes remained in place with the aim of **establishing synergies** to improve the construction and development industry. Through this cooperation, both companies would **exchange information on *startups*** that may be of interest.

INNOVATION PROCESS IN CONSTRUCTION

At Neinor Homes we understand industrialisation to be a **holistic process of integrating all the design, planning and construction processes** in which people, processes and technology play a fundamental role. That is why from the outset we have opted for the implementation of all its projects in **BIM**, a digital work environment that allows the degree of cooperation between agents and the flow of information and resources necessary for the development of industrialised construction. We are developing an open industrialisation that allows us to adapt to the needs and requirements of each project. Depending on the typological and morphological characteristics of the product, requirements and location of the plot, as well as cost, time and sustainability needs, we select the systems that best adapt to these circumstances. There are several projects in which we have incorporated industrialised construction processes and elements for the construction of the structure or façades.

DIGITAL TRANSFORMATION

The CEO himself has been involved from the very start in the DigitalTransformation Acceleration Plan. Each project has had an operational manager and an implementation manager whose functions were to monitor each of the initiatives that were being developed.

At Neinor Homes we understand digital transformation to be **part of our corporate culture,** as a vision and a way of doing things, rather than asone or several projects. For this reason, it is something that we imprint onall elements of the company.

We have various **internal applications for the use of the staff**, which digitally controls their shifts, their holidays or teleworking and allows them to access general information, such as the company's organisation chart.

Moreover, technology is something we apply throughout the entire real estate value chain, from the selection f land to the study of its suitability, to the feasibility of the project, to how we build.

ACONEX

Having a document manager for the organisation is essential in order to promote communication, information and project management.

Aconex is working on the integration of this tool so that the information is organised and accessible, whatever the project, all in the same way.

WHAT HAVE WE ACHIEVED SO FAR?

1. **Common** documentation **management system** in the company:
   - Between departments and with external partners.
   - Training for the main departments involved inside and outside DGO.
2. Daily and personalised **advice**. Monitoring and support from key people within the company to ensure that the tool is used correctly
3. Use of ACONEX for **tenders** by the **Purchasing** Department
4. Updating of **support documentation and** customised **videos** applicable to Neinor projects.
5. **Close of development documentation:** compilation and uploading to the Platform of various developments.
6. Creation of the **"Neinor Homes" project** for the company's general documentation.
7. Creation of the API for massive uploads in several projects at the same time.
8. Access for a large number of co-workers.

WHAT ARE THE OBJECTIVES FOR 2022?

Creation of workflows:

- Commercial documentation.
- Project phases.
- [..]

Creation of workflows:

- Single use for all documentation management (internally and externally).
- Correct file naming and labelling.
- Version management.

- Traceability.

Reducing the documentation load in F: **Upload all common company documentation to Aconex**: Upload procedures and templates.

SUPPLIER PORTAL

- Ease of signing up of suppliers and receipt of invoices
- Reduction of deadlines and costs
- Increased visibility of invoice status
- Avoiding risks of CEO-type payment attacks.

DIGITAL SIGNATURE

- Through digital signatures, contracts can be signed digitally without the need to sign them in person.
- Implemented in the purchasing area, for the signing of works contracts and framework agreements and for commercial for customer reservations.
- **2500 + transactions signed in 2 years.**

ONLINE SALE / RENTAL

- Immediate availability, with information updated in real time: a customer can purchase at any time.
- Reduced fees and commissions: as we are direct sellers we avoid commercial intermediation payments.
- Global reach: we are extending our borders and opening up to international buyers, who can buy from Spain and from any country.
- Competitive advantage over competitors: online sales are becoming more and more common in all sectors, including property development. Being the first to implement it reinforces our brand image and strengthens our track record, as well as putting us ahead of the competition.
- Low-cost sales channel: once the first technological investment has been made, it does not require significant amounts of maintenance. The investment in processes derived from its implementation is used to obtain synergies in other aspects; digital signature, automatic synchronisation with Prinex, WEB synchronisation, etc.

INVOICE APPROVALWORKFLOW

We have succeeded in automating the process of invoice endorsement and approval for real estate business anytime, anywhere and from smartphone or tablet.

This provides managers with an easy-to-use endorsement tool, for use in any location without having to be connected to the ERP.

This allows us among other things to:

- Endorse invoices with a choice of different routes for the final approval of each invoice.
- Authorise payments by providing remarks or reasons for refusal, if any.
- Consult all the information on an invoice,as well as the documentation associated with it.
- Know the budget allocations that each invoice line has.

PURCHASE REQUESTWORKFLOW

We manage all purchase requests from the time they are registered with each of the companies until they are approved.

This also allows us to monitor the quantities requested compared to those budgeted to immediately detect deviations.

It is possible to allocate invoices from the approved purchase requisition until fully consumed.

AFTER SALES APPS

Aimed at improving and providing a better service to our customers through complete functionality, to be able to carry out a proper management of after sales services as a key and stand-alone feature.

This is available via a mobile phone app for the visitor role, and via web app for the supervisor, allowing, among other things:

- Creation of pre-sales and post-sales incidents during the same visit to the property in a quick and easy way (with photographs, documentation and customer approval) and all from a smartphone or tablet.
- Incident management by the supervisor: assignment to suppliers, transit of incident statuses, etc.
- Issuance of work reports to suppliers.
- Creation of Big Data for exploitation.

DGO GUARANTEES

WEB application for the management of bank guarantees received, maturity calendar and automatic e-mail alerts management.

PURCHASING APP

- Web platform for purchasing department management, divided into the following main modules:
- Developments.
- Companies.
- Recruitment (recruitment database).
- Framework Agreements (services).
- Approval notes (related to supplier evaluation).
- Tenders (ratios, savings tables).
- Price (database of items/references per development).

A series of Power BI files have also been designed to obtain interactive graphics.

APPROVAL OF SUPPLIERS

All suppliers working with Neinor, including Architects and Construction Companies, must be previously approved in line with the quality levels required by Neinor. The updated approval table can be found in the Purchasing App. Re-approval is annual.

EVALUATION OF SUPPLIERS AND SUBCONTRACTORS

- **Suppliers**: All approved suppliers working with Neinor are periodically evaluated through an app. Both scores (evaluation and approval) generate an overall score for the supplier which is recorded in the Purchasing App.
- **Subcontractors**: The subcontractors contracted by the builder are also evaluated in order to keep a record of each one and to avoid working with those, if any, that have not given good results on site.

FRAMEWORK AGREEMENTS

- **Web platform** for monitoring framework agreements with various manufacturers nationally. Access from two types of user profile.
- **Project Managers.**
- **Neinor Purchases.**

Entries for manufacturers with whom we have a framework agreement for the calculation of the agreed rebate are compiled by development. A PowerBI has also been designed to obtain graphs.

And, last but not least, we apply technology to the end of this chain, which is customer service for customers who have already bought a home with us. For this purpose, we have Neinor Experience, made up of a great team that responds to any incident or doubt that the customer may have, accompanying them at all times from the moment they reserve their home, while it is being built and even after delivery, all through both traditional and digital channels.

Our approach to innovation is aimed at covering the entire value chain of the company, from the study for the purchase of land to the after sales of the development delivered. Throughout the entire process, needs have been identified and cross-sectional projects have been defined to cover these needs.

In this way, as the leading residential platform in Spain, we apply our vision of digital transformation to all of the company's business lines.

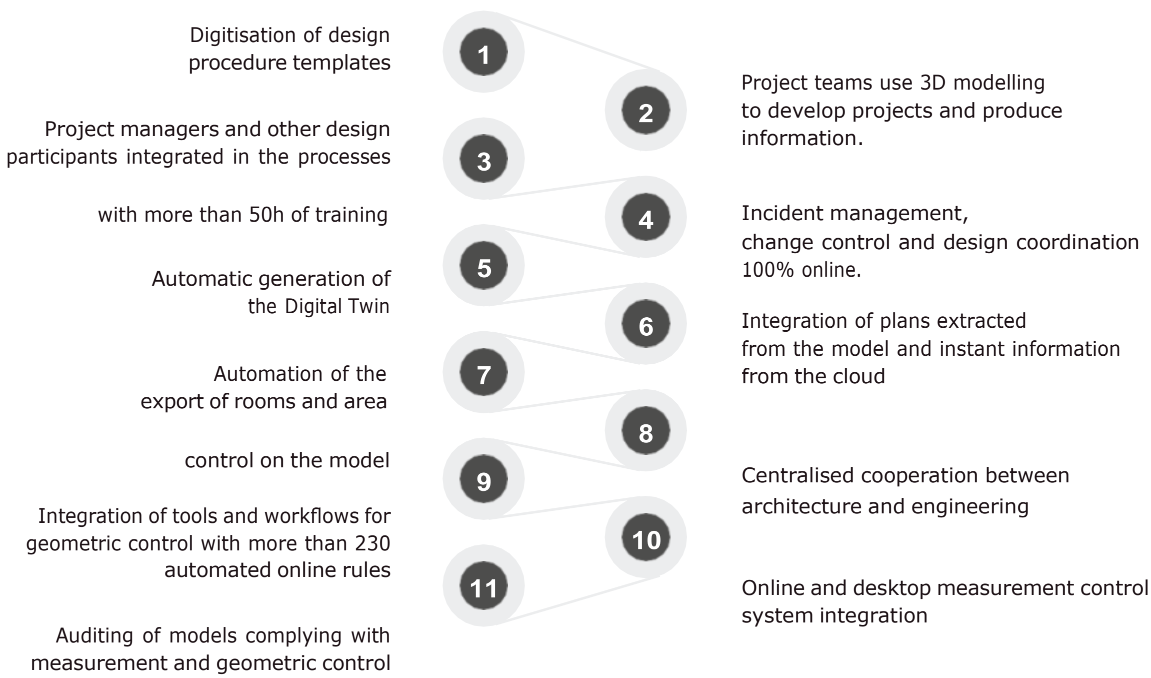
At Neinor Homes we use and have **incorporated technology and various digital enablers** throughout the entire product lifecycle.

- We support land acquisition through our Big Data tool that allows us to take better decisions. This **Big Data tool** provides us with a great deal of data about a piece of land, an area, how prices are going to behave etc., which allows us to make decisions based on concrete data, not on intuition, and that ultimately allows us to mitigate risk. But data without knowledge is useless. We need the human factor and experience to know how to interpret this data, and that is where Neinor Homes provides stand-out value, thanks to the combination of technology with the best professionals in the sector.
- From the design to the construction of the homes, we incorporate **BIM**, which allows a cooperative work methodology that centralises all the information of a project in a digital model.

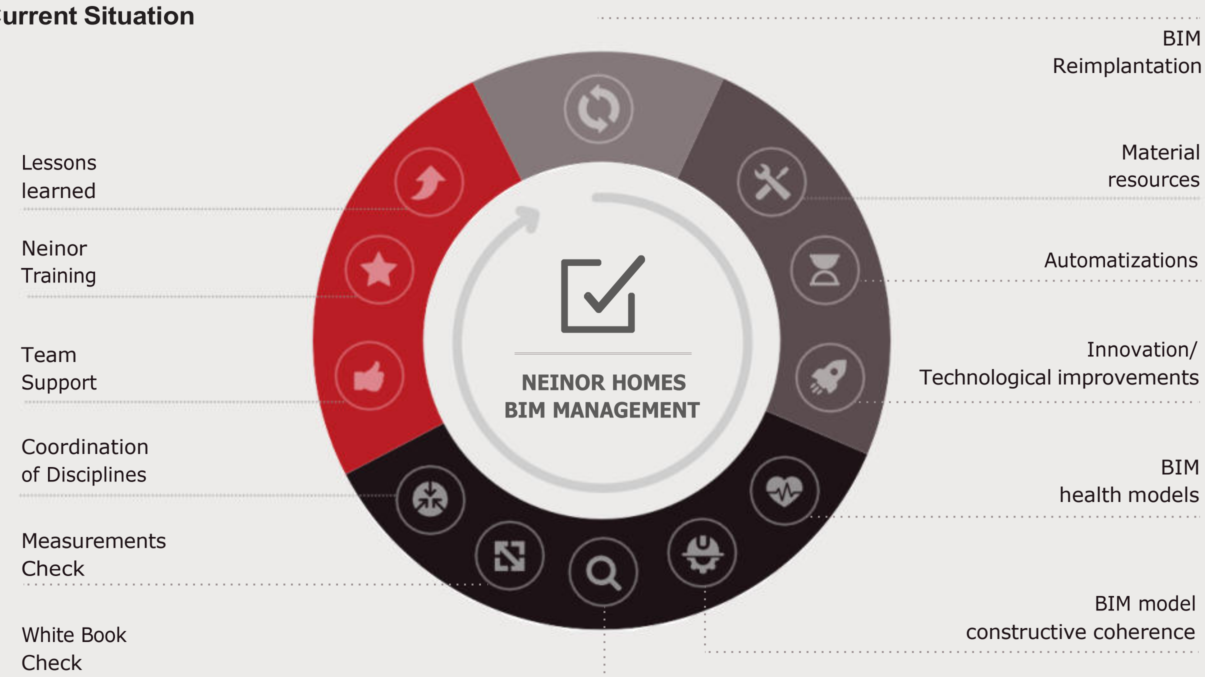
BIM

One of the most important projects within the Operations Area has been the commitment to the digitalisation of our developments in all their phases, starting with an integrated management of the project phase, in order to be able to close the circle with the construction phase in the near future.

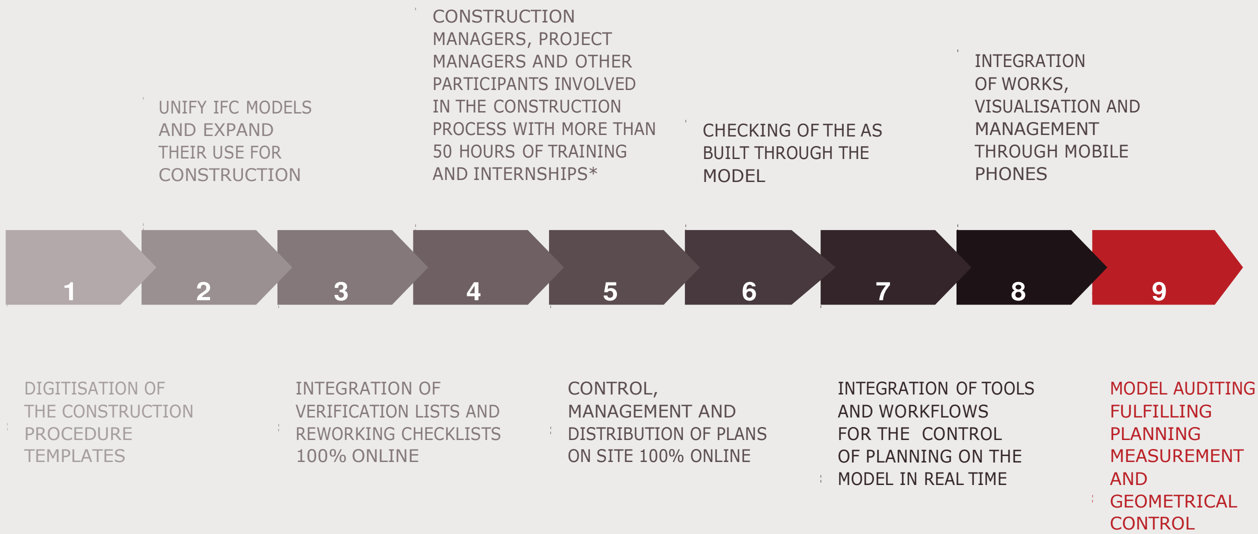
To date **we have achieved:**



Current Situation



2022 Objectives



* With more than 50 hours of training and internships.

TOOL DEADLINES

We have achieved:

- Optimisation of the company's internal processes
- In response to this, a Deadline Management tool has been built to improve the coordination and monitoring of our processes, leading to a reduction of internal efforts and an improvement in the delivery times of our developments.
- Knowledge **in real time** of the status of tasks and projects.

Territorial Director who wants to know when the draft infographics will arrive.

Marketing agent who needs to know when the marketing pack will be available.

Marketing manager who needs to know when the Basic Plans will arrive to send them to infographics and mock-ups, etc.

- Save **time by eliminating meetings** dealing with to-do's, status updates and spreadsheet updates.

Thursday meetings (Launch 1st GO).

Meetings in each territory to gauge the status of pending launches.

- Improves teamwork productivity irrespective of physical location.
- It has **task notifications**, so it is harder to miss something important.

Working with increasing volumes increases the possibility of forgetting things.

Notifications make it easier to organise the tasks to be carried out during the week.

- All persons assigned to a project can **consult project files and documents,** without having to request them by mail, which **speeds up work and decision-making.**

Back Office will not have to chase the various departments so that they send the information by mail.

Marketing agents will not be so insistent on knowing when the marketing pack will arrive.

- Allows **comments** to be **entered, partially eliminating the sending of emails** and logging a history of the conversation.

Possible oversights when copying someone involved.

Eternal searches for e-mails proving "I told you so"...

- All **tasks and updates are synchronised and in the cloud**, so information is always backed up and secure.

This eliminates the possibility of not knowing what the final infographics are.

- For the marketing of our homes we apply various technologies both in the physical and online channels:
- On the one hand, we have created Neinor Stores, a technological sales space that allows us to increase the satisfaction and knowledge of our customers, where we combine Virtual Reality, interactive screens and real-time analysis tools to better understand the profiles and needs of our customers.
- On the other hand, we now allow **online booking** and are working to complete the home buying process in an online environment, increasing the accessibility, simplicity and intelligent conveyance of the property to increase and guarantee the confidence of our customers.
- In the delivery of our homes, our **Neinor Experience** digital platform allows us to control the entire process digitally, from the deed signing process to the after sales process.

WFs

DATA QUALITY

It is also worth highlighting the developments we are implementing to promote our new Neinor Rental business line, with which we have the first platform capable of offering 100% of the rental services. In this regard, within this business line we are working on the development of online booking and rental.

8.8. LIFE CYCLE ANALYSIS

All of the company's projects, from 2022 onwards, will have a corresponding Life Cycle Assessment.

Neinor Homes has a digital tool that makes it possible to digitise and automate the Life Cycle Analysis of all the company's projects and to quantify the environmental impact of all its projects automatically, according to the different stages of its processes.

This analysis is carried out in accordance with the international standards ISO 14040 and 14044, 15804 and 15978 and the guidelines of the ILCD Handbook and provides the traditional environmental impact indicators, such as renewable and non-renewable energy, CO_2 equivalent emission and waste, as well as 10 other environmental impact and resource use indicators.

The rigour and transparency in the calculation and the data obtained are ensured through an independent body, i.e. the Institute of Construction Technology (ITeC) and its environmental database BEDEC Sustainability, the only database in Spain that has a licence to market updated carbon data based on ECOINVENT, a database recognised by the Joint Research Centre, a research body of the European Economic Community.

09

WE HAVE A **COMMITTED TEAM**

One of Neinor Homes' priorities is to offer its human team an **attractive environment** where they can develop professionally and where they can reconcile their personal life with their work. All of this is based on **equal opportunities, transparency, health and safety.**

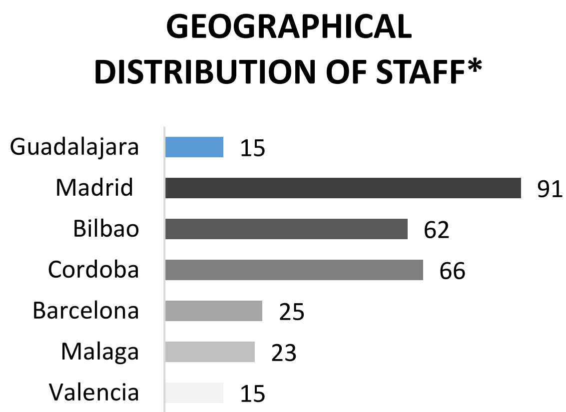
Neinor Homes is a benchmark company in the real estate sector, offering an **attractive environment in which to work,** generating quality employment, fostering the development of talent and continuous training and promoting well-being, work-life balance and safety. The company always seeks **maximum transparency in communication and involves the entire workforce in the innovation and growth** of the company. Only by working daily with all these values in mind can we be at theforefront in a sector that increasingly demands **greater dynamism and professionalism.**

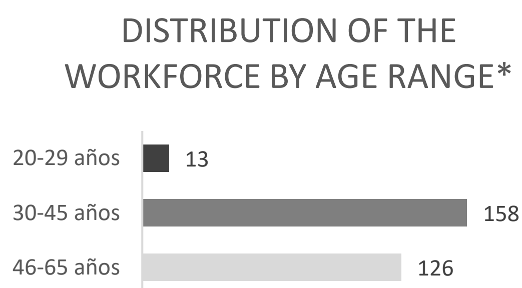
Since its creation in 2015, Neinor Homes has grown exponentially, increasing its workforce by a factor of 5.4 in those 7 years. This requires effective people management, which is determined by a **Strategic Human Resources Plan** closely linked to the company's three strategic pillars.

In 2022 Neinor Homes had a workforce of **511 employees, 55% men and 45% women**, in the Neinor Homes Group*. Neinor Homes is committed to talent and professionalism when it comes to putting together its work teams, which is why it has a great diversity of profiles. In this regard, the **average age** of employees in 2022 was **44.5 years**. The **average length of service** of the workforce is **6.99 years**, as it is a company that has grown greatly in recent years. The figure has increased considerably due to the incorporation of Renta Garantizada and Quabit Construcción as a result of corporate operations for inorganic growth.

* These calculations do not include the employees of Renta Garantizada (33) or Quabit Construcción (181) who are being integrated into the group.

During its first 7 years it has not only grown in the number of employees, but also in the number of branches. Currently, it is located in **7 territories** throughout the Iberian Peninsula: Madrid, Bilbao, Cordoba, Barcelona, Malaga, Valencia and Guadalajara.





* Not including the employees of Renta garantizada (33) or Quabit Construcción (181) who are being integrated into the group.

We would like to state for the record that, contrary to some trends that are occurring in many companies, which discard or dispense with people who have more experience just because of their age, increasingly aggravating the problem of mass recruitment processes, Neinor Homes does not take into account the age of candidates to select talent, nor does it carry out any type of age-related discrimination in the work environment (talent retention, internal promotion, etc.). As can be seen, a large part of the workforce is between 46 and 65 years old, and of the 46 new hires made in 2022, 26 were over 45 years old and a third of the workforce is between 46 and 65 years old.

At Neinor Homes, **100% of employees are subject to the construction industry collective bargaining agreement** in force in the autonomous community in which its headquarters are located. In addition, freedom of association is guaranteed and union representatives are provided with meeting rooms for their meetings, with trade union representatives affiliated to the ELA union in Bilbao, and in Cordoba to the UGT and CCOO unions. Collective agreements in the construction sector establish the health and safety aspects of the sector's activities, including issues such as the minimum safety provisions applicable on construction sites and health and safety training to be provided.

9.1. EQUALITY AND DIVERSITY

Neinor Homes is firmly committed to **equal opportunities, non-discrimination and respect for diversity,** which is also reflected in the principles of its Code of Ethics and Code of Conduct with third parties and in its Diversity and Non-discrimination Policy. The best proof of this is that there is practically **parity between men and women** among its employees, which is remarkable considering the particularities of the sector in which it operates. There are currently 10 women in STEM (Science, Technology, Engineering and Mathematics) or similar positions, and 28% of management positions are held by women. However, at Neinor Homes, equality is applied in a broader concept thangender, as it aims to promote equal rights and obligations for all people. In this regard, the company's practices are aimed at complying withthe **ten Principles of the United Nations Global Compact,** and the 17 Sustainable Development Goals (SDGs), particularly in this case those relating to **human rights, labour and equality.**

Neinor Homes' commitment to equality and non-discrimination is reflected in its Diversity and Non-Discrimination Policy.

At Neinor Homes, there have been no complaints of human rights violations, respecting freedom of association and collective bargaining as evidenced by the interrelationships with workers' delegates and committees. There is no employment discrimination of any kind and no forced or compulsory labour is carried out.

The Board of Directors of Neinor Homes has approved a **Diversity and Non-Discrimination Policy** that establishes the criteria and guidelines to achieve equal treatment and opportunities and to eliminate any type of discrimination based on gender, origin, age, race, culture, ideology, religion or disability.

In this regard, in the last work climate survey carried out in the last quarter of 2020, 80% of respondents said they believed that in the recruitment, evaluation, professional growth and remuneration processes there is no discrimination based on gender, age, origin, sexual orientation or ideology.

Moreover, no complaints of discrimination or inequality have ever been received.

Diversity and non-discrimination policy **guidelines:**

PROMOTING EQUAL OPPORTUNITIES

Guarantee for all employees of equal treatment and equal opportunities in terms of access to employment, job classification, performance evaluation and promotion, remuneration, training and work-life balance.

RESPECT FOR DIVERSITY

Rejection of any discriminatory or intolerant behaviour in the organisation, considering diversity as a value that contributes different visions and promotes the generation of new ideas and creative and innovative alternatives.

INTEGRATION AND INCLUSION

Cooperation and teamwork so that all professionals, irrespective of their seniority in the company, previous experience or any other condition, can form part of the company, with a strong commitment to the inclusion of specific groups with different abilities.

CONDUCT OF THIRD PARTIES

Extending of commitments to respect diversity and non-discrimination to all stakeholders, particularly with regard to raising awareness among suppliers and contractors.

WORK ENVIRONMENT

Preserving a harassment-free environment at work, fostering an atmosphere of respect and acceptance, strengthening the company's diversity, inclusion and non-discrimination awareness and culture, and guaranteeing freedom of association rights as set out in international standards.

EQUAL PAY

The Board of Directors of Neinor Homes strives to ensure that remunerationfor positions of equal responsibility and functions is the same throughout the company.This is because avoiding discriminatory biases in remuneration iskey to fostering an environment that promotes diversity, which is consideredone of the main values of the company's human capital.

Neinor Homes guarantees respect for equal pay and has reflected this inits Diversity and Non-Discrimination Policy. Furthermore, in its 2022-2025 Sustainability Plan, it is committed to introducing measures to eliminate the wage gap, in line with the company's goal of achieving wage parityamong employees. The Human Resources department is responsiblefor ensuring that this course of action is implemented between 2022and 2025.

The remuneration structure of all professional and responsibility categoriesin the group is conceived under the criterion of gender neutrality. Furthermore, in order to promote wage parity, Neinor Homes monitors andcompares the annual salary of women and men, at all management levels, during the salary review process that the company carries outannually, and which is based on the individual performance assessment and common criteria for both genders.

Based on the principle that men and women are entitled to equal payfor equal work (salary equality), the difference between the average payreceived by men and women (pay gap) has been calculated.

In the area of remuneration, 100% of the company's employees arecovered by general collective agreement terms, thus improving the minimum conditions established by the various employment regulations.The Collective Agreements govern the remuneration received by theemployees subscribed to them, and in particular establish criteriaof equity between similar jobs, thus avoiding the existence of gender discrimination and the wage gap between equivalent jobs. However, the mathematical calculation of the pay gap, understood as the difference between the average hourly remuneration of men and women compared to the average hourly remuneration of men, is 41.8%, the average remuneration of the Group being €48,805: €59,866 for men and €34,789 for women.

The information obtained from this analysis will be used to study the databy line of business and level of responsibility to define whether there isa gender gap in jobs of equal activity, or whether the difference is dueto any other cause (seniority, performance, results, etc.). Neinor Homes'objective is to eliminate any cases of this type of inequality that may bedetected.

In addition, a specific analysis of inequitable pay situations will be carriedout through the annual pay review process. This action plan is regularlymonitored by management, which evaluates progress at each level of the organisation.

GENDER PAY EQUALITY ANALYSIS[1]

CATEGORY	AVERAGE REMUNERATION	Nº OF PERSONS	AVERAGE AGE	AVERAGE LENGTH OF SERVICE	% VARIATION	ADJUSTED AVERAGE REMUNERATION	ADJUSTED % CHANGE
TOP MANAGEMENT	**292,000**	**6**	**43.7**	**7**			
Men	292,000	6	43.7	7			
AREA MANAGERS	**91,658**	**32**	**49.6**	**9.2**			
Men	95,850	27	50.9	9.43	28%	84,280	18.1%
Women	69,019	5	42.5	8			
MANAGERS	**52,812**	**50**	**46.2**	**8.3**			
Men	57,358	26	47.9	8.1	16.5%		
Women	47,887	24	44.4	8.5			
TECHNICAL STAFF	**39,033**	**123**	**43.3**	**5.8**			
Men	41,919	67	45.2	5.7	15%		
Women	35,581	56	41.1	5.8			
ADMINISTRATIVE	**23,086**	**63**	**42.9**	**6.7**			
Men	23,110	18	41.8	5.1			
Women	23,076	45	43.4	7.3	0.1%		
SITE PERSONNEL	**39,955**	**22**	**45.4**	**1.03**			
Men	39,955	22	45.4	1.03			
GRAND TOTAL	**48,805**	**296**	**44.5**	**6.5**			

[1] Remuneration is calculated on the basis of the contractual conditions of each employee, taking into account the total variable salary independently of the amount received.

The underlying cause of the pay gap existing in certain categories is the lower presence of women in the workforce, a situation common in the development and construction sector, and which is accentuated in senior management positions, area managers (the two areas with the highest remuneration) and site personnel. However, although women are well represented in our company (45% women, 55% men), the Sustainability Plan sets out a commitment to introduce measures to increase the number of women in management positions between 2022 and 2025.

In this sector there is usually a greater presence of men, although this was much more accentuated in the past. In this connection, most of the people who have a great deal of experience in this sector are men, and the direct consequences of all this experience is that they have a higher salary and are in positions of greater responsibility.

That said, our workforce has a high percentage of senior employees who are in the category of area managers. There are 3 men between the ages of 55 and 65 with more than 15 years of seniority in the company, whose salary is almost double the average remuneration for the reasons explained above, in addition to seniority reasons. Therefore, in order not to distort the figure, an adjustment has been made in the calculation. Thus, if their exclusion is taken into account in the calculation, the percentage difference drops from 28% to 18.1%.*

Neinor Homes defends salary equality and is committed to reducing the wage gap. Therefore, in order to mitigate this situation, Neinor Homes is working on the implementation and development of an Equality Plan, which it has committed to approve in 2022 (see the 2022-2025 Sustainability Plan) and for the preparation of which it will check that its commitments and plans in terms of equality are aligned with the European Strategy for Gender Equality 2020- 2025 and national legislation.

Once the Equality Plan is approved, the Sustainability Plan includes in its courses of action training in equality and diversity, which will be provided at least to the management team, to those responsible for selection processes and to the members of the Equality Committee (whose composition is defined in the Equality Plan) before the end of 2023.

With regard to r**emuneration equality of the Board of Directors** of Neinor Homes, this is fully in place and there is no difference between thesalary received by men and women, as detailed in the Remuneration Policy and in the Annual Remuneration Report.

The remuneration of **non-executive Directors,** who qualify as "independent" and "other external", is as follows:

Fixed remuneration:

- Pr-Chairman of the Board: €115,000 per year;
- Other independent and other external directors: €85,000 per annum each.

Per diems for attendance at meetings of the Board and its Committees:

- Board meetings: €3,000 per meeting;
- Committee meetings: €1,500 per session of each Committee.

The average amount received in 2022 by the 4 Independent Directors (1 woman and 3 men) was €132,625.

* The gap is explained by more work experience and more seniority in the company.

Given the above, the only thing that makes the salaries received by Directors different is the allowances for attending Board and Committee meetings, which in turn depend on the number of Committees on which the Director sits and the number of times they meet during the year.

In 2022, the Board met 13 times, the Audit and Control Committee 7 times, the Appointments and Remuneration Committee 5 times and the Land Investment Committee 10 times. Some of the meetings were held in writing, which did not give rise to any entitlement to attendance fees. The remuneration of each Director, both annual remuneration and attendance fees (per diems) are described in the Annual Remuneration Report.

EQUALITY PRACTICES AND MEASURES ADOPTED AT NEINOR HOMES

- **Access to employment:** definition of requirements in job offers that provide equal employment opportunities and non-discriminatory recruitment and interviewing processes.
- **Performance evaluation and promotion:** use of objective and egalitarian criteria when evaluating the performance of employees and their promotion. In addition, the presence of women on governing bodies is encouraged.
- **Remuneration:** seeking homogeneity by professional category to reward employees according to their development and performance evaluation, not encouraging the existence of unjustified inequalities.
- **Training:** Training courses for all members of the company to improve and broaden their knowledge for the development of their job.
- **Work-life balance:** definition and implementation of a series of measures to promote equality and to reconcile and integrate professional activity with family and personal responsibilities.

The Human Resources Department will ensure compliance with and application of this Equality Plan, in cooperation with the rest of the departments that make up Neinor Homes. For its part, the Internal Audit Department periodically reviews and reports on compliance with the guidelines of the Diversity and Non-Discrimination Policy. In 2022 Neinor Homes had 2 employees with atypical abilities.

9.2. DESARROLLO PROFESIONAL Y PERSONAL DE LOS EMPLEADOS

The achievements so far and the continued growth of the Company, namely **46 new hires in 2022 (20 of which have been in Neinor Works, construction, all of them male) including 10 women**, of whom 5 are in the 20-29, 17 in the 30-45 and 24 in the 46-65 age bracket, have been possible thanks to the **search for the best professional training and the attraction of talent** in the selection of personnel. In 2022, the recruitment rate was 15%.

In 2022 we worked hard to **internalise the selection processes for as many positions as possible** in order to be able to rely on the valuable information that facilitates these processes. In 2022, **2 employees** were promoted.

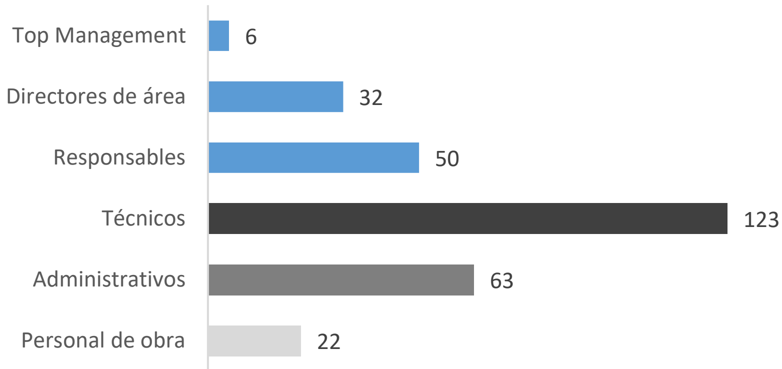
Neinor Homes defends **quality employment** and fosters a sense of belonging among its workforce and its consolidation, which is why practically the entire workforce, 99%, has a permanent contract, 98.66% of which are full-time, including medical insurance. The competition is attracted to its valued workers, which has led to a **turnover rate** of 13.88% in 2022 (24 men and 17 women), despite Neinor Homes' efforts to retain talent and offer quality employment.

The number of redundancies was 30: 13 women (9 between 30-45 years old and 4 between 46-65 years old) and 17 men (8 between 30-45 years old; 9 between 45-60 years old). Of the total number of redundancies, most of which were due to objective causes, 28 posts were the result of the effect of the merger with Quabit and the subsequent restructuring process and also the loss of the servicing business line.

In 2022, 30 redundancies in the company: 13 women (9 between 30-45 years and 4 between 46-65 years) and 17 men (8 between 30-45 years; 9 between 45-60 years.

Neinor Homes has a team of talented professionals to encourage internal promotion.

DISTRIBUTION OF STAFF BY PROFESSIONAL CATEGORY



DISTRIBUTION OF STAFF BY TYPE OF CONTRACT

	WOMEN 130	MEN 165	20 -29 YEARS	30 - 45 YEARS	46 - 65 YEARS	TOP MANAGEMENT	AREA MANAGERS	MANAGERS	TECHNICAL STAFF	ADMINISTRATIVE STAFF	SITE PERSONNEL
FIXED CONTRACT 293	128	164	13	157	123	6	32	50	121	63	22
TEMPORARY CONTRACT 2	1	1	0	0	2	0	0	0	2	6	0
FULL-TIME 291	128	163	11	157	123	6	32	50	121	61	22
PART-TIME 4	2	2	2	0	2	0	0	0	2	2	0

Neinor Homes is working on a **Professional Development Plan** to favour the professional growth and development of its employees, which is linked to the performance of each of them. In relation to this, **annual salary reviews** are carried out of fixed and variable salary, which is directly linked to the employee's performance.

Neinor Homes works with universities and schools; we offer internships in the company with the possibility of future recruitment.

ATTRACTIVE AND FLEXIBLE REMUNERATION

Neinor Homes has implemented a variable remuneration policy to ensure the sustainability of the company. The variable potential is linked to the achievement of EBITDA. It decreases if EBITDA falls below a certain minimum level and likewise increases if EBITDA exceeds a certain threshold. 100% of the resulting incentive is split between Departmental or Territorial targets and Individual targets. Once the bonus has been calculated using this formula, meritocracy is objectified and excellence in work is recognised according to performance.

9.3. TRAINING

Neinor Homes believes that training helps to increase the **work productivity** of employees, while at the same time improving the possibilities of their individual promotion.

To draw up the 2022 training plan, we endeavoured to assess the needs and interest of Neinor's employees by means of surveys of departmental managers and the workers' legal representatives (RLT), as well as the entire workforce.

In the RLT group (6 respondents), specific training in each department was evaluated rather than generalised training, in addition to the fact that everything was evaluated in an employee survey.

In the survey of all Neinor employees (157 votes), 97.7% of those surveyed rated receiving training and making a commitment to complete it positively.

For the employee group, the most interesting training courses were Excel, BIM, the Prinex tool and the Compliance and Sustainability course.

It should be noted that in the Compliance / Ethics and Sustainability course, employees were given tips and tools to improve their energy efficiency both in the offices and in their homes. This course has been one of the best received by employees due to its usefulness and relevance.

In addition, specific training in marketing and Power BI, among others, was proposed.

Neinor Homes provides its employees with a **training platform** where the various training courses are uploaded so that employees can access them at any time. In 2022 a total of **4,551 training hours** were given, with an average of **15.32 hours of training per employee** and an average cost (investment) in these training sessions of **€104.88** per employee. This meant a total cost in 2022 of **€31,149.**

Some of the topics have included courses on Excel, Planning Management, drawing up the Equality Plan, technical training, new regulations, tools training or ad hoc training to meet the needs of certain departments, among others. Training is offeredto all employees, irrespective of whether their contract is full-time, part- time or half-time.

Finally, there are initiatives to raise awareness and involve employees in Sustainability by fostering their pride of belonging. In terms of **environmental awareness,** regular communications are sent to employees to raise their awareness of **environmental issues**.

For Neinor Homes, training is a fundamental pillar and encourages the exchange of knowledge among its employees.

9.4. WELL-BEING AND WORK-LIFE BALANCE

For Neinor Homes, **the wellbeing and quality of life** of its employees outside the workplace is also important, as a happy and content worker in their personal environment will also be happy in their working environment, favouring their effectiveness and their relationship with their colleagues. It therefore implements measures that seek to harmonise professional activity with personal needs, which are materialised in the **Work-Life Balance Plan.**

The work-life balance plan includes 4 measures to guarantee disconnection: definition of workloads, not scheduling meetings after 18:00 hours, intensive working hours during the summer months (July and August) and a commitment to respect rest hours. On the same lines, the clocking-in app developed by Neinor Homes where employees record their working hours allows for an analysis and monitoring of the hours worked.

The Reconciliation Plan, in which Neinor Homes was a pioneer, was drawn up between the Compliance (GRC) and HR departments and its subsequent updating has taken into account the results of the **work climate and psychosocial risk survey** and the recommendations identified in the internal audits. In this way, 13 measures have been proposed, including the initial ones and those added with the update, aimed at favouring work-life balance

TELEWORKING

The possibility of teleworking is established for a maximum of 3 days per month for any professional as long as their duties allow it. For this purpose, all employees are provided with a mobile phone and laptop computer. The interested employee must coordinate with both the Systems Department for the installation of the VPN, as well as with their manager to establish the appropriate tasks, and there is a calendar for the use of the measure that must be reported to Human Resources.

REDUCED WORKING HOURS ON NON-SCHOOL DAYS

The **working day may be adjusted** to the school calendar and may be reduced on **non-school days,** as part of the measures included in the Work-Life Balance Plan.

PRE-BIRTH LEAVE

There is the option of requesting **paid maternity leave** during the last 15 days of pregnancy until the baby is born.

FLEXIBLE ENTRY AND EXIT TIMES

Flexibility of one hour is allowed in the time of entry to and exit from the workplace. Departments ensure that all responsibilities are covered at all times during all working hours. In addition, there is flexibility in **meal times.**

BREASTFEEDING

Paid breastfeeding leave is extended to **20 days** (instead of 13 days) or until the child reaches the age of 15 months (instead of 12 months).

PARENTAL LEAVE

SA leave of absence is established for the care of children of **4 years** (instead of 3 years as stipulated in the statute).

FINANCIAL ASSISTANCE FOR CHILDREN WITH DISABILITIES

Employees with children with disabilities receive financial assistance of **€150 gross per month until the child reaches the age of 15.**

FLEXIBLE MEETING TIMES

Except in exceptional cases, the timetable for meetings and videoconferences must be between **10:00 and 18:00 hours.**

LEAVE DUE TO COMPLICATIONS IN CHILDBIRTH

Paid leave is extended to **15 days** (instead of 5 days) in the event of complications arising from childbirth or neonatal illnesses that require the baby to stay in hospital.

INTENSIVE WORKING DAY

In accordance with the established annual calendar, from 1 July to 31 August the working day ends at 15:00hours, with weekly rotating shifts in each department so that support and service can be provided in the event of any incident.

WORKLOADS

In order to reduce as much as possible excess work outside the established working hours, there is a commitment to **define workloads.**

RESPECT OF REST HOURS

A commitment is made to r**espect rest times** outside working hours **as much as possible** and control measures are put in place to achieve this.

BIRTHDAY

A birthday will be a holiday and can be enjoyed on the Friday of that week, if preferred or if it falls on a weekend or public holiday.

The Human Resources department monitors the work-life balance measures, is open to the evaluation of new measures and is responsible for establishing, publishing and informing the staff of any new developments regarding these measures. In addition to these special measures, employees are entitled to all benefits established by law. In 2022, a total of **18 workers,** 11 women and 7 men, took **maternity or paternity leave,** of whom 100% have returned or will return to work after taking this leave.

Neinor Homes offers a **flexible remuneration package with tax benefits for employees,** where they can take out childcare, meal and transport vouchers, training, purchase of IT equipment and medical insurance for the whole family.

Moreover, preference is offered to employees when it comes to accessing a property in the developments launched by the company, although under no circumstances does this mean a reduction in the price.

9.5. HEALTH AND SAFETY OF OUR EMPLOYEES

Neinor Homes promotes a **safe working environment** and is committed to ongoing updating of the occupational risk prevention measures appropriate to each job, beyond the levels required by law. By the nature of their work, Neinor Homes employees are exposed to the risks inherent in office work. In this regard, the Board of Directors is the main driving force behind the implementation of a health and safety culture, assuming the firm commitment to ensure that there are no accidents at work in the company. This commitment is also shared by the Senior Management.

Due to the nature of their work, Neinor Homes employees are exposed to the risks inherent in office work. In this regard, an external company is responsible for carrying out periodic health and safety and Occupational Risk Prevention (ORP) audits in all offices and branches, the result of which has been that the required standards are met in all of them.

With the aim of promoting a culture based on health and safety, Neinor Homes offers Occupational Risk Prevention courses to its professionals. In 2022, Neinor Homes employees received 1,191 hours of training on health and safety policies and procedures.

Along these lines, at the beginning of the year, the company updated its Health and Safety Policy, which addresses health and safety in offices, on construction sites and for our customers, referring to the delivery of safe, quality housing that preserves the safety of people during use. This policy is included in the "Welcome Pack" for new recruits.

In 2022 there have been 3 occupational accidents (a 63 year old woman and two men aged 62 and 57) in itinere with sick leave (190 days), but there have been no occupational accidents with sick leave in the work environment.

Despite Covid, the absenteeism rate at Neinor Homes is 0.84%. To calculate the absenteeism rate (days of sick leave and total hours worked) for the total workforce, the days of maternity, sickness or accident-related sick leave were taken into account. Covid has hardly any impact on this rate as, with the exception of the first quarter of the year when the Omicron variant was very active, there was hardly any incidence related to sick leave during the rest of the year.

During 2022, a total of 1,472 days were lost due to disability (of all types), among our employees. During the last 8 years (since the beginning of the company's activity) there have been no work-related fatalities among our employees.

In addition, and in order to guarantee the safety of all its employees, Neinor Homes has an accident insurance policy for all its employees that is improved on the one established by the collective bargaining agreement for each territory. In general, there is a life insurance policy in the event of death due to an accident at work for a capital sum of €90,000, and in the event of death for all other causes, equivalent to 4 monthly payments of the base salary according to the agreement.

9.6. THE SAFETY OF OUR EMPLOYEES DURING THE PANDEMIC

The COVID crisis posed a huge global challenge in whichNeinor Homes, like the rest of the business world, had to adapt its way of working and its day-to-day operations to cope with the evolution of the pandemic.

For this reason, the company's main priority was to ensure the safety of its employees' jobs. From the outset, the CEO, Co-CEO andother executives conveyed to the workforce a message of peace of mind regarding the security of their jobs, demonstrating through their management that Neinor Homes is a solid company that is committed to its employees. Proof of this is that during the 2 years of pandemic the company did not take advantage of any temporary redundancy plan (ERTE), having been able to do so, and which would have meant economic savings.

Another of the company's top priorities continues to be preserving the health of its employees. For this reason, during the periods of worsening of the pandemic, in the first two months of this year, it was decided that during the whole month of January the entire company would telework, setting up safe spaces for all those employees who decided to work from the office. In addition, all work centres have established at least the measures decreed by the authorities, the correct implementation of the measures has been verified in our works in progress and prevention measures have also been established in the points of sale.

In tandem with the authorities, Neinor Homes has been reducing preventive measures in line with the progress of the pandemic. In addition, the current regulations established by the health authorities have been monitored in order to adapt and take the measures to be applied to improve the health and safety of the company's employees.

9.7. EMPLOYEE COMMUNICATION AND SATISFACTION

In 2022 Neinor Homes continued to **promote internal dialogue and communication** between all employees, who have different mailboxes to deal with specific issues of health and safety, human resources, recruitment and sustainability, among others. In addition, they have the “Non-conformities” app on their desktop to send questions on a variety of subjects and they have the Whistleblowing Channel at their disposal to report any breach of legal obligations or of the Code of Ethics of which they are aware.

To obtain real data allowing it to act in the correct way, the Human Resources department in collaboration with GRC plans to carry out the "Work Climate Survey" to all its employees to measure their level of satisfaction with the policies and measures adopted by the company regarding the company, working conditions, training and personal development, work organisation, information and communication, CSR and quality, among others.

The survey is created on a Google Forms form so that employees can submit their answers anonymously, within a maximum of 2 weeks. In 2022, due to the heavy workload in the last quarter, the survey was moved to the first quarter of 2023.

In the last work climate survey carried out at the end of 2020, the result was very positive, as the result was that 94% would recommend workingat Neinor Homes to others.

In addition, the following points were the most highly rated:

97%	feel committed to the company and proud of their achievements.
93%	believe that regulatory compliance is a relevant and rigorous aspect of the company and 85% believe that the company’s culture of compliance and ethics is reflected in the procedures and ways of acting.
94%	believe that Neinor Homes is concerned about the environment and society and, likewise, is informed and knows how to participate in the social actions carried out by the company for this purpose.

Finally, there are **initiatives** aimed at fostering pride of belonging and satisfaction:

CHRISTMAS PARTY

An annual Christmas party is held, bringing together all the branches, facilitating the means of transport and thus strengthening the relationship and communication between the employees.

NEINOR FAMILY DAY

One day a year, close to Christmas, employees can bring their children to the office, offering them activities and special catering.

10

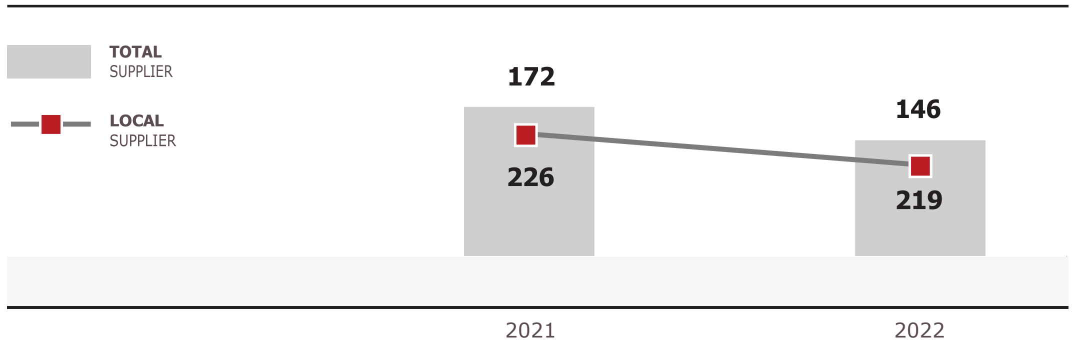
WE ARE **STRATEGIC PARTNERS** OF OUR SUPPLIERS

The **relationship** we establish with **our suppliers** and all the mechanisms we put in place to guarantee compliance with minimum criteria and requirements in terms of quality, deadlines and health and safety, among other aspects, is fundamental to the **success of our business.**

10.1. OUR SUPPLY CHAIN

Neinor Homes' values and commitments are also extendible to its entiresupply chain, as it is aware that, in order to guarantee excellence and quality levels, it is important to work actively to **successfully manage the long-term relationship** with contractors, suppliers and collaborating companies. In this connection, we are working to promote a relationshipof closeness and trust in which suppliers act as **strategic partners** of the company.

EVOLUTION OF THE TOTAL NUMBER OF SUPPLIERS AND LOCAL SUPPLIERS



Neinor Homes works mainly with three types of suppliers: construction companies, professionals (Architects, Construction Execution Directors, Project Managers, Health and Safety Coordinators, etc.) and companies providing various types of services (kitchen furniture, geotechnics, topography, OCT, BREEAM, quality control companies, etc.).

In total, in 2022 Neinor Homes worked with 219 **suppliers.** Of these 146 (67% of the total) were local suppliers. This high percentage of local suppliers demonstrates its faithful **commitment to contracting local suppliers,** local being understood as suppliers that operate in the same autonomous region where the development for which they work is carried out.

In order to attract the best suppliers in the market, it is essential to establish**strategic relationships with suppliers** that benefit both parties. In 2022 the contracting of framework agreements started in 2018 has been extended(five new ones signed), adding more companies to the list of those that work directly with Neinor Homes.

On the other hand, Neinor Homes has negotiated more than 60 framework prescription agreements with manufacturers that strengthen the ties between the brand and the developer, both ends of the construction chain which, although they do not have a direct relationship, provide advantages such as preferential supply, support for the sales network, etc. To name but a few, there are agreements on ceramic finishes, wood flooring, exterior and interior carpentry, air conditioning, lifts, sanitary ware and taps, electrical mechanisms, etc.

10.2. RESPONSIBLE PROCUREMENT MANAGEMENT

Neinor Homes' procurement management is based on **principles that must be complied with** before, during and after contracting. Throughout the entire process, suppliers must comply with Neinor Homes' values and integrity policies based on the Code of Ethics, the specific clauses for contracting suppliers, the Code of Conduct for third parties sent to suppliers for their knowledge and signature, and the Anti-Corruption, Fraud and Bribery Policy. In addition, Neinor Homes guarantees the ethical and environmental standards of each of the links in the supply chain.

Neinor Homes has a **procurement management procedure** as a framework for action in the area of pricing that describes a systematic process and enables the work to be standardised for the entire organisation in order to avoid any type of risk in the value chain. The procurement management procedure has been approved by the Management Committee.

Suppliers must comply with Neinor Homes' values and integrity policies.

DEPARTMENTS INVOLVED IN PROCUREMENT MANAGEMENT

The following departments are involved in procurement procedures, performing various functions:

- **Purchasing Department:** in charge of the complete contracting process, from the selection of construction companies to the award proposal and signing of the contract.
- **Technical Department**: participates in the selection of construction companies, resolves any doubts that may arise and reviews the project.
- **Compliance Department**: is informed by the Purchasing Department of the bid opening tables during tenders with construction companies.
- **Directorate General Operations**: sin charge of approving contracts.
- **CEO**: in charge of approving recruitment.
- **Management Committee**: approves major contracts.
- **Internal Audit Directorate**: conducts regular audits of the procurement management model and its compliance.

For work on units and services, which are similar in all developments, there are Framework Contracts with Suppliers and Prescription Framework Agreements with Manufacturers. These provide a prescription with specific conditions (prices, supply preferences, etc.) to be met by the developments. In general, the aim is to **optimise contracting** by emphasising the achievement of the deadlines set, compliance with the budget and, of course, without compromising the quality of the projects set by our standards and procedures. This results in a mutually beneficial relationship both for Neinor Homes, which achieves the best conditions in terms of quality and price, and for the manufacturers and subcontractors, who manage to increase their turnover and improve their own image by being prescribed by a developer of recognised prestige. Finally, this relationship also results in an increase in quality by achieving a commitment to excellence on all sides.

Framework Agreements promote equal opportunities and the equitable distribution of developments.

In addition, these Framework Agreements also establish a sustainable environment of trust and loyalty with the supplier, and result in higher standard qualities and a better response of the supplier to complaints, which in most cases results in higher customer satisfaction.

At Neinor Homes, a computer app has been created to control and monitor the Framework Agreements signed. 5 new Framework Agreements were signed in 2022.

The tendering period lasts for 12 weeks.

The Neinor Homes Purchasing and Contracting Department has 19 procedures in place:

General purchasing management procedure:

- Framework agreement procedure
- Approval procedure for architects
- Approval procedure for project manager
- Approval procedure for construction companies
- Approval procedure for intermediate works construction companies
- Approval procedure for partner companies and construction companies for minor works.
- Approval procedure for DEO
- Approval procedure for engineering companies
- Tendering procedure for architects
- Tendering procedure for consultants
- Tendering procedure for construction companies
- Tendering procedure for intermediate works
- Tendering procedure for minor works - Other services
- Tendering procedure, approval and evaluation of suppliers of commercial channels.
- Procurement procedure for kitchen furniture and electrical appliances.
- Evaluation procedure for suppliers
- Evaluation procedure for subcontractors
- Kitchen reception procedure
- Contract management and implementation procedure.

One of the most important of these is the Tendering Procedure for Construction Companies, which aims to define the rules and documents necessary for selecting the companies that will carry out each of the developments. It details the phases of the tendering process: from the initial selection of construction companies, through the evolution of each phase until the final award proposal based on a series of criteria related to the approval, technical and economic solvency, geographic footprint and local experience of the ultimate construction company. This tendering process lasts 12 weeks.

In 2021Neinor Homes has contracted procurements worth 240 million euros from suppliers to carry out its activity, all of which are Spanish companies. 76% of the total procurement volume has been invested in local suppliers operating in the same autonomous region where the development for which they work is being constructed. The volume of procurement has increased by 16.80% due to the increase in the volume of contracting.

10.3. SELECTION, APPROVAL AND EVALUATION OF SUPPLIERS

Neinor Homes ensures compliance with the highest sustainability standards among its suppliers. In this way, it ensures that it offers its customers sustainable and eco-efficient buildings that improve their quality of life.

For this reason, it has implemented a **demanding selection and approval process** that establishes the aspects to be analysed for each supplier, depending on the sector of the company in question and the service or product to be supplied. During 2022, a total of 53 new suppliers (including architectural and engineering firms) were approved. All of them were analysed according to ESG criteria. However, all suppliers must comply with the principles and requirements of Corporate Social Responsibility, sustainability and ethics and compliance of Neinor Homes, as well as with the international agreements of the International Labour Organisation and the United Nations Global Compact. **100% of the contracts** that Neinor Homes signs with its suppliers **include ESG** (Environmental, Social & Governance) **clauses.** Similarly, guarantees are required in matters such as health and safety, sustainability, confidentiality, prevention of money laundering, anti-bribery or corruption and prevention of criminal offences.

Neinor Homes has identified the main potential **environmental and social risks** in its supply chain, such as accidents, inadequate waste management or impact on biodiversity. In the current approval process, these risks are detected in each supplier, **rejecting those with negative impacts and thus excluding them from contracting.**

All suppliers must comply with the environmental legal provisions in the contract and be liable in the event of non-compliance.

In addition, Neinor Homes requests documentation relating to environmental management, quality and health and safety:

- Ecolabelling, Environmental Self-Declaration or Environmental Product Declaration.
- Copy of certifications such as UNE-EN ISO 9001 (quality), UNE-EN ISO 14001 (environment), UNE-EN ISO50001 (energy efficiency), and OHSAS (health and safety).
- BREEAM® certifications or others with similar characteristics.

Likewise, architects and builders are obliged to comply with the requirements of the White Book and the application of BREEAM® sustainability criteria (waste, pollution, energy, materials, etc.) is also positively valued. On the other hand, tax and employment responsibilities are guaranteed through remunerations consistent with the market and avoiding the hiring of third parties when there is a suspicion of tax fraud, influence peddling or any other symptom that goes against the company's policies and values.

In addition to aspects related to sustainability and the environment, Neinor Homes' contracting clauses include certain **clauses, declarations and commitments** related to different aspects that the contracted suppliers are obliged to comply with:

HEALTH AND SAFETY

- **Health and Safety Plan**: obligation to prepare a Health and Safety Plan that must be submitted to the Health and Safety Coordinator prior to the start of the works.
- **Law 31/1995**, of 8November, on Occupational Risk Prevention.
- **Royal Decree 1627/1997**, of 24October, on minimum health and safety provisions in construction works.
- **Employer obligations** on workers, information and training.

GIFTS AND PRESENTS

Express prohibition on soliciting gifts, favours, services on advantageous terms or invitations from suppliers, customers, intermediaries, agents, consultants or others.

BRIBERY AND CORRUPTION

- **Adequate in-house policy against bribery and corruption** or if not, must comply with that of Neinor Homes.
- Declaration of **knowledge and acceptance** of the rules contained in the **Anti-Corruption Protocol.**
- **Commitment to report** any case of bribery or corruption to the Neinor Homes Ethics Channel.

PREVENTION OF MONEY LAUNDERING

- **Law 10/2010,** of 28 April on anti money laundering and combatting terrorist financing.
- **Royal Decree 304/2014,** of 5 May, applicable to natural and legal persons involved in real estate development business.
- **Manual on the Prevention of Money Laundering and Terrorist Financing.**

Finally, Neinor Homes carries out a qualitative assessment of the subcontractors associated with its suppliers. The Procurement Department is in charge of monitoring, carrying out the evaluations using a computer application and taking into account criteria of quality, environment, health and safety, technical capacity and compliance with deadlines, among others. In this connection, during 2022 323 evaluations were carried out, all of which obtained a favourable score, covering 100% of the works carried out.

10.4. HEALTH AND SAFETY AND AWARENESS REQUIREMENTS

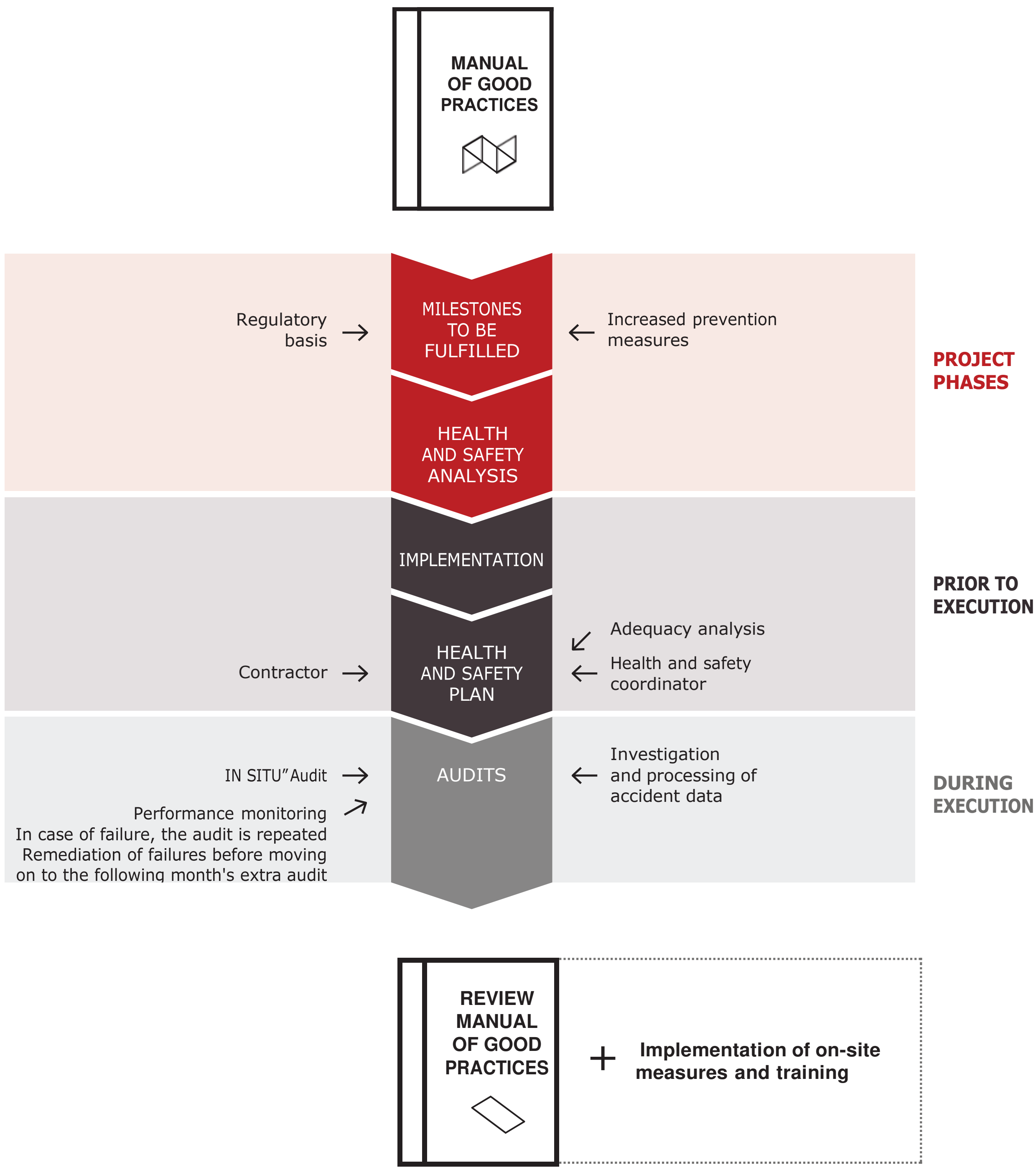
In the current market environment, there is a high demand for labour in a construction sector faced with **workers with limited experience,** low qualifications and, on occasions, an **increase in workplace accidents.** For Neinor Homes, safety and occupational risk prevention are two key factors in its developments.

Neinor Homes has a **Manual of Good Practices** to increase safety levels on the construction sites of its property developments, with the aim of minimising the risks to which personnel are exposed and thus achieving a **zero accident rate** on construction sites.The main measures include access control, the documentation required of contractors, subcontractors, workers and machinery, safety measures in the various phases of the work and the Emergency Plan for construction sites.

In each of the works, a **safety coordinator** is appointed in the execution phase of the work, who is responsible for ensuring compliance with the requirements established in the legislation in force and for ensuring compliance with the Occupational Risk Prevention Plan, as well as with the Manual of Good Practices. In addition, each contractor on site must designate at least one worker who is permanentlypresent on site and whose part of the working day is devoted to preventivefunctions and at least one other worker responsible for the health andsafety in their work.

In all open building sites, a leading occupational risk prevention consultancy company conducts **health and safety awareness courses.** All operators, technical staff, workers and project managerstake part in these talks, and several talks are given in each development,depending on the phase of the project. Examples of accidents that haveoccurred are presented, proposing possible solutions to prevent them from happening again and specific content depending on the type ofactions to be carried out on site.

In addition, **health and safety audits** are carried out on all construction sites, based on very rigorous criteria established in the Manual of Good Practices and over and above the regulations established in the sector. At least three audits must be carried out on each site.

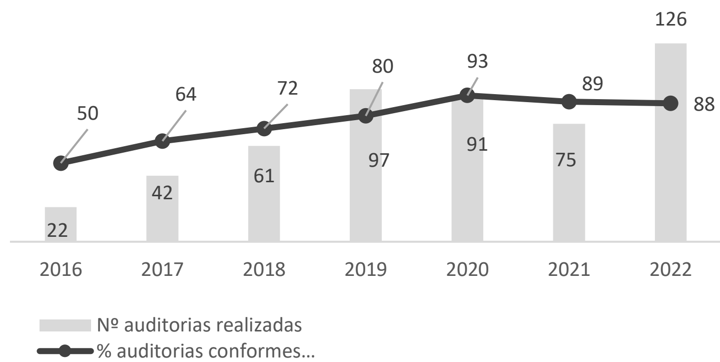


HEALTH AND SAFETY COMPLIANCE CRITERIA FOR CONSTRUCTION SITES

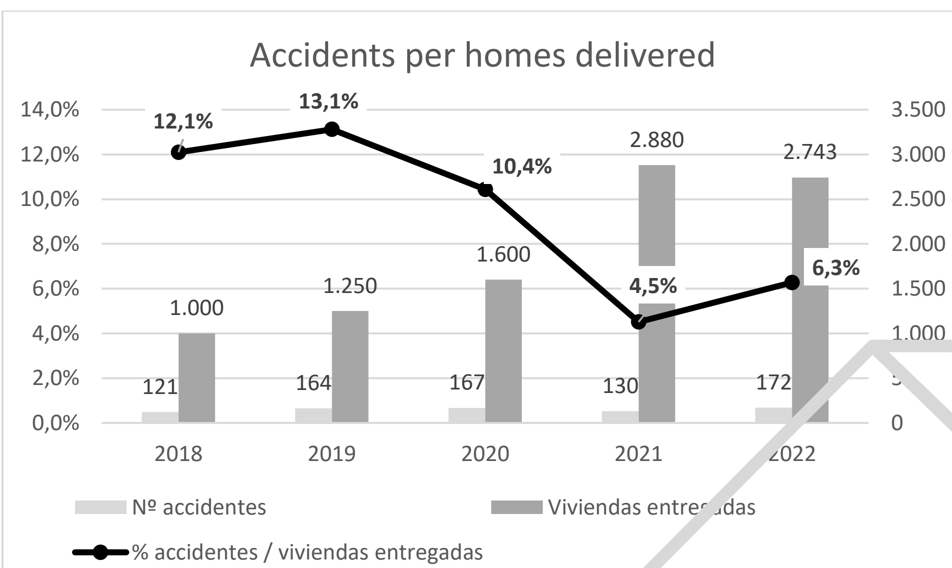
The health and safety audits carried out on construction sites consist of 2 parts. On the one hand, the status of the work is reviewed (compliance) with respect to **current legislation in force,** which must be 100% compliant. On the other hand, the **state of the work is reviewed with respect to the** Neinor Homes **Good Practices Manual**, with at least **75% compliance** being required in order to consider the audit as compliant. After three failed audits, the supplier will be automatically de-approved.

In 2022, **126 Health and Safety Audits** were carried out, which have shown that 99.04% have complied with health and safety regulations and 91.04% have complied with the Neinor Homes Good Practices Manual. Furthermore, the result of 88% of these audits was "Compliant".

% AUDITS COMPLIANT PER YEAR AND Nº AUDITS



In 2022 there were **172 accidents**, all of them male, with a frequency rate of 38.9 and a severity rate of 0.9.

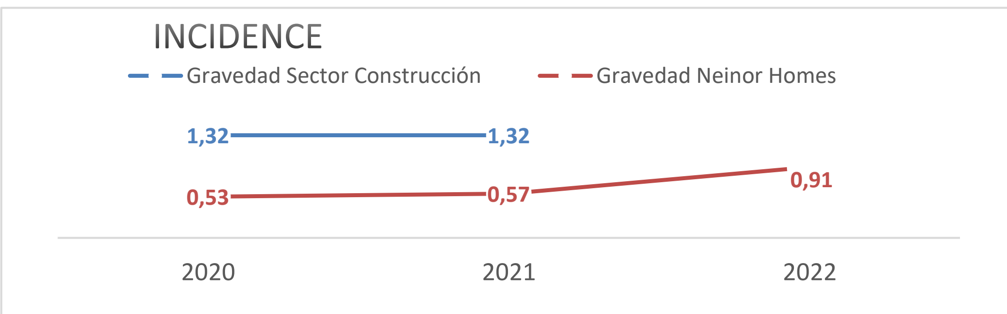


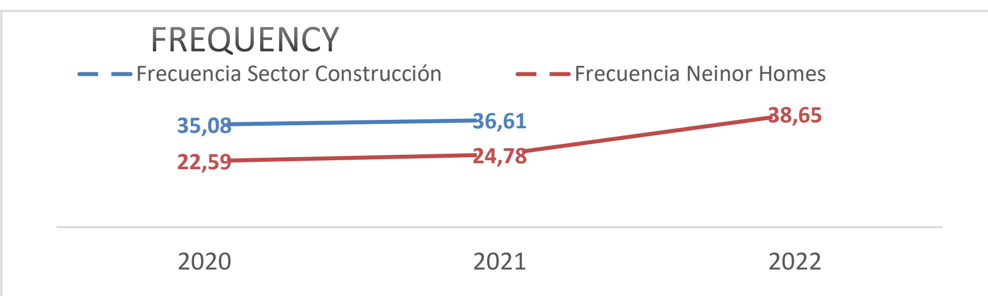
Furthermore, the incidence and severity rates of accidents on Neinor Homes' construction sites are well below those of the sector.

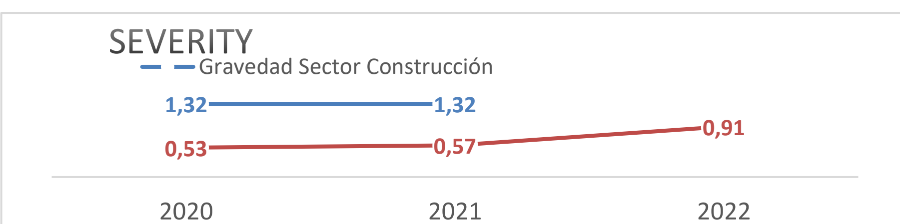
Below is our data for the last 3 years with the indices used by the Ministry of Employment and Social Economy.

ACCIDENT RATES

TOTAL	CONST. SECTOR DEC - 2020*	NEINOR HOMES 2020	CONST. SECTOR DEC - 2021*	NEINOR HOMES 2021	CONST. SECTOR NOV - 2022*	NEINOR HOMES NOV 2022
Incidence	**5,093.82**	2,470.40	**6,316.04**	4,179.95	**5,741.33**	5,249.41
Frequency	**35.8**	22.59	**36.61**	24.78	**Pending publication**	38.65
Severity	**1.32**	0.53	**1.32**	0.57	**Pending publication**	0.91







Formula used for the calculation of the **frequency** and **severity rate.**

- **WORKERS MONTHLY (T)** = Average number of workers exposed.
- **H TRAB MONTH (H)** = Total Nº of hours actually worked.
- **J** = days not worked in the month in which this report is drawn up, including Saturdays, Sundays and public holidays, during the period of sick leave, not taking into account the days not worked for accidents on the way to and from work but taking into account relapses.

Frequency index = A * 1,000,000 / H

Severity index = J * 1,000 / H

* Public data for 2022 published by the Ministry of Labour and Social Economy are not yet available.

Since the beginning of the alert due to the health situation caused by Covid-19, the priority objective for Neinor Homes has been to protect and safeguard the health and safety of people, adopting specific measures that have made it possible to preserve the health and safety of its workers and those working with it, both directly and indirectly.

10.5. COMMUNICATION, SATISFACTION AND COOPERATION WITH SUPPLIERS

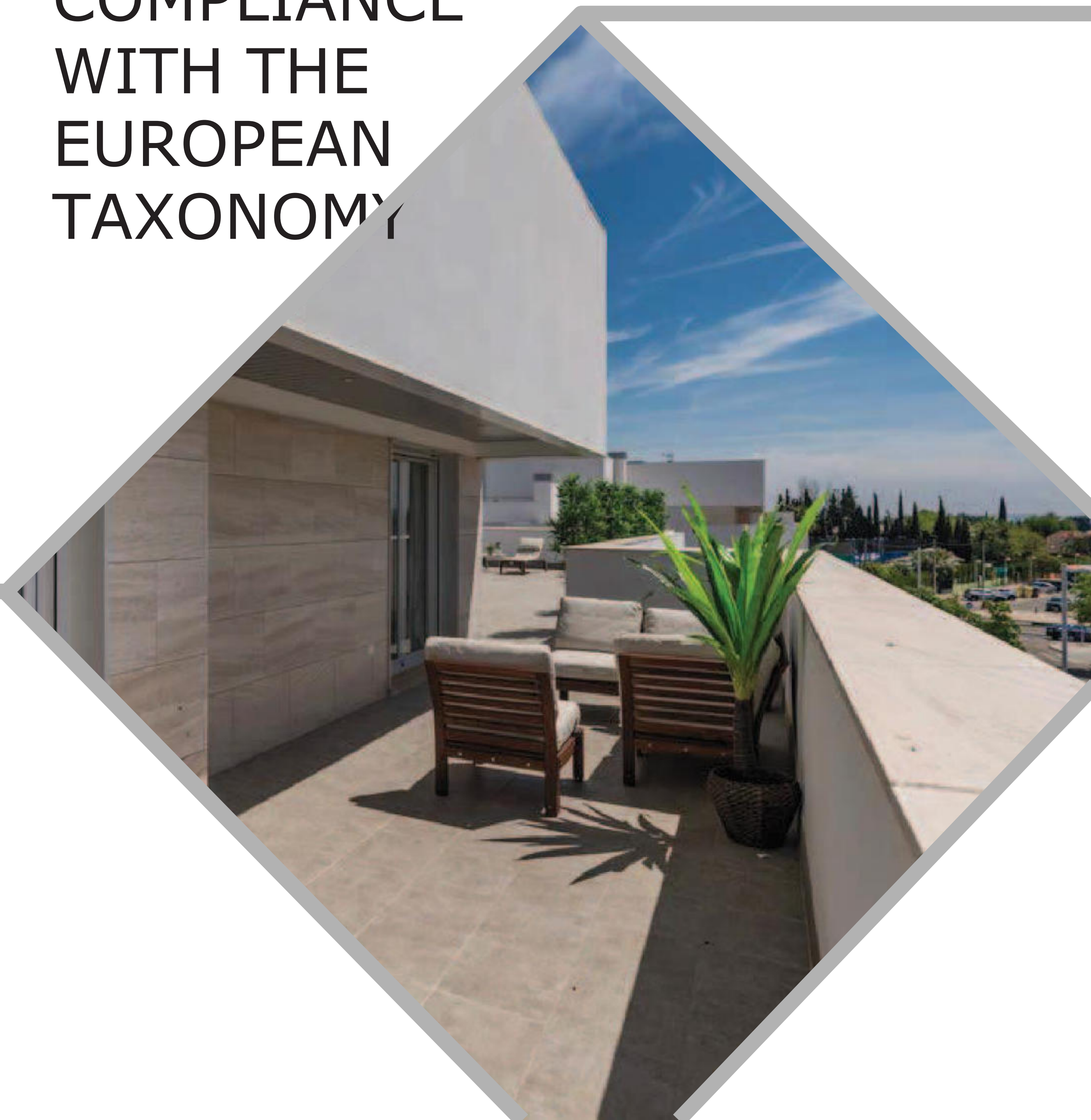
As a sign of its commitment to quality and ongoing improvement, Neinor Homes continuously evaluates the suppliers it works with and the results of these evaluations are analysed with the collaborators themselves at regular meetings. In 2022, **450 evaluations** were carried out.

For Neinor Homes, the brand image it presents to all the suppliers it works with is also very important. For this reason, it makes the Whistleblowing Channel available to them so that they can report any breach of ethicsand integrity.

Neinor Homes maintains a fluid and continuous communication with its suppliers and gives them the opportunity to evaluate their perception of the company.

11

SUSTAINABLE FINANCING AND COMPLIANCE WITH THE EUROPEAN TAXONOMY



11. SUSTAINABLE FINANCING AND COMPLIANCE WITH THE EUROPEAN TAXONOMY

Our Sustainable Finance Framework and Green Bond

In the last decade, the financial sector has taken into account the importance it can play in the fight against climate change and in the transition to a carbon neutral economy, as it is key what kind of projects and companies are financed and where capital flows are directed. As a result, cleaner activities and financial assets that are considered sustainable are increasingly being financed. This change in direction is a response to the demands of society as a whole, but also to new regulations aimed at achieving a fairer and more sustainable economic environment, with the Paris Agreement of 2015 being key.

As part of its commitment to sustainability, Neinor Homes promotes the use of sustainable financing, which in the development business is mainly linked to the pursuance of sustainable and energy-efficient projects that promote the use of materials, designs, technologies and construction processes that respect the environment and people, while also improving the quality of life of the occupants.

In March 2021 Neinor Homes published its sustainable financing framework (with independent third party opinion from DNV) linked to the United Nations Sustainable Development Goals and aligned with the ICMA (International Capital Markets Association) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as well as the LMA (Loan Market Association) Green Lending Principles. Link to the Sustainable Finance Framework

This framework specifies, among other issues, how the funds raised will be managed, the criteria for the evaluation and selection of projects, the submission of monitoring reports and the review by independent third parties. The sustainable financing framework also defines the criteria for a project to be eligible for funding through sustainable financing.

Category	Subcategory	Description of eligible ecological benefits
Green buildings	Comply with internationally recognised standards or certifications.	Acquisition or development of buildings in Spain that meet recognised standards, such as BREEAM® "Good" or "Very Good" certification. Such projects or properties will have a positive impact on the environment. More specifically, in climate change mitigation, pollution prevention and control, and resource efficiency.
Energy efficiency	New, more energy-efficient buildings.	Acquisition or development of buildings that demonstrate above market performance energy efficiency (Energy Performance Certificates - CRE rating "B" or higher). This type of project or asset will have a positive impact on the environment. More specifically, on climate change mitigation, pollution prevention and control and on resource efficiency.

Affordable housing	Affordable and social housing	Acquisition or development of buildings for affordable rental housing. In Spain, affordable rental housing is defined in general terms by a reduction in rent of approximately 20% compared to the market price. Acquisition or development of buildings for social housing purposes. In Spain, the exact parameters may vary according to the autonomous region, but in general there are three commonly used definitions: i) Publicly Subsidised Housing (VPO); ii) Basic Publicly Subsidised Housing (VPPB); iii) Publicly Subsidised Housing at a Limited Price (VPPL).
Employment generation	Employment and impact on local communities	Housing development activity has a direct impact on job creation and local communities through the preferential use of local suppliers.

In order to assess the criteria for evaluating and selecting green projects, Neinor created a Sustainability Committee, which includes the CEO and other members of senior management. This committee is responsible for certifying which assets meet the eligibility criteria, identifying and managing the material environmental risks associated with projects, as well as monitoring the portfolio of eligible projects and proposing updates to the sustainable financing framework.

In this context and following the guidelines of the sustainable financing framework, Neinor Homes issued its first green bond in April 2021, becoming the first European listed developer to issue such a bond.

Basic facts about the Neinor Homes Green Bond

Issuer	Neinor Homes, S.A.
Guarantors	Neinor Homes, S.A.; Neinor Sur, S.A.U.; Neinor Península, S.L.U.; Neinor Norte, S.L.U. and Promociones Neinor 1, S.L.U..
Rating	B+/BB (S&P/Fitch)
Type of debt	Senior Unsecured
Nominal amount (EUR)	€300,000,000
Date of issue	29 April 2021
Expiry date	15 October 2026 (5.5 years)
Interest	4.5 % Half-yearly interest payments (15 April and 15 October)
Interest rate	Fixed
Second opinion	DNV
Negotiation of Bonds	"Global Exchange Market of the Irish Stock Exchange (Irish Stock Exchange) plc) ('Euronext Dublin').
ISIN Code	XS2332219612
Initial subscribers	Deutsche Bank, J.P. Morgan AG, Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., CaixaBank, S.A., Natixis and Credit Suisse Securities, Sociedad de Valores, S.A.

The funds obtained through this Green bond were used to repay corporate debt of Quabit Inmobiliaria and Neinor Homes, thus eliminating any refinancing risk until 2026, as well as to make capital investments in the rental division, and to pay fees and commissions on the issue itself.

The bond issue was accompanied by a commitment by the company to allocate a similar amount to the proceeds of the bond (300 million euros) to residential projects with a positive impact on the environment. Objective and measurable criteria were used for this purpose, within the framework of sustainable financing. It was decided to choose developments with a BREEAM "Good" or "Very Good" rating and at the same time with a B or higher energy certificate.

	By no. of developments	By amount allocated	No. of homes
BREEAM® "Good" rating	94%	96%	1,907
% BREEAM® "Very Good" rating	6%	4%	60
BB energy certificates	38%	31%	556
BA energy certificates	31%	24%	602
AA energy certificates	31%	45%	809
Finished developments	75%	85%	1,647
WIP developments	25%	15%	320
North	37.5%	32.4%	606
Centre	18.8%	29.8%	466
Levant	12.5%	14.3%	312
South	18.8%	16.2%	457
East	12.5%	7.3%	126

Of the entire portfolio of land and developments in their various phases (study, development, construction, etc.) of Neinor Homes, it was determined that 18% of these fulfilled both conditions, opting for, within this 18%, the developments detailed below:

Development	Amount earmarked (thousands of €)	BREEAM Certificate	EPC	Year of delivery
SOPELA HOMES (VIZCAYA)	12,163	Good	BA	2021
SALER HOMES (VALENCIA)	16,709	Good	BA	2021
ZAHIR HOMES (CORDOBA)	11,475	Good	BA	2021
PLAÇA EUROPA 38 HOMES (BARCELONA)	15,523	Good	BB	2021
SOLAGUA HOMES (MADRID)	6,363	Good	AA	2021
AIGUADOLÇ HOMES II (BARCELONA)	6,262	Good	BA	2021
HACIENDA HOMES (MALAGA)	26,319	Good	BA	2021
ARETXABALETA HOMES (ALAVA)	7,010	Good	BB	2021
BOLUETA HOMES (VIZCAYA)	52,245	Good	AA	2021
AMARA HOMES, LAS ROZAS (MADRID)	55,532	Good	AA	2021
BULEVAR HOMES, TEMPRANALES (MADRID)	27,509	Good	BB	2021
RIBERA HOMES (VIZCAYA)	16,924	Good	AA	2021
DESIGN HOMES III (VIZCAYA)	5,304	Good	BB	2022
MISTRAL HOMES (VALENCIA)	26,197	Good	BB	2022
SERENA HOMES PHASE 1B (MALAGA)	10,817	Very Good	BB	2022
ARBAIZENEA HOMES 2ND PHASE (GUIPUZCOA)	3,647	Good	AA	2023
	300,000			

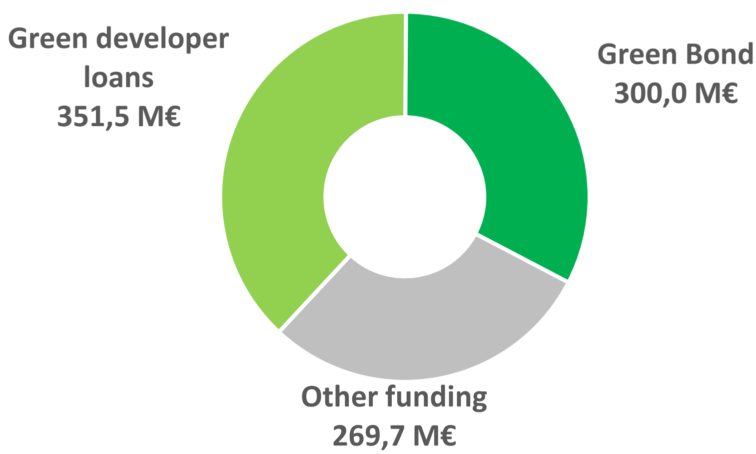
These developments total 1,967 dwellings, with a built area of 227,689 m2, excluding common areas.

The company issued its green bond principles compliance report, the "2021 Green Bond Report", detailing all material aspects relating to the Green Bond issue, which has a favourable independent expert opinion from KPMG, validating that all funds have been allocated to sustainable projects. Link to the report

Composition of the Neinor Homes debt portfolio.

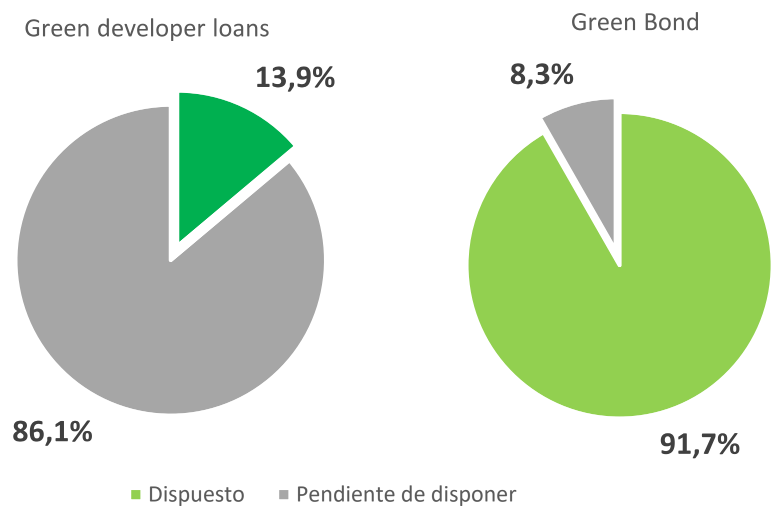
Along with the Green Bond, Neinor Homes' debt portfolio includes other forms of sustainable financing, such as Green Developer Loans, through which the company is currently financing most of its new property development projects. Green Developer Loans are considered to be those granted by banks that finance the development of sustainable buildings, and which generally have discounts on the interest rate with respect to other forms of financing.

The composition of Neinor Homes' debt portfolio at 31 December 2022, considering both drawn down and undrawn debt, is as follows:



The company's debt at 31 December 2022 was made up of 71% sustainable financing (with the percentage of green debt drawn down as a percentage of the total at 69%) and it should be noted that, **of all the developer loans currently in place, 85% are green,** representing Neinor's main source of financing for its projects to date. It is our ambition that, as progress is made with the delivery of projects under development and new projects are initiated, this figure will continue to increase, further embedding sustainability into Neinor's business strategy, contributing to the wellbeing of society as a whole while generating added value for the investment community.

The proportion of amounts drawn down against the debt limits for both the green developer loans (€49 million drawn down against a signed amount of €303 million) and the Green Bond (€275 million drawn down against a limit of €300 million) are detailed below:



Our alignment with the EU taxonomy

The EU Taxonomy is a common classification system for sustainable economic activities, which will serve as a common language to talk about sustainability and to be able to define with certainty what we mean when we say that a company or a project is sustainable.

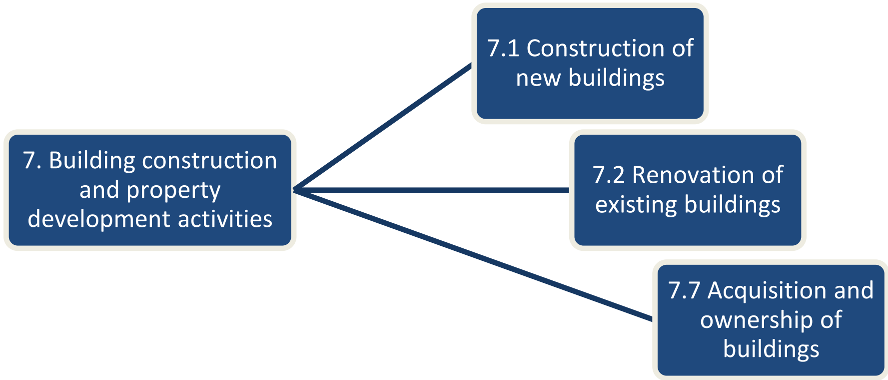
In order to achieve the environmental objectives defined in the European Green Pact and the Paris Agreement and the goals of the 2030 Agenda, it is vital that financial flows are channelled to activities, companies and projects with a positive impact on the environment, which is why the EU Commission has promoted this system. Thanks to this taxonomy, investors will be better protected from greenwashing and investments will be channelled to those companies and projects that are truly efficient in their use of natural resources.

La taxonomía clasifica las actividades económicas en elegibles y no elegibles, y, a su vez, en alineadas y no alineadas:

<table>
<tr><th rowspan="1">Inelegible</th><th colspan="2">Eligible</th></tr>
<tr><td rowspan="3">Economic activities that are not included in the EU taxonomy, either because they cause environmental damage or because they are not relevant to climate change mitigation or adaptation.</td><td colspan="2">Those economic activities that are listed in the taxonomy, and have the potential to be considered sustainable and therefore fit into the taxonomy if certain requirements for doing so are met.</td></tr>
<tr><th>Aligned</th><th>Not Aligned</th></tr>
<tr><td>Activity that is considered sustainable, i.e. it is listed in the taxonomy and also meets the technical criteria necessary to be considered as such.</td><td>This activity, although listed in the taxonomy, does not meet the technical criteria to be considered sustainable.</td></tr>
</table>

According to the EU Commission, buildings are responsible for 40% of energy consumption and 36% of carbon emissions in the EU, so the way new buildings are constructed and existing buildings are renovated plays a very important role in mitigating climate change. The real estate sector therefore has a major responsibility in moving towards a carbon neutral economy.

Due to the above, the real estate activity has been defined as eligible within the EU taxonomy, which is a great opportunity for Neinor Homes to attract responsible and sustainable financing and to be aligned with the issues that are really important in terms of sustainability.



The company's eligibility percentage is 99.49% turnover, 99.88% Capex and 99.98% Opex.

To be aligned with the taxonomy, and therefore considered environmentally sustainable, an economic activity must meet 3 conditions:

1. Substantially contribute	2. DNSH	3. Minimum safeguards
Contribute substantially to at least one of the six environmental objectives*: 1- Climate change mitigation 2- Adaptation to climate change 3- Sustainable use and protection of water and marine resources 4- Transition to a circular economy 5- Pollution prevention and control 6- Biodiversity protection and restoration	Do Not Significantly Harm (DNSH) the rest of these environmental objectives. The aim is to prevent an economic activity from being detrimental to the environment even though it substantially contributes to another objective	Respect Minimum Social Safeguards (MSS), through a commitment to human rights, in accordance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as to the fight against corruption, tax evasion and unfair competition.
* Currently only the first two of the six environmental objectives have been implemented.		

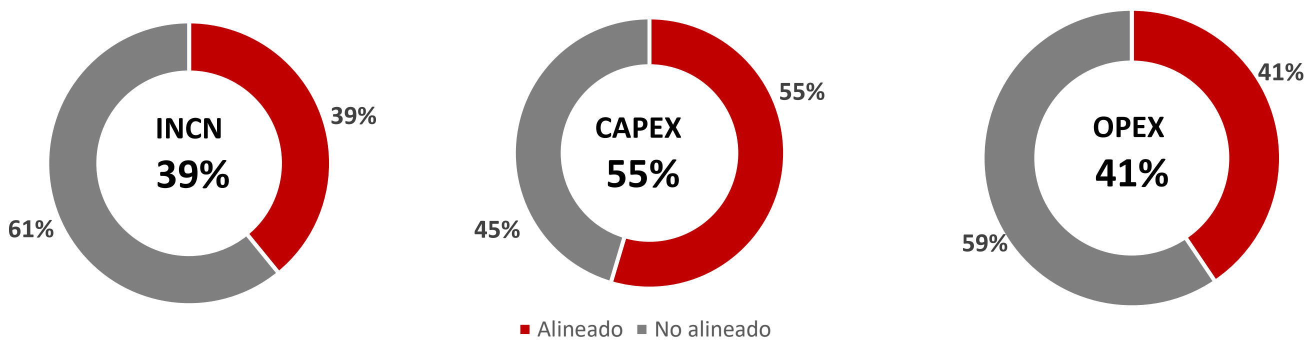
Companies must identify and report the percentages of their economic activities that are aligned with the Taxonomy, based on key indicators such as INCN (Turnover), CAPEX (Capital Expenditure) and OPEX (Operating Expenses). In 2022, Neinor Homes carried out an analysis of its economic activities to determine their alignment with the EU Taxonomy, the results of which are published in this report.

This analysis is extremely useful for aligning the company's sustainability efforts with what society, investors and regulators demand and what contributes most to achieving an efficient use of material and energy resources. In addition, this initial assessment will serve as a baseline against which the company's sustainability performance can be monitored in subsequent years.

This analysis has been carried out initially considering only those developments delivered in the year 2022. In other words, the business and financial figures of those homes completed in years prior to 2022 and delivered during this financial year, as well as those that are in the design or construction phase, have not been taken into account. The calculation has been done as follows:

$$\frac{Developments\ delivered\ in\ 2022\ aligned\ with\ the\ taxonomy}{Total\ Developments\ delivered\ in\ 2022}$$

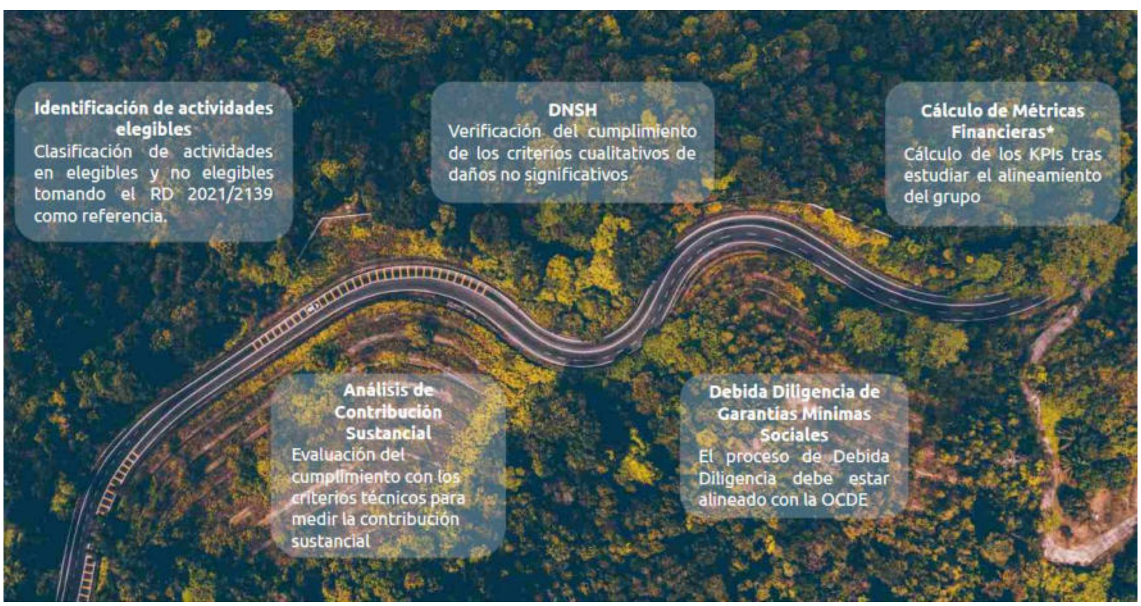
The degree of alignment with the EU taxonomy, in terms of turnover, CAPEX and OPEX for developments completed in 2022 was as follows:



$$INCN = \frac{139{,}046}{355{,}519} = 39\% \qquad CAPEX = \frac{50{,}022}{91{,}595} = 55\% \qquad OPEX = \frac{714}{1{,}542} = 41\%$$

(thousands of euros)

In order to assess the eligibility of its economic activities and their alignment with the European Taxonomy, Neinor Homes has implemented a five-step methodology, which has yielded the above results. This methodology includes the following steps:



Firstly, an identification of the eligible economic activities was carried out, following the guidelines established by Regulation (RD) 2021/2139. Once the eligible activities had been identified, a series of tests and corroborations were carried out on the buildings completed throughout 2022, in order to verify compliance with the guidelines of substantial contribution with at least one of the objectives defined by the European Commission and the DNSH criteria (Do Not Cause Significant Harm), and in other cases, certain measures have been taken to achieve compliance with these criteria, as detailed below:

Substantial contribution to climate change mitigation

- The non-renewable primary energy consumption that defines the energy performance of buildings is at least 10% below the threshold set for the requirements for Nearly Zero Energy Buildings (NZEB) in Spain.
- Buildings over 5000 m2 are thermographically and blower door tested upon completion.
- For buildings larger than 5000m2 the Global Warming Potential of the resulting building LCA has been calculated.

Compliance with DNSH criteria

Adaptation to Climate Change

- An assessment of physical climate risks material to the activity has been carried out and adaptation solutions that reduce the most important identified physical climate risks that are material to that activity are incorporated at the time of design and construction.
- The adaptation solutions applied do not negatively affect the adaptation effort of: other people, nature, cultural heritage, property and of other economic activities.
- In addition, they are consistent with local, sectoral, regional or national adaptation plans and consider the use of nature-based solutions or are based on green or blue infrastructure.

Pollution

- The components and building materials used in the construction meet the established criteria.
- Building components and materials used in construction that may come into contact with occupants emit less than 0.06 mg formaldehyde per m³ of material and less than 0.001 mg of other category 1A and 1B carcinogenic volatile organic compounds per m³.
- Where new construction is located on a potentially contaminated site, the site has been subject to an investigation for potential contaminants.
- Measures have been taken to reduce noise, dust and pollutant emissions during construction or maintenance works.

Water and marine resources

- To avoid impact on site, measures are taken to protect and optimise water consumption.

Biodiversity and ecosystems

- An Environmental Impact Assessment (EIA) has been completed, where necessary or pre-checked.
- The buildings have not been built on:
  - arable land
  - green land of recognised high biodiversity value and land serving as habitat for threatened species (flora and fauna) included in the European Red List or the IUCN Red List;
  - land that meets the FAO definition of forests

Circular Economy

- At least 70 % of the non-hazardous construction and demolition waste generated on the construction site is prepared for reuse, recycling and recovery of other materials in accordance with the waste hierarchy and the EU Protocol on the Management of Construction and Demolition Waste. In addition, operators limit the generation of waste in construction and demolition related processes in accordance with the EU Protocol on Construction and Demolition Waste Management and taking into account best available techniques and using selective demolition to enable the safe disposal and handling of hazardous substances and to facilitate high quality reuse and recycling through selective disposal of materials, using the available sorting systems for construction and demolition waste.
- Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887, how they are designed to be more resource efficient, adaptable, flexible and demountable to enable reuse and recycling.

The developments within the portfolio of developments delivered in the 2022 financial year that, following this analysis, were determined to be aligned with the EU taxonomy are as follows:

Development	Economic activity	Revenue	CapEx	OpEx
SERENA HOMES PHASE 1B	7.1 Construction of new buildings	18,597,272	7,367,804	69,916
MUGARRA HOMES	7.1 Construction of new buildings	11,727,900	6,492,579	30,860
DESIGN HOMES III	7.1 Construction of new buildings	9,581,500	777,551	30,726
NATURA HOMES II	7.1 Construction of new buildings	13,788,000	5,789,483	40,452
SEVILLA HOMES VILLAGE	7.1 Construction of new buildings	14,909,215	3,675,134	66,743
SKY HOMES	7.1 Construction of new buildings	43,184,700	9,058,928	197,818
SERENA HOMES PHASE 1A	7.1 Construction of new buildings	27,257,269	5,191,502	128,176
SKY HOMES II	7.7 Acquisition and ownership of buildings	-	11,669,287	149,182
		139,045,856	**50,022,269**	**713,874**

Neinor Homes is committed to ensuring that all developments for leasehold operation completed from 2022 onwards will meet all the requirements established by the taxonomy, as the company is planning, designing and building these developments and implementing measures to ensure that they meet all the criteria for alignment with the taxonomy.

Minimum Social Safeguards.

Along with the verifications of compliance with the technical criteria, an analysis of the requirements for assessing compliance with the Minimum Social Safeguards has been carried out, verifying compliance with the following requirements in the company:

1. Firstly, a human rights due diligence process has been implemented in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. The Group's Human Rights Policy, published in 2022, defines the principles applied for human rights due diligence.
    1. For this reason, a series of commitments have been incorporated to safeguard human rights in the company.
    2. Any impact or incident that may affect these safeguards is monitored and assessed.
    3. Disciplinary action is taken for any behaviour that undermines human rights compliance.
    4. The entire compliance structure, the code of ethics and is structured with a view to reporting and preventing incidents of this nature.
2. The company has a Human Rights policy approved in the 2022 financial year by the Board of Neinor Homes and published on the corporate website.

   https://www.neinorhomes.com/en/responsible-business-and-innovation/our-commitment/human-rights-policy/
3. The company has no knowledge or evidence that this process has not been properly implemented or that human rights violations have been committed.
4. The company has processes in place to prevent corruption such as adequate internal controls, ethics and compliance programmes, and measures to prevent and detect bribery. In this regard, we have a Code of Ethics, Whistleblowing Channel, Anti-Corruption and Fraud Policy, Corporate Criminal Liability Prevention Model and controls to mitigate or eliminate corruption risks.
5. On the other hand, the company has a whistleblowing channel, which is governed by its management procedure following the guidelines of the Code of Ethics through which employees can expose and report inappropriate behaviour. All communications made through this channel are treated in accordance with Directive (EU) 2019/1937, guaranteeing the confidentiality of the parties involved and allowing the sending of anonymous communications when the informant so wishes.

6. All active litigation of the company has been consulted, as well as litigation that has been ongoing since the company was incorporated, and no litigation and therefore no convictions have been detected on the following aspects:
    5. Those related to corruption or bribery.
    6. Related to tax evasion.
    7. Related to the violation of competition laws.
7. In addition, Neinor Homes promotes employee awareness of the importance of compliance with all applicable competition laws and regulations. In this regard, compliance training is provided on an annual basis and, additionally, a series of letters / confirmations are issued which employees receive and must express their understanding and acceptance.
8. Finally, governance and tax compliance are important elements of oversight and there are appropriate tax risk management strategies and processes in place. In this regard, the company has a Tax Policy and good tax practices.

On the basis of the above and all that is explained in this sustainability report in terms of the company's governance and practices, we consider that, as far as the European taxonomy is concerned, we comply with the minimum social safeguards for all our activities.

Schedule. Neinor Homes' eligibility and alignment ratios

Below are the percentages of eligibility and alignment of the economic activities of Neinor Homes with the EU taxonomy, based on the procedures and key indicators described in Annex II of Delegated Regulation (EU) 2021/2178. The figures and percentages presented here have been analysed for each of the Group's companies, although they are presented at a consolidated level.

The eligible activities for the taxonomy, within the whole group activity, are as follows:

7. Building construction and property development activities

7.1 Construction of new buildings

7.2 Renovation of existing buildings

7.7. Acquisition and ownership of buildings

Therefore, the company's eligibility percentage is 99.49% turnover, 99.88% Capex and 99.98% Opex.

With regard to alignment, the company has prudently considered analysing compliance with the requirements and reporting only those developments that have been completed and delivered during the year, either for sale or for rent, for two reasons:

- We believe that it is only when the development is fully completed that we are absolutely certain that the technical criteria have been met and we do not rely on the study, intentions or what was foreseen in the project, given that there are many circumstances that produce unexpected results in the analysis or changes in the projects.
- This would lead to greater complexity in tracking the alignment of turnover, Capex and Opex, given that in one year that it might be aligned and the reality in the following year prove otherwise, which would lead to having to rewrite the amounts provided in previous periods.

This decision of Reporting, which in the first year has been considered by the company, does not take into account for the turnover, the income generated by homes sold from developments delivered in previous years, nor does it consider all the investment in Capex / Opex that occurs in developments that have not been delivered in the current year, even if they are developments that in the future in their delivery meet the criteria and are aligned.

In this connection, although in terms of turnover, the alignment will be faithfully reflected after two or three financial years (as all the sales in each year are considered and the original development can be seen), in terms of Capex and Opex, the company considers that its alignment does not represent a faithful reflection of the reality of its alignment and will proceed to provide the data for these according to the alignment of each of its developments and will proceed to provide the real aligned capex for the previous financial years.

In this connection, for reading by an investor, analyst or any interested party, in order to check the alignment with the taxonomy of the company, it is recommended to:

1. Take as a reference for alignment the results taken exclusively on completed developments (which are the data provided in the graphs above and not in the general graphs shown in the schedule).
2. See if each completed promotion is individually compliant.
3. With regard to the evolution of the parameters and the company's overall compliance with respect to its alignment to the taxonomy, if the company's business activity as a whole is chosen, considering all its sales and all its investment, both in completed developments and those that are still under construction, it is recommended to base these analyses on the 2025 annual accounts.

Turnover

The taxonomy-compliant turnover ratio has been calculated as the share of net turnover derived from products or services, including intangibles, associated with economic activities that comply with the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU. Turnover includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008(1).

For this, the numerator contains the sum of the turnover of those activities and projects eligible for the taxonomy, having performed an alignment analysis only on the buildings completed in the year. This indicator allows the creation of a base on which, in the following years, the results of the alignment analysis on the completed buildings made in each year will be added.

CAPEX

For the calculation of eligible and aligned CapEx percentages, the denominator includes additions to tangible and intangible assets during the year before depreciation, amortisation and possible revaluations, including those resulting from revaluations and impairments, for the year, excluding changes in fair value. As well as the costs detailed in 1.1.2.1. of Annex I to Delegated Regulation (EU) 2021/2178. Leases that do not result in the recognition of a right of use of the asset are not accounted for as Capex.

The numerator consists of the part of the investments in assets included in the denominator, related to assets or processes associated with economic activities that conform to the taxonomy.

OPEX

For the calculation of the OpEx denominator, non-capitalised direct costs are included which relate to research and development, building renovation measures, short-term leases, maintenance and repairs as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by the company or a third party to whom activities are outsourced and which are necessary to ensure the continued effective operation of these assets.

The numerator in this case is composed of the part of operational expenditure related to processes or activities in line with the taxonomy, in accordance with the criteria set out in 1.1.3.1. of Annex I to Delegated Regulation (EU) 2021/2178.

Double counting has been avoided in the allocation in the numerator of key performance indicators relating to turnover, Capex and Opex of all economic activities, by following accounting rules that ensure that figures associated with the same account are not consolidated in different indicators; and by eliminating intercompany balances relating to work carried out for group companies, which might otherwise appear in two different indicators.

The Opex and Capex figures disclosed in this section may differ from those in the company's financial statements for the year ended 31 December 2022, as they have been calculated in accordance with Annex I of Delegated Regulation (EU) 2021/2178.

Volumen de negocio				**Criterios de contribución sustancial**		**Criterios de ausencia de perjuicio significativo ("DNSH" o "No causa o perjuicio significativo")**									
Actividades económicas	**Códigos**	**Volumen de negocio absoluto (€)**	**Proporción del volumen de negocio (%)**	**Mitigación del cambio climático (%)**	**Adaptación al cambio climático (%)**	**Mitigación del cambio climático (S/N)**	**Adaptación al cambio climático (S/N)**	**Recursos hídricos y marinos (S/N)**	**Economía circular (S/N)**	**Contaminación (S/N)**	**Biodiversidad y ecosistemas (S/N)**	**Garantías Mínimas Sociales (S/N)**	**Proporción del volumen de negocio que se ajusta a la taxonomía, 2022 (%)**	**Categoría (actividad facilitadora) (F)**	**Categoría (actividad de transición) (T)**
A. Actividades elegibles según la taxonomía															
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	139.045.856	18,22%	18,22%	0,00%	S	S	S	S	S	S	S	18,31%		T
Volumen de negocios de actividades medioambientalmente sostenibles (que se ajustan a la taxonomía) (A.1)		139.045.856	18,22%	18,22%	0,00%								18,31%		
A.2. Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	602.813.823	78,98%												
Adquisición y propiedad de edificios	7.7	17.466.000	2,29%												
Volumen de negocios de actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		620.279.823	81,27%												
Total (A.1 + A.2)		759.325.679	99,49%	18,22%	0,00%								18,31%		
B. Actividades no elegibles según la taxonomía															
Volumen de negocios de actividades no elegibles según la taxonomía (B)		3.906.000	0,51%												
Total (A + B)		763.231.679	100,00%	18,22%	0,00%										

Actividades económicas	Códigos	CapEx absoluto (€)	Proporción del CapEx (%)	Mitigación del cambio climático (%)	Adaptación al cambio climático (%)	Mitigación del cambio climático (S/N)	Adaptación al cambio climático (S/N)	Recursos hídricos y marinos (S/N)	Economía circular (S/N)	Contaminación (S/N)	Biodiversidad y ecosistemas (S/N)	Garantías Mínimas Sociales (S/N)	Proporción de las CapEx que se ajusta a la taxonomía, Año 2022 (%)	Categoría (actividad facilitadora) (F)	Categoría (actividad de transición) (T)
A. Actividades elegibles según la taxonomía															
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	38.352.981	8,51%	8,51%	0,00%	S	S	S	S	S	S	S	8,52%		T
Adquisición y propiedad de edificios	7.7	11.669.287	2,59%	2,59%	0,00%	S	S	S	S	S	S	S	2,59%		
Volumen de negocios de actividades medioambientalmente sostenibles (que se ajustan a la taxonomía) (A.1)		50.022.269	11,09%	11,09%	0,00%								11,09%		
A.2. Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	336.703.455	74,67%												
Adquisición y propiedad de edificios	7.7	63.635.457	14,11%												
Volumen de negocios de actividades elegibles según la taxonomia pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		400.338.911	88,79%												
Total (A.1 + A.2)		450.361.180	99,88%	11,09%	0,00%								11,09%		
B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA															
Volumen de negocios de actividades no elegibles según la taxonomía (B)		546.802	0,12%												
Total (A + B)		450.907.982	100,00%	11,09%	0,00%										

OPEX

Actividades económicas	Códigos	OpEx absoluto (€)	Proporción del OpEx (%)	Criterios de contribución sustancial: Mitigación del cambio climático (%)	Criterios de contribución sustancial: Adaptación al cambio climático (%)	Criterios de ausencia de perjuicio significativo ("DNSH" o "No causa o perjuicio significativo"): Mitigación del cambio climático (S/N)	Adaptación al cambio climático (S/N)	Recursos hídricos y marinos (S/N)	Economía circular (S/N)	Contaminación (S/N)	Biodiversidad y ecosistemas (S/N)	Garantías Mínimas Sociales (S/N)	Proporción del OpEx que se ajusta a la taxonomía, Año 2022	Categoría (actividad facilitadora) (F)	Categoría (actividad de transición) (T)
A. Actividades elegibles según la taxonomía															
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	564.691	19,09%	19,09%	0,00%	S	S	S	S	S	S	S	19,10%		T
Renovación de edificios existentes	7.2	0													
Adquisición y propiedad de edificios	7.7	149.182	5,04%	5,04%	0,00%	S	S	S	S	S	S	S	5,05%		
Volumen de negocios de actividades medioambientalmente sostenibles (que se ajustan a la taxonomía) (A.1)		713.874	24,14%	24,14%	0,00%								24,14%		
A.2. Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)															
Construcción de edificios nuevos	7.1	1.915.437	64,77%												
Renovación de edificios existentes	7.2														
Adquisición y propiedad de edificios	7.7	327.451	11,07%												
Volumen de negocios de actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		2.242.888	75,84%												
Total (A.1 + A.2)		2.956.762	99,98%	24,14%	0,00%								24,14%		
B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA															
Volumen de negocios de actividades no elegibles según la taxonomía (B)		685	0,02%												
Total (A + B)		2.957.447	100,00%	24,14%	0,00%										

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OUR BIG SUSTAINABILITY MILESTONES AND NEXT STEPS

12. OUR BIG SUSTAINABILITY MILESTONES AND NEXT STEPS

At the date of publication of this Statement of Non-Financial Information, and in accordance with the orientation set by the company in terms of diversification, growth, business continuity and commitment to sustainability, this section includes the main milestones achieved in the year in terms of sustainability and the next steps that we believe will contribute to the creation of value for the entire environment in which the company operates.

Main milestones:

- ✓ The world's first listed real estate developer to measure and publish the social impact of all its developments. See point 5.4. https://www.neinorhomes.com/en/responsible-business-and-innovation/our-commitment/social-impact-measurement/
- ✓ First national real estate developer to measure its corporate carbon footprint in 2021 and which has managed to reduce it by 22.10% in 2022. See point 8.2.
- ✓ First national listed real estate developer to issue a green bond and to justify it in the first year. See point 11. https://www.neinorhomes.com/en/responsible-business-and-innovation/sustainability/green-bond-report/
- ✓ First national listed real estate developer to reach a public-private partnership agreement to build 4,500 social rental homes in Barcelona and its Metropolitan Area through the mixed company Habitatge Metròpolis Barcelona (HMB). See point 5.3
- ✓ First national listed real estate developer to carry out a climate risk analysis of its homes. See point 8.5.
- ✓ First national listed developer to establish a business line dedicated to the development of affordable housing.
- ✓ The developer that has delivered the most social housing in 2022 and has the most social housing developments underway.
- ✓ Spanish real estate developer with the highest number of Breeam® certified developments at source.
- ✓ First national listed real estate developer to draw up and make public its Strategic Sustainability Plan. See point 3. https://www.neinorhomes.com/en/responsible-business-and-innovation/sustainability/sustainability-plan/
- ✓ Real estate developer committed from the start of its activity to the transparency of its non-financial information, publishing its Sustainability Report since 2016 without being obliged to do so and verified by an independent third party. https://www.neinorhomes.com/en/responsible-business-and-innovation/sustainability/sustainability-report/

This has led us to be recognised by Sustainalytics as one of the 50 best companies in the world in terms of sustainability, beating almost all IBEX 35 companies, and as a 2023 Top-Rated ESG Performer in the Global, Region and Industry area. https://www.finanzas.com/esg/cotizada-esg/promotora-vence-ibex-35-en-esg/

But we have a long way to go:

Despite all these achievements, we still have a long way to go, especially at the sector level. The objective of Neinor Homes is not just to be a leader in sustainability, but to be a benchmark that facilitates the improvement of the sector in this area and the competition for the best practices in terms of sustainability, which will ensure the transition of real estate development towards sustainable development.
We know that many actors and factors are involved in the development activity, so there are many results that are not what we would like them to be and that have a degree of room for improvement. For this reason, we would like to express our most sincere apologies for any and all times when we have not been up to the mark in any of our areas of activity, such as execution, deadlines or customer service.

Alvaro Conde Herranz / Head of GRC, Internal Audit and Sustainability of Neinor Homes S.A.

Next steps:

- Improve human resources processes.
- Improve customer service (after-sales).
- Develop the company's Equality Plan.
- Improve the company's processes concerning project management and execution.
- Carry out the second social impact measurement of all our developments.
- Seek construction means to try to reduce Scope 3 of our corporate carbon footprint.
- More and more developments with A energy certification.
- Provide guidance to our clients on measures to consider, with regard to energy efficiency and protection in the home.
- Endeavour to comply with the European taxonomy in all the buildings that we are going to have in operation and to increase year by year the level of alignment at a global level in all our developments irrespective of their destination.
- Participate in the analysis of housing accessibility problems (ESADE).
- Create community and development channels in areas where we have a high concentration of product (Alovera and Urduliz).
- Demonstrate to investors that it is a company that thinks about people and the environment, that has a high return and that creates wealth.

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ABOUT THIS **REPORT**

SCOPE OF INFORMATION

Neinor Homes is presenting its Sustainability Report for the seventh time, this time corresponding to the 2022 financial year, in accordance with the guidelines contained in the Global Reporting Initiative (GRI) Guidelines. The objective of the Report is to respond both to the commitment to disclose its activities, as well as to the desire to be accountable to its stakeholders and to society. The information included in the Report is limited to the 2022 financial year.

In order to facilitate understanding of the business and to evaluate Neinor Homes' performance in various areas at present, reference is also made to the figures and events of the previous year, thus offering a broader perspective for analysis. The forward-looking information provided in this Report is based on an analysis of the current context and its expected evolution, and does not make a commitment to achieving these objectives.

The information included in the Report is complemented by other corporate documents that may be of interest for further information and which are available on the website **www.neinorhomes.com**

2022 ANNUAL ACCOUNTS

2022 ANNUAL CORPORATE GOVERNANCE REPORT

CODE OF ETHICS

SUSTAINABILITY POLICY

2022-2025 SUSTAINABILITY PLAN

REPORTING STANDARDS USED

This Report has been prepared in accordance with the guidelines established in the Global Reporting Initiative's Sustainability Reporting Guidelines in its GRI Standards version, in accordance with the essential conformity option.The selection of relevant aspects has been carried out based on the results of the new materiality analysis carried out in 2022, which is explained below.

Furthermore, in order for Neinor Homes to continue to be one of the benchmark companies in its sector, this Report has been prepared in line with the recommendations and best practices established by EPRA Sustainability (European Public Real Estate Association).The table of GRI performance indicators included at the end of the Report indicates the pages where the related information is provided.

Finally, most of the requirements established in Law 11/2018 of 28 December, on non-financial information and diversity, have also been taken into account in its preparation. Although in previous years this law was not applicable to Neinor Homes, the company has been publishing based on it and auditing itself, because it has considered it a good practice. 2022 is the second year in which this law applies to the company.

PROCESS OF PREPARING THE REPORT AND IDENTIFYING STAKEHOLDERS

Neinor Homes endeavours to understand the needs and expectations of its stakeholders through a materiality analysis using the GRI reporting standard. The company evaluated both internal and external sources to ascertain its needs and expectations, based on its 2022-2025 Sustainability Plan. Neinor Homes considers its stakeholders to be those who are directly or indirectly affected by its business activity and who may also have an impact on it. These groups include investors, customers, employees, suppliers and society in general. The company focuses on meeting the expectations of its stakeholders and improving its sustainability performance.

The Governance, Risk and Compliance (GRC) Internal Audit and Sustainability Department is responsible for coordinating the work of various areas of the company and for ensuring the accuracy and completeness of the information reported in the Annual Report. This document is published together with the financial information for the year to allow stakeholders to assess its performance in relation to the company's relevant information. Neinor Homes' commitment is focussed on the following levers:

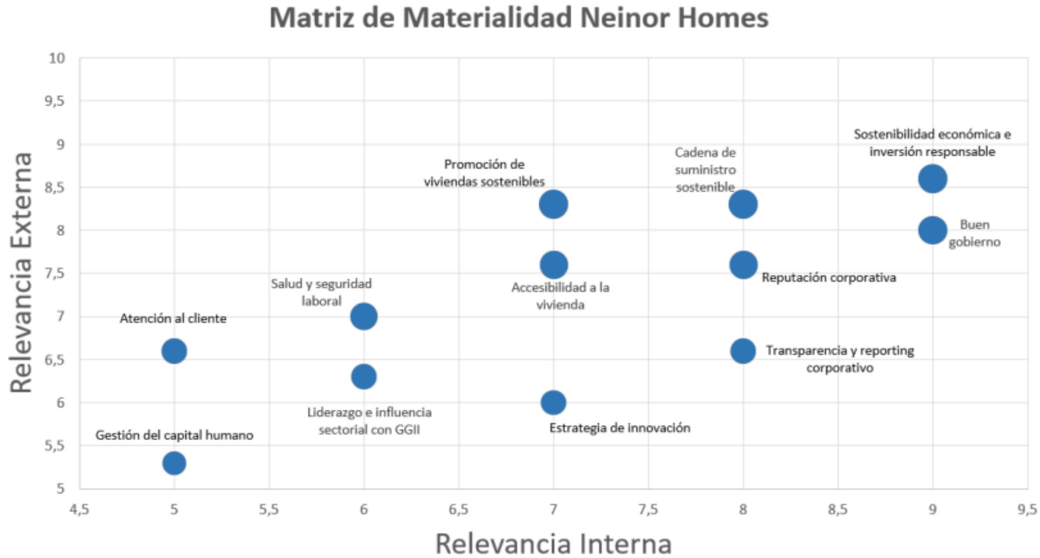
Sustainability linked to the business, building sustainable and resilient homes, carrying out life cycle analyses of our developments, reducing and offsetting the company’s emissions, committing to urban regeneration, reducing and recovering construction waste and protecting the biodiversity of the areas in which we operate.

Sustainability “from the inside”, by being aligned with the best governance standards, maintaining and strengthening the ESG responsibilities of governance bodies, ensuring the company’s ethics and integrity, and engaging with and communicating our detailed ESG progress to stakeholders.

Commitment to society, improving access to housing, developing and promoting social action initiatives and engagement with communities and human rights, improving the safety, health and well-being of employees, suppliers/contractors and customers and actively listening to our stakeholders.

Materiality Analysis Step by Step

Relevance of Material Issues



As a result of the assessment of the relevance of the different issues, those that are most relevant to Neinor Homes were identified. The following table shows the relationship between these issues and the aspects considered by the Global Reporting Initiative's Sustainability Reporting Guidelines:

ASPECTOS RELEVANTES PARA NEINOR HOMES	ASPECTOS GRI STANDARDS
Transparency and corporate reporting	• Organisational profile • Stakeholder engagement • Economic performance
Good Governance	• Strategy and Governance • Organisational profile • Environmental Compliance
Innovation strategy applied to products and services, technology and digitisation	• Customer health and safety • Marketing and labelling • Training and education
Sector leadership and influence with stakeholders	• Stakeholder engagement
Customer service	• Customer privacy • Marketing and labelling
Corporate reputation and sustainable brand value	• Organisational profile
Occupational health and safety	• Health and safety at work
Economic sustainability and responsible investment	• Strategy • Socio-economic compliance
Human capital management, attracting and retaining talent	• Organisational profile • Employment, training and education
Accessibility to housing	• Accessible housing • Human rights • Social responsibility
Sustainable housing development	• Efficient use of resources • Greenhouse gas emissions • Sustainable product development • Accessibility • Social responsibility
Responsible supply chain	• Procurement practices • Energy • Effluents and waste • Environmental and social assessment of suppliers

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GRI CONTENTS

This report complies with the GRI requirements and Spanish Law regarding non-financial information. References to GRI and EPRA indicators are detailed in the Spanish version.

Neinor Homes, S.A.

Independent Verification Report of the Consolidated Statement of Non-Financial Information of Neinor Homes, S.A. and Subsidiaries for the year ended 31 December 2022

February 22, 2023

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT VERIFICATION REPORT OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION OF NEINOR HOMES, S.A. AND SUBSIDIARIES FOR THE YEAR 2022

To Neinor Homes S.A., shareholders:

In accordance with article 49 of the Commercial Code we have carried out the verification, with the scope of limited security, of the consolidated Statement of Non-Financial Information (hereinafter NFIS) corresponding to the annual year ended December 31, 2022, of Neinor Homes, S.A. and subsidiaries (hereinafter Neinor Homes Group) that is part of the consolidated Management Report attached of Neinor Homes Group.

The content of the NFIS includes additional information to that required by current commercial regulations on non-financial information that has not been the subject of our verification work. In this sense, our work has been limited exclusively to the verification of the information identified in sections "14. GRI Content" and "11. Sustainable financing and compliance with the European taxonomy" included in the NFIS attached.

Responsibility of the Directors

The formulation of the NFIS included in the Neinor Homes Group Management Report, as well as its content, is the responsibility of the Group Directors. The NFIS has been prepared in accordance with the contents contained in the current commercial regulations and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards) selected as well as those other criteria described according to what is mentioned for each matter in sections "14. GRI Content" and "11. Sustainable financing and compliance with the European taxonomy" of the NFIS.

This responsibility also includes the design, implementation and maintenance of internal control deemed necessary to enable the NFIS to be free from material incorrectness, due to fraud or error.

Neinor Homes, S.A. Directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained for the preparation of the NFIS.

Our independence and quality control

We have complied with the independence and other ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Council for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our firm applies the international quality standards in force and maintains, accordingly, a global quality control system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team has been formed by professionals who are experts in reviews of Non-Financial Information and, specifically, in economic, social and environmental performance information.

Our responsibility

Our responsibility is to express our conclusions in an independent limited safety verification report based on the work done.

We have carried out our work in accordance with the requirements set out in the Revised International Assurance Assignment Standard 3000 in force, "Assurance Assignments Other Than Auditing or Review of Historical Financial Information" (Revised NIEA 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guide on Audit verification assignments of the Status of Accountants Non-Financial Information issued by the Institute of Chartered Accountants of Spain.

In a limited assurance engagement the procedures carried out vary in their nature and time of realization, and have a smaller extension, than those carried out in a reasonable assurance engagement and, therefore, the assurance obtained is substantially lower.

Our work has consisted of the formulation of questions to the Management, as well as to the various Neinor Homes Group units that have participated in the elaboration of the NFIS, in the review of the processes to collect and validate the information presented in the NFIS and in the application of certain analytical procedures and sample review tests described below:

- Meetings with Neinor Homes Group staff to learn about the business model, policies and management approaches applied, the main risks related to these issues and obtain the necessary information for external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS of the year 2022 based on the materiality analysis carried out by Neinor Homes Group and described in section "13. About this report", considering contents required in the commercial regulations in force.
- Analysis of the processes to collect and validate the data presented in the NFIS of the year 2022.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS of the year 2022.
- Verification, by means of tests, based on the selection of a sample, of the information related to the contents included in the NFIS of the year 2022 and its adequate compilation from the data provided by the sources of information of Neinor Homes Group.

- Obtaining a letter of statements from the Directors and the Management.

Conclusion

Based on the procedures carried out in our verification and the evidence we have obtained, no aspect has been revealed that makes us believe that the NFIS of Neinor Homes Group corresponding to the annual year ended 31 December, 2021 has not been prepared, in all its significant aspects, in accordance with the contents contained in the current commercial regulations and following the criteria of the GRI standards selected as well as those other criteria described according to what is mentioned for each subject identified in sections "14. GRI Content" and "11. Sustainable financing and compliance with the European taxonomy" included in the NFIS.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent an undertaking´s activities are associated with economic activities aligned in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. Neinor Homes Group is not obliged to disclose the above information, although it has voluntarily included for the first time in 2022 in section "11. Sustainable financing and compliance with the European taxonomy" included in the NFIS, which includes the sustainability indicators proposed by the Taxonomy Regulation. Neither eligibility nor alignment comparative information has been included in the attached NFIS. In addition, information was included in relation to which the directors of Neinor Homes Group have opted to apply the criteria which, in their opinion, best enables them to comply with these obligations and which are defined in section "11. Sustainable financing and compliance with the European taxonomy" of the NFIS. Our conclusion is not modified in respect of this matter.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

DELOITTE, S.L.

Iñigo Úrculo
February 22, 2023

Neinor Homes, S.A.

Auditor´s report on "Information relating to the internal control over financial reporting (ICFR)" of Neinor Homes, S.A. for the year ended 31 December 2022

February 22, 2023

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

AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF NEINOR HOMES, S.A., FOR THE YEAR ENDED 31 DECEMBER 2022

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

At the request of the Board of Neinor Homes, S.A. (hereinafter the Company), and in accordance with our proposal dated February 16, 2023 we applied certain procedures to the accompanying "ICFR related information" included in section F) of the Annual Corporate Governance Report for Neinor Homes, S.A., for the year ended 31 December 2022, which summarizes the Company's internal control procedures regarding annual financial information.

The Directors are responsible for adopting the necessary measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR related information included in section F) of the Annual Corporate Governance Report.

It is worth nothing that apart from the quality of design and operability of the Company's internal control system as far as annual financial reporting is concerned, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the consolidated financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of Neinor Homes, S.A. and Subsidiaries' (the Group) internal control system was to establish the scope, nature, and timing of the audit procedures performed on its consolidated financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the *Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies*, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's financial data for the year ended 31 December 2022 described in the accompanying ICFR information included in section F) of the Annual Corporate Governance Report. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters have been disclosed which would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements or a review in accordance with the Spanish Audit Law, we do not express an audit opinion in the terms provided for therein.

The following procedures were applied:

1. Reading and understanding the information prepared by the Company in relation to the ICFR –as disclosed in the Directors' Report- and the evaluation of whether such information includes all the information required as per the minimum content set out in Section F regarding the description of the ICFR, in the model of Annual Corporate Governance Report, as established in Circular nº 5/2013 of the National Securities Market Commission dated June 12, 2013, and subsequent amendments, the most recent being CNMV Circular 3/2021, of 28 September ("the CNMV Circulars").

2. Making enquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.

3. Review the explanatory documentation supporting the information described in section 1 above, which should basically include everything directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit Committee.

4. Comparison of the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the consolidated financial statements.

5. Reading the minutes of the Board Meetings, Audit Committee, and other committees of the Group, for the purposes of evaluating the consistency between the matters dealt with therein in relation to the ICFR and the information described in section 1 above.

6. Obtaining a representation letter concerning the work performed, duly signed by the persons responsible for the preparation and drafting of the information mentioned in section 1 above.

As a result of the procedures applied on the Neinor Homes, S.A. and Subsidiaries' ICFR related information, no inconsistencies or incidents have come to our attention which might affect it.

This report has been prepared exclusively within the framework of the requirements of article 540 of the revised Spanish Companies Act and "the Circulars of the NMSC", for the purposes of describing the ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Iñigo Úrculo
February 22, 2023