AEDAS HOMES



Integrated Annual Report FY 2021/22

Consolidated Management Report

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Jardins de Castellarnau (Sabadell)

1. Who we are

Monier (Madrid)

1.1. AEDAS Homes at a glance

AEDAS Homes is a next-generation residential developer whose shares have been publicly traded in Spain since October 2017.

Since its founding, the Company has relied on a decentralised, scalable organisational structure, which has proven to be a highly efficient approach.

This decentralised structure comprises six Regional Branches that operate with a good deal of autonomy. By leveraging on the local know-how and experience of these regional teams, AEDAS Homes can offer customers a product that is tailored to each micro market and generate loyalty among its partners and suppliers.

Critical business functions are carried out in-house, while non-critical functions are outsourced. As a result, the Company's team, made up of professionals with extensive experience in the sector, is highly efficient and capable of responding to market trends and scaling up objectives with ease and agility. Despite a substantial degree of externalisation, the Company builds long-term relationships with its partners, generating significant loyalty and mutual trust.

The Company has three business lines which differ primarily by customer type.

AEDAS Homes' core business, its Build-to-Sell (BTS) line, focuses on the development of new-build homes for individuals who are buying their primary or second residence or as an investor.

Through its Build-to-Rent (BTR) line, the Company develops turnkey projects designed specifically for the rental segment for institutional investors.

Lastly, the newly-created Real Estate Services line provides development and management services to third parties, potentially co-investing with them on occasion.

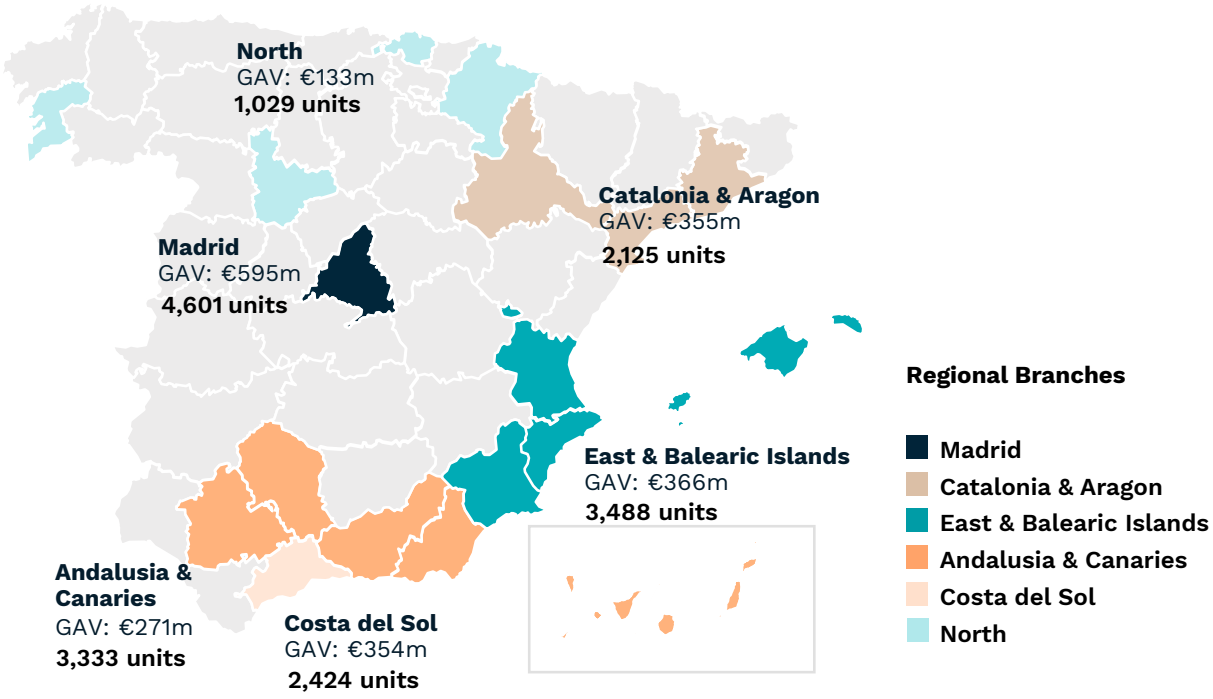
The AEDAS Homes product is defined by its focus on people and how they really live, meaning that it adapts not only to their current lifestyle but also to their future needs. These homes, in residential buildings that stand out for their modern, balanced and rational architecture, feature flexible layouts intended for high intensity use throughout their entire life cycle.

This "design for all" concept simplifies life, providing comfort and convenience for every kind of person, and places special emphasis on acoustic, thermal and lighting comfort, given how important and influential these factors are on our health and well-being. The aim is to evoke a sense of home, with spaces open to nature with large windows and terraces that connect with gardens and carefully landscaped green areas. And, of course, these are homes that respect the environment in their design and construction and that make use of innovative technological systems in the interest of sustainability.

This product definition meets the high expectations of the typical AEDAS Homes' customer, who generally has already been through the homebuying process before and therefore has become very discerning. These customers draw on their prior experience and informed by their personal perspective and specific needs as current homeowners, have a better understanding of what they really need for their wellbeing. They are perfectly able to identify the unique attributes, both indoors and outdoors, in the homes the Company develops. They are seeking very high quality specifications not only in the core aspects of their future home, but also in the scope for personalisation. They are also sensitive to environmental and sustainability considerations and value the fact that the nearly all the Company's homes developments have Energy Performance Certificates of A or B. A second unique characteristic is that most AEDAS Homes customers share the purchase decision with someone else. This is a significant consideration as it brings a second or even a third opinion into the homebuying equation, increasing expectations and requirements.

As for its investment policy, the Company has consistently been very selective and disciplined, sticking to very high return thresholds and relying on its Regional Branches to identify the most interesting investment opportunities that fit with targets, customer profile and product type. After exhaustive analysis, the Investment Committee reviews each opportunity and determines the final offer. As a result, AEDAS Homes has been able to maintain a truly high-quality land bank, located across its six Regional Branches which operate in a total of 18 provinces, as shown below, with scope for the development of 17,000 units as of 31 March 2022.

AEDAS Homes in Spain



The quality of the AEDAS Homes land bank is tangible not only because virtually all its plots are ready-to-build, but also due to its high level of liquidity and the strong commercial interest in the assets that comprise the land bank, thanks to their excellent location.

As shown below, over 70% of the land bank is already active (in either the design, marketing or construction phases), giving the Company very strong visibility on its delivery targets over the next four years.

	March 2021	March 2022
LAND BANK (UNITS)	15,484	17,000
ACTIVE (UNITS)	9,746	12,473
NET SALES (UNITS) (*)	2,480	3,084
ORDER BOOK (UNITS)	3,428	4,255
UNDER CONSTRUCTION (UNITS)	4,586	5,337
DELIVERIES (UNITS)	1,963	2.298**
EMPLOYEES	240	303

(*) Includes sales from BTS (2,885 units) and BTR (199 units) business lines
(**) Includes 41 units attributed to Áurea Homes

The AEDAS Homes team, comprised of a group of highly experienced, multidisciplinary professionals, are fully committed to their targets and the Company's unique way of doing things. This approach is grounded in the values of rigour, transparency and integrity and provides the foundation of the relationships the Company has built with a select group of partners who work with the Regional Branches. This ethic is underpinned by a commitment to adding value to the communities where AEDAS Homes develops homes and to sharing its goals and modus operandi with its partners (architects, builders, sales agents, etc.). Moreover, this approach has enabled the Company to achieve success by relying on the local know-how and experience of its regional teams and their partners, who see the Company as a trusted strategic partner.

This approach, based on integrity, transparency and rigour, is every bit as applicable on the financial front. In the same way, the Company has worked to build long-term relationships with the various entities that provide its financing, locking in optimal and highly diversified sources of financing for its business activity.

AEDAS Homes has financed its corporate development and land investment needs from own funds and corporate debt, including the issuance in May 2021 of a fixed-rate green bond due in August 2026.

To finance its new-build developments, the Company has a range of developer loans with leading Spanish banks. To avail of these loans, banks typically require a level of pre-sales sufficient to ensure the commercial viability of the development, and the property is pledged as collateral. As a result, construction costs are financed from drawdowns against those loans and customer down payments.

When the development is finished and the keys are handed over to the customer, the buyer can choose to assume the Company's position in the mortgage on highly favourable terms; if not, that tranche of the loan is cancelled. Developer loans are considered current debt due in the long term. To finance its turnkey BTR developments which are targeted at institutional investors, in July 2021, the Company decided to raise an alternative financing line whose drawdown depends fundamentally on the level of execution of the related developments.

Lastly, to finance its working capital needs, the Company can either issue short-term commercial paper (up to 24 months) or draw down a credit facility in place until February 2026 with an undrawn balance of €55 million.



A unique approach to residential development



Land investment

Focus on regions with proven long-term demand, mainly in Spain's six largest regions.

Regional teams' deep knowledge of local land markets facilitates the search for off-market investment opportunities.

Due diligence, negotiations and closings are centralised.

Ability to originate, analyse and execute opportunities of different sizes, which leads to a high-quality land bank and, ultimately, improved margins and shareholder returns.



Decentralised, scalable and sustainable business model

Flexible, agile organisational structure.

Leveraging on the local know-how and rich experience of regional teams.

Centralised supervision with key functions performed in-house.

Design, sales and construction outsourced to trusted partners.

Limited fixed-cost base.

In-house Green Book, coupled with the Ecoliving® seal.



Sales strategy

Customer-centred marketing approach.

In-depth market studies to optimise product definition.

Focus on sales to individual buyers, complemented by a growing business in the turnkey Build-to-Rent segment.



Bottom-up approach

Risk control via investment/project management.

Continuous fine-tuning of the capital structure.

Responsibility: results-oriented remuneration.

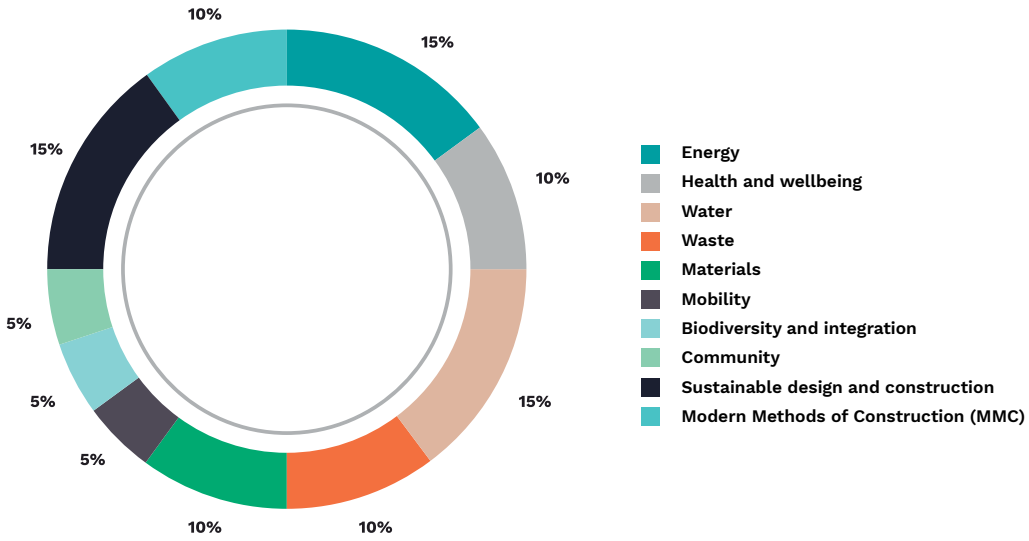
Focus on preserving margins and ROE.

Trailblazers in sustainable residential development

AEDAS Homes assures a standard level of environmental impact mitigation across all its developments, depending on the specifications selected and each location's unique environmental conditions, in keeping with the Company's Green Book.

AEDAS Homes calculates emissions throughout the building's entire life cycle and offers its customers information and tips for minimising their potential carbon footprint over the useful life of their homes.

Each environmental aspect is weighted differently



How developments are rated for sustainability

AEDAS Homes' goal is to advance towards construction models that have a minimum impact on the environment along with positive impacts for the wellbeing of the people who live in the homes it builds. To that end it has developed the first sustainable home seal in the Spanish real estate market - Ecoliving® - to certify the environmental impact of each home. By means of the corresponding software application, project managers can determine the optimal energy rating for each development, shaped by the selection of environmentally-friendly materials, foster occupant health and wellbeing and install efficient and renewable energy facilities.

It is the first seal of its kind in the real estate market and was created exclusively by AEDAS Homes in 2020.

In addition, carrying out Life Cycle Assessments (LCAs) on all developments makes it possible to identify potential improvements on the energy-efficiency front which can then be applied in future developments.

<u>Educating customers about the sustainability credentials of their new home</u>

All AEDAS Homes points of sale devote an area to the Ecoliving seal, where customers can learn more about sustainability in that particular development and understand what makes it stand out.

In FY 2021/22, the Company carried out Life Cycle Assessments (LCAs) on all completed developments.





How AEDAS Homes developments contribute to a more sustainable future

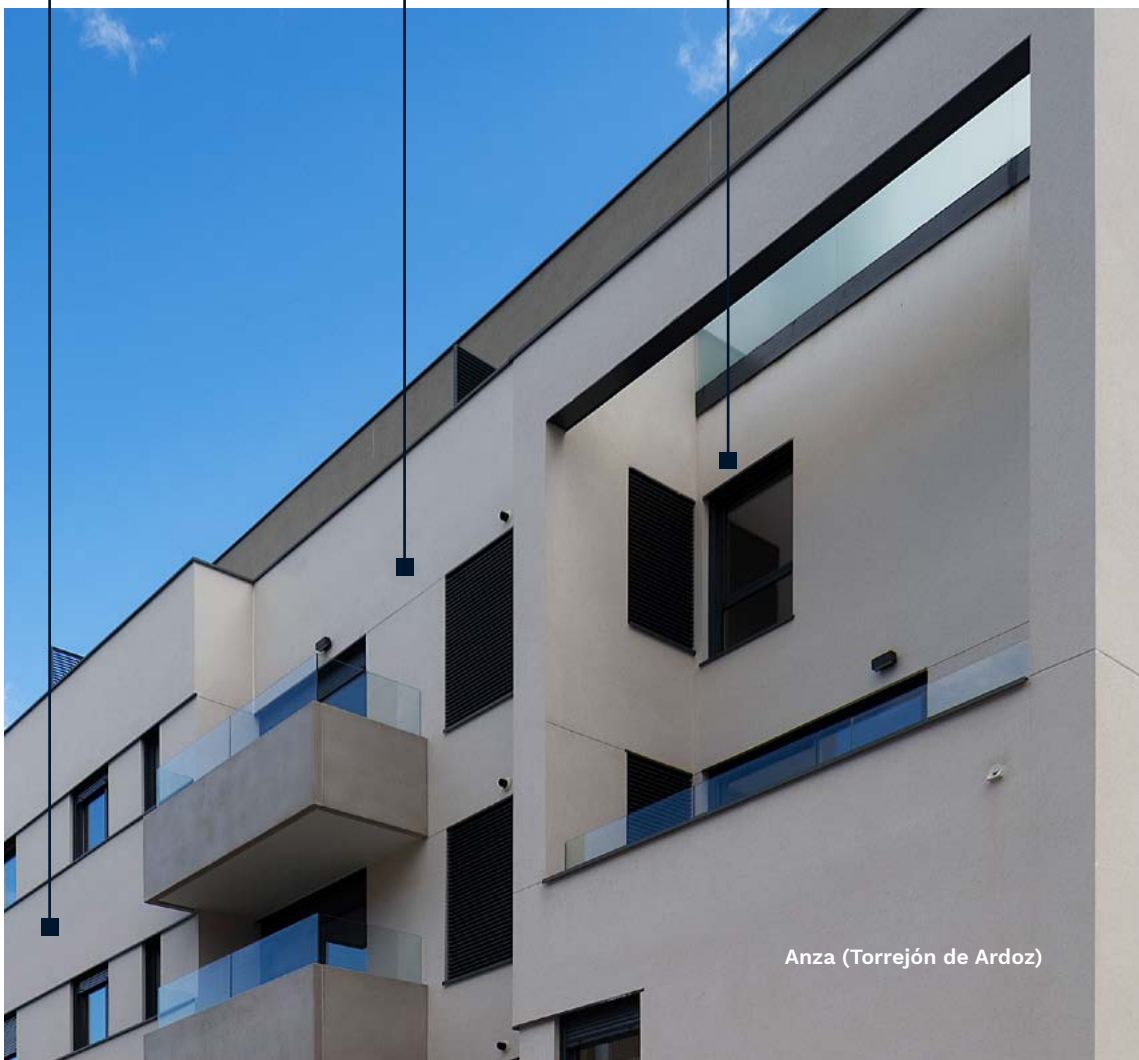
AEDAS Homes offers its customers homes that have a low environmental impact; moreover, it doesn't cut ties once the keys are handed over to customers.

AEDAS Homes wants to provide the market with homes that are sustainable and environmentally responsible throughout their useful lives, to which end it provides its customers with a user manual with recommendations and guidance designed to foster the sustainable use of their homes in all of the aspects, as set out in the underlying principles of the Ecoliving® seal:

Widespread installation of air source heat pumps to harness thermal energy in the air and transfer it inside the home to provide hot water and/or heating/ cooling.

High-performance thermally insulated façades and highly efficient systems: annual energy consumption for efficient hot water product and heating/ cooling.

Installation of heat recovery ventilation systems that harness the energy (temperature) present in the home by means of separate inflow and outflow air renewal circuits, so that occupants can enjoy clean air.



Anza (Torrejón de Ardoz)

Water: Occupants save 10 to 20% by comparison to a standard home thanks to:

- Dual-flush toilets that consume 3 to 4.5 litres.
- Bathroom and sink taps with maximum flow of 5 l/min.
- Kitchen taps with maximum flow of 9 l/min.
- Shower taps with a maximum flow of 9 l/min.
- Installation of drip watering systems programmed by area with sprinklers in lawn areas only.
- Installation of watering programmers fitted with humidity sensors to prevent watering on rainy days or when the soil doesn't need any more water.

Nearby public transport stops.

Bicycle parking spaces.



Anza (Torrejón de Ardoz)

Saltwater electrolysis systems in swimming pools to reduce the amount of chlorine used.

Native plant species planted in green areas.

Common facilities in the development are configured to optimise energy efficiency and lower costs.

Common areas and green spaces: outdoor light sensors, indoor presence detectors and/or timers to reduce energy consumption.

Paint and external cladding with the Ecolabel seal, indicating low VOC levels which favour better indoor air quality.

Use of FSC or PEFC certified wood attesting to sourcing from sustainably managed forests.


Anza (Torrejón de Ardoz)

Use of materials produced no more than 400 km away.

Pre-installation of electric vehicle charging stations.

"Smart home" systems that let occupants control lighting and/or blinds from their smartphones.

Energy Performance Certificates with an "A" rating in terms of consumption of non-renewable primary energy and CO2 emissions

Common areas with natural lighting and ventilation.

Dedicated areas for recycling containers.

Installation of recycling stations within common areas of the building for managing waste such as vegetable oil, batteries and used clothing.

Optimised designs tailored for local climate conditions: incorporation of overhangs, trellises, carefully-chosen façade colours and cross-flow ventilation to reduce energy consumption.

1.2. Chairman's Statement



Dear Fellow Shareholders:

FY 2021/22 has been a year of standout performance at AEDAS Homes. Your Company has delivered close to 2,300 high-quality homes to customers, generated **record revenue and EBITDA** and once again, thanks to its committed team, is providing **best-in-class margins.**

On **total revenue of €766 million**, the Company is **delivering €149 million in EBITDA**. This **EBITDA margin of 19.5%** reflects both the implicit quality of the landbank and the efficient operational performance of the AEDAS Homes team, confirming the Company's capacity to keep achieving its goals and creating value for shareholders.

Shareholder remuneration

Net profit after taxes for FY 2021/22 comes to **€93.1 million**. In line with this result and the Dividend Policy approved by the Company in July 2021, which stipulates an ordinary dividend payout equivalent to 50% of net profit and the potential distribution of extraordinary dividends if financial conditions permit, the AEDAS Homes Board of Directors will propose to the Annual General Meeting a dividend distribution up to a maximum of €95.2 million out of FY 2021/22 results, of which €36.1 million (0.82 euros per share) was already paid to shareholders 31 March 2022.

Laying the foundation for a low-carbon future

In the last Annual Report, I announced that the Board of Directors had passed the **three-year ESG Strategic Plan** in early April 2021, just after the FY 2020/21 close. This Plan lays out long-term goals and clearly articulates a series of short and mid-term priority initiatives, as well as the governance and monitoring model for its compliance and supervision.

By approving this Plan, the Board has **recognised the risks related to climate change** and has pledged to dedicate the resources to make the Plan a success. Through this framework **aligned with the UN Sustainable Development Goals**, the Company will make a measurable difference in the areas where we operate, with a focus on building sustainable cities and communities, fostering opportunities for decent work and economic growth, and making contributions to industry, innovation and infrastructure.

The Company has been successfully rolling out the Plan this past year, and the Board believes that this **commitment to sustainable development** will correspond to a **reduction in downside risk**, ensure access to **advantageous financing** and safeguard the Company's **long-term success** while **creating value for all its stakeholders**.

Macroeconomic context and housing market outlook

With the exception of the first few months of the pandemic in 2020, when lockdown measures essentially stopped the economy in its tracks, the residential development market has enjoyed supportive underlying dynamics for several years now. This expansive cycle is being driven by the imbalance between demand for high-quality, sustainable housing in major metro areas and the real lack of supply.
Long-term, this structural asymmetry will continue to make homebuilding in Spain a very attractive business proposition for companies that have the scale, financial strength and diversification and well-honed strategy to stay the course, especially during periods of volatility.

The past several months have seen soaring energy prices and spikes in the price of steel, cement, glass and other energy-intensive products, as well as supply chain bottlenecks and shortages of raw materials. This situation has been exacerbated by Russia's invasion of Ukraine in late February and the prospect of a long war on Europe's doorstep. While for the moment the global economy is resisting the impact of the war, with this backdrop of volatility, uncertainty and potential economic constraints, the homebuilding industry may be facing a context of sustained cost inflation for some time to come.

The Company is well-positioned to face such a context for a number of reasons. First, its high-quality product in major metro areas targeting customers in the mid-to-mid high segment of the market, who generally enjoy greater solvency and affordability, has so far allowed it to capture healthy price increases and thus better protect margins. Second, in an inflationary context, investing in property in major cities that can be put on the rental market can offer savings protection. And finally, the post-Covid recovery of the second residence market on the coast and increases in sales to customers coming from Eastern Europe have the potential to bolster sales.

Board activity

The AEDAS Homes Board is experienced, committed and above all, independent. The Board believes that **effective corporate governance** is the cornerstone of a successful, sustainable business that creates long-term value creation for all stakeholders.

In line with the Spanish Capital Corporations Law and the CNMV Corporate Governance Code, the Board carried out its **annual self-assessment** this year, with all directors taking part in the process and making constructive contributions for improvement. As a result of this process, the Board expects to deepen its commitment to matters related to strategy, the competitive environment and ESG implications for the business in the coming year.

The Board also voted to **amend its Regulations** to adapt them to reflect updates to the Spanish Companies Act regarding **related-party transactions** and to include the supervision of the process for preparing and presenting financial information and non-financial information as a Board responsibility.

Finally, in November 2021, Javier Martínez-Piqueras, who was appointed as an Independent Director in October 2020 and ratified by the Annual General Meeting in June 2021, became an External Director upon assuming a new role as Senior European Advisor to Castelake, the Company's main shareholder.

Annual General Meeting

We will be holding our Annual General Meeting on **Wednesday, 29 June 2022**. At present, we are planning to host a hybrid event in Madrid and as the date approaches, we will be sharing further details.

Looking ahead

With the current level of deliveries and operational optimisation, the Company is now closing in on maturity. Over the past year, this solid evolution has been better reflected in the media and the capital markets, and we expect to continue to have a very compelling story to tell in the years to come, even in the current context of volatility and uncertainty.

As a shareholder, you can have every confidence that with the firm guidance of your Board and the proven capacity of your Management Team, AEDAS Homes is in very good hands and will continue to deliver excellent long-term value. Once again, thank you for your trust.

Santiago Fernández Valbuena
Chairman of the Board of Directors

1.3 Year-end interview with David Martínez, CEO of AEDAS Homes



Looking back on FY 2021/22, what stands out?

At AEDAS Homes, our 2021/22 fiscal year has been defined by **unparalleled levels of operational performance** across all areas of our business: land investment, sales, construction and deliveries.

While earlier in the year there were a few residual operational challenges related to the pandemic, our team managed these very successfully and as a result, we've achieved all the targets we committed to. The Company also reached a key milestone this year—well over one billion euro in forward sales that will be delivered in the coming years—putting the Company in an enviable position in terms of our visibility over future revenues and cash flows.

To put some numbers around this, we've made **investment commitments** this year that will allow us to develop **4,101 additional units**, with a quarter of these units in Madrid. We used our investment capacity to take advantage of some opportunities in excellent locations with the potential to deliver very attractive margins, and this investment volume means that AEDAS Homes now has the land we need to cover all of our FY 2024 and over 70% of our FY 2025 revenue goals, and the landbank now stands at 17,000 units.

We've continued to see strong, sustained demand coming from customers who are looking for well-located homes that are high-quality and energy-efficient, and this demand is driving our extraordinary sales levels. We closed out the year with **3,084 net sales (€1,038 million)**, which works out to an average of over 250 units sold a month and puts our **Order Book at 4,255 units (€1,281 million)**. These figures include the Build to Rent (BTR) developments that we've sold to institutional investors.

In terms of launches and construction, in the last twelve months we've put 3,682 units on the market and broken ground on 2,853 units, bringing our **total units on the market to 8,118 and total units under construction to 5,337.** And finally, this year AEDAS Homes has delivered 2,298 units, a figure which includes 41 units attributed to Áurea Homes, the developer that AEDAS Homes acquired earlier in the year.

How do this year's financial results stack up against last year's?

Earnings-wise, we are reporting total **revenues of €765.6 million**, up 14% over last year, with the lion's share coming from the delivery of these homes to customers, along with revenues from the sale of some plots of land that weren't strategic for the Company and from our newly-launched Real Estate Services line.

We are reporting gross margin of 29% (versus 28.1% last year), a **very healthy EBITDA of €148.9 million (19.5% margin)**, and €93.1 million in net income, up 9% over last year.

We closed out the fiscal year in a **very solid financial position**, with €1,520 million in inventories, €240 million in cash, net financial debt of €273 million and a net LTV of 13.2%.

Without a doubt, FY 2021/22 has been the **best year, both operationally and financially, in the six-year history of AEDAS Homes**. Despite the current inflationary context, we're delivering an extraordinary set of results. I put this down to the excellent management and execution capacity of our team which has, once again, **fulfilled the ambitious commitments made to our customers and shareholders.**

How has the Company strengthened its financial position in the last year?

This past year we've taken the opportunity to **diversify and optimise our sources of financing to further solidify our strong financial position**. Last spring we issued a green bond for €325 million at very advantageous terms and as part of the bond issuance process, we were assigned corporate credit ratings by S&P (B+), Fitch (BB-) and Moody's (Ba2). We extended our €150 million Commercial Paper Programme and are continuing to make very efficient use of its extremely advantageous financial terms. Finally, last July we signed a financing agreement for up to €112 million with a private lender to finance construction on our Build-to-Rent projects.

Any other significant milestones?

In terms of shareholder remuneration, the Board of Directors approved a **Dividend Policy** last July, based on the three pillars of net income, visibility on future cash generation, and the key debt ratios and liquidity we need to maintain organic growth. Per this Policy, the Company will **distribute 50% of annual net income as ordinary dividends**, with the potential to supplement ordinary dividends with extraordinary dividends. We distributed the **first dividend** to shareholders last July as a **€62 million** cash payment out of FY 2020/21 results and paid an **interim dividend** of **€36 million** corresponding to FY 2021/22 in March 2022.

With regards to **share buyback activity**, the company amortised 1,160,050 own shares (equivalent to 2.42% of capital) in August, and as of the end of March 2022, the Company's treasury stock stood at 2.72 million shares (at an average purchase price of €20.54 per share), which is equivalent to 5.81% of capital.

We also demonstrated our **organisation's capacity to scale up** when we **acquired a selection of assets** from the real estate division of Spanish construction company ACR Group, which marketed its residential products under the Áurea Homes brand. Through this transaction, we acquired a selection of excellent ready-to-build plots and works in progress for a total of 679 units, and we were able to **seamlessly integrate the Áurea Homes team**, which has contributed towards our growth and has allowed us to **expand our capacity**, especially in the north of Spain where we opened up our sixth Regional Branch early in FY 2021/22.

AEDAS Homes launched its BTR line in 2019, and in the past year, the appetite for turnkey rental developments has really heated up. How is this business line evolving?

It's true that we've seen tremendous appetite from Private Rental Sector (PRS) investors this past year. We delivered our second BTR development in 2021, and at the end of the fiscal year, we had 993 BTR units sold and under construction and an additional 800 units pending the final sales agreement. This **considerable growth in our Build-to-Rent line** is a clear confirmation that institutional investors see AEDAS Homes as a trusted industrial development partner for their rental projects in Spain.

What about public-private partnerships for providing affordable homes for rent?

We've also taken concrete steps towards addressing one of the great challenges that society is facing today, which is **providing access to quality affordable housing**, especially to young people. Availability of accessible housing is one of the critical drivers for the UN's Sustainable Development Goals, and at AEDAS Homes, we see public-private partnerships as a viable way forward to meet this need. For this reason, we are proud to be taking part in the **Community of Madrid's Plan VIVE scheme**, a public-private collaboration scheme that makes publicly owned land in consolidated urban environments available for development.

The first phase of Plan VIVE aims to put 5,400 affordable new-build rental apartments on the market between 2024 and 2025, and through our Real Estate Services line, AEDAS Homes is providing development services to deliver 3,600 of these new affordable rental units. Once construction is complete on these turnkey developments, which are all high-quality architectural projects with an "A" energy rating, they will be delivered to a property management company.

Last April the Board of Directors passed the Company's 3-year ESG Strategic Plan. What progress has the Company made in its rollout?

Since our founding in 2016, sustainable development has been fundamental to the AEDAS Homes strategy, as we **aim to deliver value to all our stakeholders: our customers, employees, suppliers and shareholders, as well as the wider community.** The Company has always been focused on ensuring that our business makes a net positive impact on both the environment and society, and to that end, we codified this strategy in our three-year ESG Plan which was approved last April. Since then, we have made great strides towards implementing the 27 concrete actions outlined in this roadmap.

In terms of our commitment to green building and our long-term target of neutralizing 50% of our greenhouse gas emissions by 2030, I'd like to highlight a few key actions in particular. First, over 40% of the developments we've delivered this year have an A-A energy rating, and more than **60% of the developments that we've launched this year are targeting an A-A energy rating**, which will provide the maximum level of energy efficiency and comfort to homeowners.

Second, we are making excellent progress in terms of carrying out **Life Cycle Assessments on all our developments** and ensuring that **100% of them comply to the standards set out in our in-house Green Book or other recognised seal**. Third, in our ongoing commitment to educating our customers, we're implementing a **sustainability section in the Building Book** that customers receive when their new home is delivered, so they can maximise all of its eco-efficiency features. And finally, we have **tied compensation to environmental performance** by including an ESG objective in the Annual Variable Compensation model for all eligible employees and establishing an ESG metric in the 3-year Long-Term Incentive Programme for senior management and key employees.

In terms of the **social commitments** outlined in the Plan, this year we've focused heavily on our exceptional multidisciplinary team made up of of 300+ respected, skilled professionals. Through their expertise and dedication, the Company has become a benchmark for quality and innovation, and this past year, to support our employees, we have prioritised **talent retention, work-life balance initiatives, and physical and mental wellbeing.** In fact, in recognition of the Company's programmes, we were awarded the prestigious seal of approval from **Great Place to Work®.**

Underpinning all these initiatives is our continued focus on **strong corporate governance.** Among other actions, this past year the Company has defined and approved an **ESG Policy**, updated the risk map to **integrate ESG risks**, and is currently working towards **obtaining certification of the Compliance system according to UNE 19601**, expected in the coming months. Additionally, the Company secured an ESG Risk Rating of 15.7 from Sustainalytics, putting us in the top percentiles of our sector, and which we expect to continue improving.

Our **Audit and Control Committee** is **actively supervising** the achievement of the ESG Strategic Plan, and I feel we are well on track to achieve the ambitious goals outlined in the plan by the end of FY 2023.

Post-pandemic, demand for new-build homes has boomed. How do you see the market evolving this year and next?

No one can predict the future, but at present, Spain is enjoying very **solid housing market fundamentals** and the underlying **structural conditions are favourable for the residential development business.**

The number of new-build homes on the market in the key metro areas where we operate is still well below demand, and in these locations, we're seeing positive trends in both population growth and consolidation and household creation. I would expect this structural imbalance between demand and supply to continue supporting an upward trend in prices.

According to the IMIE TINSA report that came out in early April 2022, average house prices in Spain (both second hand and new-build homes) are up 6.8% over last year but are still 23.5% below their pre-crisis historic maximums in 2007. With average house prices still below peak, along with good home affordability and household savings rates and a scenario of low interest rates, we see **continued room for growth down the road.**

How do the war in Ukraine and the current context of inflation and supply chain disruption factor into your view?

As you are well aware, the war in Ukraine and the ongoing disruption in the supply chain have put the **construction industry under stress**.

Energy prices are reaching unsustainable levels, and this caused production to be halted at many steel mills, tile factories and cement plants, and truckers to go on strike for a period in March. This, along with very sharp increases in the cost of raw materials over the past several months, has impacted construction sites all across Spain, ours included. This situation has been aggravated by the war, the cascading effects of the humanitarian crisis in Europe, and the uncertainty surrounding rising inflation all across the world.

However, as a company, we have been **actively working to control and minimise the impact of this situation on our business** as far as possible with the goal of preserving margins. We have implemented a series of measures, which include stepping up our monitoring of construction companies and their subcontractors and working closely with them to ensure their financial solvency, while keeping our in-house construction management team ready to deploy if needed and negotiating national agreements with suppliers to guarantee supply and stabilise prices, among others.

What about cost inflation related to the scarcity of qualified tradesmen? How are you approaching that?

The construction industry in Spain has been hampered for years by a shortage of qualified workforce, and this is a significant factor in cost inflation. Industrialized solutions, or **Modern Methods of Construction**, which is where some of the construction components, like bathrooms pods, are produced in specialized factories and delivered to the site, can **cut down the number of on-site workers**. Implementing these industrialized solutions also allows developers like AEDAS Homes deliver higher-quality projects faster, and since 2018, we have been leading this charge to modernise the sector.

Back when we launched our offsite line, we envisioned being able to build in a faster, greener, more efficient way and four years later, it's a reality across many of our sites. To date, AEDAS Homes has implemented Modern Methods of Construction in over 50 projects (2,000 units) and through the offsite line, has delivered over 100 high-quality, fully modular homes that were precision built in a factory, with close to 200 additional offsite units under development. In fact, in our ESG Strategic Plan, we've committed to ensuring that 25% of our deliveries by FY 2023 will be built partially or fully offsite, and we are well on track to meet this goal.

How would you sum up the success of FY 2021/22?

In the past twelve months, we've really focused on **cementing our core strengths**. We've reinforced our already privileged financial position, invested in quality land that will give us significant coverage on deliveries four years out, and deepened our commitment to sustainable development. We have the right product in the right location and a strong focus on our customers, and **this is a formula that translates into success**. I'm confident that the AEDAS Homes team will continue to generate significant value for our shareholders in the years to come.

1.4 Market indicators

Sustained economic recovery and rising inflation

2021 was shaped by the gradual normalisation and recovery of the Spanish economy after the pronounced contraction sustained in 2020 on account of the fallout from the Covid19 pandemic. That recovery is palpable in the growing momentum observed in the quarterly indicators in parallel with the increase in vaccination coverage, a factor that buoyed the recovery in trade and tourism, sectors that are key for the Spanish economy. That burgeoning quarterly momentum ultimately translated into growth of 5.1% in Spanish GDP, which was slightly below the global average of 5.9%. According to the International Monetary Fund's latest forecasts (updated at the end of April 2022), the Spanish economy is still expected to grow by 4.8% in 2022, which is above the forecast global average of 3.6%. The fact that the Spanish economy is expected to register above average growth is primarily attributable to the lag in normalisation post-Covid, which is in turn due to Spain's greater exposure to economic activities related with personal mobility, as well as the relatively bigger impact of the Next Generation EU funds on the Spanish economy. The purpose of the NGEU funds is to repair the economic and social damage caused by the pandemic. Spain is set to receive €140 billion in the coming years.

Another noteworthy aspect of the economic panorama in 2021 was the sharp uptick in inflation. In 2021, both the energy and commodity markets sustained sharp price growth, increases that started to spill over to core inflation towards the end of 2021, putting the monetary authorities on alert. The price growth was beginning to stabilise in some materials at the start of 2022, but that trend was truncated when the armed conflict broke out in Ukraine.

Against that backdrop, the IMF is forecasting inflation of 5.3% in Spain in 2022.



Escalonia (Las Rozas)

Recovery in employment

Turning to the job market, according to the INE, unemployment was already back below the level observed prior to the onset of the Covid-19 pandemic by the end of 2021, when the rate of joblessness stood at 13.8%. By December 2021, that figure had fallen to 13.3%, which was 0.5 percentage points better than two years previously. The number of Social Security contributors at year-end 2021 stood at 19,842,427, the highest reading in the series and 362,613 above the number of job holders recorded in February 2020, the month before the onset of the Covid19 health crisis.

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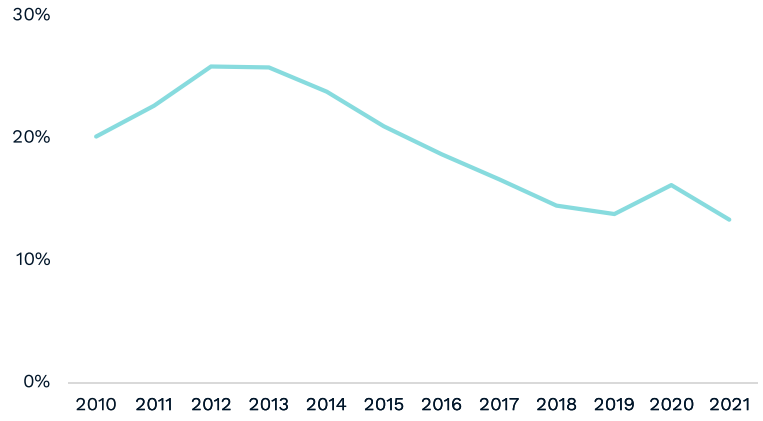
Unemployment ended 2021 below the levels observed in the run-up to the pandemic



Source: INE

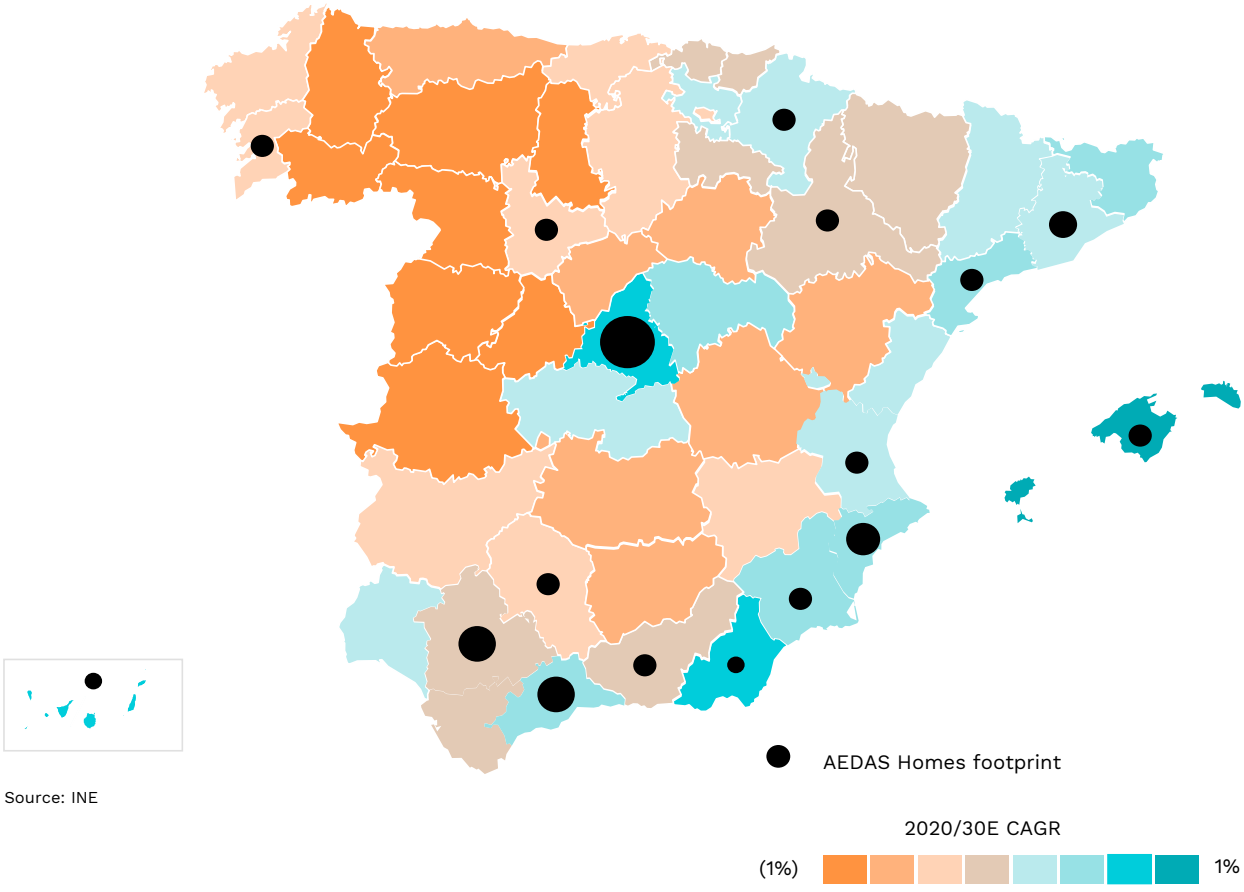
Moderate population growth, concentrated around the main cities

In terms of demographics, the pandemic also slowed the growth being etched out by the Spanish population since 2016, shaped by negative organic growth due to the increase in mortality induced by Covid-19 and a reduced inflow of immigrants due to health-driven mobility restrictions. According to the INE, the Spanish population stood at over 47.3 million people as of December 2021, of which 11% (over five million people) were overseas residents.

In terms of the population breakdown by region, internal migratory movements in Spain have been concentrated around the major cities, which, on account of their relative economic buoyancy, act as population magnets, driving the need for and development of new housing in the main recipient urban areas.

In addition, the widespread adoption of working from home across some areas of the economy means that a good part of the population has decided upon or is weighing up a potential move to a different area, further from city centres, which can offer healthier, more spacious, energy efficient and, in short, better equipped homes. That new source of demand dovetails perfectly with the types of locations and homes AEDAS Homes traditionally offers, specifically units in gated communities with green spaces nearby, developments equipped with more and better facilities, larger floor areas, home studies, etc. Those are the types of locations AEDAS Homes selects to carry out its developments.

AEDAS Homes' developments are concentrated in the Spanish provinces expected to experience the strongest population growth and with the most dynamic housing markets



Source: INE

According to the INE, the regions in which AEDAS Homes is present are expected to post annual population growth of 0.2% over the coming decade, in contrast to most Spanish regions whose populations are expected to shrink.

2021 marked by high savings levels, low interest rates and stronger demand for new-build housing

Another important economic effect of the pandemic is the considerable increase observed in the Spanish savings rate, which stood at 15% in 2020 and 11% in 2021. Those figures contrast with the Spanish average over the past decade (between 7% and 10%) and most starkly with the savings rate observed during the last property cycle, when it dipped as low as 4% for a time.

The trend in the savings rate clearly evidences the improvement in the population's financial health. The healthier market situation is also tangible in improved affordability metrics: the number of years of pre-tax earnings needed to buy a home has fallen to 7.6 years according to the Bank of Spain, down significantly from 9 years back in 2007. All of the above attests to the robust nature of demand for housing today, which is underpinned principally by direct demand from end customers with real housing needs, i.e., structural rather than circumstantial demand.

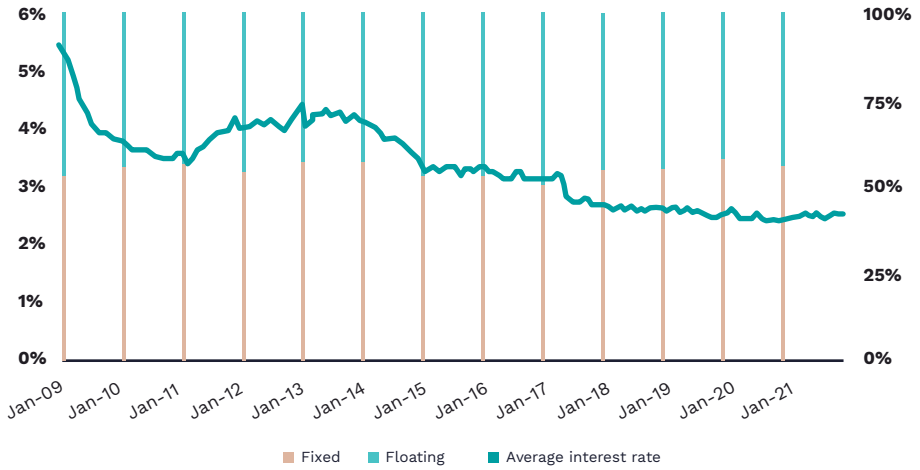
Meanwhile, the rate climate has remained propitious for the buy versus rent trade-off, with rents remaining tight in some regions.

As for the rental market, underpinned by the goal of helping young people rent a first home, there are signs of healthier appetite on the part of institutional investors who are committing to a model that is more widespread and developed in other European markets and which in recent years has been gaining weight in Spain. The rental market is expected to sustain strong development in the coming years.

Against that backdrop, AEDAS Homes is positioning itself in this new Build-to-Rent (BTR) business line, which provides it with the chance to accelerate the development of certain sites, which, on account of their size and location characteristics, are apt for development for this segment in parallel to the core Build-to-Sell (BTS) business. The simultaneous development of BTS and BTR projects accelerates asset monetisation, while significantly reducing asset-specific sales risks.

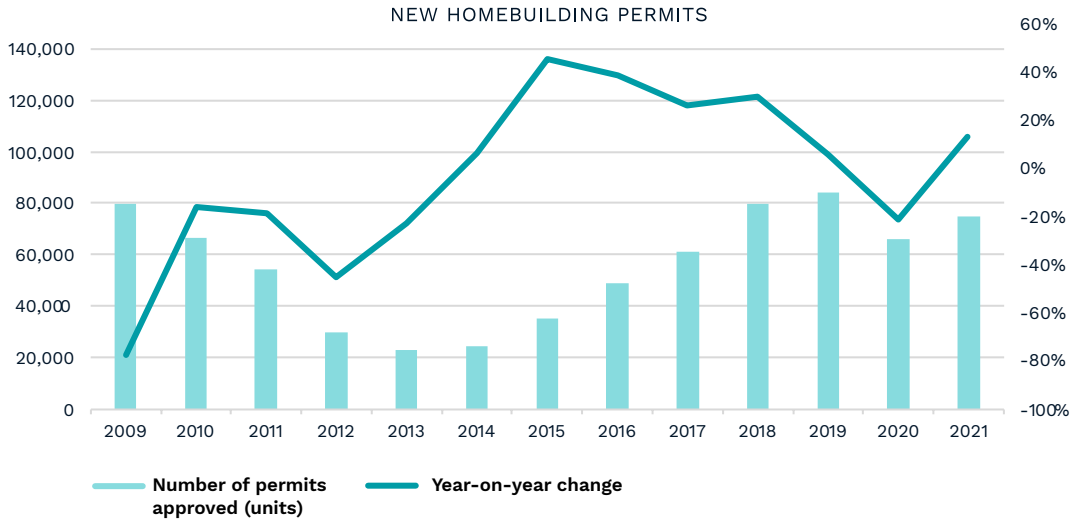


Interest rates have been advantageous for home-buying



The chart above depicts the trend in average rates on financed home purchases since 2009, which remained at lows throughout 2021 at close to 2.50%. Low prevailing rates have made it far more attractive to arrange mortgages at fixed rather than floating rates, with the former accounting for nearly 70% of the total arranged in 2021. It is foreseeable that when the European Central Bank withdraws its monetary stimulus measures the trend in rates could shift. In the case of an average AEDAS Homes customer (LTV of 60% and 25-year mortgage), we estimate than a 50bp increase in interest rates could increase the annual mortgage burden by around €700 (€59 a month).

The number of approvals for new residential development projects is on the rise but remains far from covering structural demand for new-build housing



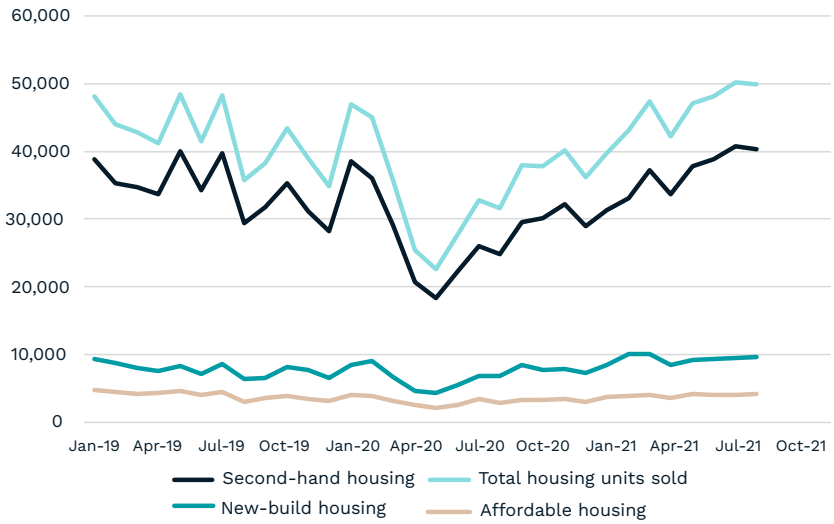
Source: Spanish Ministry of Transport, Mobility and Urban Agenda

Demand for new-build housing remained buoyant throughout all of FY 2021/22. It is important to stress that current market supply still does not fully cover existing demand. In 2021 new housing permits reached 82,000, a figure close to pre-Covid-19 levels but still far from structural demand, which is estimated for a population of the size of Spain's at around 120,000 units per annum, factoring in demand from non-residents.

Transaction volumes rising, evidencing buoyant demand

House sales in Spain totalled 566,000 in 2021, 20% of which were new builds. New-build housing transactions were up 35% versus 2020, evidencing strong market appetite and the structural need for housing, as supply is not sufficient to fully cover existing demand.

MONTHLY TRANSACTION VOLUMES



Source: INE

Price rebound is more pronounced in new-build housing

As for average house prices, the European Central Bank has flagged the growth being observed in some European markets, with inflation averaging 9% in the eurozone. However, in Spain, house prices increased by less, etching out far more balanced growth: of 4.2%, according to Spain's national statistics office, the INE, and of 6.8% according to the IMIE TINSA report of April 2022.

Going into detail, the price of new-build housing was up 6% in 2021, which truly reflects the significant shortage of supply of new-build housing in the market in relation to demand. In the same period, the price of second-hand homes showed a more moderate upward trend, up 3% year-on-year.

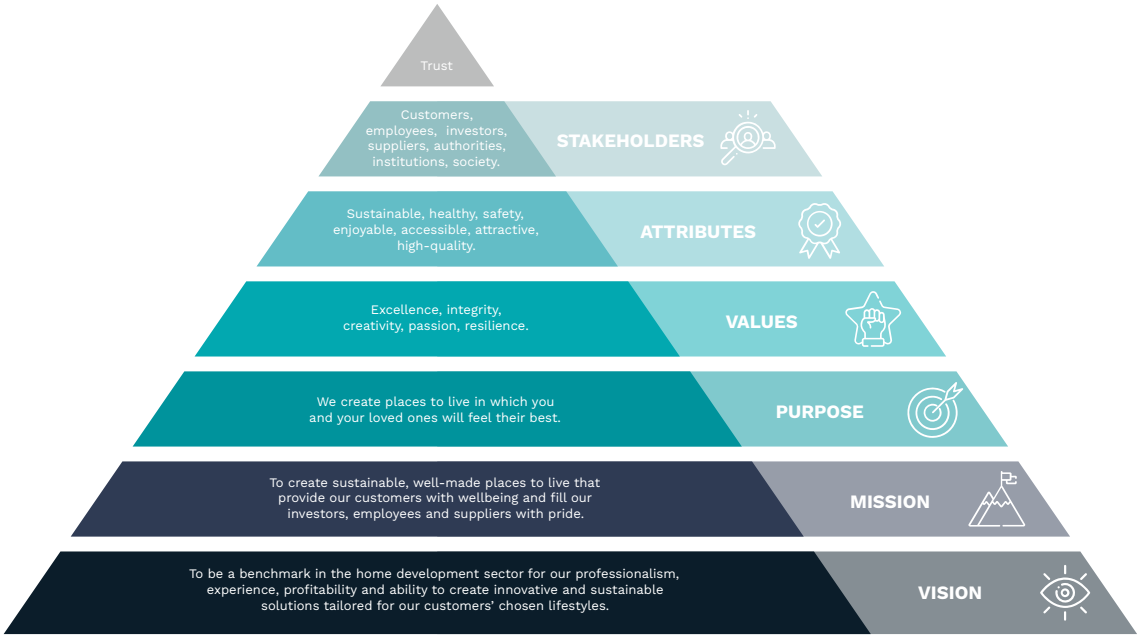


Taracea (Granada)

1.5 Key tenets of our corporate culture

Ever since its creation, the Company has been firmly committed to creating economic, social and environmental value for each of its stakeholders with the overriding aim of having a net positive impact on the environment and contributing to progress in society, framed by the conviction that it has an important role to play as a catalyst in the residential property market. That conviction and sense of duty has led it to become a benchmark home developer in a short period of time.

Its fundamental purpose gives it credibility vis-a-vis its various stakeholders. To achieve that goal of creating wellbeing in the broadest sense, the Company is guided in its decision-making by a solid set of principles and values:



AEDAS Homes' values are the essence of the Company's culture and the guide for its everyday conduct.



Excellence

We strive unwaveringly to attain excellence by paying attention to the small details.



Integrity

Our conduct must be irreproachable, upstanding, flawless and respectful of our customers, partners, shareholders and employees.



Creativity

We draw on creativity, daring and positive thinking to resolve the challenges we face so as to deliver the best possible results.



Passion

We are passionate about homes and we love to make people happy, which is why we never settle.



Resilience

We have the ability to overcome adverse circumstances and adapt to change.

Attributes: our product - the homes we build - is recognised and recognisable in the property market. In a nutshell, an AEDAS Homes home is:



High quality

Materials, structure, fittings, guarantees.



Beautiful

Cutting-edge design inside and out, balance, timelessness.



Sustainable

Energy efficiency, certification, industrialisation, circular economy.



Healthy

Bright, clean air, pure water, acoustically comfortable.



Safe

Surveillance, sensors, alarms, access controls.



Entertaining

Location, common areas, play areas, terraces.



Accessible

Corridors, lifts, ramps, garages.

AEDAS Homes works daily to generate the trust of its stakeholders:

Accompanying our customers on one of the most important decisions in their lives...

The purchase of a home, a unique moment for most families.

Innovating in construction, sales formulae and user experience...

By using digital tools that ensure quality and make way for life experiences in the new home.

Defending sustainability...

Turning our developments into environmental beacons.

Configuring a safe work environment...

For all employees of AEDAS Homes and for those of our partners, framed by stringent standards such as ISO 45001.

Building a team made up of the finest professionals...

Underpinned by our search for the best talent and recognition of their excellence.

Achieving a positive impact on the communities in which we live and work...

Working for the benefit of our stakeholders: customers, employees, investors, suppliers, governments, institutions and society in general and considering the ramifications of our activities in every community where we develop our homes.



1.6 Corporate strategy

AEDAS Homes has a solid long-term growth plan, which translates into a strategy defined by robust commitments that is based on four pillars.

Commitments to society and the real estate sector

In the years to come, AEDAS Homes plans to continue to invest in land to lock in future business opportunities, framed at all times by its return thresholds, planning requirements and location preferences, which have thus far enabled it to build the finest land bank in Spain.

The Company expects to reach cruising speed in the coming years, with the aim of generating annual revenue in the order of €1 billion, as well as stable and recurring cash flow that will pave the way for attractive shareholder remuneration. Thanks to the experience accumulated and a solid track record underpinned by rigour, professionalism and transparency, AEDAS Homes aspires to set itself apart as the leading developer of high-quality new housing in Spain.

To achieve that aspiration, AEDAS Homes will continue to proactively tackle, as it has done this far, the major challenges facing the sector: it will continue to layer sustainability criteria into the design, construction and use of the homes it builds with the aim of shrinking their carbon footprint gradually to zero; it will consolidate its leadership of offsite development and the use of modern methods of construction; it will continue to roll out its build-to-rent and real estate services business line, fostering public-private collaboration to help young people find affordable housing; and it will explore new opportunities for the sector driven by innovation and social responsibility.



AEDAS Homes is aware that the construction industry (most particularly the building segment) is suffering endemic problems shaped by a number of factors: ageing of the working population, lack of skilled workers, slim margins and scant investment in R&D. With this in mind, AEDAS Homes is spearheading the introduction of modern methods of construction (MMC) designed to reduce prevailing risks and provide greater visibility, quality and certainty with regard to planned delivery of our homes to customers. Those methods additionally help to reduce the business's environmental impact and reduce building execution timeframes, so having a positive impact on returns.

Elsewhere, the lack of new, quality product in the booming institutional build-to-rent market is creating a business opportunity for the Company. By dedicating a team to this segment of the market, the Company will continue to develop apartment blocks designed and sold specifically for rental by specialist property managers. Build-to-rent transactions eliminate sales risk and pin down the organisation's revenue and earnings targets.



In addition, the Company has set up a new business line, AEDAS Homes Real Estate Services, to provide end-to-end property management services to third parties, specifically assistance throughout the entire process, from land origination, design, permitting and construction to delivery of the end product and after-sales service, including the sale and marketing of the homes built.

The Company may contemplate taking a minority shareholding in some of those projects in order to align interests. The new business is currently managing a stock of 3,600 houses under the scope of the regional government of Madrid's affordable rental housing scheme - Plan Vive - for an international investor, and another 1,100 homes for other local investors.

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Strategic pillars: foundations for a positive impact



Relentless focus on what customers need

Relentless focus on what customers need

AEDAS Homes believes in the value of data as a source of differentiation by providing in-depth and timely knowledge of consumer preferences so that it can adapt to market trends flexibly and speedily. Having a database that houses all of the Company's know-how enables decisions to be made - quickly - on the basis of the best information, with minimal errors.

The importance of data as a means of anticipating market trends is underpinned by forecasting models that make use of artificial intelligence and automated analysis; oversight of the progress being made on construction work; and constant listening to customers, among other tools.

Data analytics can improve customer relations as better insight into market trends allows us to fine-tune our product designs and align them with real demand needs.

Innovative use of technology

A good example of AEDAS Homes' innovative use of technology is its Live Virtual Tours platform which allows it to connect potential buyers with a sales advisor who can resolve any questions while 'walking' them virtually through the development and its grounds, showing them the various rooms and finishes on offer.

The platform offers a number of terrific advantages: it creates a relationship of trust between the customer, advisor and Company; it enables detailed observation so that buyers can be certain of what they are buying, leaving nothing to the imagination; and it shortens the time between on-site visits and the purchase decision.



Decentralised approach: single strategy and decentralised execution

Highly-experienced regional in-house teams with key local market know-how

During its early years in the business, AEDAS Homes focused on setting up a network of fully-functioning local offices led by professionals with ample experience and local market knowledge. That has led to the creation of a multidisciplinary team of over 230 professionals, distributed among the various regional units that cover the areas of Spain in which housing demand is most dynamic.

That decentralised approach allows the Company to manage each project in a more tailored manner on the basis of local needs and criteria, albeit aligned at all times with a shared common strategy, guaranteeing optimal results.

Centralised oversight

AEDAS Homes is firmly committed to local talent across its regional markets, while at the same time maintaining centralised oversight from its Madrid headquarters.

In this way, key teams in the Company’s head office can track, control and monitor progress on developments, directly supporting each regional management team.

Scalable business model: nimble and flexible structure

The essential functions are kept in-house relying on lean and locally scalable teams and processes

Each of the regional units is responsible for organising, running and planning the housing developments and land permitting processes in the areas within their purview, in keeping with the guidelines provided by AEDAS Homes to ensure delivery of the Company's earnings guidance and its quality and timing commitments, specifically including delivery of the corresponding sustainability criteria. That decentralisation allows it to manage each project in accordance with local needs and criteria, which translates into better developments and, ultimately, more satisfied customers, shareholders and other stakeholders.

Contractors, architects and sales agents are outsourced

AEDAS Homes has a pool of trusted partners - architects, engineering firms, builders and project managers - with which it can work repeatedly. It is also working to identify reliable subcontractors and industrial suppliers so as to tighten control of its works even further. AEDAS Homes wants to keep two-thirds of its developments in the hands of its preferred architects and builders, putting just one-third out to tender. In parallel, it reduces tendering turnaround times by using negotiated procedures 50% of the time.

Preserving margins and ROE: selective investment and efficient development

Selective investment

AEDAS Homes stands out for its ability to identify new investment opportunities (over 1,000 each year) and to analyse and close those that meet the Company's stringent investment guidelines (the Company's investment activity translates into the completion of a new investment every seven days on average). One of the investment guidelines AEDAS Homes has stuck to since it was set up is a net development margin hurdle of 20% of estimated revenue from the related build-to-sell development on the site being analysed. As for the target size of its land bank, AEDAS Homes is taking a proactive approach, staying ahead of general market trends, identifying and originating off-market investment opportunities in order to guarantee a strategic reserve of land and high margins on future residential developments. As for the coverage provided by its land bank, AEDAS Homes takes a dynamic stance depending on the timing of the residential market cycle, increasing or decreasing its target coverage ratio in response. In recent years the Company's coverage ratio has varied within the targeted range of between four and five years' coverage of future deliveries.

Efficient development

One of the keys to boosting margins during a development is its efficient and proactive management end to end. That effort ranges from execution cost streamlining and controls to sales policy and process fine-tuning, aimed at delivering continual and accelerating revaluation of a property as the development advances, and extends to after-service sales and product quality, all with the aim of offering our customers top quality.

The Company also takes steps to optimise its capital structure and sources of financing (lowering its average cost of capital and broadening and/or diversifying the latter).

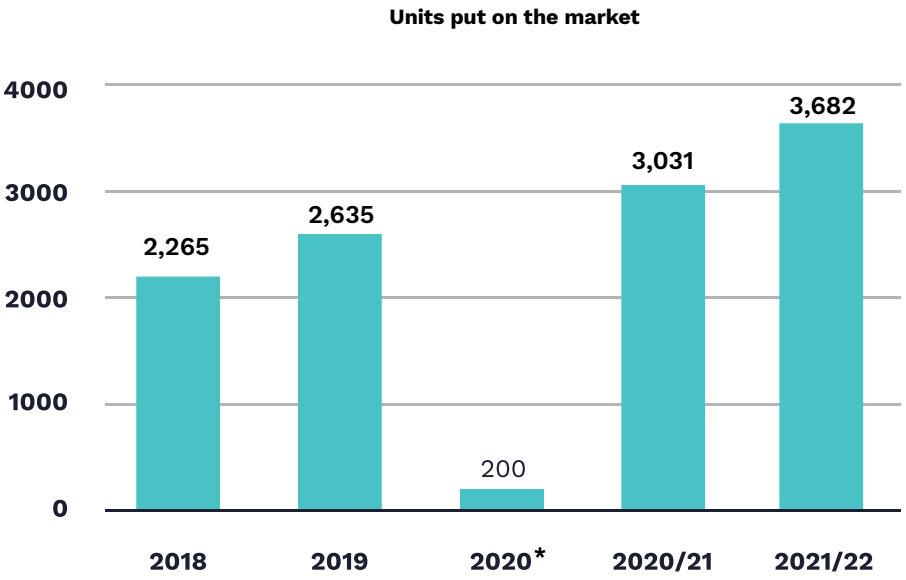
Elsewhere, AEDAS Homes bases its employee remuneration policy on 360-degree performance assessments and the delivery of business targets, so aligning the interests of the Company's shareholders and professionals.

Those policies and processes have enabled AEDAS Homes to post above sector average margins on a recurring basis, thus delivering the strategic target of being able to offer its shareholders higher returns. As for shareholder returns, the Company has been lifting its return on equity year after year, providing a return of 10% in FY 2021/22, putting it on track to deliver the targeted ROE of close to 18% by the end of the 2021-2025 business plan.

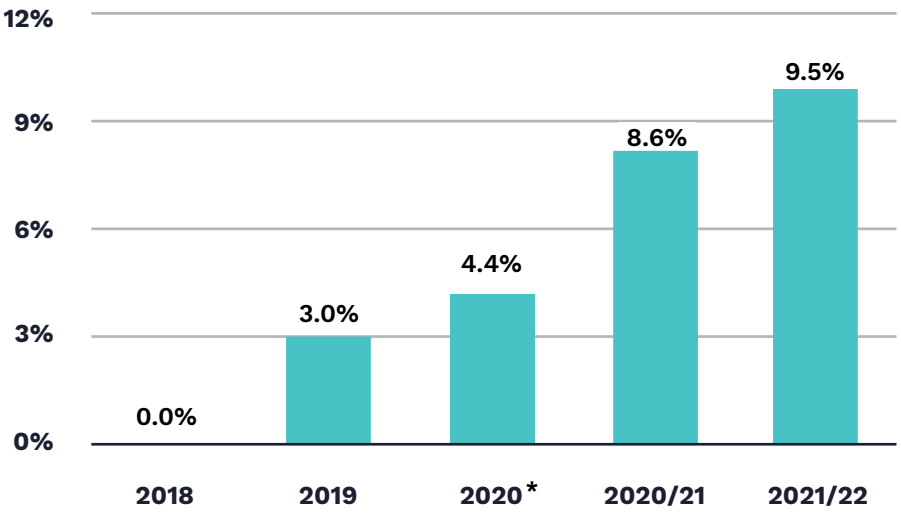
1.7 Key performance indicators

See KPIs Glossary for definitions and explanations of each indicator

Growth (2020)



ROE (%) (2020)



* FY 2020 corresponds to the three-month period ended 31 March 2020.

Dividend distribution

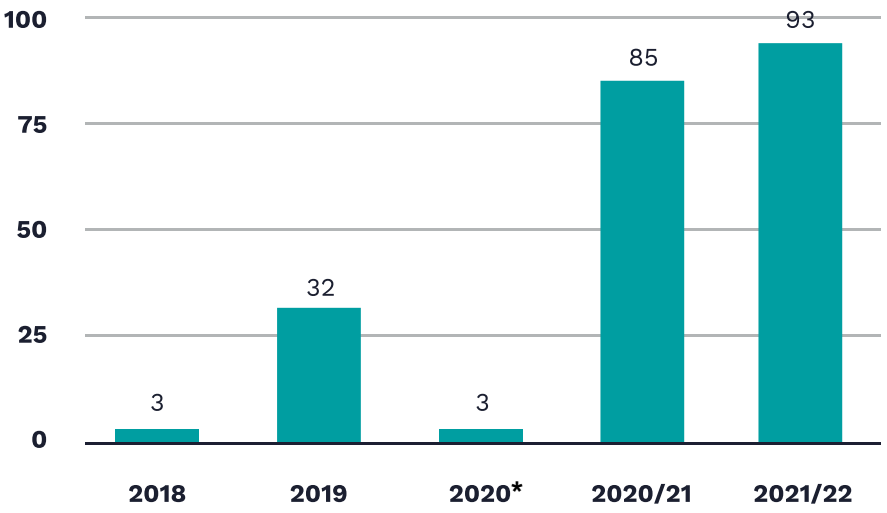
Payout

	2020/21	2021/22	2022/23	2023/24	2022/24	2023/25
Dividend per share (€)	1.40	2.16	50% net income + extraordinary dividend			
Total dividend (€m)[1]	62.2	95.2				

[1] Company's treasury shares are not entitled to dividends

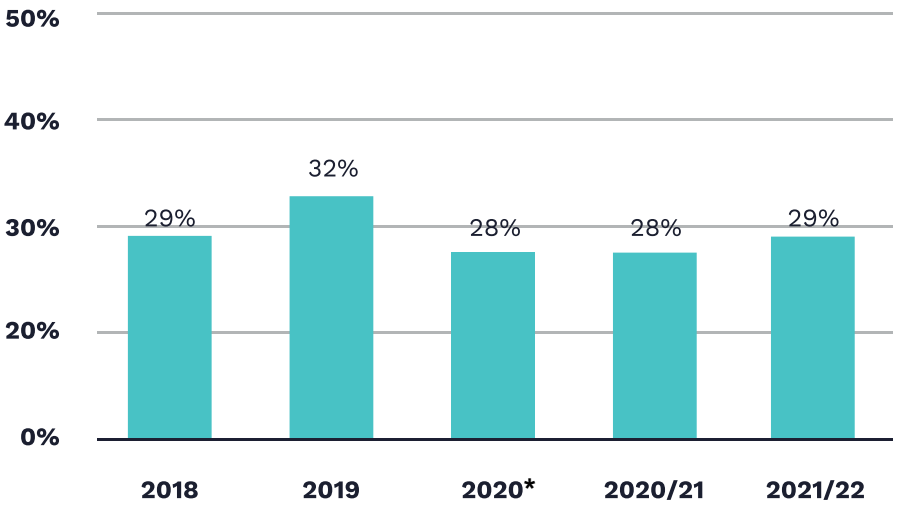


Net profit (€m)



Alternative performance measures

Gross development margin (%)



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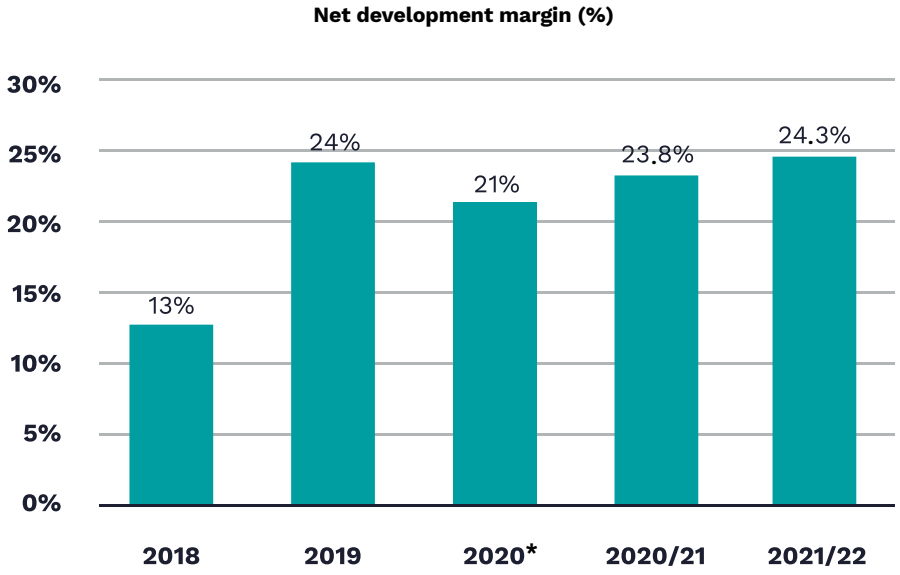
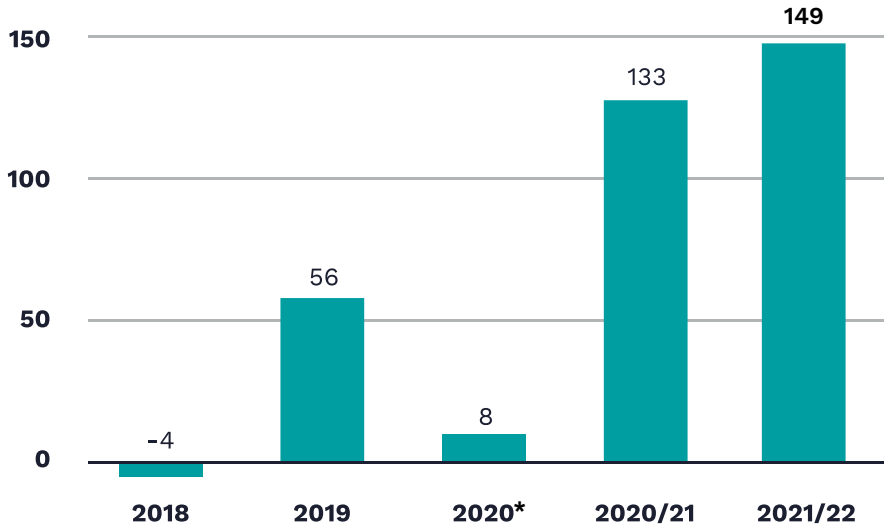


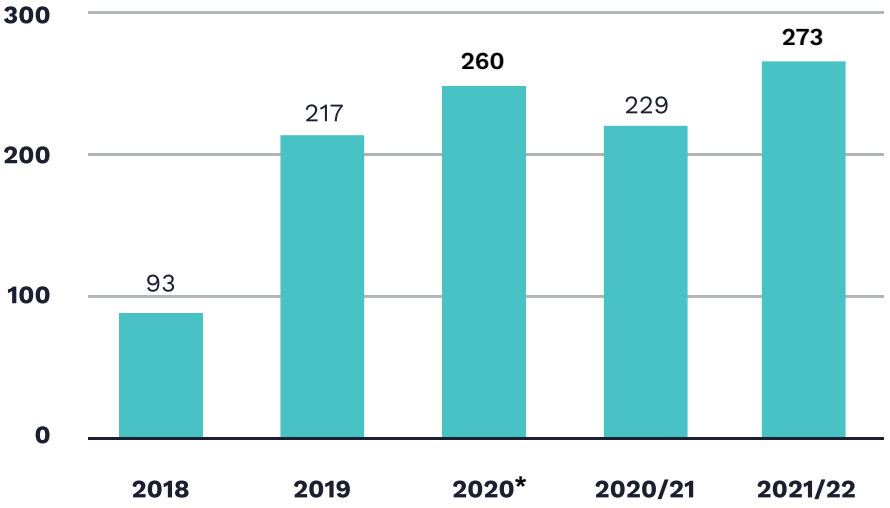
* FY 2020 corresponds to the three-month period ended 31 March 2020.



EBITDA (€m)



Net debt (€m)



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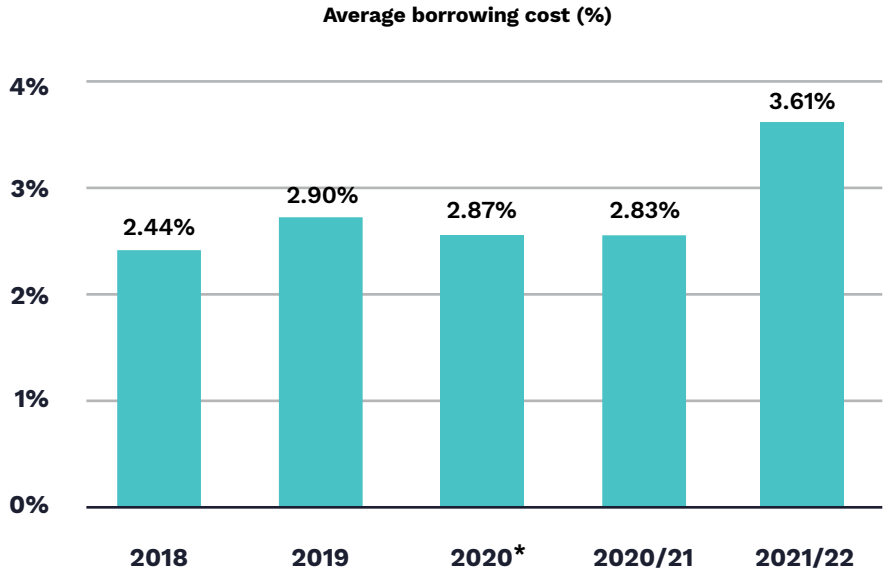
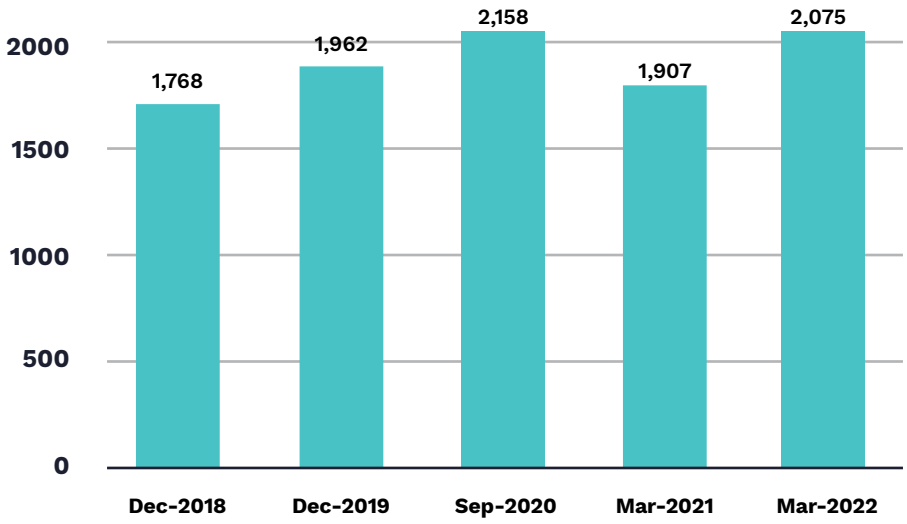


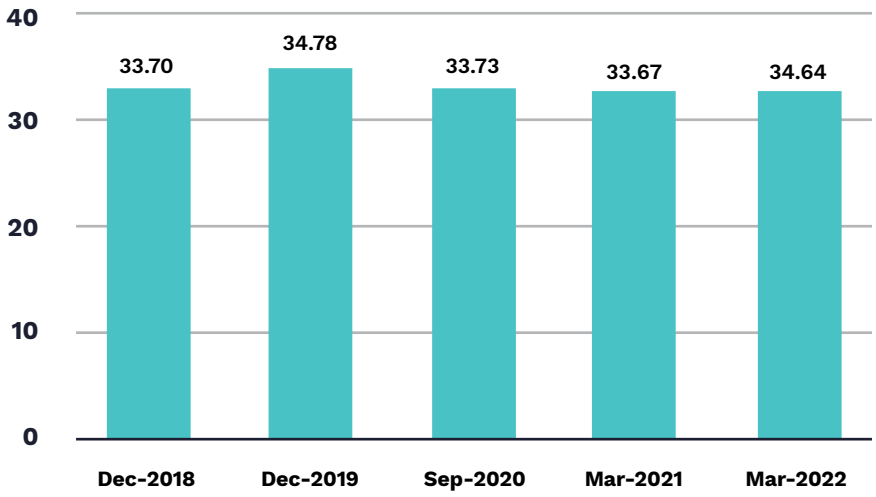
* FY 2020 corresponds to the three-month period ended 31 March 2020.



Gross Asset Value - GAV (€m)



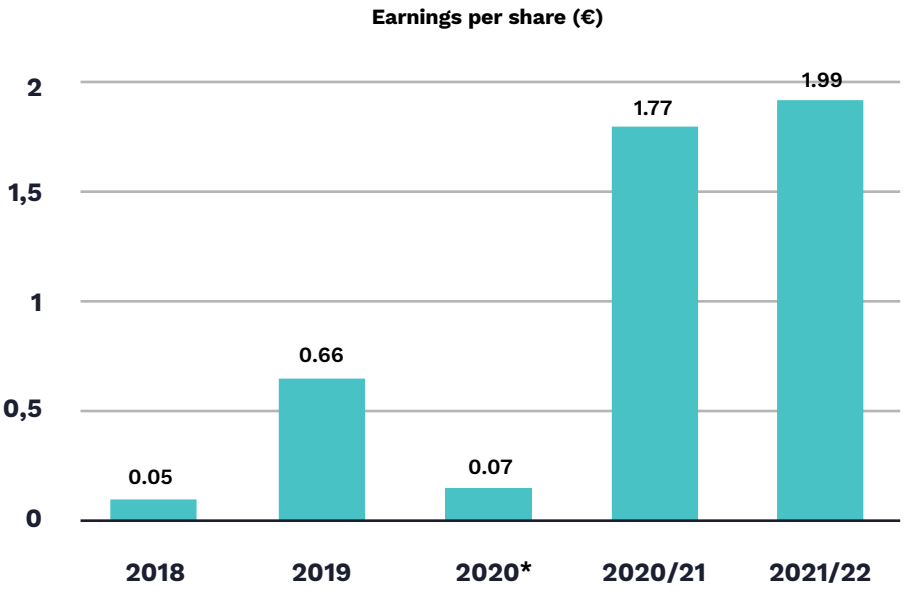
Net Asset Value (NAV) per share (€)

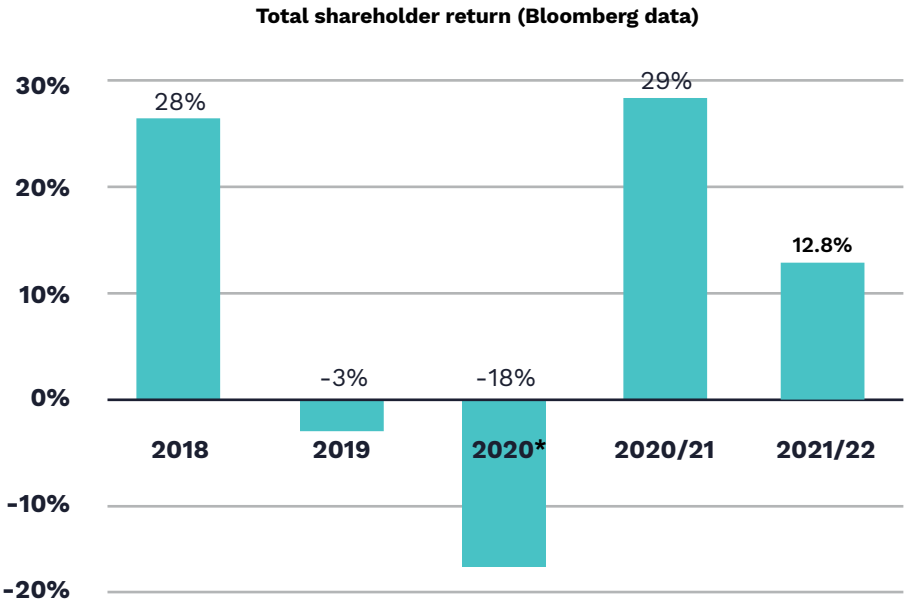



Gross Development Value - GDV (€m)
6000
4500
3000
1500
0
5,097
5,340
5,248
5,075
5,594
Dec-2018
Dec-2019
Sep-2020
Mar-2021
Mar-2022



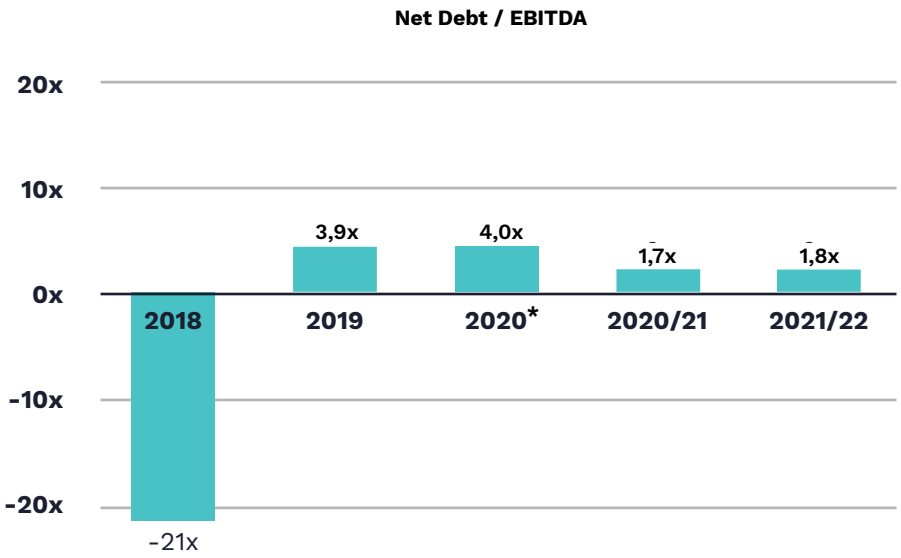
Shareholder return

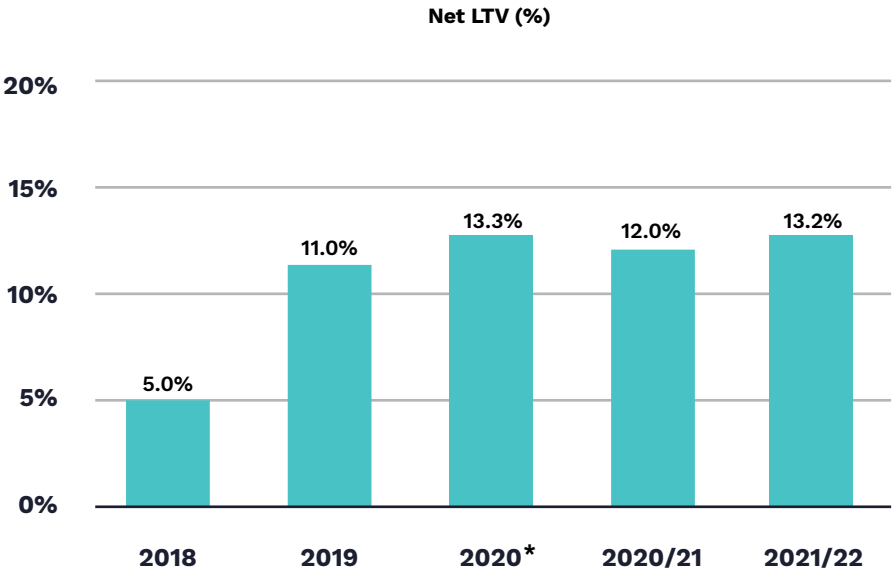




* FY 2020 corresponds to the three-month period ended 31 March 2020.

Leverage





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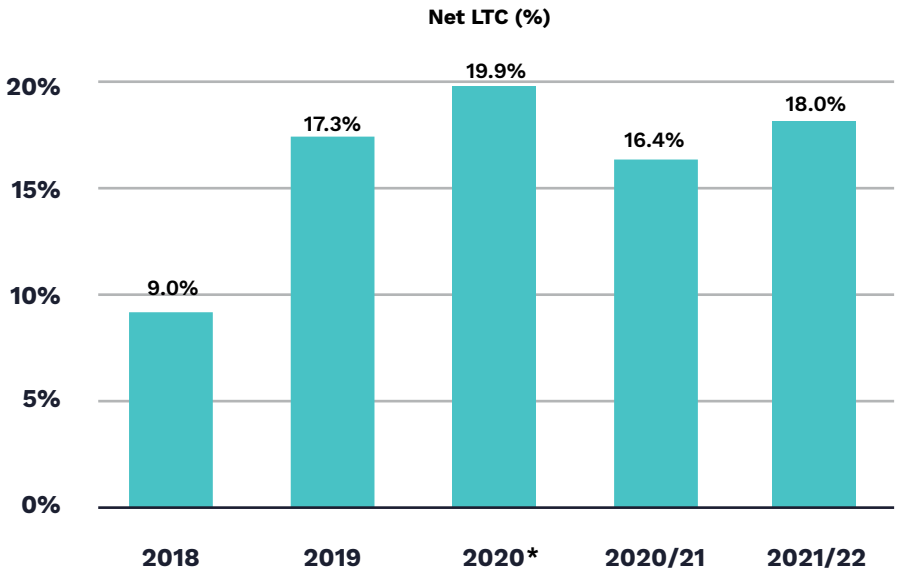

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* FY 2020 corresponds to the three-month period ended 31 March 2020.



2. Governing bodies and organisational structure



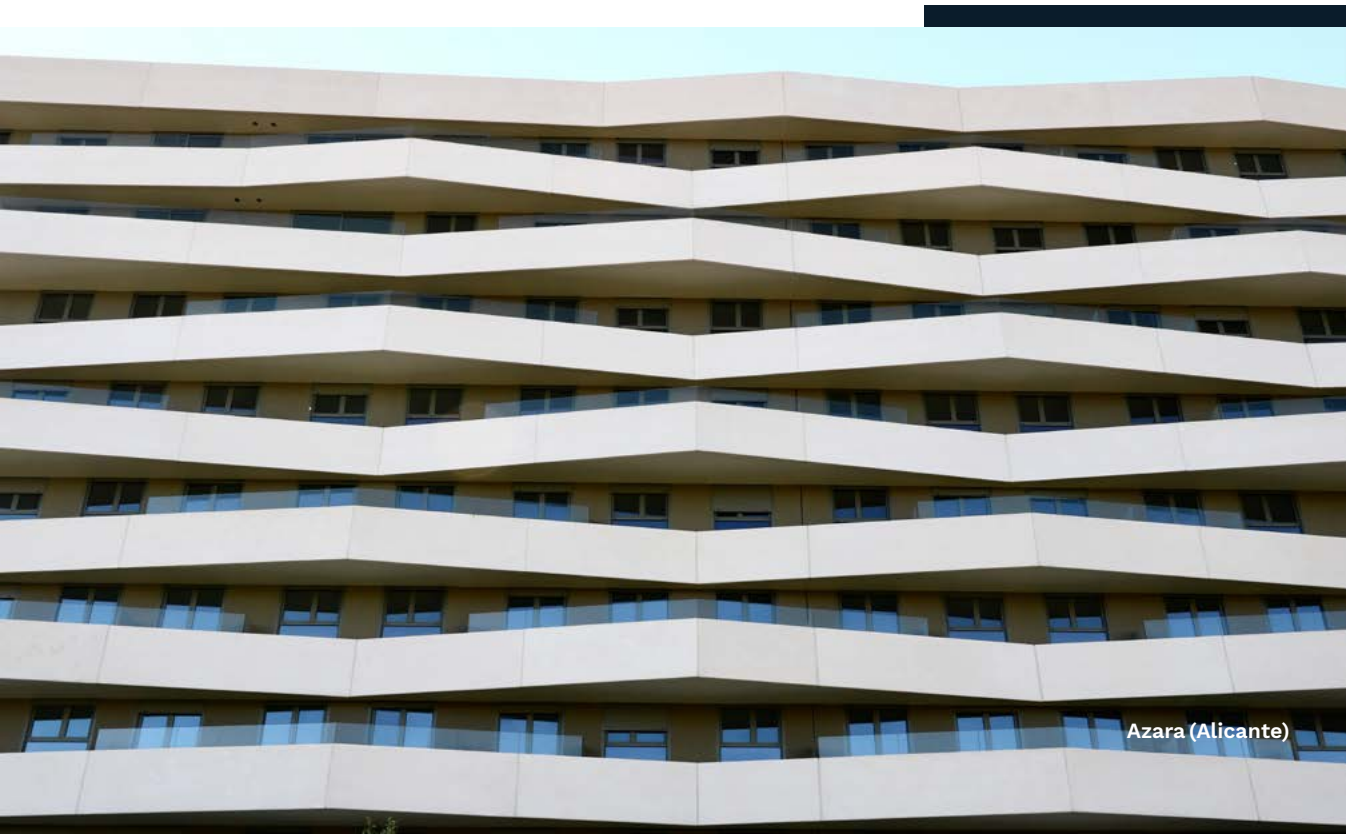
Escalonia (Las Rozas)

2.1. Organisational structure

AEDAS Homes' corporate purpose is to acquire, permit, manage, market and develop properties of any kind for holding, use, management, sale or lease.

AEDAS Homes has its headquarters in Madrid and operates six Regional Branches which are located in the key markets for new-build homes in Spain:

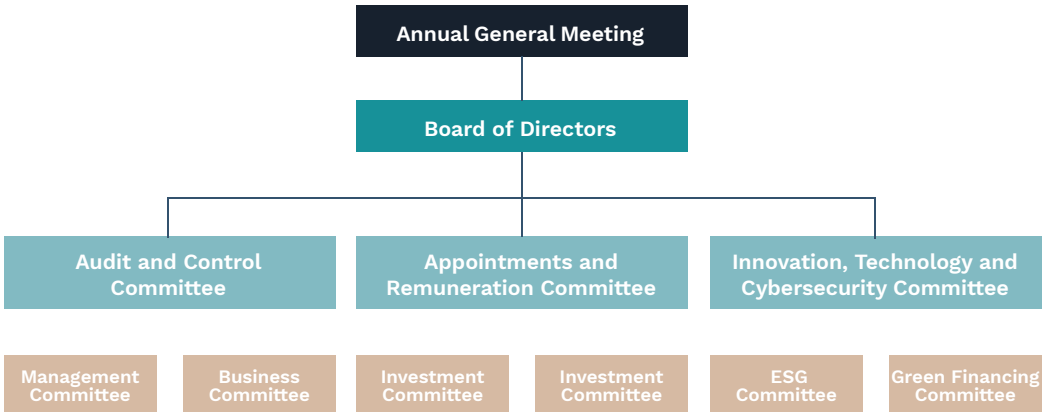
Madrid	North: Valladolid, Pontevedra, Navarre and Basque Country.	Andalusia & Canaries: Seville, Granada and the Canary Islands
Costa del Sol: Malaga	East: Valencia, Alicante, Murcia and Mallorca	Catalonia & Aragon: Barcelona, Tarragona and Zaragoza



Azara (Alicante)

Main governance bodies

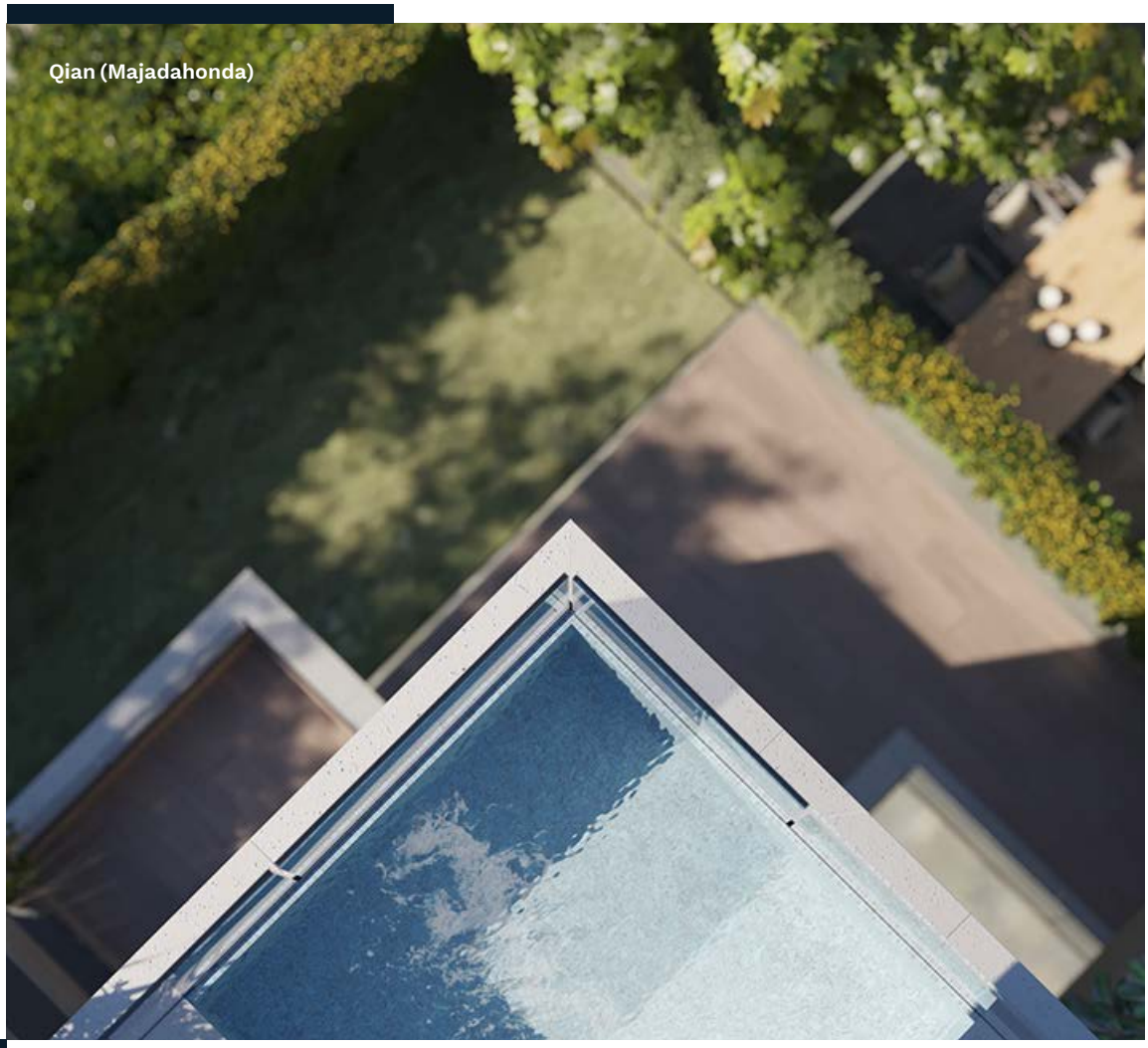
The Company's governance structure is depicted below:





Sanabria (Madrid)

The Annual General Meeting is the highest decision-making and control body in respect of the matters within the shareholders' purview and it is the vehicle around which the shareholders' right to intervene in the Company's decision-making is articulated.


Qian (Majadahonda)



The **Board of Directors** has authority over any and all matters that are not specifically vested in the shareholders in general meeting by the Bylaws or prevailing company law. The Board of Directors, which is vested with the broadest powers to manage, direct, administer and represent the Company, generally delegates AEDAS Homes' everyday management in the Board's steering committees and the management team, establishing the content of, limits to and modus operandi for such delegation of powers, so that it can concentrate on its general supervisory duty, as well as attending to matters of particular significance.

The Board of Directors is made up of nine members. Five are independent directors, two are proprietary, one is external and the ninth is an executive director. It is regulated by the Board Regulations, the purpose of which is to set the guidelines governing the actions of the Board of Directors, the basic rules governing how it is organised and run, the rules of conduct its members must abide by and the directors' duties. The Board Regulations were approved by the Board of Directors itself.

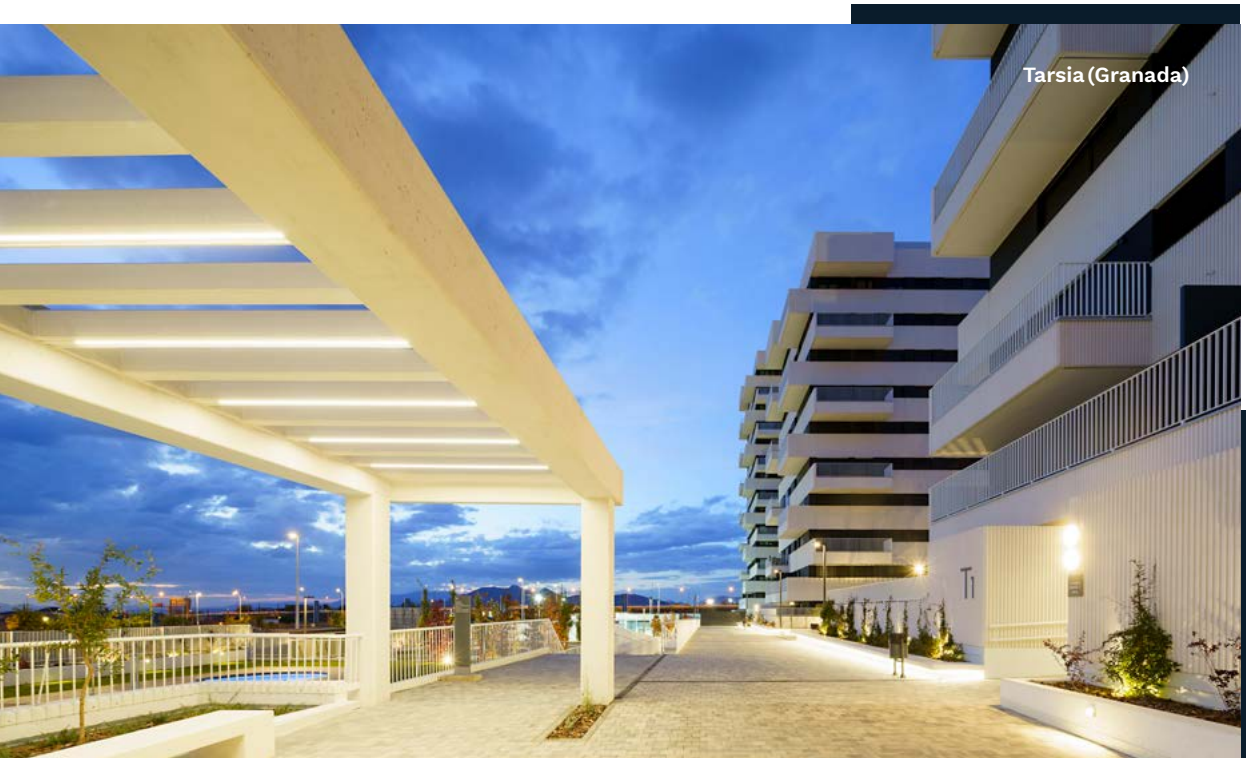
The Board of Directors has set up the following board committees:

- The Audit and Control Committee, made up of three directors, two of whom are independent (one of whom chairs this committee) and the third, proprietary. Article 14 of the Board Regulations regulates the Audit and Control Committee, its composition, its powers and its modus operandi.
- The Appointments and Remuneration Committee, made up of three directors, two of whom are independent (one of whom chairs this committee) and the third, proprietary.

  Article 15 of the Board Regulations regulates the Appointments and Remuneration Committee, its composition, its powers and its modus operandi.
- The Technology, Innovation and Cybersecurity Committee, made up of three directors, one of whom (the committee chairperson) is independent, one proprietary, and one executive, who is also part of the Company's management team. There are specific regulations addressing the composition, powers and rules of operation of this committee.

The Company also has a number of other **committees:**

- A Management Committee, a Business Committee and an Investment Committee, all of which are made up of Company executives. The rules of operation, composition and powers of each of those committees are set down in regulations approved by the Company's CEO.
- A Compliance Committee, made up of the heads of the Risk and Compliance, Legal and Corporate Resources Departments whose composition, powers and rules of operation are set down in the Board-approved Compliance Policy and Manual. AEDAS Homes additionally has an Internal Control Body ("ICO") which oversees anti-money laundering and counter terrorism financing ("AML/CTF") matters whose composition, powers and rules of operation are set down in the AML/CTF Manual approved by the ICO itself.
- An ESG Committee, created to ensure the correct implementation and supervision of the Strategic ESG Plan (2021-2023) and made up of the Company's CEO, CFO, Chief Technology and Communications Officer and Director of Corporate Resources, who has in turn assumed the role of ESG Coordinator. The ESG Committee is tasked with reviewing the ESG Plan dashboard. It is also in charge of compiling and analysing a quarterly report on milestones and indicators associated with the ESG Plan and for driving and supporting the initiatives, led by the ESG Coordinator.
- A Green Financing Committee, whose mission is to select and monitor the projects in which to invest the proceeds raised from the a bond issued in 2021. That committee is made up of the Company's CEO, its Chief Operating Officer, its CFO and its Director of Corporate Resources.



Tarsia (Granada)

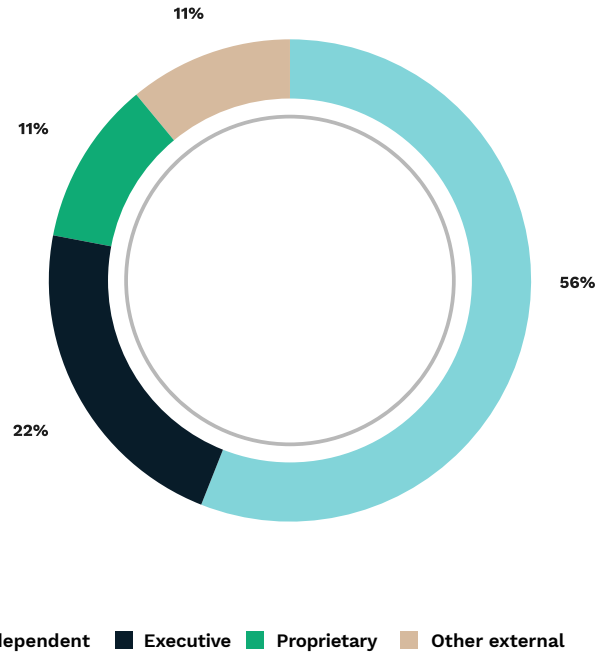
2.2. Board activities and director profiles

The members of the Board of Directors of AEDAS Homes were selected in keeping with the most stringent diversity, competence and suitability criteria.

22% female
22% under the age of 45

Each director brings more than 20 years' experience

Composition of the Board of Directors



In FY 2021/22, the Board of Directors met on eight occasions: 20 April 2021, 7 May 2021, 17 June 2021, 21 July 2021, 19 October 2021, 23 November 2021, 8 February 2022 and 23 March 2022. The most important matters addressed at those meetings:

- **Business update**
- **Financial information**
- **Financial statement issuance authorisation**
- **Annual General Meeting (call, resolutions, reports)**
- **Reports from the chairs of the Audit and Compliance Committee, Appointments and Remuneration Committee and Innovation, Technology and Cybersecurity Committee on the items discussed at their respective meetings**
- **Risk indicators**
- **ESG Strategic Plan**
- **Dividend policy**
- **2021-2026 Business Plan**



Vasco de Gama (Palma de Mallorca)

The Board's committees in turn met as follows:

- The **Audit and Control Committee sat seven times**: 7 May 2021, 17 June 2021, 21 July 2021, 19 October 2021, 23 November 2021, 8 February 2022 and 23 March 2022.
- The **Appointments and Remuneration Committee met seven times**: 7 May 2021, 17 June 2021, 21 July 2021, 19 October 2021, 23 November 2021, 8 February 2022 and 23 March 2022.
- The **Innovation, Technology and Cybersecurity Committee met four times**, as follows: 8 June 2021, 5 November 2021, 14 December 2021 and 10 March 2022.



Jardins de Castellarnau (Sabadell)

Santiago Fernández Valbuena

Chairman of the Board

Appointment to the Board and roles

Santiago Fernández Valbuena joined the AEDAS Homes Board of Directors in September 2017 as an Independent Director and was re-elected by the General Shareholders' Meeting in June 2020. He has been Chairman of the Board since September 2017 and serves on the Audit and Control Committee, which he has chaired since November 2021.

Career and relevant experience

Santiago Fernandez Valbuena (1958) is Vice-president at EBN Bank and has been a Proprietary Director there since 2015. From 2011-2014 he was President of Telefónica-Latin America, and at Grupo Telefónica, he was General Director of Finance and Strategy (2010-2011) and General Director of Finance and Corporate Development (2002-2010). Prior to his tenure at Telefónica, he was President at Fonditel, General Director at Société Générale Valores and Stock Director at Beta Capital.

Santiago brings unrivalled experience in the real estate and construction sectors. From 2008-2021 he was an Independent Director and member of the Auditing Committee at Ferrovial, S.A., a Spanish multinational company involved in the design, construction, financing, operation and maintenance of transport infrastructure and urban services. From 1999-2007, he was Vice-president at Metrovacesa, S.A., a major Spanish real estate company.

Santiago is an Associate Professor at the Universidad Complutense (currently on leave) and at the Universidad de Murcia, and he has also taught at IE Business School. He holds a B.A. in Economics from the Universidad Complutense de Madrid, and an M.S. and Ph.D. in Economics from Northeastern University in Boston.

Santiago owns a total of 220,727 shares of AEDAS Homes stock. He has no purchase options over shares in the Company, nor does he have any prior relationship with any other Board Members or Company directors.

David Martínez Montero

Chief Executive Officer

02

Appointment to the Board and roles

David Martínez Montero has been Chief Executive Officer of AEDAS Homes since 2016 and was re-elected by the General Shareholders' Meeting in June 2020. He also serves on the Technology, Innovation and Cybersecurity Committee.

Career and relevant experience

David Martínez Montero (1970) has been CEO of AEDAS Homes since the Company's founding in 2016. He has over 25 years of experience leading top real estate developments in Spain, including three landmark urban development projects in Madrid: Distrito Castellana Norte (2013-2016), Valdebebas (2005-2013) and Cuatro Torres Business Area (2001-2005). Prior to these leadership roles, he served as a Project Manager at Bovis and Construction Manager at Ferrovial.

Since 2019, David has been Chairman of REBUILD, an annual event now in its fifth year that drives innovation, sustainability and digitalization in construction. He is a member of the Urban Land Institute Spain National Council, where he is actively involved in ULI's mentoring programme. He also gives masters-level courses in greenfield development at IE School of Architecture and Design.

David holds an MSc in Civil and Structural Engineering from Universidad Politécnica de Madrid and an Executive MBA from IESE Business School.

David holds a total of 82,907 shares in AEDAS Homes. He has no purchase options over shares in the Company, nor does he have any prior relationship with any other Board Members or Company Directors.

Evan Carruthers

Proprietary Director

Appointment to the Board and roles

Evan Carruthers joined the AEDAS Homes Board in September 2017 as a Proprietary Director, representing Hipoteca 43 Lux S.A.R.L, and was re-elected by the General Shareholders' Meeting in June 2020. He also serves on the Appointments and Remuneration Committee.

Career and relevant experience

Evan Carruthers (1979) co-founded Castlelake in 2005, in partnership with Rory O'Neill (CEO and Managing Partner at Castlelake). As Managing Partner and Chief Investment Officer, Evan is responsible for setting the firm's global investment strategy and activities across all asset classes, guiding the firm's relationship-driven approach and overseeing all investment teams at Castlelake. He also serves as chair of Castlelake's Investment Review Committee.

Evan has deep sector expertise, spanning back to the year 2000. Under his guidance, Castlelake has invested capital in 68 countries across multiple industries and he has been instrumental in the development of the firm's asset- and credit-based investment activities, including the development of its differentiated aviation platform.

Before co-founding Castlelake, he was an investment manager with CarVal Investors (CVI), responsible for corporate and asset-based investments in North America and the development of Cargill's global aircraft investing business, and before joining CVI, he worked in several capacities at Piper Jaffray.

Evan sits on the Board of Directors for each of Castlelake's aircraft securitizations and on the Board of Directors of Ibitu Energia, a leading renewable energy platform in Brazil. Since May 2017, he has been an Independent Director at publicly listed Five Point Holdings, LLC, the largest owner and developer of mixed-use, master-planned communities in coastal California, thus sharing this experience in the residential development sector in the United States with AEDAS Homes.

He received his B.A. from the University of St. Thomas (Minneapolis) in business administration, with a specialty in finance.

Evan holds 27,000 shares of AEDAS Homes stock, and he has no purchase options over shares in the Company. He works with Eduardo D'Alessandro, Proprietary Director of AEDAS Homes and Partner at Castlelake.

Eduardo D'Alessandro Cishek

Proprietary Director

02

Appointment to the Board and roles

Eduardo D'Alessandro Cishek joined the AEDAS Homes Board as a Proprietary Director, representing Hipoteca 43 Lux S.A.R.L, in September 2017 and was re-elected by the General Shareholders' Meeting in June 2020. He also serves on the Audit and Control and Technology, Innovation and Cybersecurity Committees.

Career and relevant experience

Eduardo D'Alessandro Cishek (1980) has been a Partner at Castlelake since 2018 and a leader of its Real Assets team. His primary focus is on originating investment opportunities in transitional real estate, infrastructure, renewables and power stability, and sub- and non-performing loans. He is also a member of the firm's Investment Review Committee. Previously, he led the firm's Spanish land banking investment strategy and was also responsible for executing its investment strategy in Portugal, Italy and Greece, the United Kingdom and Ireland. His expertise includes direct asset and non-performing loan opportunities as well as equity public offerings.

Before joining Castlelake in 2011, Eduardo was an investment consultant at Deutsche Bank in their special situations group, focusing on non-performing loan investments across Europe and an investment associate at CarVal Investors (CVI) within the Loan Portfolio Group, where he worked on non-performing loan and real estate investments in the United Kingdom, Germany and Spain.

He graduated cum laude with a B.Sc. in finance from Manhattanville College (New York) and an MBA from the London School of Economics.

Eduardo owns no shares of AEDAS Homes stock, nor does he have any purchase options over shares in the Company. He works with Evan Carruthers, Proprietary Director of AEDAS Homes and Managing Partner and Chief Investment Officer at Castlelake.

Milagros Méndez Ureña

Independent Director

Appointment to the Board and roles

Milagros Méndez Ureña joined the AEDAS Homes Board in April 2019 as an Independent Director and was ratified by the General Shareholders' Meeting in May 2019.

Career and relevant experience

Milagros Méndez Ureña (1960) is a Principal at Mercer Investments who brings extensive expertise from her consolidated and successful career in the financial markets and experience in the launching and development of new projects.

Before joining Mercer in 2019, Milagros was Senior Advisor to Innova Health Private Equity for Spain, Portugal and the United Kingdom (2017-2019) and Senior Advisor to Alma Capital Asset Management (2017-2018). In 2015, she started up Aldebaran Advisory as Founder and Managing Partner, working with Banco Sabadell on a project by project basis, after having joined Sabadell as Head of Business Development, New Markets and Agents in 2015. She was Director of Institutional Fixed Income Distribution, Equity and Derivatives at Interdin Sociedad de Valores y Bolsa (2005-2013), after having joined Afina Capital Management in 2000, creating a securities company as founder and managing director.

Her previous experience includes being Head of Treasury at Banco Urquijo (1996-1999), being a founding member and Head of Fixed Income at FG Inversiones Bursátiles, Sociedad de Valores y Bolsa (1988-1996) and working in Capital Markets and Fixed Income Distribution at Continental Bank (1986-1988). She got her start as a pesetas broker at Intermoney (1982-1986) and at the same time published the book "A year in the currency market".

Milagros holds a bachelor's degree in Law and an associate's degree Business Administration / Economics from Comillas Pontifical University (ICADE E-1) and a master's degree in derivatives from San Diego State University.

Milagros owns 420 shares of AEDAS Homes stock. She has no purchase options over shares in the Company, nor does she have any prior relationship with any other Board Members or Company Directors.

Javier Lapastora Turpin

Independent Director

Appointment to the Board and roles

Javier Lapastora Turpin joined the AEDAS Homes Board in September 2017 as an Independent Director and was re-elected by the General Shareholders' Meeting in June 2020. He serves on the Audit and Control Committee, which he chaired from 2017 to November 2021.

Career and relevant experience

Javier Lapastora Turpin (1966) was Partner at PwC from 2002 to 2015; he led PwC Spain's Construction and Real Estate area from 2007 to 2011 and was Managing Partner of the Audit and Assurance practice from 2011 to 2015.

He is currently an entrepreneur with interests in a range of companies focused on investment, project management, real estate and franchising, as well as being a member of the Economic Council and Chairman of the Audit Committee of the Archdiocese of Madrid.

Since 2021, Javier has been an Independent Director at Banco Alcalá (Crèdit Andorrà Financial Group); since 2017, at Mostostal Warzawa, SA, a leading listed company in the construction sector in Poland, whose products include residential buildings and housing developments; and since 2016, at Servicios Financieros Carrefour EFC, SA.

He has been a Proprietary Director at Connemara Properties, SL, since 2018; at Westhill Investments, SL, since 2017; and at Glendalough Investments, SL, Clonmacnoise Developments, SL, Bazkariak Kalitate, SL, Kilmore Management Services, SL, and Tullamore Properties, SL, since 2015.

Javier earned a bachelor's degree in Economics and Business Administration from CUNEF (Universidad Complutense) and holds a PDD (Programa de Desarrollo Directivo, or advanced management programme) from IE Business School. He is a registered auditor in Spain (ROAC) and a member of the Institute of Chartered Accountants of Spain (ICJCE).

Javier owns 1,579 shares of AEDAS Homes stock. He has no purchase options over shares in the Company nor does he have any prior relation with any of the other Board members or Company Directors.

Miguel Temboury Redondo

Independent Director

Appointment to the Board and roles

Miguel Temboury Redondo joined the AEDAS Homes Board in September 2017 as an Independent Director and was re-elected by the General Shareholders' Meeting in June 2020. He chairs the Appointments and Remuneration Committee.

Career and relevant experience

Miguel Temboury Redondo (1969) is a State's Attorney (on leave) with extensive experience in the public and private sectors and in-depth knowledge of the Spanish and EU legal systems. He currently works as an attorney in private practice at his own firm, Temboury Abogados, and has been a Senior Advisor to Barclays Investment Bank since 2017.

Miguel was Deputy Secretary of Economy and Competitiveness for the Spanish government (2011-2016), a member of both the Governing Committee of FROB and the Board of Directors of SEPI (2012-2016), President of the Court of Arbitration of the Official Chamber of Commerce and Industry of Madrid (2007-2012), in private practice at his eponymous firm (2007-2011) and at Pérez-Llorca (2004-2007), Chief of Staff to the Minister of the Interior (2002-2004) and State's Attorney (1996-2002).

Miguel has served as an Independent Director of Singular Bank, as well as chairing its Appointments and Remuneration Committee, since 2019. He holds a dual bachelor's degree in Business Administration / Economics and Law from Universidad Pontificia Comillas (ICADE E-3).

Miguel owns no shares of AEDAS Homes stock, nor does he have any purchase option over shares in the Company. He has no prior relationship with any other Board Members or Company Directors.

Cristina Álvarez Álvarez

Independent Director

02

Appointment to the Board and roles

Cristina Álvarez joined the AEDAS Homes Board in October 2017 as an Independent Director and was re-elected by the General Shareholders' Meeting in June 2020. She chairs the Technology, Innovation and Cyber-security Committee and also serves on the Appointments and Remuneration Committee.

Career and relevant experience

Cristina Álvarez (1969) is currently the Head of Technology and Operations in Spain and Europe at Banco Santander and previously was Global Chief Technology Officer (2019-2022). She is a senior executive with over 25 years of professional experience in the telecommunications and technology sectors, in companies such Cast, a software intelligence company, where she was Global Advisor (2018-2019); Telefónica (2006-2017) where she worked as Director of Investment and General Director of Service Development, as well as serving on the Executive Committee of Telefónica España (2009-2017); Vodafone (1996–2006) where she worked as director of Product Engineering Investments; and Alcatel (Nokia) (1992–1995).

Since January 2020, Cristina has served as a Proprietary Director on the Board of Openbank and was previously an Independent Director at Sacyr (2018-2019), a global infrastructure, services and industrial projects company.

Cristina graduated in Telecommunications Engineering from the Universidad Politécnica de Madrid (UPM) and holds a PDD from IESE. She has been awarded numerous prizes, including "Engineer of the year" by the COIT/AEIT (2016), the AUTELSI Award in recognition for her professional career in ITC (2017), and "Digital Leader" by Cionet (2016). She has been the Academic Director for the Executive Master in Digital Transformation and Innovation Leadership at IE Business School since 2017.

Cristina owns no shares of AEDAS Homes stock, nor does she have any purchase option over shares in the Company. She has no prior relationship with any other Board Members or Company Directors.

Javier Martínez-Piqueras Barceló

"Other External" Director

Appointment to the Board and roles

Javier Martínez-Piqueras joined the AEDAS Homes Board as an Independent Director in October 2020 and was ratified by the General Shareholders' Meeting in June 2021. He currently serves as "Other External" Director (since November 2021).

Career and relevant experience

Javier Martínez-Piqueras (1973) has been Senior European Advisor to Castlelake since November 2021 and Strategy Advisor to Grupo Ibereólica Renovables since February 2021. He brings a wealth of experience from his 22-year career in Investment Banking, specialising in Equity Capital Markets (ECM). He was Global Head of Equity Capital Markets & Corporate Solutions at UBS, leading a team of 120 professionals across the globe (2012-2019), and prior to his tenure at UBS, he was with Bank of America Merrill Lynch, becoming Managing Director Head of ECM and Corporate Equity Derivatives for Iberia (1997-2012).

Javier has wide-ranging experience advising large company boards at a global level on capital and equity related solutions and a deep understanding of the real estate sector. In July 2020, he joined the Board of Millenium Hospitality Real Estate, a listed company that specialises in developing and investing in luxury hotels; he is also Chairman of the Strategy committee and member of its Real Estate Executive Committee. Additionally, he has been on the Board of OMEGA 93 S.L., a family-owned real estate company, since 1993.

He holds a dual bachelor's degree in Business Administration / Economics and Law from Universidad Pontificia Comillas (ICADE E-3).

Javier holds no shares of AEDAS Homes stock, nor does he have purchase options over shares in the Company. Through his role as Senior European Advisor to Castlelake, he has a professional relationship with Evan Carruthers and Eduardo D'Alessandro, Proprietary Directors of AEDAS Homes (since the latter two are Castelake representatives). He has no other relationship with any other Board Members or Company Directors.

2.3. Director remuneration policy

AEDAS Homes designed its director Remuneration Policy in keeping with the Company's size and financial situation, market standards for comparable companies and the amount of time devoted by its directors.

The overriding purpose of the Remuneration Policy is to define and control AEDAS Homes' remuneration practices vis-a-vis its directors. It also establishes a remuneration regime that is deemed appropriate for the dedication and responsibilities assumed by the Company's directors with the aim of attracting, retaining and motivating boardroom talent.

The Remuneration Policy is public and can be downloaded from AEDAS Homes' corporate website. Note additionally that the Annual Report on Director Remuneration, the Annual Corporate Governance Report and the annual financial statements (note 21) provide director and officer remuneration disclosures.



Monier (Madrid)

2.4. Appointments and Remuneration Committee

Statement by the Chairman of the Appointments and Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors of AEDAS Homes, I am pleased to introduce this report on the activities of the Appointments and Remuneration Committee (hereinafter, the Committee) in FY 2021/22.

The purpose of this document it to inform you about the duties and purview of this Committee and provide an account of the work we did last year.

The Committee provides the Board of Directors with information and advice on the Company's appointments and remuneration obligations, framed by best practices in the corporate governance arena, and verifies that the remuneration policies established by the Company are being upheld. The Committee periodically reviews the Company's director and senior management team remuneration policies, including the share-based payment schemes, and their application, ensuring that individual remuneration is aligned with each professional's contribution, without generating unsubstantiated imbalances between directors or between members of the senior team.

The Committee's duties additionally include: assessing the skills, knowledge and experience needed in the boardroom; establishing a target for female representation on the Management Committee; submitting proposals for the appointment, re-election or removal of independent directors or officers to the Board of Directors; and studying and organising Chairman and CEO succession matters.



The Appointments and Remuneration Committee met seven times in FY 2021/22. The main initiatives undertaken were:

- **Approving the Committee Activities Report for FY 2020/21.**
- **Approving the Committee Action Plan for FY 2021/22.**
- **Evaluating the CEO's performance in terms of bonus target delivery.**
- **Reporting on the bonuses accrued by the key management personnel (members of the Management Committee) in respect of FY 2021/22.**
- **Designing a possible director training programme and selecting suppliers. Organising four director trading sessions (ESADE).**
- **Selecting external consultants for the self-assessment of the Board and its committees Monitoring the self-assessment of the Board and of the Committee and supporting the Audit and Control Committee and the Technology and Cybersecurity Committee with their self-assessments. As a result, making proposals to the Board regarding a series of actions / action plan for the continuous improvement of the effectiveness of the Board and its committees.**
- **Making a proposal to the Board on a Long-Term Incentive plan ("LTIP") for the five years between FY 2021/22 and FY 2025/26 in respect of the CEO so that the Board could formulate it as a resolution to be submitted at the Annual General Meeting.**
- **Making a proposal to the Board on a Long-Term Incentive plan ("LTIP") for the five years between FY 2021/22 and FY 2025/26 in respect of the rest of the Plan beneficiaries.**
- **Proposing the modification of key management personnel employment terms and conditions (members of the Management Committee) ahead of potential M&A activity.**

Miguel Temboury
Chairman of the Appointments and Remuneration Committee

Duties

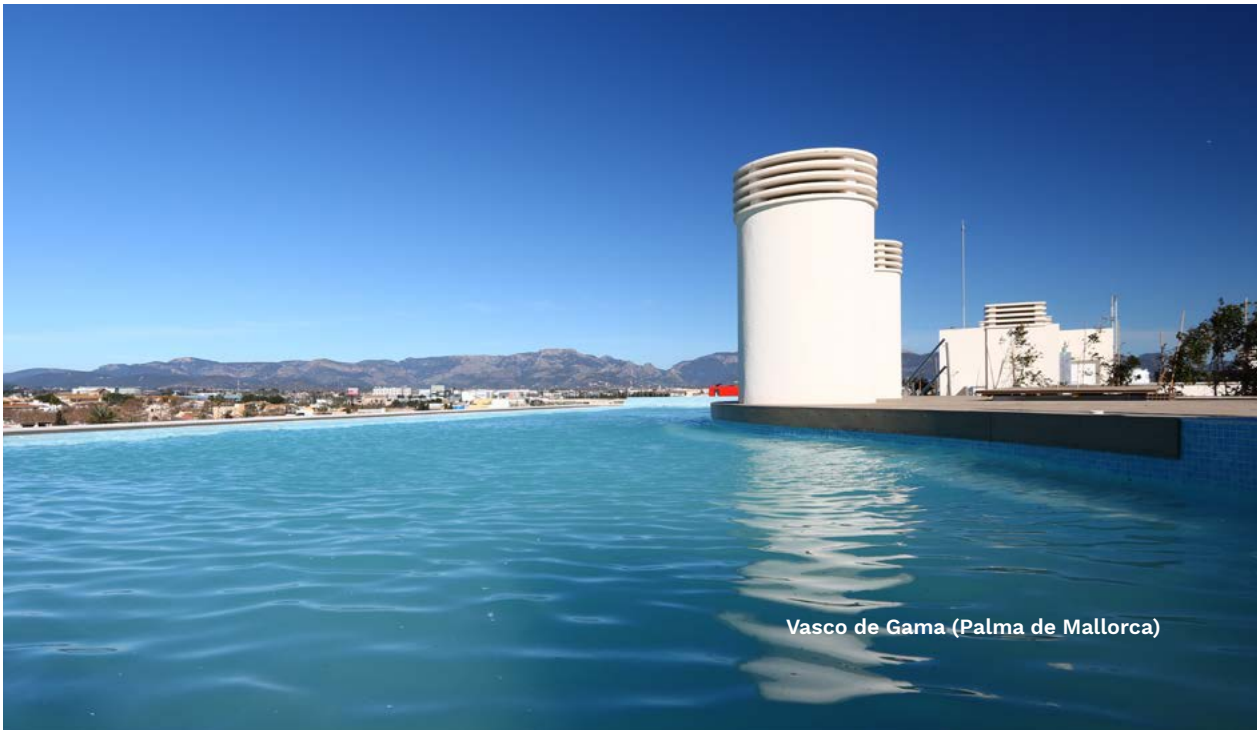
The Committee's organisation and responsibilities are set down in article 15 of the Board Regulations, the Appointments and Remuneration Committee Regulations, article 22 of the Bylaws and article 529 quindecies of Spain's Corporate Enterprises Act.

Members and areas of expertise

As at 31 March 2022, the Committee was made up of the following three members:

MEMBER	POSITION	CATEGORY ON THE BOARD OF DIRECTORS
Miguel Temboury Redondo	Chairman	Independent
Cristina Álvarez	Member	Independent
Evan Carruthers	Member	Proprietary

Alfonso Benavides Grases, who is the non-director Secretary of the Board of Directors, is also the Secretary of the Appointments and Remuneration Committee.



Vasco de Gama (Palma de Mallorca)

2.5. Audit and Control Committee

Statement from the Chair of the Audit and Control Committee

Dear Shareholders:

On behalf of the Board of Directors, I am pleased to present a summary of the key activities of the Audit and Control Committee ("the Committee") for the year ended 31 March 2022. This summary explains the Committee's responsibilities and areas of focus, as well as the work that it carried out in 2021/22.

The Committee collaborates with the Board by supervising compliance with the Company's Code of Conduct and with the rules regarding corporate governance. It also monitors the reliability of the financial information presented to the Board, including the internal control system for financial information (SCIIF). In addition, the Committee is responsible for supervising the functioning of the internal audit, as well as the control of corporate risks and the regulatory compliance model, which expressly includes compliance with anti-money laundering and countering the financing of terrorism (AML/CFT) legislation.

The Regulations of the Board of Directors state that the Chairman of the Audit and Control Committee will hold his or her post for a maximum of four years. As such, in October 2021 the Board acknowledged the expiry of the maximum term of Mr. Javier Lapastora Turpin, who had ably chaired the Committee since 2017, and appointed me as Chairman of the Committee. I take this opportunity to congratulate Javier on his expert guidance of the Committee over the past four years.

The Audit and Control Committee met seven times during the 2021/22 period to monitor the Company's financial information and supervise Internal Audit, Risk and Compliance, and the SCIIF. In addition, after the Board approved the Company's three-year ESG Strategic Plan last April, the Committee began supervising its implementation, ensuring that the Company was achieving its stated ESG targets. It also favourably informed the Board on the modification to the Company's Code of Conduct, Third Party Code of Conduct and Anti-Corruption Policy and proposed modifications to the Regulations of the Board of Directors with the aim of adapting them to current legislation.

Santiago Fernández Valbuena
Chair of the Audit and Control Committee

2.6. Technology, Innovation and Cybersecurity Committee

Statement from the Chair of the Technology, Innovation and Cybersecurity Committee

On behalf of the Board of Directors, I am pleased to present a summary of the key activities of the Technology, Innovation and Cybersecurity Committee ("CTIC") for the year ended 31 March 2022.

Since its founding, AEDAS Homes has nurtured a culture of innovation and successfully harnessed technology to quickly scale up its residential development business. This embrace of innovation and technology has been one of the key drivers of the Company's success—it has transformed the Company's relationship with customers and other key stakeholders and given it a distinct competitive advantage—and it will play an outsized role over the next two years as the Company works to achieve its ambitious goals by FY 2025/26.

While the Board oversees risks related to cybersecurity and IT, it is the CTIC that creates and evaluates proposals related to technology, innovation and cybersecurity and reports to the Board on these. The Committee also plays an important part in guiding the evolution of the Company's Digital Strategy Plan, which can be thought of as a digital lever to achieve operational and financial goals.

The CTIC met four times between April 2021 and March 2022 to offer the Company's Technology area guidance on its five transversal axes of work: hyperintegration; business APIs; phygital experiences; Digital DNA; and robust cybersecurity.

By adopting a hyperintegration mindset, AEDAS Homes is simplifying, automating and synchronising business processes within the organisation by tightly integrating all enterprise applications in its ecosystem for a seamless experience—this is happening across departments and at each step of the residential development process.

At the same time, the Company is creating a technological platform based on APIs to allow external partners to integrate their business processes seamlessly with AEDAS Homes, by letting them interface with AEDAS Homes' enterprise tools or by mutually connecting and synchronising.

The Company is also focusing on phygital experiences, where it connects the physical and online worlds to create superior, personalised and satisfying experiences for customers and external partners. These technological solutions will bridge the digital and the physical to provide immediate, immersive and interactive user experiences, making the most the best aspects from each environment.

By embedding digital into its DNA, AEDAS Homes is redesigning the way it operates, is organised and behaves, facilitating people and partners an efficient path towards an authentic digital transformation that is fully aligned with its business goals and will deliver value to stakeholders.

The Digital Strategy Plan is underpinned by a mature cybersecurity platform focused on 24x7 monitoring and defence, data protection, identity and permissions management, and automatic generation of evidence for auditing and compliance. Information is one of the Company's most critical assets, essential to carrying out commercial and operational functions successfully, and the Company's robust cybersecurity programme ensures it can safeguard this vital asset and fulfil obligations to stakeholders.

In FY 2020/21, the Board unanimously approved the Company's updated ITC Security Policy, designed according to best market practices and in line with ISO 27001. This ITC Security Policy provides the foundation for the Company's robust cybersecurity management system.

Oversight from the Board of Directors guarantees a strong underlying governance structure for cybersecurity management, and the CTIC focuses on guiding the Company to ensure that cybersecurity procedures and processes are in place to monitor and respond to data breaches, cyberattacks and other threats as they evolve.
Within the framework of its cybersecurity management system, in FY 2021/22 the Company continued its practice of regular security audits, vulnerability assessments and penetration testing of its systems, products and practices that affect user data, carrying out this testing both internally and externally. Furthermore, as educating and training employees is one of the key pillars in the Company's cybersecurity strategy, the Company has continued to offer courses for employees on cybersecurity best practices.

The world saw an alarming 105% surge in ransomware cyberattacks last year. The increase in ransomware was linked to the rise in remote work and company employees working outside their office networks. It's a trend that will continue in 2022 and beyond, and it will be a key element that the Company has monitored and will continue to monitor closely.

As this fiscal year drew to a close, the CTIC determined that the Company's commitment to reinforcing the Technology area, which has included attracting highly motivated team members to create talent density, developing a new relationship model with long-term strategic partners, and implementing new methodology and tools, means that it has the digital levers in place to continue to scale and achieve the ambitious five-year Business Plan.

Cristina Álvarez Álvarez
Chair of the Technology, Innovation and Cybersecurity Committee

2.7. Management team

	David Martínez	Alberto Delgado	Sergio Gálvez	María José Leal	Esther Duarte	Estíbaliz Pérez	Javier Sánchez	David Botín
MANAGEMENT COMMITTEE	■	■	■	■	■	■	■	■
INVESTMENT COMMITTEE	■	■	■	■		■		
BUSINESS COMMITTEE		■	■	■				
COMPLIANCE COMMITTEE					■	■		
ESG COMMITTEE	■			■	■		■	
GREEN FINANCING COMMITTEE	■	■		■	■			

Management Committee

AEDAS Homes' Management Committee is made up of eight members, each with more than 20 years' experience in executive positions at a range companies.

The Management Committee meets monthly at the Company's head offices and its main mission is to oversee delivery of AEDAS Homes' strategic targets so as to enable its long-term continuity.

Its purpose is to:

Report

The Management Committee reports to the Board of Directors, through the Company's CEO, on all relevant developments at the organisation and its various business areas.

Warn

The Management Committee must warn of any circumstances that could jeopardise the Company's ability to deliver its targets and/or budget, following up on such matters to stay ahead of potential deviations.

Propose

The Management Committee must propose and apply any corrective action deemed necessary.

The duties of the Management Committee include:

- Ensuring compliance with the policies, processes and procedures established by the Company, guaranteeing that all decisions are aligned with AEDAS Homes' mission, vision and values.
- Proposing an organisational structure that responds efficiently to the targets set.
- Proposing corrective measures in the event that actual results deviate from the targets set.
- Proposing ideas for enhancing processes and procedures to render them more efficient.
- Coordinating and aligning strategies and initiatives across the various areas of the organisation.
- Defining and bolstering the corporate culture. Prioritising people and their development and nurturing a positive workplace climate in which talent is minded, leadership safeguarded and fairness guaranteed.

Backgrounds of the members of the Management Committee



Chief Executive Officer

David Martínez Montero (1970) has been AEDAS Homes' CEO since the Company's creation in 2016. undertaken were: Distrito Castellana Norte (2013-2016), Valdebebas (2005-2013) and Cuatro Torres Business Area (2001-2005). Before taking on those leadership roles, he worked as a project manager at Bovis and a site engineer at Ferrovial. David holds an MSc in Civil and Structural Engineering from Madrid's Polytechnic University and an Executive MBA from IESE Business School.



Chief Operating Officer

Alberto coordinates, runs and controls the Company's key business departments: the regional units and the sales and marketing, operations, customer relations and product quality areas. He sits on the board of several AEDAS Homes subsidiaries. He began his career at ACS and later joined Vallehermoso, where he first worked in business development before spending the last three years of his time there as CFO. He joined AEDAS Homes in 2016 and has been its COO since 2017. A civil engineering graduate from Madrid's Polytechnic University, Alberto has also completed the Management Development Program (PDD) at ESADE and the Directors' Programme at ESADE.



Sergio Gálvez

Chief Strategy, Investment and Alternative Developments Officer

Sergio is responsible for continually analysing market dynamics (demand, supply, price, competition, etc.), identifying opportunities and anticipating and mitigating potential threats over the medium- and long-term horizons. An industrial engineering graduate from ICAI, Sergio has more than 20 years' experience in real estate in Spain, having worked at firms such as Hansa Urbana and Deloitte. He began his career in Arthur Andersen's real estate division. He joined AEDAS Homes as Director of Business Development in 2016 and in 2017 he was named Chief Investment Officer.



David Botín

Chief Real Estate Services Officer

David spearheads and drives AEDAS Homes' real estate services strategy and ensures its correct implementation and fit with the corporate strategy and broader sector and market environment. David graduated in architecture, specialised in town planning, from Navarra University; he holds a Master's in Planning Management from UPC, the Polytechnic University of Catalonia, and has completed IESE's executive management programme. He brings over 20 years' experience in real estate, having held senior executive positions at prominent sector players, including Áurea Homes, ACR Promociones and Grupo Avanco, S.A. David joined AEDAS Homes in 2021.



María José Leal

Chief Financial Officer

María José heads up investor relations and runs the Company's corporate finance functions, in keeping with the applicable prevailing accounting, legal and tax frameworks, so as to provide a fair view of its financial strength. A business administration graduate from CUNEF, María José has also completed the executive management programme at IESE, the directors programme at ESADE and PwC's Women to Watch programme. She has extensive experience at fast-growing, listed multinational enterprises, including the role of Deputy CFO at high-profile listed companies such as AENA and PROSEGUR. She has been AEDAS Homes' CFO since November 2018.



Esther Duarte

Chief Corporate Resources Officer

Esther runs the HR, health & safety, sustainability, process, quality, internal communication, general services and document management departments. Esther's academic qualifications include a diploma in educational sciences, the Garrigues' executive programme in labour relations, ESADE's Executive Development Programme in Human Resource Management and IESE's Executive Management Programme. She boasts 25 years' experience in executive positions in human resource management at real estate and construction firms such as Ferrovial Inmobiliaria and Grupo Aldesa. Esther joined AEDAS Homes in 2017.



Estíbaliz Perez Arzoz

Chief Legal Officer

Estíbaliz heads up the legal advisory service to which the risk and compliance department reports. She is the non-member Vice-Secretary of the Board of Directors of AEDAS Homes and the non-member Secretary of all of the subsidiaries of AEDAS Homes. A law graduate from Deusto University, Estíbaliz holds CESCOM compliance certification from Spain's Compliance Association, ASCOM. She was named Best Lawyer in corporate governance and compliance practice in 2020 and 2021. She has worked at law firms, including Cuatrecasas and PwC Tax&Legal, and at the Sacyr Group, where she headed up the legal advisory area at Vallehermoso División Promoción S.A.U. and then the corporate legal advisory area at Sacyr S.A. She also served as vice-secretary of the latter company's board. Estíbaliz joined AEDAS Homes in January 2022.



Javier Sánchez

Chief Technology and Communications Officer

Javier is responsible for defining, leading and managing AEDAS Homes' technology and communication strategies. He sits on the board of Live Virtual Tours. Javier holds a dual degree in business studies and law from ICADE (E-3) and ESSEC Business School (Paris) and has completed the Directors' Programme at ESADE. He began his career in strategic consulting in Spain and the US. After his stint in Silicon Valley, he gained a wide variety of professional experiences over two decades at big tech firms, internet players and television companies. In the real estate sector, Javier brings more than five years' experience in the new home development segment.

2.8. Regional branches

AEDAS Homes is present in the most dynamic new home developments markets in Spain. Its business model is decentralised and scalable, with all the key activities performed in-house.

In FY 2021/22, AEDAS Homes cemented its presence in its key operating regions, particularly in northern Spain, where it continued to expand in Valladolid, Pamplona, Bilbao and Pontevedra. The Company decided on that direction having identified specific markets that present healthy liquidity, pockets of demand in the mid-upper segment and solid economic fundamentals, which could yield attractive returns for AEDAS Homes.

In those specific markets, the strategy is based on the acquisition of the best plots in locations that lend themselves to targeting buyers with medium-high purchasing power. AEDAS Homes has a competitive advantage in those markets, where there tends to be less competition, giving the Company stronger purchase price bargaining power.

In tandem, the Andalusia & Canaries regional branch last year continued to grow in the Canary Islands, a relatively new market for the Company.

The Company is currently active in the following parts of Spain: Madrid; Catalonia (Barcelona, Tarragona and Zaragoza); Andalusia (Seville, western Andalusia and the Canaries); Costa del Sol (Malaga); East and Mallorca (Valencia, Alicante, Murcia and Mallorca); and the North (Valladolid, Pontevedra, Navarre and Bilbao).

Each of the regional branches is responsible for organising, running and planning the developments and land permitting processes in the areas within their purview, in keeping with the guidelines provided by AEDAS Homes to ensure a healthy earnings performance and delivery of its quality and timing commitments. They are also responsible for identifying potential land acquisition opportunities. This **decentralisation allows the Company to manage each project in accordance with local needs and criteria**, which translates into better developments and, ultimately, more satisfied customers and happier shareholders.

Regional branches



Pablo Alonso

Madrid Regional Branch Director

A law graduate from León University, Pablo also holds an LLM in Business Law from Navarra University. Pablo has 23 years' experience in the sector, specifically in housing development and property management at leading players like Vallehermoso and Testa (Sacyr Group) and Merlin Properties.



David Gómez

Catalonia and Aragon Regional Branch Director

A civil engineering graduate from the Catalan Polytechnic University, David also holds an MBA from ESADE.

He boasts over 20 years' experience in the real estate sector, having worked at a range of companies including Banco Sabadell, Solvia and Vallehermoso's development division.



Diego Chacón

Andalusia & Canaries Regional Branch Director

A civil engineering graduate from Granada University, Diego also holds an MBA from EOI and has completed the management development programme at San Telmo Business School and the executive management programme at IESE.

He has been working in the sector for 20 years. Before joining AEDAS Homes, he worked at Hansa Urbana.



José Ignacio Fernández

Costa del Sol Regional Branch Director

A law graduate from Seville University, José also holds an MBA from the San Telmo International Institute, a Master's in Town Planning and Management (Carlos III University) and a Master's in Town Planning and Design (Seville School of Architecture). He brings 22 years' experience at firms such as Martinsa-Fadesa, Galia Grupo Inmobiliario and Guadalmina Golf and has also worked in the town planning department of Seville's City Hall.



Juan López

East and Mallorca Regional Branch Director

A technical architect (Alicante University), Juan has also completed the IESE executive development programme. Juan has extensive experience in real estate, having worked at Solvia and Hansa Urbana prior to joining AEDAS Homes.



Higinio Fernández

North Regional Branch Director

Higinio is a civil engineering graduate from Cantabria University. He brings ample sector experience thanks to a career built at Ferrovial, Vallehermoso and CaixaBank.

3. Risk management

Anza (Torrejón de Ardoz)

3. Risk management

AEDAS Homes has an enterprise risk management (ERM) system which is regulated by its Board-approved Risk Management Policy.

The purpose of the risk model is to identify, evaluate, manage and report the risk factors that could jeopardise delivery of AEDAS Homes' strategic, business and financial objectives.

The risk management model comprises the following elements:

Risk management policy >> Board of Directors

Identification
↓
Assessment
↓
Management
↓
Reporting

>>

Audit and Control Committee

Management Committee

Risk and Compliance Department

Officers and other risk owners

1. **Identification:** the risks of relevance to AEDAS Homes are duly identified by the Company's senior management. Risk prospecting is conducted annually with the aim of identifying potential new risk factors that could jeopardise the Company's ability to attain its strategic, business or financial objectives.

2. **Assessment:** the inherent probability, the inherent impact and the robustness of the control environment are assessed for each of the relevant risks. AEDAS Homes' risk map contemplates three categories of risk: “critical”, “under surveillance” and “under monitoring”.

3. **Management:** the significant risks classified as "critical" and "under surveillance" are included in the management mechanism, which implies:
a. Identifying specific risk events.
b. Establishing monitoring KPIs for each risk event and assigning risk tolerance thresholds.
c. Establishing action plans for any indicators that have breached the established tolerance thresholds.

As stipulated in its Risk Management Policy, the following governing bodies are involved in the activities related with the risk management effort at AEDAS Homes S.A.:

1. **Board of Directors:** Its duty is to define, update and approve AEDAS Homes' Risk Control and Management Policy, as well as to establish prevailing risk tolerance levels.

2. **Audit and Control Committee:** Its task is to supervise the internal control and risk management systems, making sure that the key risks are identified, managed and maintained within the planned levels.

3. **Management Committee:** Its work involves allocating responsibilities for risk management, analysing the results of the risk assessments to determine their level of severity and approving attendant risk responses as necessary.


Azara (Alicante)

4. **Risk and Compliance Department:** Responsible for helping the Audit and Control Committee and the Management Committee fulfil their mandates, mainly by coordinating the activities defined in the Risk Management and Control Policy, ensuring that the risk management system works correctly and compiling relevant reports.

5. **Officers and other risk owners:** They identify and assess the risks that fall within their purviews. In addition, they recommend and report indicators for monitoring, as well as proposing and implementing risk mitigation plans and reporting on their effectiveness.

AEDAS Homes' risk management model groups its risks into 28 risk categories. Three new risk categories were added in FY 2021/22: political risk; sector consolidation risk; and the risk of failing to meet ESG expectations. As a result, the following risks are monitored annually under the scope of AEDAS Homes' ERM:



Strategic risks

- Fall in demand for new-build housing
- Land bank
- Customer satisfaction
- Availability of financing
- Reputation
- Share price performance
- Political risk
- Sector consolidation risk
- Risk of failing to meet ESG expectations



Operational risks

- Purchase of land
- Transformation of land
- Project execution
- Sales
- Talent management
- Technology
- Cybersecurity
- Health & safety
- Property security



Compliance risks

- Anti-money laundering legislation
- Criminal law
- Securities market law
- Tax law
- Environmental regulations

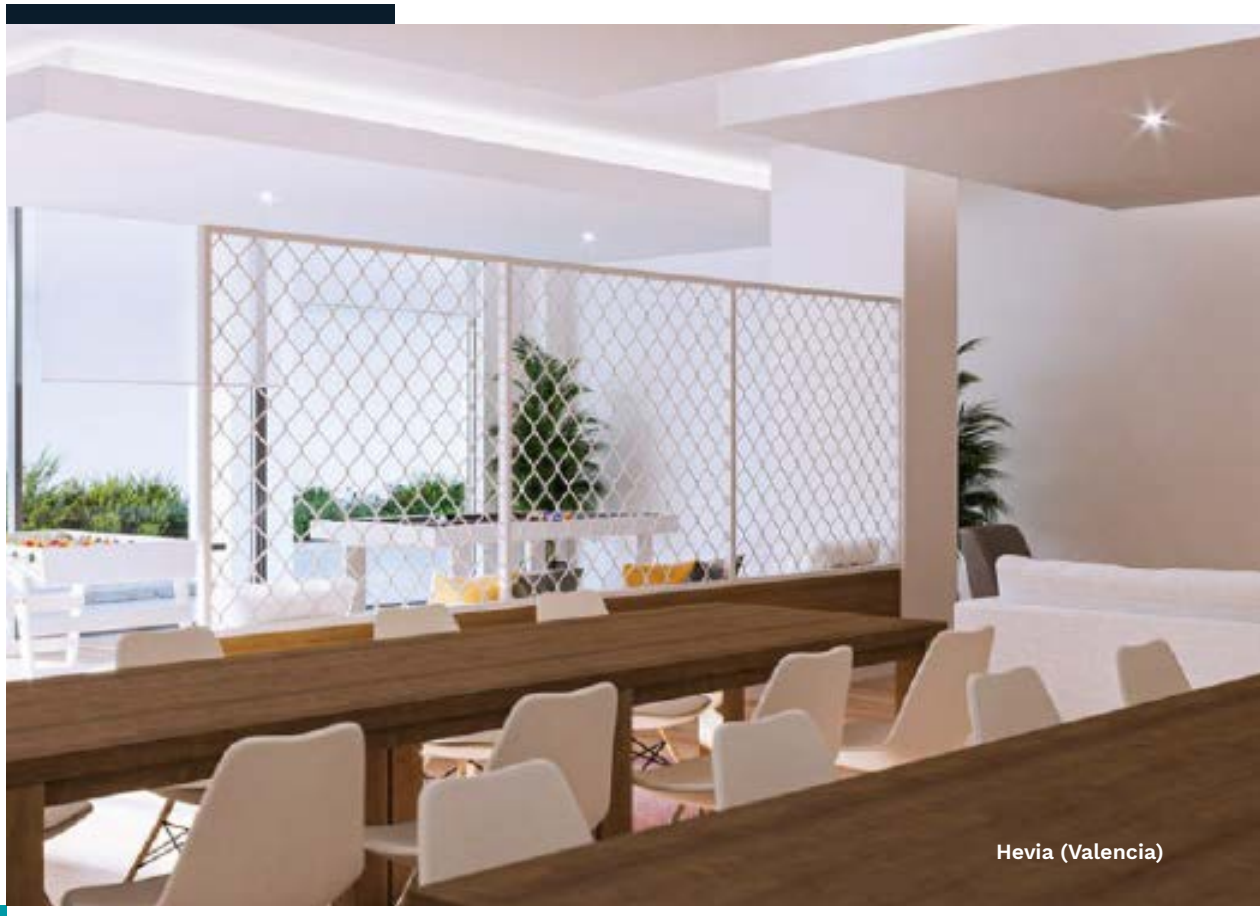


Financial risks

- Interest rates
- Liquidity
- Availability of financing for customers
- Asset valuations
- Reliability of the financial information

In FY 2021/22, AEDAS Homes continued to monitor and manage the risks deemed critical in line with the assessment conducted by the members of its Management Committee in July 2021. Following that assessment, the risk factors currently deemed critical by the Company are:

- Land bank
- Project execution
- Customer satisfaction
- Talent management
- Workplace safety
- Share price performance relative to an internal benchmark index
- Cybersecurity
- Availability of financing
- Sales



Hevia (Valencia)

In FY 2021-22, AEDAS Homes took the following measures with a view to monitoring and managing the risk factors itemised above:

- Identification of the adequate monitoring indicators, such as:
  - Customer satisfaction levels.
  - Sales levels relative to target (quarterly and year-to-date).
  - Works delays.
  - Conversion metrics (the number of visits needed per development to secure a booking).
  - Works started before the related financing has been secured.
  - Cybersecurity indicators (password changes, number of insiders, patching and updates, etc.)
  - Works cost overruns.
  - Average length of time taken to fill non senior management vacancies.
- Establishment of tolerance thresholds that reflect the Company's risk appetite in relation to each risk category.
- Regular monitoring of the status of the risk indicators so identified.
- Implementation and oversight of action plans designed to mitigate the risk factors.
- Regular reporting of the status of the indicators to the Audit and Control Committee.

The risks deemed critical were tracked quarterly and action plans were set in motion for those indicators in excess of the stipulated tolerance thresholds. As regards the risks that materialised during the reporting period, it is important to highlight that at year-end the Company started to observe a rise in construction costs, which could have an impact on the cost of the developments currently under construction by AEDAS Homes; however, so far, those increases in construction costs are being neutralised by increases in the prices of the houses we are developing.

Note on the risks associated with the Covid-19 pandemic

In FY 2021/22, the Company continued to monitor the main risks associated with the Covid-19 pandemic, observing an improvement as the year unfolded.

Although the Company will continue to monitor the key management risks posed by the pandemic with a view to taking additional mitigating measures as required, it is clear that the pandemic is abating, reducing the probability that the associated risks will materialise.



Hevia (Valencia)



4. Non-financial information

Gaetana (Torrejón de Ardoz)

4. Non-financial information

AEDAS Homes is firmly convinced that society and large enterprises must commit to safeguard the future of the planet, and as such, the residential development industry should take a leading role in sustainable development in the short and medium term to actively foster the transformation of the built environment.

CO2 emissions from the building sector are at the highest levels ever recorded, representing 38% of total energy-related CO2 emissions, according to the Global Status Report for Buildings and Construction (2020) published by the Global Alliance for Buildings and Construction, a United Nations organisation.

Since its founding, AEDAS Homes has consistently focused on sustainable development, framed and has been guided by the UN's Global Compact and the 10 principles covering human rights, labour rights, environmental protection and anti-corruption efforts. All of which has materialised. These sustainability initiatives were codified in the Company's ambitious **ESG Strategic Plan 2021/23**, approved by the Board of Directors in April 2021.

This roadmap, aligned with the Sustainable Development Goals (SDGs) for 2030, sets challenging targets. Its overarching goal is to go beyond the Company's purely financial performance and give visibility to all of the initiatives (both planned and currently underway) with its various stakeholders, prioritising the goals in the UN's 2030 Agenda where the Company contribute most significantly:



With the firm goal of being the leading residential developer in ESG terms, the Strategic Plan identifies three key levers and establishes well-defined long-term targets for 2030:

Differential business

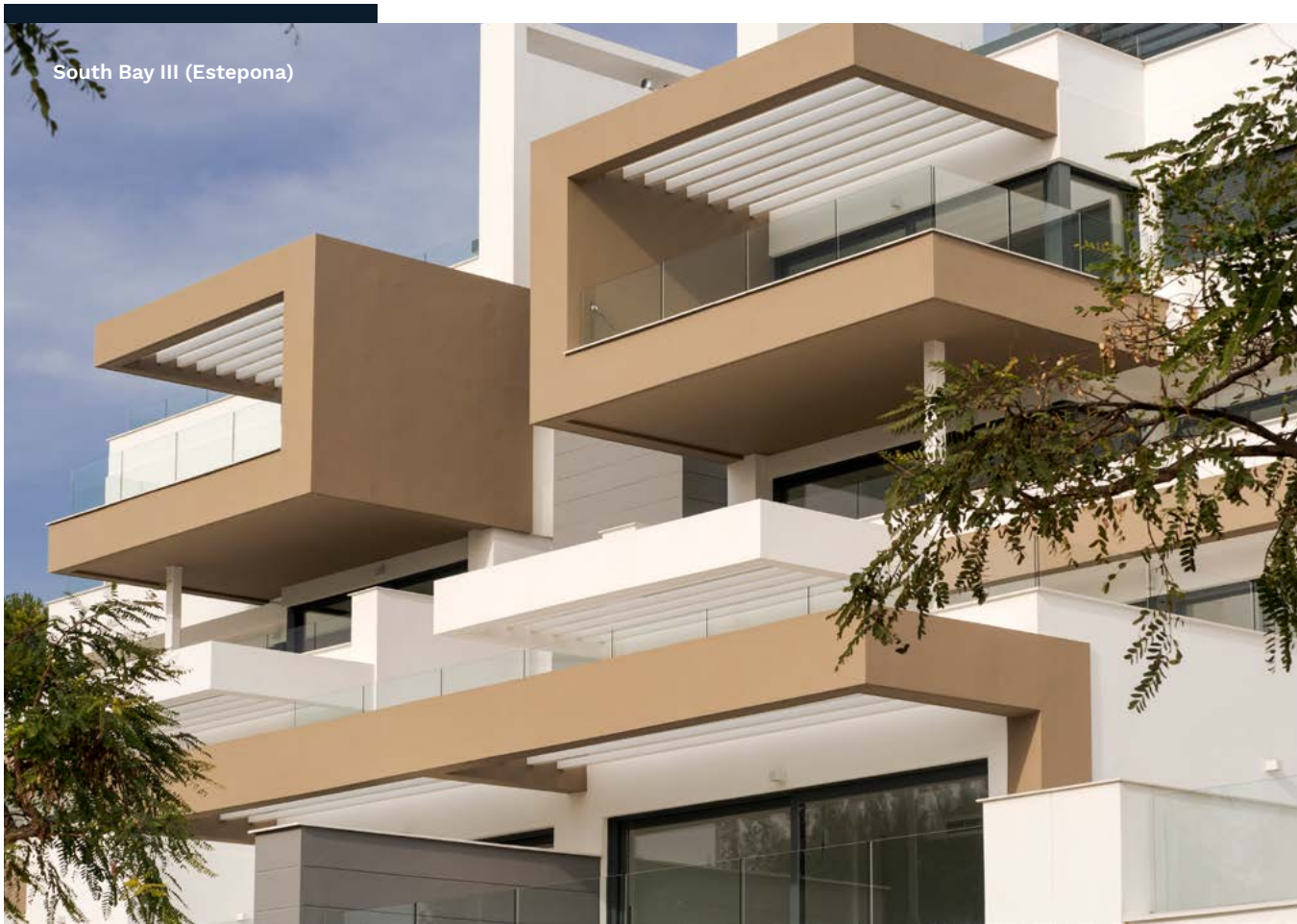
Over 75% of our stakeholders should view us as the benchmark for ESG in the Spanish residential development sector.

Environmental neutrality

50% of greenhouse gas (GHG) emissions will be offset.

Win-win relations

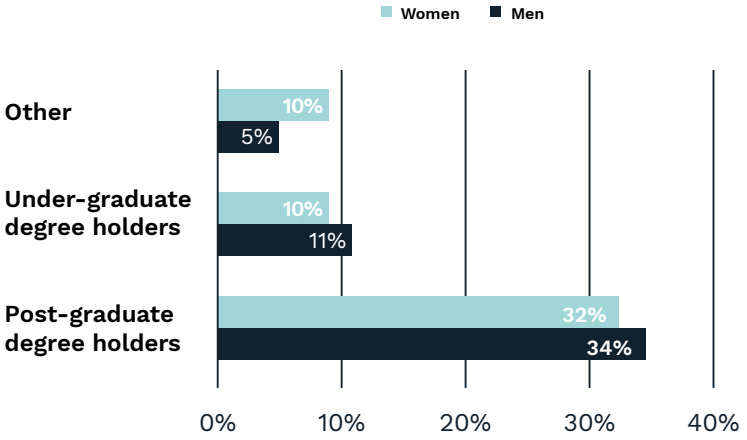
Hold a leadership position in the Great Place to Work® ranking for the real estate sector in Spain.

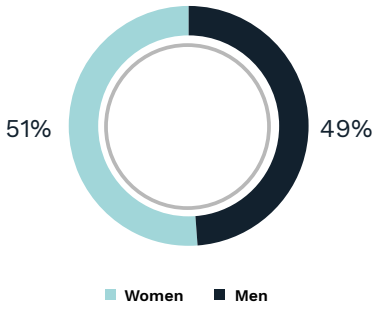

South Bay III (Estepona)

4.1. People

AEDAS Homes believes that only a strong work force can drive strategic growth, push innovation forward and elicit customer loyalty. That is why it places its people front and centre, offering them an appealing work environment by generating quality work, nurturing talent development, facilitating continuous learning and fostering wellbeing, work-life balance and health and safety.

Since its creation in 2016, the Company has experienced exponential growth in terms of new development launches and the number of homes delivered to its customers, emerging as the benchmark for the sector in Spain. This growth in activity has been accompanied by growth in the AEDAS Homes team, which stood at 303 employees at the end of FY 2021/22, with a breakdown of 51% women and 49% men, average employee age of 43, and average length of service of 2.65 years. The average headcount over the 12-month period came to 289.





Year-end headcount

	2020/21	2021/22
Men	124	148
Women	116	155
Total	**240**	**303**

	2020/21	2021/22
Permanent	218	263
Temporary	22	40
Total	**240**	**303**

	2020/21	2021/22
Executives	44	55
Middle management	57	68
Other*	139	180
Total	**240**	**303**

	2020/21	2021/22
<30	17	18
30 - 50	193	212
+50	30	73
Total	**240**	**303**

* Technical and administrative staff

	2020/21		2021/22	
	Permanent	Temporary	Permanent	Temporary
Men	117	7	136	12
Women	101	15	127	28
Total	**218**	**22**	**263**	**40**

	2020/21		2021/22	
	Permanent	Temporary	Permanent	Temporary
<30	12	5	11	7
30 - 50	177	16	182	30
+50	29	1	70	3
Total	**218**	**22**	**263**	**40**

	2020/21		2021/22	
	Permanent	Temporary	Permanent	Temporary
Executives	43	1	55	-
Middle management	53	4	62	6
Other*	122	17	146	34
Total	**218**	**22**	**263**	**40**

* Technical and administrative staff

Dismissals

	2020/21	2021/22
Men	8	13
Women	9	10
Total	**17**	**23**

	2020/21	2021/22
<30	1	1
30 - 50	9	17
+50	7	5
Total	**17**	**23**

	2020/21	2021/22
Executives	2	6
Middle management	5	2
Other*	10	15
Total	**17**	**23**

* Technical and administrative staff

At AEDAS Homes 100% of our employees are covered by collective bargaining agreements, with 98% covered by the collective agreement for office workers in force in each of the regions where we have staff (with the exception of two employees who are covered by the construction sector agreement and five who are covered by the consultancy and market studies agreement). AEDAS Homes' employees are not unionised.

These collective bargaining agreements address aspects such as employee health and safety, including the measures required to identify and assess workplace risks; requirements regarding employee information, consultation, training and participation; emergency protocols; health surveillance; and the planning and organisation of the occupational health and safety effort.

Health and safety

AEDAS Homes is committed to providing a safe working environment for its employees. Its ISO 45001-certified occupational health and safety management system has been in place since the Company's founding in 2017. This system was audited by AENOR in June 2021; the outcome was satisfactory, with no shortcomings detected.

There were no workplace injuries at AEDAS Homes in FY 2021/22. There were just two commute-related accidents (one man and one woman); no work-related illnesses were recorded.



With regard to work carried out on construction sites during the year, the injury frequency rate in FY 2021/22 (no. of lost-time injuries / no. of hours worked x 1,000,000) was 17.69.

2019	2020/21	2021/22
14.7	12.1	17.69

The table shows the trend in the lost-time injury frequency rate in FY 2019, FY 2020/21 and FY 2021/22.

In FY 2021/22, the injury severity rate (no. of days lost / no. of hours worked x 1,000) was just 0.24, which is well below the national average of 1.32.

2019	2020/21	2021/22
0.19	0.16	0.24

During the period, the Company implemented new workplace safety tools such as the AEDAS Manual of Best Practices in Health & Safety and improved accident prevention processes, whereby risks are analysed at the design phase for the purpose of mitigating or eliminating them at the execution phase.

The key health and safety performance indicators - the injury frequency and severity rates - are presented regularly to the Company's Management Committee. The main tool used to control the safety management system is the performance of assessments when construction completion on developments reaches 30% and then again when it reaches 70%. In FY 2021/22 a total of 50 such assessments were carried out, yielding an average score of 77%, which is above the target of 75%.

The Company also took steps to tighten health and safety coordination at its developments by monitoring application of the measures developed and approved in the health and safety studies and plans using the DALUX tool.



Employee health and safety

The physical and mental wellbeing of AEDAS Homes employees is crucial for the Company and as such, the Company carried out a psychosocial factor survey.

The purpose of the study was to engage with employees and learn more about certain psychosocial conditions at the Company. The questionnaire, which was made up of 44 questions designed to yield information about nine factors, was evaluated independently.

The study was designed to identify and measure employee exposure to the following psychosocial dimensions: work hours, autonomy, workloads, psychological demands, variety/content, participation/supervisions, employee interest/compensation, work performance and social relations and support.

Additionally, in FY 2021/22 an assessment of the various points of sale was carried out in order to verify that they are safe spaces for the sales team. In parallel, the Company reactivated the rollout of emergency measures at all workplaces.

A Joint Occupational Health and Safety Service was set up in early January 2022 to provide services to AEDAS Homes, Live Virtual Tours S.L. and AEDAS Homes Servicios Inmobiliarios S.L.U. That service is responsible for the following disciplines:

- Occupational safety
- Industrial hygiene
- Ergonomics and applied psycho-sociology



Health oversight is carried out by a duly certified external service provider. The health and safety model is available for consultation by employees and the labour authorities.

In FY 2021/22 the Company purchased equipment (to measure temperature, lighting, air quality, humidity, noise, etc.) in order to analyse industrial hygiene in our places of work. Obtaining those measurements is one of the Company's targets for the coming year under the umbrella of its ESG Strategic Plan, through the execution of an Employee Physical and Mental Wellbeing Improvement Plan.

Although there were two commute-related lost-time injuries in FY 2021/22 (1,480 hours), no lost-time injuries occurred within the Company's places of work. The remaining work hours lost in FY 2021/22 are attributable to Covid-related sick leave.

Absenteeism

	Hours of absenteeism		Absenteeism index	
	2020/21	2021/22	2020/21	2021/22
Work injury	752	2,648	0.2%	0.5%
Common illness	2,584	6,368	0.6%	1.2%
Maternity/paternityleave	5,520	6,640	1.3%	1.2%
Total	**8,856**	**15,656**	**2.1%**	**2.9%**

The absenteeism rate was calculated by dividing the number of hours of absenteeism by the average number of employees multiplied by the total number of hours worked. In FY 2021/22 a total of 15,656 hours was lost due to the inability to work.

The absenteeism rate rose last year due to an increase of the number of employees taking maternity and paternity leave, as well as the incidence of the pandemic, particularly three especially long leaves of absence.

In addition, to guarantee the safety of all its employees, AEDAS Homes offers health insurance to them and their families (spouses and children) and life insurance coverage equivalent to two years of individual pre-tax earnings.

A culture of health and safety

With the aim of fostering a culture of health and safety, AEDAS Homes provides online health and safety training to all new hires during onboarding, in line with article 19 of Spain's Workplace Health and Safety Act. It also has an Employee Portal where all of the Company's policies, processes, procedures, manuals and protocols are uploaded to facilitate access to related health and safety related information to all employees.

In addition, to highlight the importance of health and safety for everything AEDAS Homes does, in FY 2021/22 the Company organised the third edition of its health and safety prizes, which are awarded to the outstanding development from the previous year. Last year's winner was Anza, a development located in the town of Torrejón de Ardoz, which was managed by the Madrid Regional Branch.

The Regional Branch which manages the winning development gets to choose a charity to which to donate €3,000. Last year the Madrid Regional Branch chose to donate its prize money to AESLEME.



Management of the Covid19 crisis

Throughout the year the Company maintained and updated its Covid19 protocols, throughout the year, ensuring compliance with prevailing health criteria at all times. AEDAS Homes continued to screen employees by means of rapid antigen tests and provide, while providing them with all the required protective gear, such as masks, hand gels, etc.

In addition, there are specific Covid19 protocols in place at the various points of sale and on construction sites which have been developed by the corresponding contractors in line with recommendations from the Spanish Ministry of Health.

The Company, for its part, has continued to work tirelessly to adapt to the new ways of working ushered in by the pandemic and in fact, last year a hybrid work system was set up, so that employees can work from home one day a week.



Focused talent management to build the best team

AEDAS Homes is a benchmark in the residential development sector thanks to the excellence, passion, resilience, creativity and integrity of its team of professionals. Therefore, it is vital to offer our team an attractive place to further their careers, find a balance between work and home life, and ensure the provision of equal opportunities.

One of the most noteworthy aspects of the AEDAS Homes corporate culture is the pleasant and respectful work environment where employees can realise their full potential and give the best of themselves. This exceptional work environment and a sense of belonging is created the moment an employee joins the Company and is framed by a fair selection process in which all candidates are offered the same opportunities, a process which takes their hard skills, experience and soft skills into account. New hires are made to feel welcome during onboarding.

Employee talent is a top priority for AEDAS Homes. For this reason, the Company is committed to further developing its employees' know-how and offering them new challenges and opportunities that bring them outside of their comfort zones and foster their professional growth. Framed by this philosophy, AEDAS Homes promoted 17 employees in FY 2021/22 and moved another seven laterally into new roles at the Company.

The Company's talent management plans include an employee monitoring programme which consists of periodic meetings with the HR department during their first year and annually thereafter.

Our solid team is the driving force behind our strategic growth, constant push for innovation and customer loyalty. We manage and incentivise our employees effectively with a variable remuneration package that is considered attractive by market standards; this gives us an edge when it comes to attracting talent and maximising operational efficiency. Management-employee relations at AEDAS Homes are conflict-free.

The Company's decisive commitment to employee development and the tremendous quality of the team makes them attractive to other companies, which is why voluntary turnover stood at 6.6% last year.



Developing young talent

AEDAS Homes is committed to developing and fostering young talent and encouraging their job prospects. Young professionals are very important ambassadors for the Company as they help position it as a differential company where you can build a career.

The high-performer training programme dubbed 'Development Managers in Training', which entered its fourth edition in 2021, provides new graduates with a well-rounded three-year development plan that provides them with the knowledge needed to pursue careers as Development Managers. The goal is to select top graduates in civil engineering, architecture, industrial engineering, economics and law from the best universities who already have one to two years' experience in positions related to construction management and then provide them with the end-to-end training they need to become AEDAS Homes Development Managers. Fifteen young professionals participated in the last four editions of the programme and 87% of them have since been employed by AEDAS Homes as Development Managers in its offices across Spain.

On the basis of the success of the Development Managers in Training initiative, the Company recently launched a 'Technical Architects in Training' programme. The goal of this new programme is to select the finest technical architects the best universities with two years' experience in positions related with the technical management of construction projects and provide them with comprehensive training that will benefit their careers.

AEDAS Homes also collaborates with the work practice programme for students of the real estate degree course of at UPM, Madrid's Polytechnic University which fosters job opportunities for skilled young people. In 2021, for the fourth year in row, the Company took on one of students from that programme for a 6-month internship, giving him the opportunity to get to know the various departments that make up the Company. Since the start of that collaboration, AEDAS Homes has hired 75% of the students that have completed these internships.



Helping our employees to grow

Employee talent is one of AEDAS Homes' top priorities and to this end, the Company has made a strategic commitment to the continuous development of its employees, which is outlined in the Annual Training Plan. This Plan, which takes into account the Company's overall needs, sets out the training needs of all employees to improve their technical, digital, management and language skills.

The Company also proactively rotates professionals working in certain positions through several AEDAS Homes departments, in an effort to provide an overall vision of the Company and enrich its employees' everyday work.

Training Plan 2021

78 courses in 2021

5,080 hours of training provided by top-notch coaches

Coaching sessions for professionals whose activities have a significant impact at the organisation (members of the Management Committee, directors and development managers). These sessions address different skills, aiming to foster a working environment in which managers can drive change and serve as a reference for the development of their collaborators.

E-LEARNING PLATFORM

8 courses

997 hours

- Anti-money laundering
- Health and safety
- Quality and environment
- Code of Conduct
- Equality
- Prevention of workplace harassment
- Data protection
- Business continuity management system

Total investment: €184,000

01/04/2021 to 31/03/2022

# OF IN-PERSON COURSES ORGANISED IN 2021	78

# OF ONLINE TRAINING COURSES	8

# OF HOURS OF TRAINING FY 2021/22	5,080

# TYPES OF ONLINE TRAINING FY 2021/22	997

	# OF HOURS OF IN-PERSON TRAINING BY JOB CATEGORY
Executives	1,072
Middle management	1,869
Other*	2,139
Total	**5,080**

	# OF HOURS OF ONLINE TRAINING BY JOB CATEGORY
Executives	129
Middle management	199
Other*	669
Total	**997**

	# OF HOURS OF TRAINING BY CATEGORY FY 2021/22
Executives	1,201
Middle management	2,068
Other*	2,808
Total	**6,077**

* Technical and administrative staff

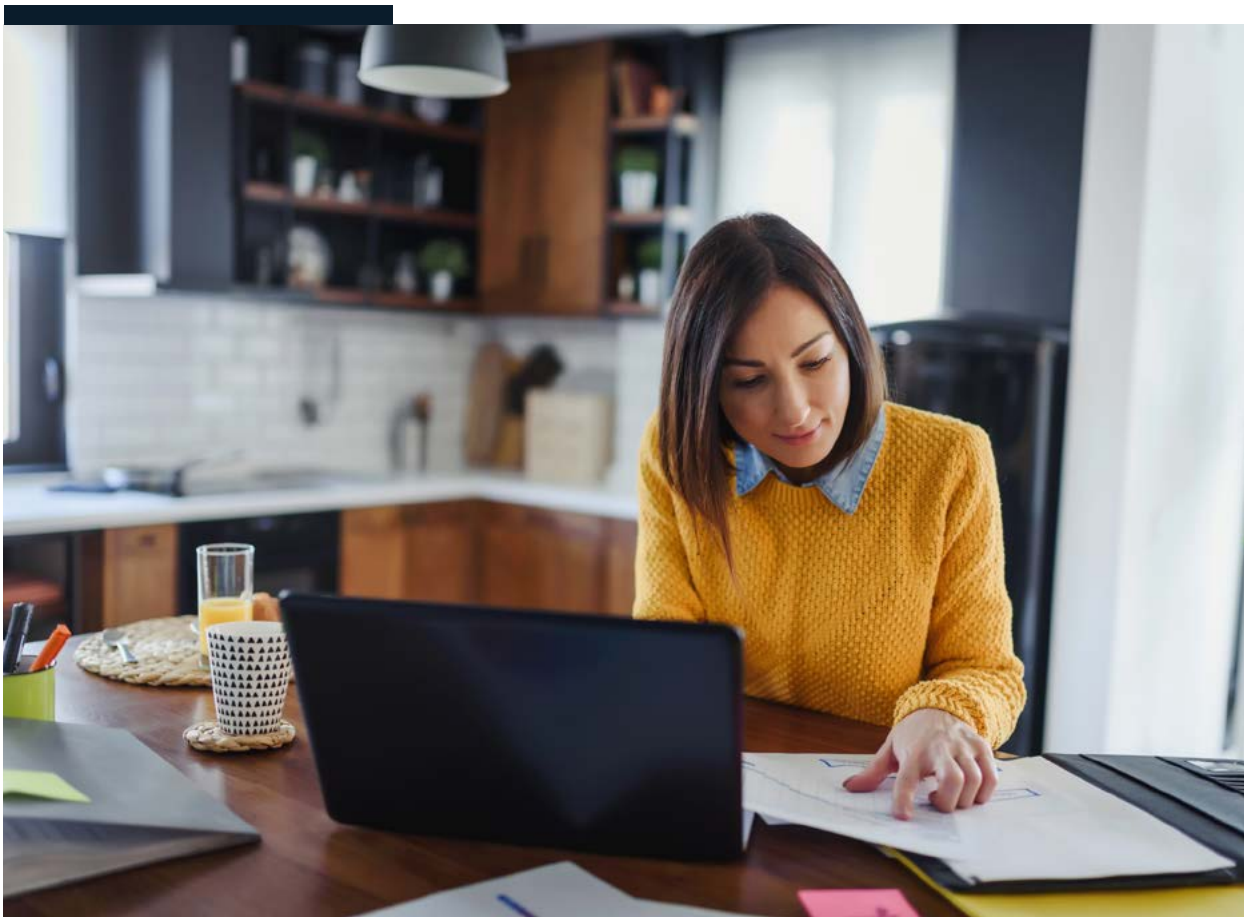
Equality

AEDAS Homes is firmly committed to the development of talent and the principles of fair treatment, non-discrimination and equal opportunities when applying for any kind of position within the organisation with the aim of creating a pleasant and respectful work environment where employees can realise their full potential and give their very best.

Creating and fostering a diverse and inclusive environment contributes to the Company's attainment of its strategic targets and boosts overall performance. Since its founding, AEDAS Homes has worked to raise employee awareness of the value of diversity within the team and its management.

To that end it has also developed an Equality Plan with the mission of rolling out measures that foster equal opportunities and boost diversity at the firm.

As part of that plan, it has devised a specific mentoring programme for women with the aim of shining the spotlight on female talent at the firm and helping increase the number of women in management positions. The first edition of this mentoring programme has a dual objective: (i) helping the mentees acquire the skills needed to generate opportunities for promotion throughout their careers; and (ii) teaching them how their mentors overcame the various obstacles to arrive at management positions. Three women have been selected for mentoring in the first edition.



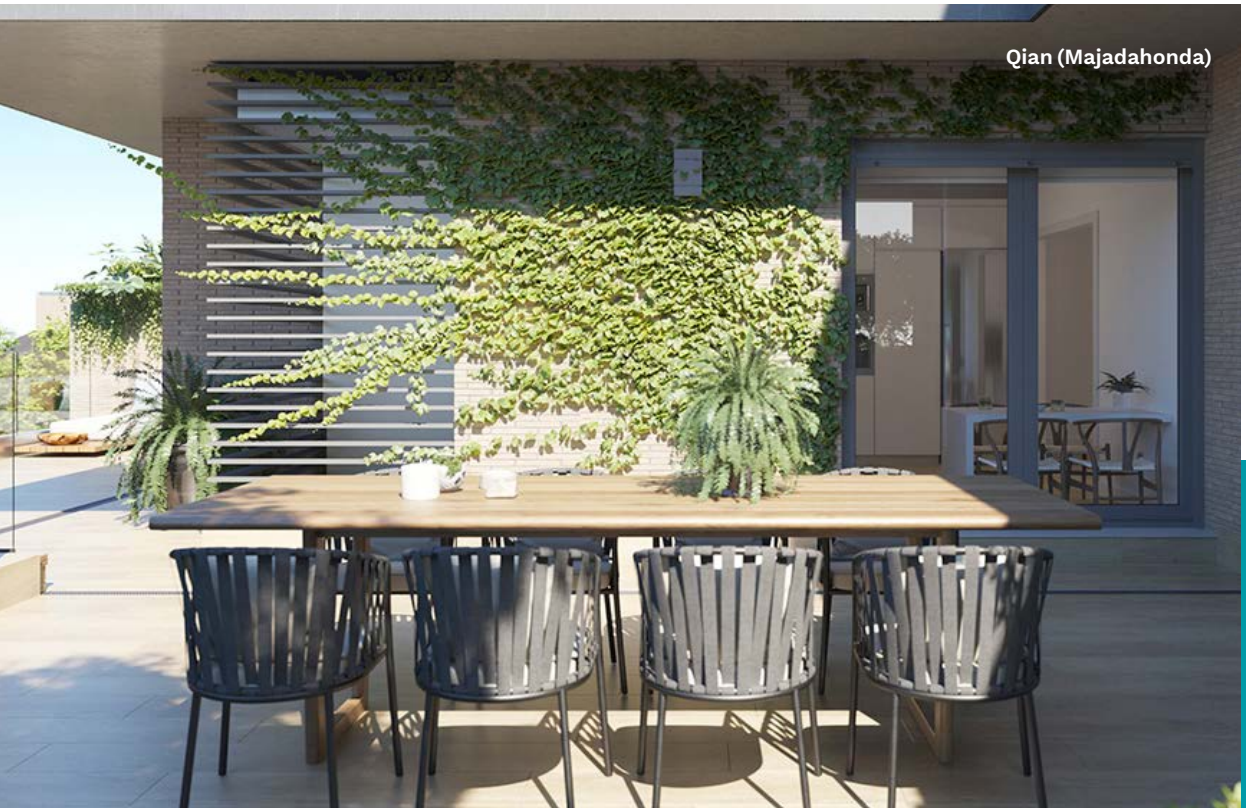
Measures have also been taken to ensure that women and men have access job opportunities on equal terms by guaranteeing that the Company's selection and recruitment processes are free from direct or indirect bias.

Those steps entail the elimination of any form of discrimination in the job postings published by means of random annual verification of the listings actually posted on external channels and on the Company's own website to ensure no collective is left out. Likewise, a message has been added to all job listings stating that the Company is an equal opportunities employer committed to diversity. The terms and language used in all listings and new employment contracts have also been revised to ensure they are inclusive and free from gender bias, while always respecting the grammar rules established by the Spanish Royal Academy.

A clause has also been added to supplier agreements to reflect the Company's commitment to the provision of fair treatment and equal opportunities.

Every year the Company organises activities around International Women's Day, including workshops, conferences and employee surveys regarding perceived equality and work-life balance. Last year the Company launched a self-assessment focused on discrimination and implicit stereotypes.

AEDAS Homes also has a protocol in place to prevent workplace and sexual and/or gender harassment. The purpose of that protocol is to investigate any harassment complaints reported and take action as required. There were no reports of harassment in FY 2021/22.



Qian (Majadahonda)

At AEDAS Homes we strongly believe in **integration and inclusion**, and that diversity of all kinds is enriching and adds value; one of our colleagues is differently-abled and holds a role at the Company which touches all departments. We also collaborate with the Prodis Foundation's job centre for the employment of people with disabilities in the production of corporate materials.

AEDAS Homes guarantees Universal Access for people with disabilities, with a wheelchair ramp and a special lift at its Madrid headquarters. Several of the regional offices likewise have adapted entrances and wheelchair-friendly lifts. Whenever possible we locate our offices on the ground floor for easier access.

In FY 2021/22, AEDAS Homes knocked down a social inclusion barrier by introducing Braille and an audio book, by way of catalogue, into its sales dossiers. The Braille text includes a QR code that links to the audio version of the dossier and the technical specifications of the development in question. We used Ilunion, part of the ONCE non-profit group, to translate those texts into Braille.

Last year, AEDAS Homes also wrote its White Book on Accessibility, a manual for safety, comfort and accessibility.



Tarsia (Granada)

Culture of employee wellbeing

Employee wellbeing is of great importance to AEDAS Homes. Last year, the Company rolled out a series of **initiatives designed to improve its employees' physical and mental wellbeing.**

Work-life balance is an important aspect of the Company's human resource management effort, and as such, we have been introducing specific flexibility measures from the outset. AEDAS Homes received special mention in the Madrid Flexible Company Awards, providing an endorsement for its engagement and practices in this field.

Working hours and workdays are organised in line with the collective bargaining agreement for office workers in force in each region where the Company operates. Moreover, AEDAS Homes has introduced a series of measures to help employees disconnect from work, such as encouraging all meetings to finish by 6:00PM, starting and ending the workday earlier in July and August and sending an email reminder every day to employees letting them know the workday has finished.

Last year we made progress on our commitment to work-life balance by approving a dedicated **Working from Home Policy**, a measure that has been widely applauded by our employees and allows them to work from home one day a week.

This new measure comes on the heels of others already in place, which include:

- A flexible schedule.
- Shorter working hours in July and August and every Friday of the year
- The option to work from home during the last month of pregnancy.



We also introduced new **work-life balance measures** last year in response to specific employee suggestions and feedback, which included:

- As far as possible, avoiding scheduling work meetings that end after 6:00 PM.
- In the case of hospitalisation, AEDAS Homes likes to express its support by providing its employees with a small gift.
- A one-day extension of the leave provided for in the collective bargaining agreements for the death of a close relative.
- Paid leave the day before one's wedding.
- End of workday at 3pm on the eve of a holiday (maximum of three days a year).

The Company feels that it is important to recognise excellence and for that reason, it gives out **Model Employee Awards** on an annual basis. These awards single out those employees who have been praised by their own colleagues for their enthusiasm for learning, ability to adapt or integrity. The prizes have been running for three years and have been awarded to 13 employees in total.



Berganza (Valladolid)

Employee benefits

The Company has introduced a number of **flexible remuneration programmes with tax benefits** for its employees, such as deductible daycare, restaurant and transport vouchers. It also offers health insurance for the entire family and life insurance for its employees.

Digitalisation

AEDAS Homes believes in the transformational power of technology and innovation as a competitive advantage that holds the key to scaling up the new build development business and making it more efficient.

To that end, it has devised a Digital Strategic Plan that:

- **Automates repetitive processes** that add little value for the business, freeing up employees to focus on tasks that have a bigger impact on the Company, while enhancing their professional growth.
- Provides AEDAS Homes with a **Digital DNA** that fosters a transversal work culture, internally and externally, thus boosting productivity and increasing individual satisfaction levels.



AEDAS Homes, a Great Place to Work in the real estate sector by 2030

As noted earlier in this report, AEDAS Homes is aiming to be a benchmark place to work in its sector by offering quality work its employees can feel proud of.

The Company was certified as a Great Place to Work® last year, making it one of the best places to work in Spain, scoring 74% on the Trust Index, which is nine points above the threshold for classifying as a Great Place to Work.

In general, AEDAS Homes' employees rated the Company highly on all the work attributes evaluated for Great Place to Work certification purposes, with 81% of the workforce highlighting the strong levels of collaboration and shared responsibility and 84% expressing the belief that AEDAS Homes employees are willing to put more of themselves into their work.

In addition, as outlined in the ESG Strategic Plan, AEDAS Homes carried out a series of initiatives:

- Adding questions about sustainability perceptions to customer satisfaction surveys.
- Developing an ESG training plan for all professionals.
- Facilitating the development and job prospects of young talent.
- Updating the annual variable remuneration scheme applicable to all employees by adding an ESG target.
- Approving a Working from Home policy.
- Developing a physical and mental wellbeing programme for employees.
- Designing an annual community action plan for specific groups or communities in need.
- Developing an annual corporate volunteering programme to promote a culture of philanthropy on the part of employees.
- Developing an annual programme to promote and support local artists in communities where our developments are located.

- **Adding questions about sustainability perceptions to customer satisfaction surveys** (target: a result that shows that 50% of customers view AEDAS Homes as a sustainable developer). We also polled our other stakeholders in order to learn how sustainable they perceive us to be. The results of those surveys were very positive:



- **Developing an ESG training plan for all professionals.** Last year marked the start of our employee ESG Training Plan. The first step was to train the Company's senior management team so that they reinforce our headline ESG messages when engaging with the rest of the Company's teams.

- **Facilitating the development and job prospects of young talent.** Last year the Company participated in **57 events** targeted at young people in which a range of executives, including the CEO and other members of the Management Committee, took part. These initiatives included participation in job forums, teaching at a number of third-level education centres and coaching sessions.

- **Updating the annual variable remuneration scheme applicable to all employees with the addition of an ESG target.** The addition of sustainability targets in employee remuneration helps embed ESG considerations into everyday activities and improves the Company's performance. Last year for the first time we included a sustainability target in the remuneration model, specifically that of at least 40% of our developments must obtain an "A" energy rating.

- **Approving a working from home policy.** The Company approved its Working from Home Policy last year. It allows our professionals to work from home one day a week.

- **Developing a physical and mental wellbeing programme for employees.** The Company encourages healthy lifestyle values and habits, an effort that takes the form of a number of specific programmes and initiatives. In FY 2021/22, **43% of our employees** participated in those activities. One good example is Health Week, which we organise annually, publishing tips for healthy living and running internal campaigns and workshops promoting healthy habits. One of the highlights of this year's activities was the Stress Management Workshop. We also resumed the physiotherapy service provided in our offices, which had been suspended on account of Covid, and extended it to our premises in Barcelona and Seville. Along those same lines we offered all of our employees the possibility of getting a flu shot during their medical check-ups.



Gaetana (Torrejón de Ardoz)

- **Designing an annual community action plan for specific groups or communities in need.** This plan included the following initiatives:
  - **AEDAS Homes Charity Challenge for AUPA:** AEDAS Homes was the lead sponsor of a race to raise money for this association of parents of children with cancer. This race took runners 105km from the sea to the mountains of Granada in less than 20 hours, and their aim was to bring attention to the cause while raising funds. The Director of our Andalusia & Canaries Regional Branch was one of the runners.
  - **Sponsorship of sports teams:** This year we sponsored the women's senior basketball team in Alcalá and the Alcalá Rugby Club in the under-6, under-8, under-10 and under-12 categories. The rugby club actively fosters inclusion and one of its teams includes a boy with Down syndrome.
  - **DogPoint:** AEDAS Homes financed the training, delivery and monitoring of a dog to assist a young boy with autism and help to facilitate his social inclusion.



- **Race Against Cancer:** AEDAS Homes joined the Spanish Cancer Society, the AEC, as a Bronze class sponsor of the ninth edition of its race against cancer, in Madrid. As part of that sponsorship, 30 of our employees were able to participate in the race. They were delighted with the experience as they were able to contribute to a good cause in the Company of their colleagues.

- **Ukraine:** In the wake of the humanitarian crisis in Ukraine, AEDAS Homes has rolled out two initiatives with its employees. We collected products (non-perishable food, hygiene and health products, powdered baby milk, nappies, etc.) for donation to a number of associations. The Company also offered its employees the chance to deduct a small fixed amount from their monthly pay for donation to the UNCHR to help refugees.



4.2. Environmental performance

Respect for the environment is a cornerstone of AEDAS Homes' everyday work. The Company is constantly getting behind new projects that accelerate the essential transformation of the homebuilding sector, a transformation it has been spearheading since 2018, when it set up its offsite business line.

On the environmental front, the sector's top priority is reducing its carbon footprint. The Global Warming of 1.5°C report compiled by the UN's Intergovernmental Panel on Climate Change (IPCC) in 2018 warned of the drastic consequences that a rise in average temperatures of 2°C - instead of 1.5°C - would have on ecosystems.

AEDAS Homes is therefore aiming to become environmentally neutral - reducing its greenhouse gas (GHG) emissions by 50% - by 2030.

To achieve that target, in FY 2021/22 we completed the following actions, under the umbrella of our ESG Strategic Plan:

- **Carrying out Life Cycle Assessments (LCAs)**

  AEDAS Homes carried out life cycle assessments (LCAs) for all 35 developments completed in FY 2021/22.

  This analysis includes a calculation of the equivalent CO2 emissions corresponding to the different stages or phases evaluated during the life of the buildings, i.e., from extraction of the raw materials to manufacture of the materials and their distribution, construction, use and maintenance of the building, waste management (landfill vs. recycling) until demolition or deconstruction of the development (end of life). It is in line with the UNE EN 15978 standard and is carried out using One Click LCA software.

  The results obtained were approximately 20 kg CO_{2e}/m^2/year for phases A1-B5 and C1-C4 (embodied carbon) and approximately 8 kg CO_{2e}/m^2/year for phases B6-B7 (operational carbon), using the useful interior floor area of the developments as the unit of reference (as stipulated in LEVEL(S)).

  The pollution directly associated with AEDAS Homes' office activities is not considered material.

- **Definition of a Climate Action Policy**

  At AEDAS Homes we are keenly aware of the climate emergency we are facing and that decarbonisation is the most effective means of mitigating the adverse effects of climate change. To that end, we are currently working on the definition of a policy that will encompass all of the climate-related principles and actions that will govern our business activities.

- **Including a section devoted to sustainability, efficiency and health matters in the Building Specifications Book.**

  This section highlights the environmental advantages of an AEDAS Homes home and provides tips as to how customers can keep their homes as comfortable, energy efficient and healthy as possible. In FY 2021/22, this section was added to the Building Specifications Book for our Escalonia development. It is provided to customers along with the keys to their new home. It provides highly graphic and user-friendly information about how to consumer less energy and save money.

- **Achieving an 'A' energy rating for at least 60% of the Company's developments.**

  Of the 35 developments completed in 2021, 42% obtained energy ratings of A-A, 14% achieved B-A ratings and the remaining 44% got other scores.

- Of the 82 developments launched in 2021, 62% are targeting energy ratings of A-A, 7% are targeting a B-A and the remaining 31% are targeting another rating.

- **Ensuring that 100% of the Company's developments comply with our Green Book standards (or those of an equivalent prestigious green building seal).**

  Since first publishing our **in-house Green Book** in 2019, AEDAS Homes has been constantly fine-tuning, the contents, creating a tool of the utmost importance to the Company as it sets down the minimum sustainability standards that all AEDAS Homes developments must meet, while at the same time giving development managers a range of choices about different measures to implement.



It is an open document, as the concept of sustainability is evolving all the time; it is flexible, as it lends itself to tailoring for regional customer preferences; and it is user-friendly.

The Green Book is proof of AEDAS Homes' respect for the environment and the planet's natural resources. Indeed, it is not merely a tool for implementing specific measures, yet also a vehicle through which the entire Company can reflect on how to approach the future of our planet.

That is why the Green Book seeks to streamline the use of natural resources, promote innovation and energy efficiency through the use of Modern Methods of Construction (MMC) and foster the use of new technology in development design.

In short, the Green Book is the Company's flagship document and a driver of change in professional practices, with sustainability as its cornerstone.

The key steps in the Green Book



STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Implemented	**Installation**	**Drafting**	**Carrying out**	**Training**
Implemented in a given development.	Installation of the Ecoliving Corner at the point of sale.	Drafting of the Ecoliving Report.	Carrying out of the life cycle assessment.	Training the sales team in all of the sustainability features of the development.

In addition to the Green Book, in 2020 the Company developed a proprietary **Ecoliving® sustainability seal** to convey the sustainability initiatives embedded in its homes that are good for the environment and for customer health. The seal is the trademark AEDAS Homes uses to show a development meets the minimum standards in the Green Book in: energy; water; materials, waste; health and wellbeing; landscape integration; community; best practices; and economy.

AEDAS Homes explains the benefits of the Ecoliving® seal in its Sustainability Dossier, which details each development's specific sustainability measures and current and future advantages and cost savings for customers.

In FY 2021/22, **100% of AEDAS Homes developments has achieved the Ecoliving® (Green Book) seal and/or BREEAM** (Building Research Establishment Environmental Assessment Methodology) certification.

Among the 35 developments completed in FY 2021/22:

- 31 developments were built according to Green Book standards.
- 4 developments were certified BREEAM and also achieved Green Book standards.



Planting a tree for every home delivered.

The United Nations Framework Convention on Climate Change acknowledges that it is vital to plant more trees - carbon sinks - in order to remove, or sequester, GHGs from the atmosphere.

Therefore, over the course of FY 2021/22, AEDAS Homes contributed to the reforestation of a number of areas by planting 1,963 saplings selected to suit the climate conditions in each region – one tree for every home delivered in FY 2020/21.

The tree-planting in each location took the form of a volunteering day involving AEDAS Homes employees and their families, with the remaining trees planted by professionals:

Regional branch	Nº of homes delivered	Nº of saplings	Nº of saplings lanted during volunteering days	Nº of saplings planted by professionals	CO_2 sequestered over 50 years (tonnes)*
Madrid	843	843	230	613	131.32
Catalonia	246	246	166	120	60.45
Andalusia	253	253	36	217	34.58
East	374	374	40	334	157.20
Costa del Sol	208	208	26	182	160.31

***Carbon sequestration calculations estimated using the CO_2 Calculator provided by the Ministry of Ecological Transition and Demographic Challenges, assuming that all of the trees will live for at least five years and that 50% of them will live for 50 years.**

In addition to all the initiatives outlined in its ESG Strategic Plan, AEDAS Homes has had its Environmental Management System certified under ISO 14001 since 2017. This system encompasses the activities its residential development business: design, construction management and sales management.

AEDAS Homes has Civil Liability Insurance which covers accidental environmental damage of up to €15,000,000 per claim. The Company has not received any environmental sanctions.

AEDAS Homes has a dedicated environmental management department managed by the Director of Sustainability, who reports to the Director of Corporate Resources. In FY 2021/22 the Company earmarked €432,101 for environmental expenditure and capex.

In the previous fiscal year's budget, €250,380 was earmarked for sustainability, which implies a year-on-year increase of 73%.



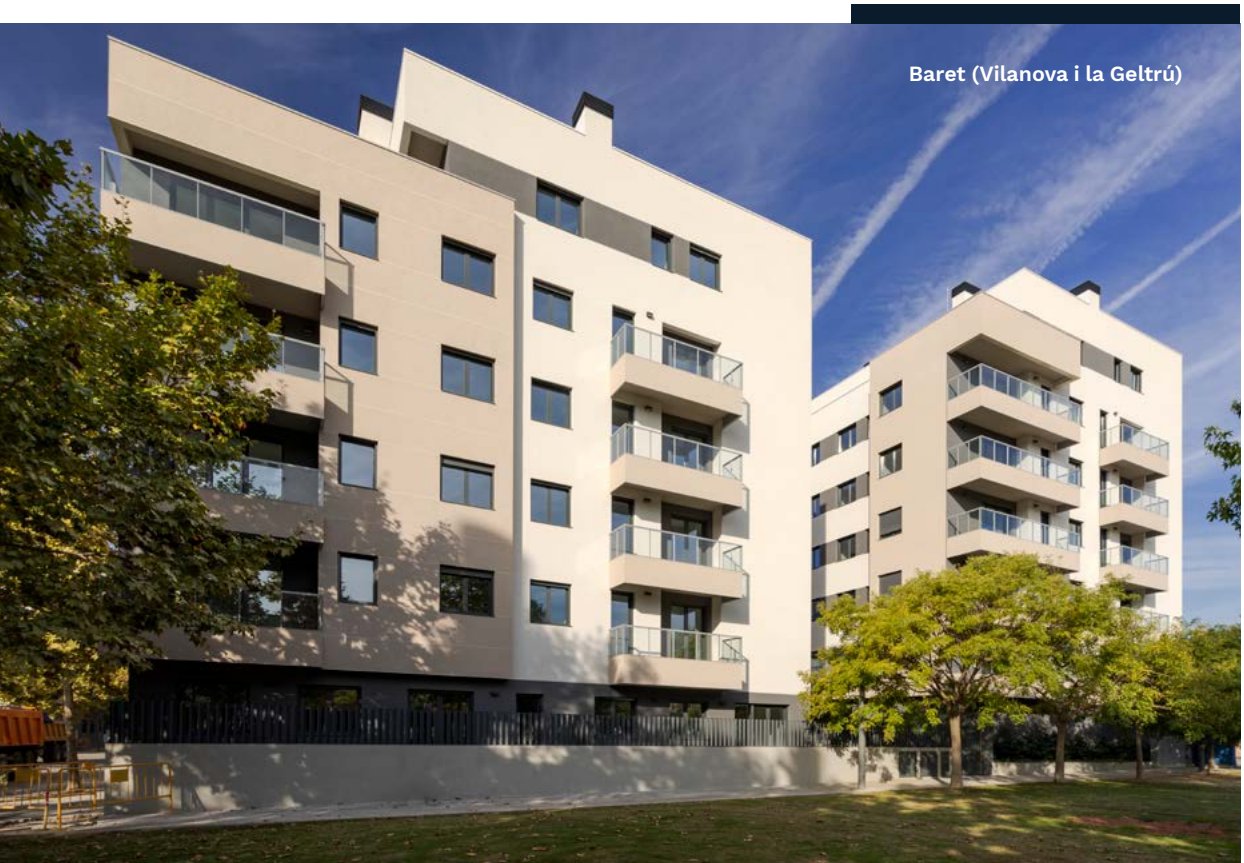
Azara (Alicante)

AEDAS Homes has a number of initiatives for integrating environmental targets its developments, including:

The **White Book of Modern Methods of Construction**, which the Company uses to help lay people to understand offsite construction and the implementation of Modern Methods of Construction in a detailed yet user-friendly and didactic manner. Offsite construction is still a nascent industry Spain, and this pioneering publication marks another milestone in the Company's efforts to help create momentum around this construction system, ever since it became the first developer to back large-scale offsite developments in 2018.

The White Book contains a series of conclusions about offsite construction in residential development, a ground-breaking movement that is destined to gain traction. It highlights how offsite construction can improve quality, delivery times, sustainability, professionalism, responsibility and equality.

The publication is the foundation on which the entire sector can help to make greater use of Modern Methods of Construction, giving the residential development sector the power to shorten execution times, while offering equivalent or higher standards of quality compared to traditional construction methods and the scope for substantial economies of scale in costs.



Baret (Vilanova i la Geltrú)

The **White Book (Design and Construction Manual)**: this book establishes the common design and construction standards for all AEDAS Homes developments. With the first version dating back to 2017, it is a living document that is continuously updated and fine-tuned in order to benefit from the Company's growing experience and to address areas for improvement. The White Book aims to:

- Analyse and fine-tune the finished product
- Systematise technical aspects, optimise execution times and technical solutions
- Minimise errors, thus reducing related costs
- Generate brand attributes associated with quality
- Define energy certification levels

The White Book is designed to provide a reference manual for general use across all AEDAS Homes development, while still being flexible enough to accommodate each development's specific sales or regulatory considerations.

AEDAS Homes aims to establish a quality standard that underpins all its residential developments, ensuring that each one meets all the requirements set out in the White Book related to functionality, construction rationale, comfort, flexibility, accessibility, sustainability, profitability, innovation, integration with its surroundings and elicitation of an emotional response.

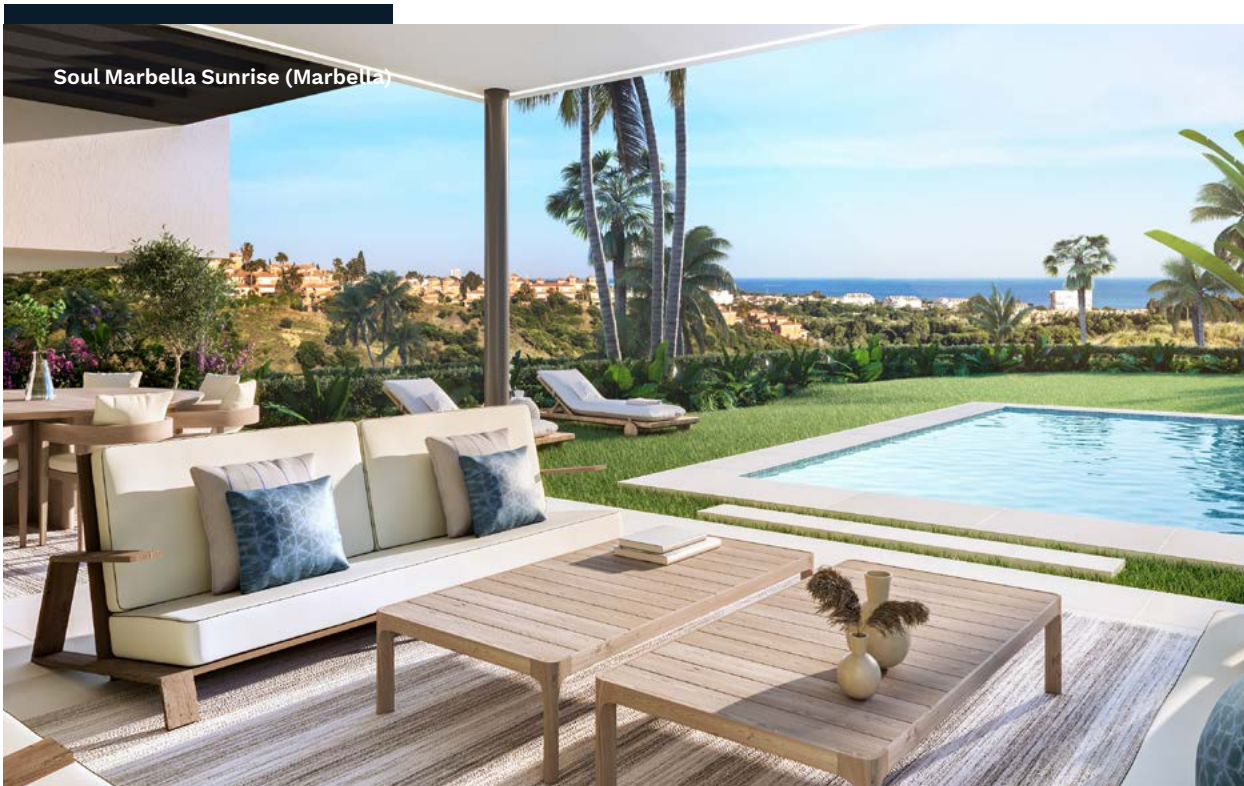


Soul Marbella Sunrise (Marbella)

Last year, AEDAS Homes went a step further in its commitment to innovation in construction and sustainable building, by beginning to use timber as a core building material in some developments. Timber will comprise the invisible load-bearing structure in some of its buildings, through the use of resistant **cross-laminated timber (CLT) panels** or beams capable of competing with traditional cement or steel structures in terms of resilience, durability and solidity, while lending the buildings the same consistency.

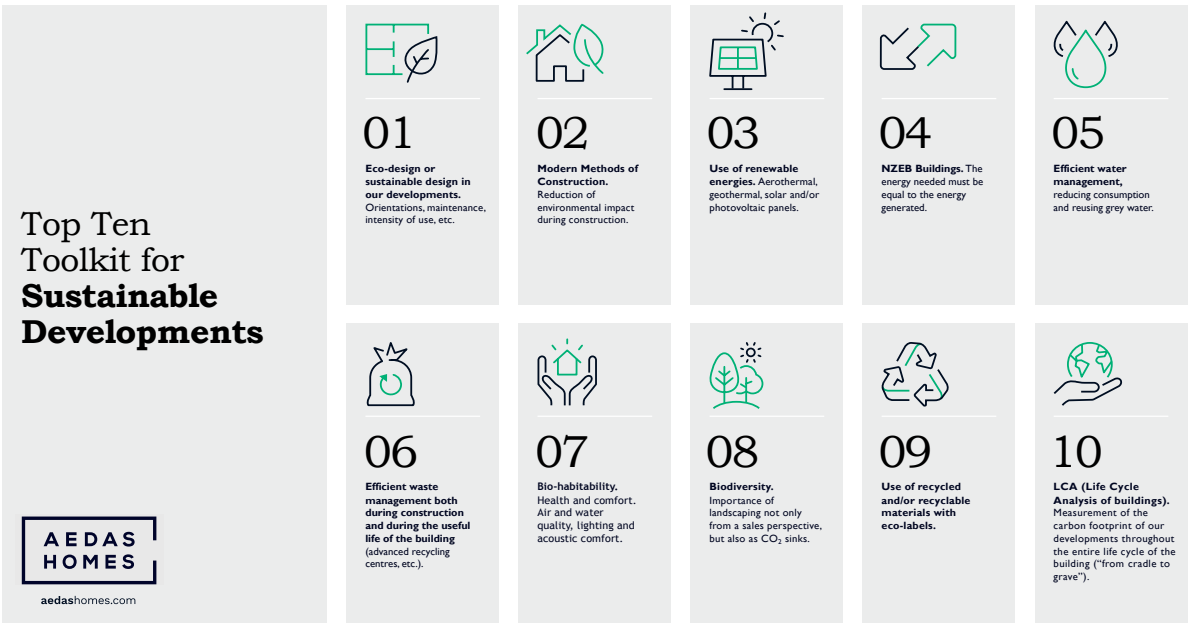
The Company is increasing the use of timber in its projects to accelerate the transformation of the homebuilding sector, a transformation it has been leading since the launch of its offsite line in 2018. Using timber in construction has multiple advantages, as it is a sustainable, structurally resistant, flexible and durable material. Timber also provides excellent thermal, electric and acoustic isolation, and in terms of the health of future occupants, it stands out for its ability to regulate relative humidity and therefore increase comfort.

AEDAS Homes' first development made from timber is Fioresta, in San Juan de Alicante. Fioresta will feature a structure made primarily from CLT panels and will also be fitted with factory-built bathrooms pods.



Soul Marbella Sunrise (Marbella)

In 2021, AEDAS Homes drew up a Top Ten Toolkit for Sustainable Developments, which already applies to all our developments and encompasses the following principles:



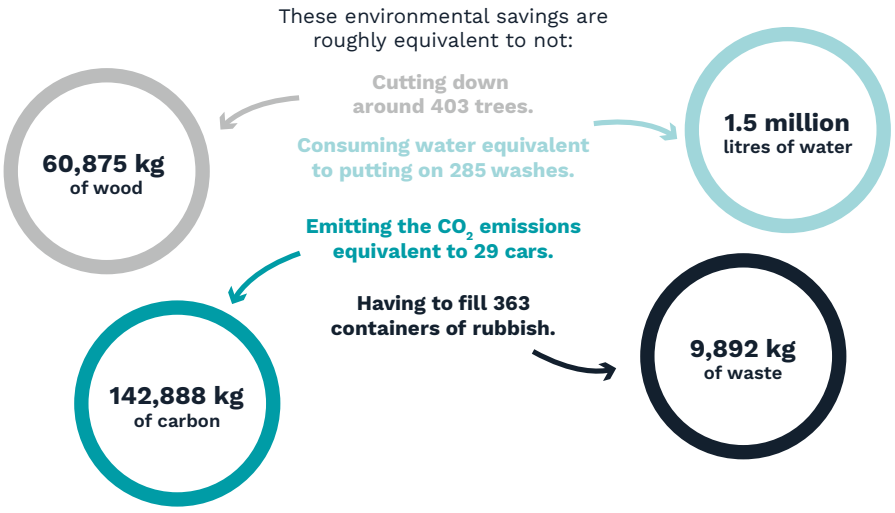
The waste generated by AEDAS Homes offices is largely urban waste which is managed in accordance with the regulations in place in each municipality. In FY 2021/22 the Company generated 2,322 kilograms of confidential paper, 69 kilograms of toner and approximately 24,376.99 litres of fuel.

Lastly, water consumption in our offices totalled approximately 1,642 cubic metres[1] and electricity consumption totalled approximately 312,198 kWh. No gas is consumed in AEDAS Homes offices.

[1] Water and electricity consumption in FY 2021-22 associated with offices with leases that include utility payments was estimated on the basis of real consumption at the rest of the Company's offices and the number of employees at those offices.

	FY 2020/21	FY 2021/22
Paper waste	1,662kg	2,322kg
Toner waste	47kg	69kg
Fuel	17,022l	24,377l
Water	459m^3	1,642m^3
Electricity	301,625kWh	312,198kWh

The year-on-year growth in waste is due to the fact that the analysis compares a year marked by the interruption of in-person activity due to Covid19 with a year in which normal business activity resumed. In 2021, the Company rolled out an electronic signature system for all documents that used to require physical signature, an initiative that implied the following estimated environmental savings:



AEDAS Homes is working hard to **encourage all its employees to recycle.** All of our office kitchens are fitted with recycling bins. Posters explaining recycling rules and sharing tips for carefully using natural resources have been placed in kitchens, bathrooms and on printers. We have also entered into an agreement with an official waste handler to manage our battery waste.

In order to stay at the forefront of sustainability and contribute collectively to having a positive impact, AEDAS Homes participates in the most important debate forums. To that end, in FY 2021/22, it joined the **2030 Observatory of the Upper Council of Spain's Schools of Architects (CSCAE)** to promote the development sector's commitment to urban regeneration. As a sponsoring member, it can participate in the seven lines of initiative (Fair Cities and Regions, Sustainability, Health, Quality, Digital, Productivity, and Transition). AEDAS Homes mainly offers advice and shares its know-how in order to boost CSCAE projects and initiatives, which, under the scope of the 2030 Observatory, are related to improving access to housing in Spain via refurbishment, urban regeneration or new build development, with all actions designed to combat the effects of the climate emergency, framed by the Paris Agreement and related European guidelines.

AEDAS Homes is also a member of the **World Green Building Council (WGBC)**, a non-profit association that is pursuing two major targets for 2030 and 2050:

- By 2030, a 40% reduction in CO2 emissions related to the production of materials (net embodied carbon) and in total emissions throughout a building's useful life (net operational carbon).
- By 2050, the goal is to reduce net embodied carbon and net operational carbon to zero.



4.3. Society

In FY 2021/22 AEDAS Homes carried out a number of initiatives with the aim of lending assistance and support to a range of groups and communities, thereby extending its impact to broader society.

At AEDAS Homes we want our positive impact to reverberate beyond our employees to society at large. To that end in FY 2021/22 we organised a series of initiatives that clearly demonstrate our commitment to our business communities, with a priority focus on respect for our cultural heritage and urban regeneration.

A good example can be found in our **Rovella development** in the heart of the city of Valencia. For that residential development we are **restoring the architectural remains of a 9th century Andalusian gristmill**: Molí Califal de Roteros.

The mill, which would have been activated by the water drawn from the Rovella canal and is the oldest material testament of the orchards of Valencia, will be located on the ground floor of the building, which will be turned into a museum inside our development.

Also in Valencia, our **Viria development**, which is being built on a site located in what is currently an area of very degraded industrial buildings. The Company will demolish the existing warehouses and build two new residential buildings and a new pedestrian street that will link up with existing streets to significantly **regenerate the neighbourhood**.



How the 9th century mill at the Rovella development in Valencia will look when restored

4.3.1. Firmly committed to sustainable development

AEDAS Homes endorsed the United Nations Global Compact in 2019 in order to formally express its support for its 10 principles on human rights, labour rights, environmental protection and the need to fight corruption.

The Company thereby undertakes to respect and enforce those principles and to contribute to delivery of the Sustainable Development Goals (SDGs).

Demonstrating our commitments

The 10 principles	Where they're explained	Examples of how they're rolled out
Businesses should support and respect the protection of internationally proclaimed human rights.	2.9. Anti-money laundering and anti-corruption	Code of Conduct ISO 45001 certification Participation in Plan VIVE, a public-private scheme designed to help young people access housing in Madrid IT Security Policy Digital Strategy Plan
Businesses should make sure they are not complicit in human rights violations.	3. Risk management 4.1. People	
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.1. People	Code of Conduct for Third Parties Equality Plan Self-assessment about discrimination and implicit stereotypes. Protocol for the prevention of workplace and sexual and/or gender harassment.
Businesses should uphold the elimination of all forms of forced and compulsory labour.	4.1. People 4.4. Good governance	
Businesses should uphold the effective abolition of child labour.		
Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
Businesses should support a precautionary approach to environmental challenges.	4.2. Environmental performance	ISO 14001 certification Green Book White Book of Industrialisation White Book (Design and Construction Manual) Life cycle assessments Ecoliving® seal Use of CLT in some developments
Businesses should undertake initiatives to promote greater environmental responsibility.		
Businesses should encourage the development and diffusion of environmentally friendly technologies.		
Businesses should work against corruption in all its forms, including extortion and bribery.	2.9. Anti-money laundering and anti-corruption 4.4. Good governance	Code of Conduct Code of Conduct for Third Parties Annual financial statements audited Anti-Corruption Policy

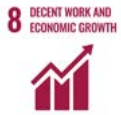
Noteworthy contributions to the SDGs in FY 2021/22



Employee wellbeing programme.

Safety culture.

Ecoliving® seal and/or BREEAM certification for 100% of developments.



87% of employees on permanent contracts.

Code of Conduct updated to strengthen anti-discrimination stance.

Code of Conduct for Third Parties.



Technology platform for external partners.

Introduction of phygital experiences.

Cybersecurity audits and training.



Updating of Codes of Conduct.

Collaborating in the development of more than 3,600 affordable rental homes through the Plan VIVE scheme.

Voluntary collaboration with third-sector organisations



Programme in support of local artists.

LCAs carried out on the 35 developments completed in FY 2021/22.



Employees trained on best environmental practices and codes of conduct.

100% of developments achieving Green Book standards and/or BREEAM certification



'A' energy rating on 69% of the Company's developments launched in FY 2021/22.

One tree planted for every home delivered in the previous year.



Internship collaboration with UPM to help young graduates find work.

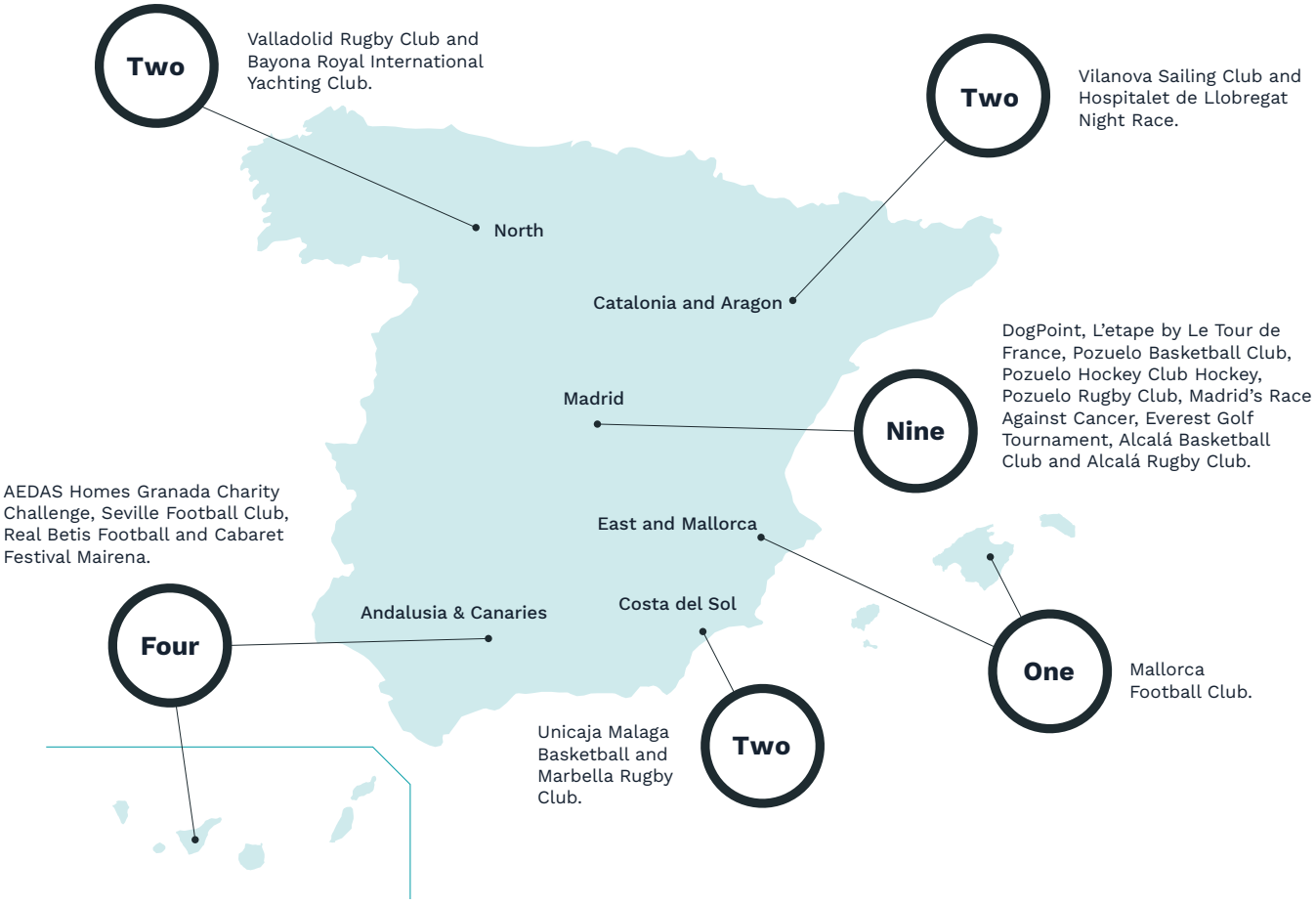
Public-private collaboration for the supply of affordable housing (Plan VIVE).

Those principles have been embedded into AEDAS Homes' strategy, culture and everyday activities. The Company also gets involved in corporate projects that help contribute those goals.

4.3.2. Sponsorship strategy

AEDAS Homes has a corporate sponsorship strategy in the regions where it operates, encouraging the practice of sport at a young age and supporting women's teams across various disciplines. In FY 2021/22 the Company was involved in a total of 20 sponsorships, of which 17 were newly undertaken last year.

By Regional Branch, these sponsorships are:



4.3.3. Committed to the development of affordable housing

One of the biggest challenges facing the development sector is access to housing, particularly for young people. AEDAS Homes has sought to show its commitment to contributing to housing accessibility by offering affordable and sustainable homes for purchase and rent.

Indeed it has several projects underway encompass almost 500 affordable units for sale, of which 140 were delivered in FY 2021/22, bringing in revenue of €25,782,643.

AEDAS Homes, as a benchmark homebuilder in the private residential development sector, views public-private collaboration as an outstanding opportunity to respond to this critical need. For this reason, AEDAS Homes is taking part in the Plan VIVE Madrid scheme, a large-scale public-private collaboration project which kicked off in autumn 2021 with one clear aim: to increase the supply of affordable rental housing in the Community of Madrid (CAM) by putting 5,400 new-build apartments on the market in 10 municipalities that will be available for rent between 2024 and 2025. Of these, AEDAS Homes will be developing 3,600 units.

These developments are high-quality architectural projects, with varied layouts to satisfy the demand of diverse family sizes. The apartments being built through the Plan VIVE scheme under have high sustainability standards (BREEAM® "Good" seal) and an "A" energy rating. They will be offered at affordable prices below market rate in line with the income levels of the future tenants.



The Company is also involved in the management and/or development of 850 affordable/social housing units for a number of customers:

- Management of 400 homes for affordable rent in El Cañaveral (Madrid).
- Development and management of 150 affordable homes in Valladolid.
- Development and management of 150 affordable homes in Luchana (Baracaldo-Vizcaya).
- Development and management (build-to-rent) of 150 homes for affordable rent in Móstoles (Madrid).

Likewise, through its Alternative Developments business line, AEDAS Homes is developing 3 turnkey developments with a total of 225 homes for an institutional investor, which will be rented out at affordable prices. These developments, which are currently ongoing, are located in Madrid and Villanueva del Pardillo (Madrid region).



Sanabria (Madrid)

4.3.4. Keeping customers front and centre

AEDAS Homes' firm commitment to offering its customers high-quality homes means that getting customer feedback is key. To this end, the Company carries out customer satisfaction surveys (or occupier satisfaction surveys) for all of its developments, as outlined in the **Homeowner Survey Procedure**.

This survey procedure is framed by three broad phases of the Customer Journey. There are multiple milestones at which customer satisfaction is surveyed, with the **most important** requests for feedback taking place at the walk through before delivery, at the closing (Deed of Sale), and **after the homeowner has moved in and has occupied their new home for a period of time, at the eight-month mark**.

The surveys that are carried out once the homeowner has lived in their new home for a period of time focus on the physical condition of the home; the attention from the After-Sales company (if used), or the in-house Product Quality department; the construction company; and Net Promoter Score (NPS) and brand image.

All customers receive these surveys, which are designed to focus on two key aspects: (i) asking about all dimensions that could have an impact on the level of satisfaction with the product or service evaluated; and (ii) finding out about any aspects in which the Company could intervene in order to improve the quality of its products or serves.

These surveys provide useful information for orienting our activities around meeting customers' needs and expectations so as to have a positive impact on them. AEDAS Homes views a customer claim as an opportunity for change, a chance to do things better. That is why we have an in-house protocol for speeding up the analysis, internal management and follow-up of such claims. Customers are provided access to a private area of our website and an e-mail address to which they can send any complaints or claims.



Claims are fielded by the Customer Experience Manager assigned to each of AEDAS Homes' regional branches; these managers make initial contact with the customer in question so that they know who at AEDAS Homes is in charge of handling and resolving the claim. The aim is to put the customer at ease and reduce anxiety levels if needed.

This first contact takes place within no more than a day of receipt of the claim. The designated Customer Experience Manager has the autonomy to manage and resolve the claim and analyses the situation with the professionals involved in the underlying issue. The customer receives a response within no more than 10 days.

We sort claims by a number of variables, most notably the maturity of the customer's relationship with AEDAS Homes: claims received pending home delivery and claims received after delivery.

In the event of claims during the occupation and living phase, i.e., subsequent to delivery, the Customer Experience Manager follows up on its resolution with the product quality department so as to ensure a rapid response.

Communications received in FY 2021/22:

Enquiries	Claims		Average response time
8,079	600		3.4 days
	Resolved	In process	
	551	49	

AEDAS Homes offers its customers two customisation services: **Select** and **Benefits**. The Select service lets customers personalise multiple aspects of their new homes and make them more comfortable by adding technology devices or enhancing the lighting features in their new home. The Benefits service offers customers voice-controlled options (HVAC, entertainment and cleaning).

4.3.5. Corporate volunteering

AEDAS Homes organises an annual Corporate Volunteering Programme to promote a culture of employee collaboration (2 initiatives per year). It encourages philanthropy on the part of its employees, framed by its corporate principles and values, thereby further contributing to their rounded development. Five corporate volunteering events were organised in FY 2021/22:

- Down Madrid Inclusive Football Tournament, in which our volunteers, for the fourth year running, played a tournament to raise money for the Down Madrid Foundation.
- Two workshops with the San Rafael Foundation under the slogan "Getting the job I'm looking for". At those workshops, Esther Duarte, Director of Corporate Resources, worked with women from the association on techniques, tips and tricks for preparing job interviews. Each session wrapped up with a role play.
- AEDAS Homes participated for the fourth year in a row in the International Cooperation Charity Day for Businesses, with our volunteers delivering charity breakfasts in Madrid and Seville.
- Tree-planting: AEDAS Homes organised several volunteering tree-planting days around Spain, in which more than 50 employees participated, to give them first-hand experience of translating our environmental commitments into action.



4.4 Good governance

How companies govern themselves is coming under scrutiny from several angles. Regulators, investors and boards of directors themselves are redefining corporate responsibility to include new responsibilities that go beyond those defined in the traditional governance frameworks.

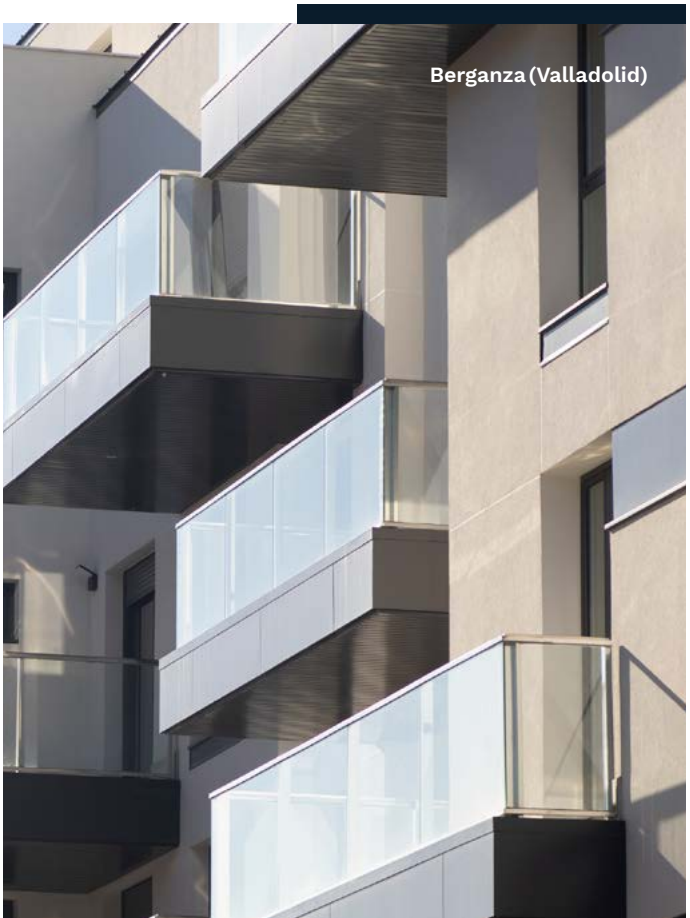
All this is strengthened by the paradigm shift in which sustainability and non-financial considerations are becoming increasingly important to stakeholders. In line with these trends, AEDAS Homes has set its sights on developing a differential business model in which more than 75% of its stakeholders will consider the Company to be the benchmark developer in terms of ESG in Spain.

To achieve that goal, in FY 2021/22, AEDAS Homes rolled out the following governance initiatives:

- **Defining an ESG policy, including the governance model and stakeholder map:** AEDAS Homes has formulated and approved a dedicated ESG Policy to officially set down specific lines of initiative for embedding environmental, social and governance considerations into the Company's governance, in line with its mission and values and the promises made to its stakeholders. It has also assigned duties and identified the specific resources to ensure that the new policy is upheld.

  Among other commitments, that policy includes the Company's health, safety and wellbeing pledges, its equal opportunities and employee and partner diversity promises and its social development and environmental protection undertakings. It also specifies the responsible practices that must be upheld by all our suppliers, including compliance with prevailing legislation, the Code of Conduct for Third Parties and AEDAS Homes' internal rules and regulations. It states that the Company will actively foster business relationships with suppliers that are aligned with its ESG strategy and its health and safety standards.

  The policy is framed by the United Nations Sustainable Development Goals (SDGs) adopted by the World Green Building Council, as well as the United Nations Global Compact principles.



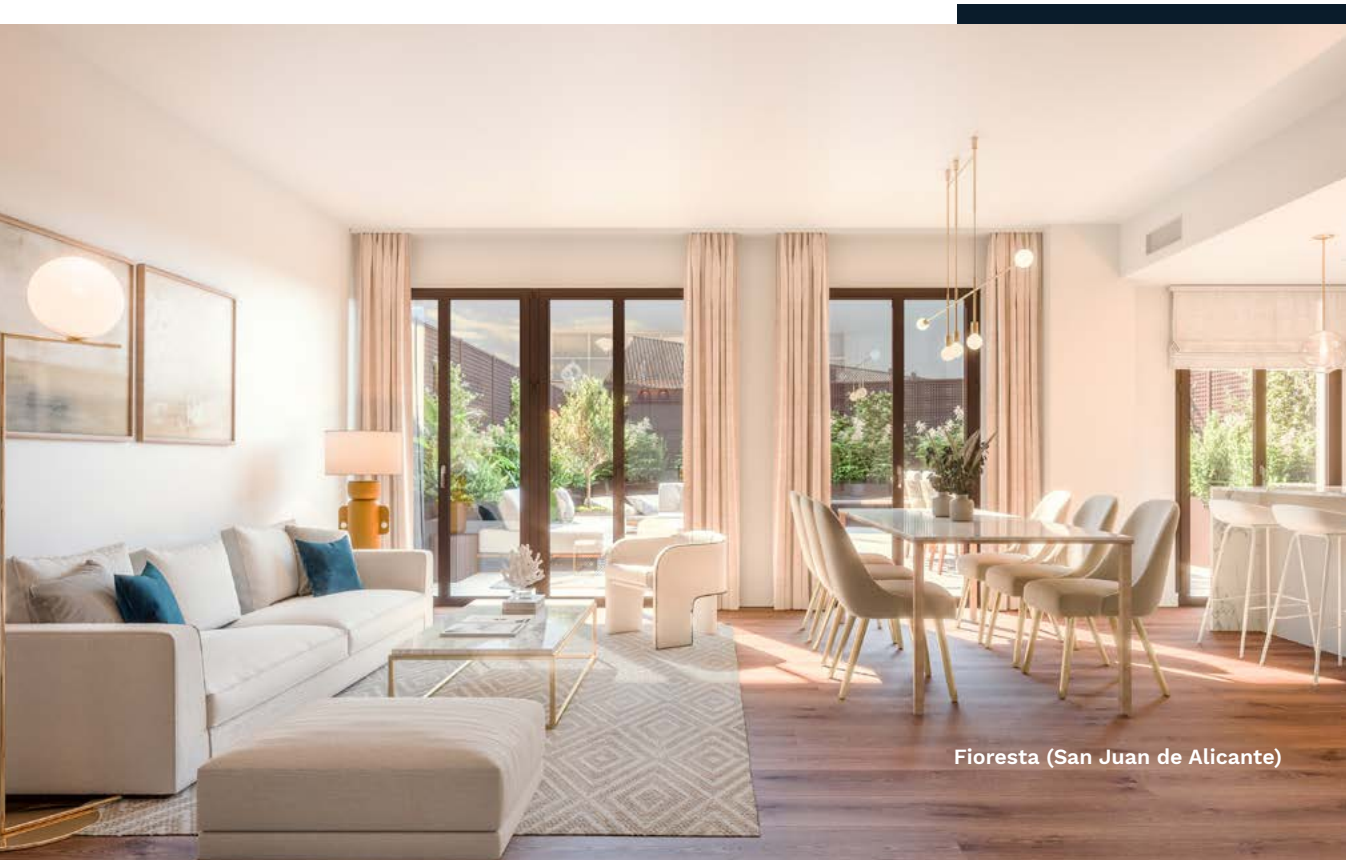
Berganza (Valladolid)

- **Establishing a specific ESG performance metric for inclusion in the three-year incentive plan for senior management and key employees:** The goal is to obtain AA energy ratings for at least 60% of the developments launched between 1 April 2021 and 31 March 2024.

- **Updating the risk map to integrate ESG risks:** The Company re-analysed its corporate risk map in FY 2021/22, adding two specific ESG risks: talent attraction and retention and customer satisfaction. The steps taken to mitigate these risks are outlined in the following sections: *Health and safety; Focused talent management to build the best team; and Culture of employee wellbeing.*

- **Certifying the compliance system under UNE 19601:** Last year the Company embarked on the process of certifying its compliance system under the UNE 19601 standard, which it expects to obtain in May, after the publication of this Integrated Annual Report. UNE 19601 establishes the requirements for implementing, maintaining and continually upgrading criminal risk management systems within organisations so as to prevent crime and reduce attendant risks.

  The text of the standard not only implements requirements in response to the contents of the Criminal Code for crime prevention and management models, but it also embraces globally accepted best practices in compliance.



Fioresta (San Juan de Alicante)

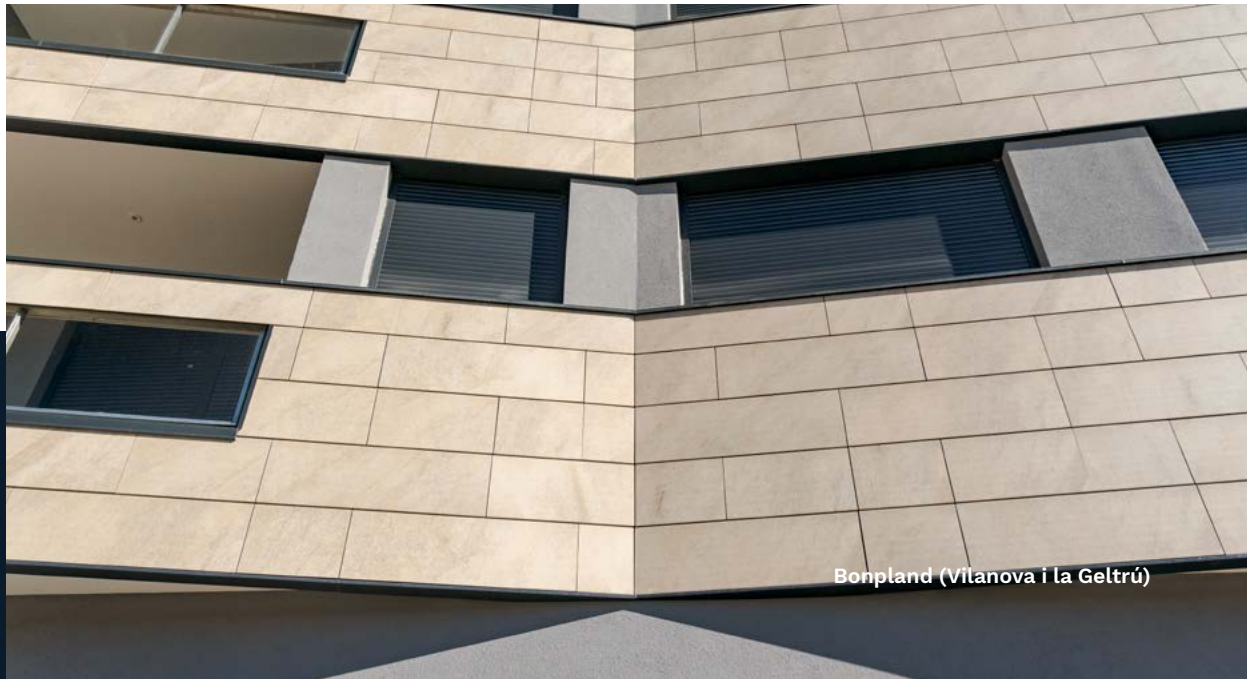
- **Securing and maintaining an ESG rating for the Company that positions it among the top three Spanish developers:** In June 2021, AEDAS Homes obtained its first Comprehensive ESG Risk Rating from Sustainalytics, a research firm which covers the ESG performance of 20,000 companies across the globe. Sustainalytics examined the Company's exposure to material ESG risks in the real estate development subindustry and assessed how well the Company was managing those risks, giving the Company an overall ESG Risk Rating of 15.7 and deeming it to be low risk.

  At the time of publication of this report, the Company was in the 4th percentile in its subindustry in the global Sustainalytics research universe and expects to incrementally improve its ESG Risk Rating on an annual basis with the implementation of the ESG Strategic Plan.

- **Incorporating the ESG targets and milestones into the Company's various internal and external communication plans:** AEDAS Homes has integrated sustainability considerations into its various communication plans to better communicate with stakeholders. In total, the Company has undertaken 1,234 ESG-focused communication items in FY 2021/22:

  - Environmental: 80 communication items, notably highlighting the sustainability initiatives and characteristics of some of its developments (dual-flow ventilation, etc.)
  - Social: 68 communication items, with a focus on housing access for young people
  - Governance: 86 communication items, related to the appointment of directors, Company earnings, agreements with third parties (BTR), speeches and interviews with the CEO and other executives and, in general, the most relevant issues for the Company and its stakeholders.

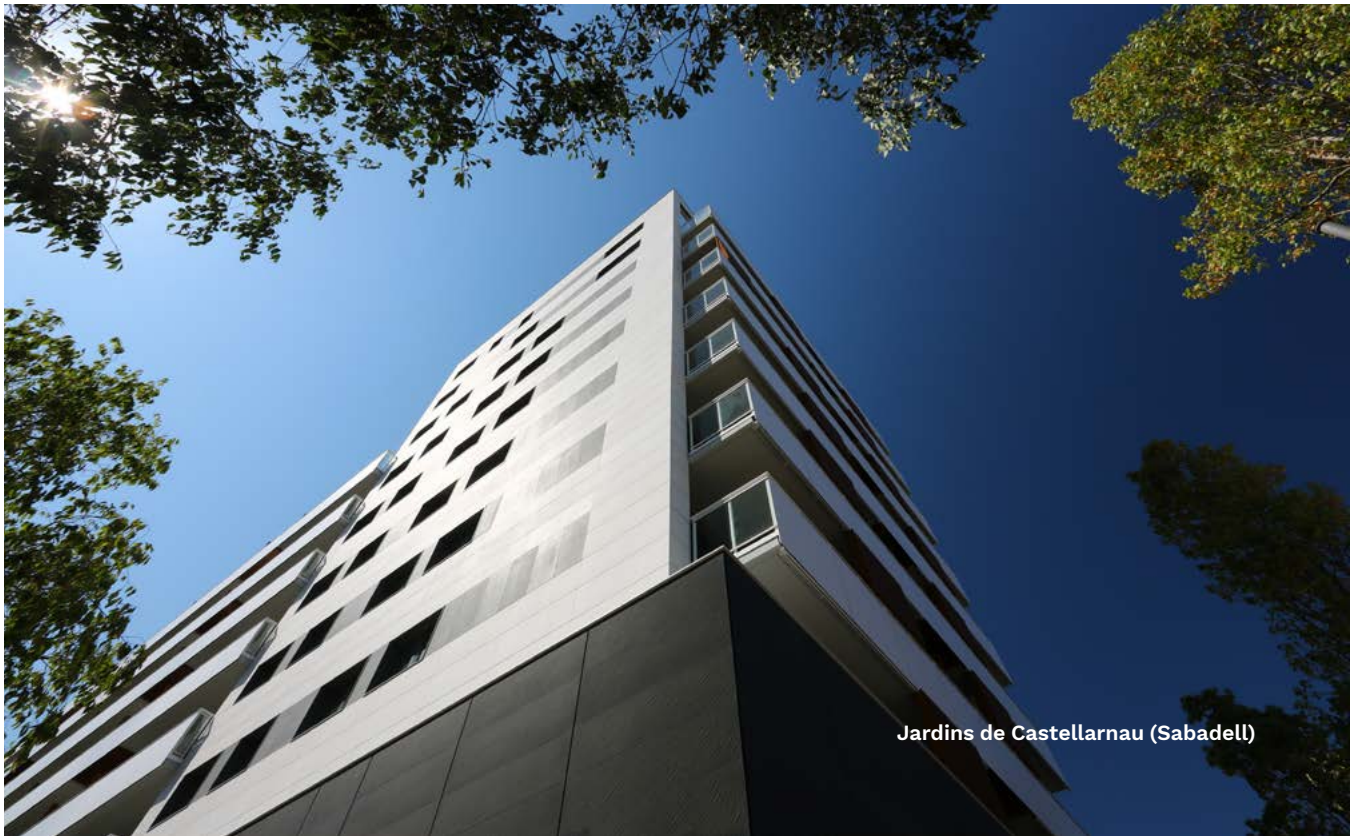
  This communication primarily took place as press releases, participation in conferences and written responses to media enquiries.



Bonpland (Vilanova i la Geltrú)

Last year the Company also revised a number of codes and policies:

- **Code of Conduct:** the section on *Equal opportunities and non-discrimination* was updated to align it with the principles espoused in the World Labour Organisation (WLO) Convention #111 on Discrimination (Employment and Occupation).
- **Code of Conduct for Third Parties:** the section on *Safety at work and labour and human rights* was updated to include the labour and human rights related principles our suppliers must abide by:
  - Zero tolerance of child labour.
  - Compliance with applicable minimum wage legislation.
  - No forced and compulsory labour.
  - Compulsory application of non-discrimination and equal opportunities criteria.
  - Compulsory protection of the freedom and right to unionise.
  - Unwavering respect for employees' human rights.
  - No abuse or intimidation whatsoever of employees.
- **Anti-Corruption Policy:** the definition of the term corruption was broadened, and the section on the Whistle-blowing channel was updated.

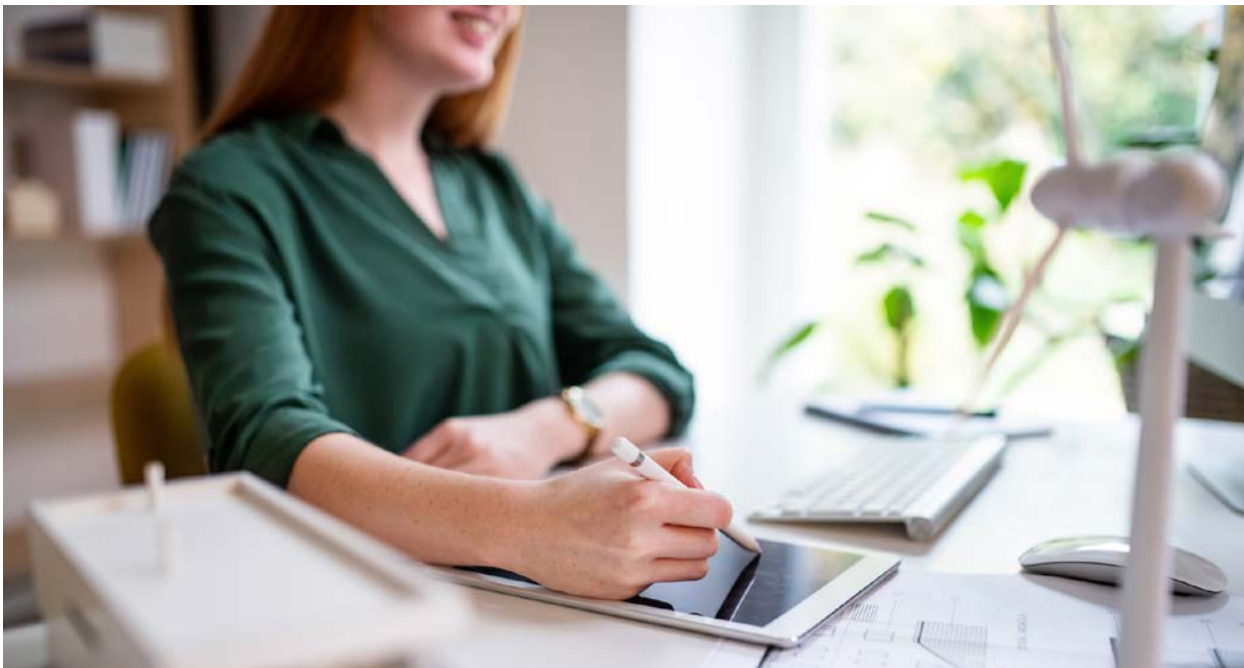


Jardins de Castellarnau (Sabadell)

AEDAS Homes publishes those corporate policies that define how the Company conducts its everyday business activities and its guiding principles:

- Anti-Corruption Policy
- Code of Conduct
- Internal Securities Markets Code of Conduct
- Code of Conduct for Third Parties
- Shareholder Remuneration Policy
- Appointments and Remuneration Committee Regulations
- Shareholder and Investor Communication Policy
- Technology, Innovation and Cybersecurity Committee Regulations
- Director Remuneration Policy
- Quality and Environmental Management Policy
- Corporate Social Responsibility Policy
- Health and Safety Policy
- Board of Directors Regulations
- Annual General Meeting Rules and Regulations
- Compliance policy
- Conflicts of Interest Policy
- ESG Policy
- Fiscal policy

All of the above-listed policies form part of the corporate governance framework and can be accessed at http://www.aedashomes.com.



Supplier oversight and evaluation

AEDAS Homes has a Policy dedicated to selecting, hiring and evaluating suppliers, which states that the Company will evaluate key suppliers on a regular basis to monitor the quality of the services provided and their ability to continue providing them.

These assessments are conducted after the corresponding services have been performed by the following providers: architecture firms, external sales providers, construction companies, site management service providers, project management service providers and health and safety coordinators.

As a result of these evaluations, or at any other time, suppliers may lose their accreditation in the event of breach of or failure to renew certifications or standards, negative internal audit reports, breach of business agreements, or failure to provide the expected standards of quality or uphold other commitments made. These evaluations are reviewed and signed off on by the management of each department.

In FY 2021/22 the Operations Department developed a software add-on to carry out these assessments digitally, making them much faster to perform. This program includes the evaluation criteria and flows and the action plans to be put in place with the various suppliers, depending on the outcome of each evaluation.

In FY 2021/22 the Company carried out 248 such evaluations, with the following results:

Very good	63
Good	138
Neutral	41
Poor	6

Additionally, in order to monitor occupational health and safety management, construction companies are evaluated when site works completion levels reach 30% and then again when they reach 70%. In FY 2021/22, a total of 50 such evaluations were carried out, yielding an average score of 77%, which is above the target of 75%.



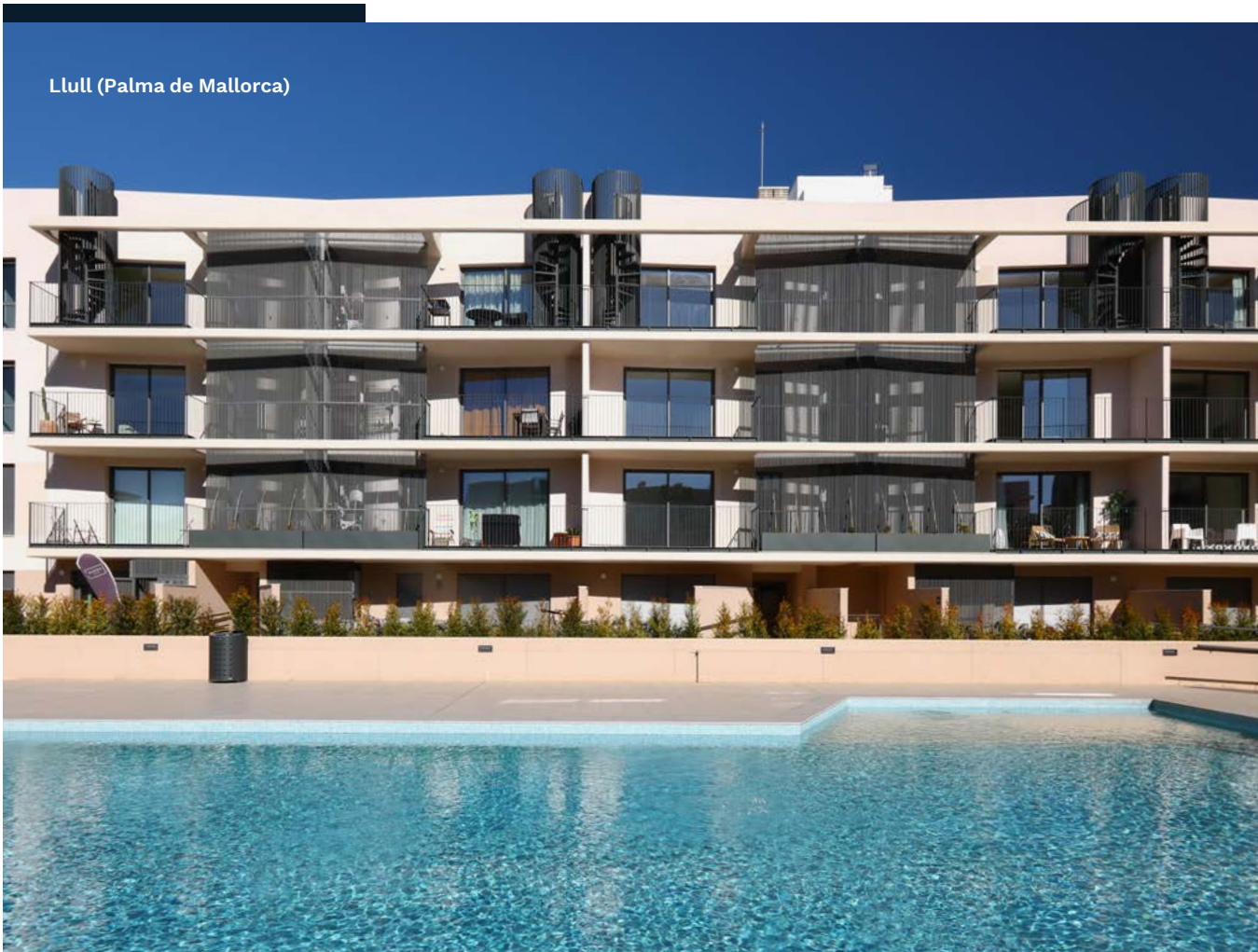
Llull (Palma de Mallorca)

Governance of the 2021/23 ESG Strategic Plan

The 2021/23 ESG Strategic Plan is driven, supervised and implemented by the ESG Committee, which is comprised of the Company's CEO, CFO, Chief Technology and Communications Officer and Director of Corporate Resources, who also has the role of ESG Coordinator. The ESG Committee is tasked with reviewing the ESG Strategic Plan dashboard and consolidating and analysing the effort to report on the milestones and indicators associated with it.

Progress on the achievement of targets set out in the Strategic Plan is reported on a regular basis to the Audit and Control Committee and to the Board of Directors.

All these measures help to integrate the ESG Strategic Plan into the Company's business strategy.



Llull (Palma de Mallorca)

4.4.1. Anti-money laundering and anti-corruption

AEDAS Homes has a compliance programme which aims to foster a culture of ethics within the Company while guaranteeing compliance with all applicable legislation. This compliance programme covers the relevant areas of risk and draws on best practices in the field.

More specifically, the compliance programme encompasses measures designed to guarantee compliance with:

- Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) legislation.
- The provisions contained in Spain's Criminal Code regarding the criminal liability of legal persons, including anti-corruption legislation.
- Data protection regulations.

As a residential developer, AEDAS Homes is bound by anti-money laundering and countering the financing of terrorism (AML/CFT) legislation. Under the scope of its AML/CFT programme, AEDAS Homes has strict measures in place that reduce the risk of the Company of doing business with sanctioned parties.

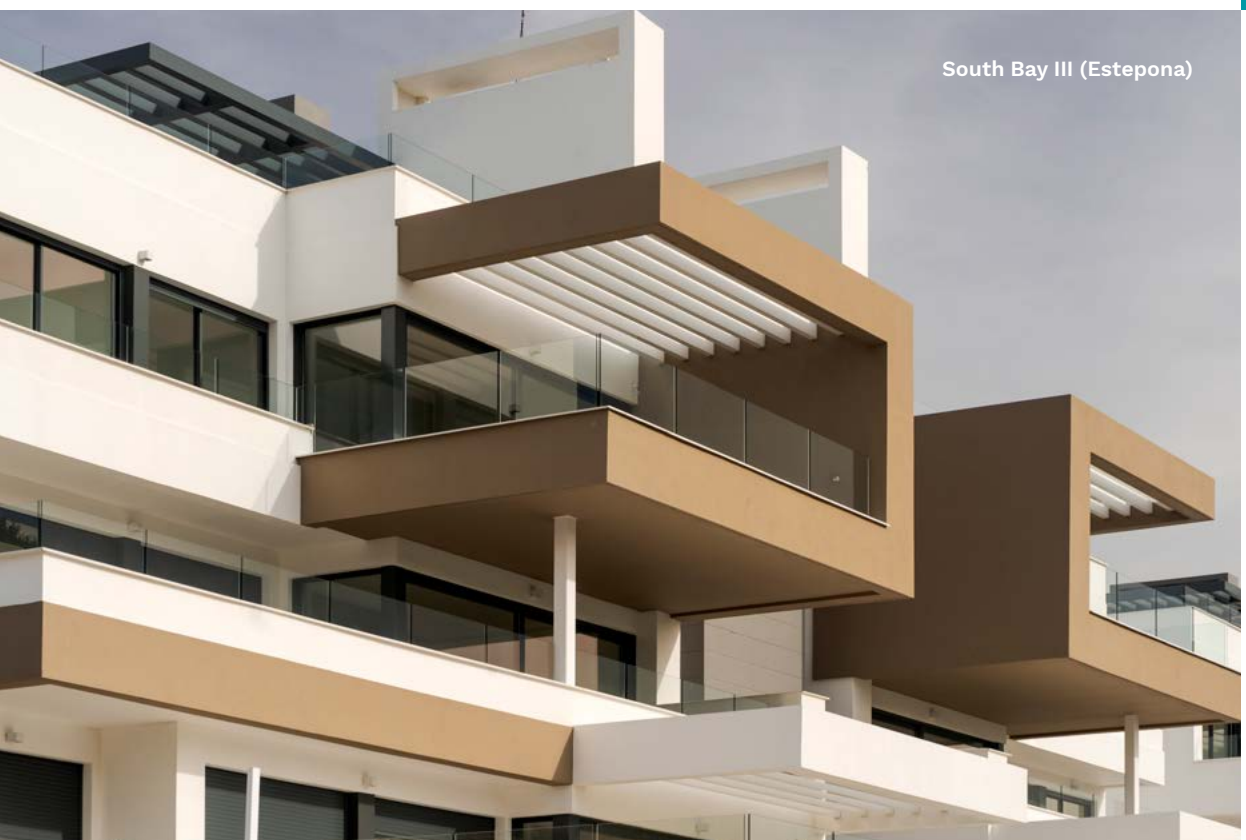


Measures in place

Internal Control Body (ICB) Supervises compliance with applicable legislation.	**Risk and Compliance Department** Responsible for managing the AML/CFT model.	**AML/CFT Technical Unit** Assists the Head of Risk & Compliance with managing the model.

AML/CFT Manual In-house policies and procedures applicable to all employees. Subject to an annual review.	**Due diligence performed on 100% of customers who buy one of the Company's homes** The Company's procedures prohibit carrying out transactions without this approval. If a customer fits a high risk profile, the Company carries out more stringent due diligence.	**Report from an outside AML/CFT expert** Annual review by an outside AML/CFT expert. That report is presented to the Board of Directors within three months of issuance.
Annual training on AML/CFT for all employees	**Internal Audit review** The Internal Audit function analyses the effectiveness of the AML/CFT framework annually and reports its findings to the Audit and Control Committee.	**Transaction analysis and referral to the authorities (SEPBLAC) as warranted.**

Within the specific due diligence activities undertaken, it is worth highlighting the fact that AEDAS Homes checks the names of everyone involved in its transactions in order to verify that none of them are included on sanctions lists kept by OFAC or the European Union, or any other list of relevance. The Company's AML/CFT Manual prohibits transacting with sanctioned individuals.



South Bay III (Estepona)

4.4.2. Corporate crime prevention

AEDAS Homes has a Corporate Crime Prevention Framework, which is articulated around the following structures:



In March 2022, the Board of Directors of AEDAS Homes approved the updated versions of the following documents:

- Code of Conduct: the Company has strengthened its resolve against all types of discrimination
- Code of Conduct for Third Parties: the Company has set new binding rules for suppliers in the areas of competition law and workers' human and labour rights
- Anti-Corruption Policy: the definition of "corruption" has been broadened

In FY 2021/22 AEDAS Homes reviewed its criminal risk map. This process involved the reassessment of the impact, probability of occurrence and control environment for all crimes of relevance to the Company, specifically including public corruption, business corruption and illegal financing of political parties.

In FY 2021/22 the Company reviewed the effectiveness of the relevant anti-corruption and anti-bribery controls as part of the annual revision of its crime prevention controls. Specifically, it revised the mechanisms for approving business entertainment and travel expenses for a sample of employees with the aim of verifying that they are correctly registered in the Company's systems and were duly approved by the established chain of command. These controls play a key role in complying with the record-keeping requirements in the Anti-Corruption Policy. The outcome of those control tests was satisfactory.



AEDAS Homes also made significant improvements to its crime prevention model in order to adapt it for best practices in the compliance field. Specifically, it took the following steps:

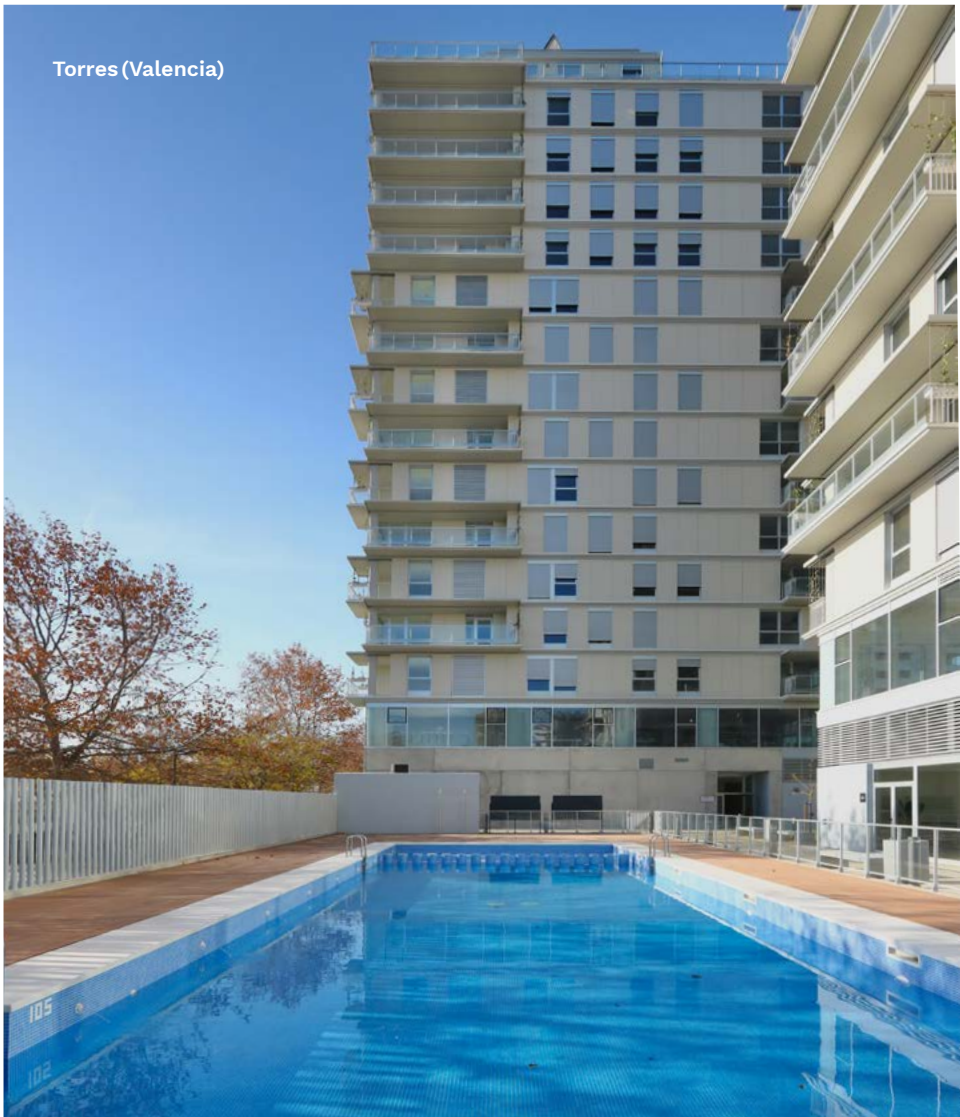
- Revision and improvement of the Compliance Manual and Policy
- Drawing up new Compliance Committee Regulations
- Formulation and execution of a communication plan, publishing a series of internal communication campaigns to educate them about the Compliance Policy, Whistle-Blowing Channel, Conflicts of Interest Policy and Anti-Corruption Policy.
- Training the entire workforce on the prevention of corporate crimes, specifically including content addressing the risks related with public and business corruption related crimes.
- Introducing model monitoring indicators
- Having those employees who are more exposed under AEDAS Homes' compliance model sign a declaration specifically committing to the principles set down in the Company's Code of Conduct and Compliance Policy, a pledge that extends to the internal policies implemented to comply with anti-corruption and anti-bribery legislation.
- Devising a third-party due diligence procedure which will be introduced in early FY 2022/23. In addition, all key suppliers are signing the Code of Conduct for Third Parties, which, following the modifications introduced in March 2022, includes specific clauses regarding the human rights standards they must comply with. Additionally, all suppliers sign a crime prevention compliance clause.



Tarsia (Granada)

The management of the AEDAS Homes Whistle-Blowing Channel includes a procedure whereby parties can report their suspicions confidentially. Notifications sent using the channel can be communicated anonymously using the established procedures, which include measures to protect whistle-blowers.

In order to make the Whistle-Blowing Channel as independent as possible, it is managed by a third party, which notifies the AEDAS Homes Compliance Committee of any complaints received. Any such complaints are then reviewed by the Compliance Committee, which decides what steps to take to clarify the events and remedy any identified breaches of applicable legislation or the Company's Code of Conduct. All employees were reminded of the requirement to use the Whistle-Blowing Channel during the compliance training sessions provided during the year and our policies and procedures include express references to its existence. Specifically, the Anti-Corruption Policy stipulates employees must use the Whistle-Blowing Channel to report any breaches of the Policy.



Torres (Valencia)

AEDAS Homes did not receive any reports of human rights violations through its Whistle-Blowing Channel in FY 2021/22. In order to encourage use of the channel, the Company ran a communication campaign last year to remind employees of its existence and of their obligation to report any breaches they may become aware of.

Among the steps taken to mitigate the risk of non-compliance with applicable anti-corruption and anti-bribery legislation, it is worth noting that AEDAS Homes has set a specific compliance programme target for FY 2022-23 which consists of educating employees about internal anti-corruption and anti-bribery rules in order to raise their awareness of these topics and thereby reduce the risk of compliance breaches.



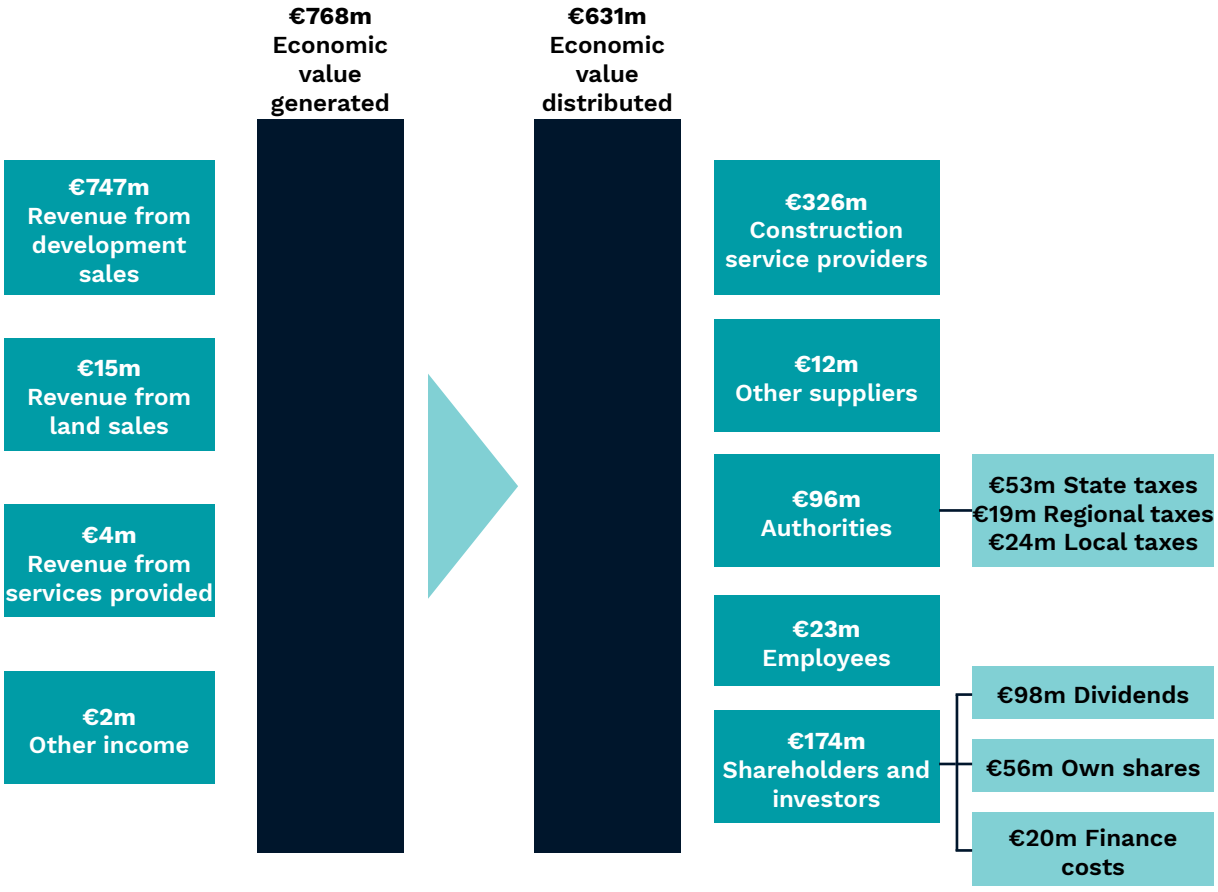
4.4.3. Data protection regulations

AEDAS Homes has a specific model to ensure compliance with data protection requirements. That model is structured as follows:



4.5 Value creation

The Company is firmly committed to creating wealth and distributing the economic value it generates fairly. The main beneficiaries of the value it generates are: its construction service providers (52%); the shareholders and investors (28%) and authorities (15%). By extension, AEDAS Homes' business activities benefit its investors and shareholders, and society at large.



4.6. Engaging with our stakeholders

Stakeholder	Materiality	Communication channels
Investors and shareholders	The reactions of the Company's shareholders are an important indicator of its credibility and financial health	Annual General Meeting Investor relations website Email communication Press releases Corporate presentations and earnings releases
Customers	AEDAS Homes is passionate about creating places to live in which its customers can find happiness and wellbeing	Points of sale Satisfaction surveys, including occupier satisfaction surveys Direct mail Website
Employees	AEDAS Homes is a benchmark company in the homebuilding sector thanks to the excellence, passion, resilience, creativity and integrity of its team. It is therefore vital the Company offers its employees an attractive place to develop their careers and find a balance between work and home life, underpinned by the provision of equal opportunities	Job portal Suggestion box Whistle-blowing channel CEO breakfast sessions Conoce+ programme Surveys
Suppliers	AEDAS Homes works with a pool of trusted partners - architects, engineering firms, builders and project managers. It also identifies reliable subcontractors and industrial suppliers so as to further tighten control over its works in order to offer the highest standards of quality	Code of Conduct for Third Parties
Society	AEDAS Homes' activities have significant positive impact on society, by creating jobs, directly and indirectly, and contributing to the economic and social development of the places where it builds its homes	Corporate website Participation in sector forums and associations Collaboration with universities and associations Social media Press releases Media coverage Forums and gatherings



5. Financial information

Soul Marbella Sunrise (Marbella)

5.1. Business performance

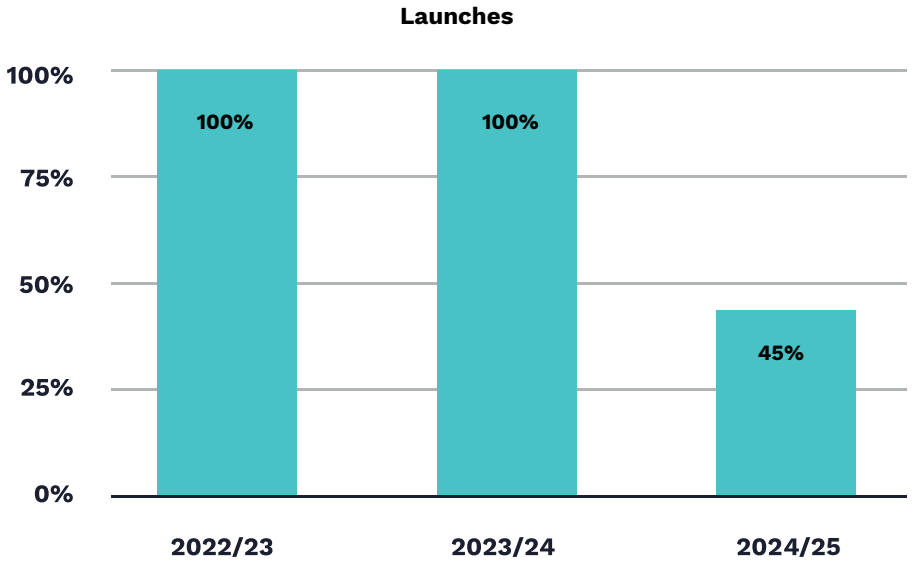
The Company's healthy business performance and execution capabilities, coupled with strong sector demand, led to a strong performance and delivery of targets in FY 2021/22.

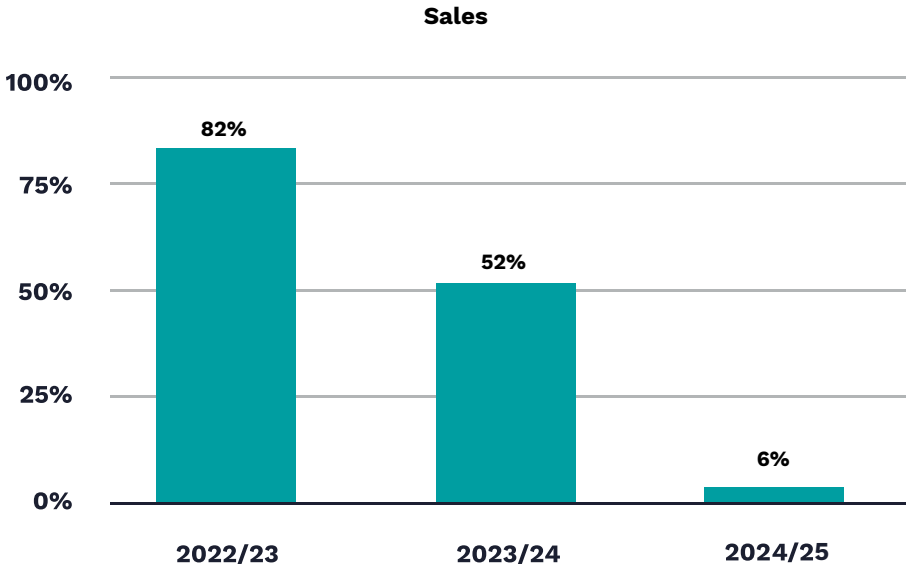
In addition to high levels of achievement, it is important to highlight that in the current inflationary environment, the strength of demand enabled AEDAS Homes to preserve its margins and, thereby, ensure compliance with the targets AEDAS Homes set and communicated to the market in June 2021, when it updated its strategic plan. As a result, the Company has continued to earn credibility around its ability to deliver, having scrupulously met its targets since it went public in October 2017.

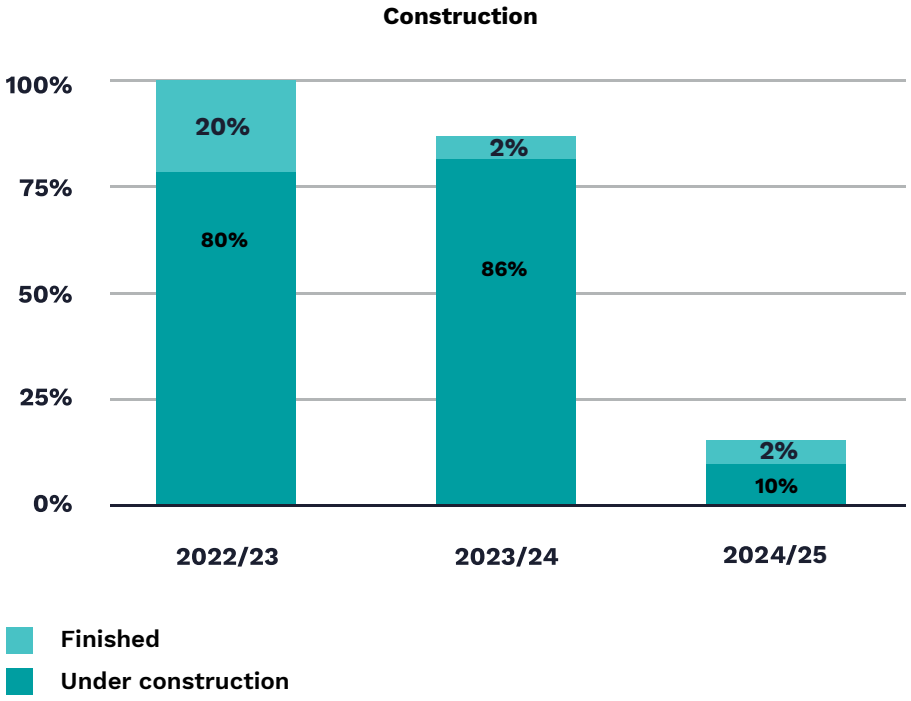
In order to highlight the level of visibility on its key targets for the next three years, the table below provides information about existing coverage of those metrics, specifically in relation to launches, sales and construction.

In terms of development launches, the numbers reveal almost full coverage of the next two years' targets.

As for sales, AEDAS Homes has already sold 82% of the FY 2022/23 delivery target, with 80% under construction and 20% already finished. Note in relation to the deliveries targeted for FY 2023/24, the Company has 86% under construction and 2% are already finished.




Sales
100%
75%
50%
25%
0%
82%
52%
6%
2022/23
2023/24
2024/25

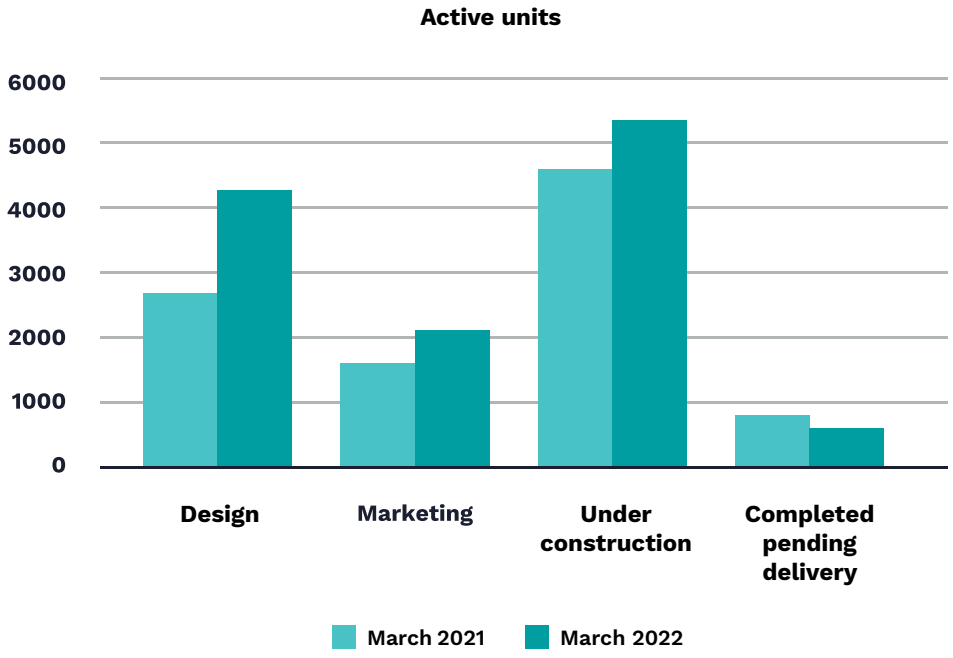

Construction
100%
75%
50%
25%
0%
20%
80%
2%
86%
2%
10%
2022/23
2023/24
2024/25
Finished
Under construction

Active units

Units are considered active from when they enter the design phase until their delivery.

At 31 March 2022, of the 17,000 homes comprising its land bank, the Company had a total of 12,473 active units, implying year-on-year growth of 28%.

The breakdown of these 12,471 active units by phase of development is as follows: 34% at the design stage; 18% in the marketing phase; 43% under construction; and 5% finished (of which 4% had obtained occupancy permits).



Launches

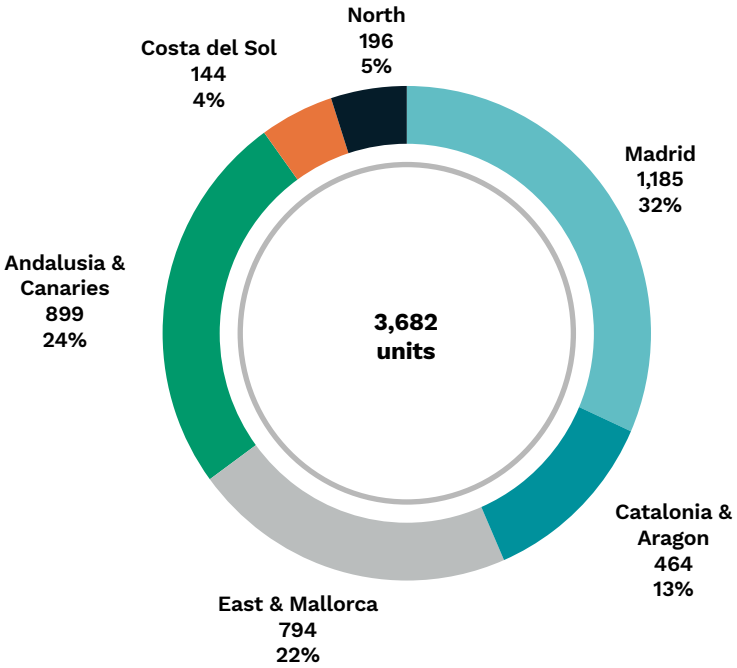
Housing units are considered launched once marketing is underway, i.e., they are classified as 'launched' subsequent to the design phase, once they are put up for sale.

During FY 2021/22, the Company launched 59 residential developments encompassing 3,682 units in total. That marks growth of 28% in the number of developments and of 22% in the units launched with respect to the respective prior-year figures.

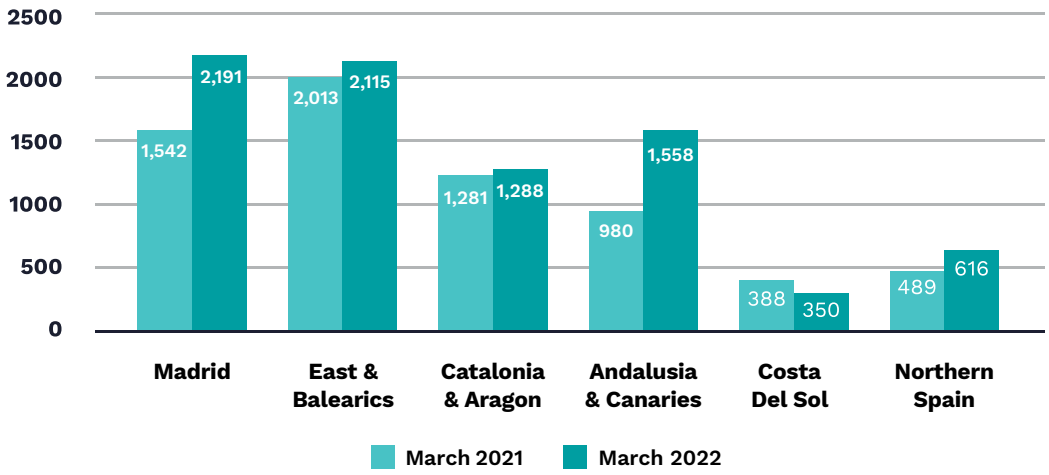
The GDV of the 3,682 units launched in FY 2021/22 is €1,149m, implying an average sales price per unit of €312,100 (subject to upward adjustment as the sale process advances).

At 31 March 2022, the number of homes on the market (a figure that excludes the homes already delivered) totalled 8,118, 52% of which have been pre-sold.

Breakdown of launches by region



Regional breakdown of units on the market



As for the trend in other key business metrics, the number of leads sustained healthy growth (+34%), with conversion of those leads into in-person visits also registering strong momentum (+700bp), topping the levels recorded by the Company pre-Covid19. That conversion rate has continued, extending the trend observed in 2021, attaining the targeted run rate of 3,000 units per year.

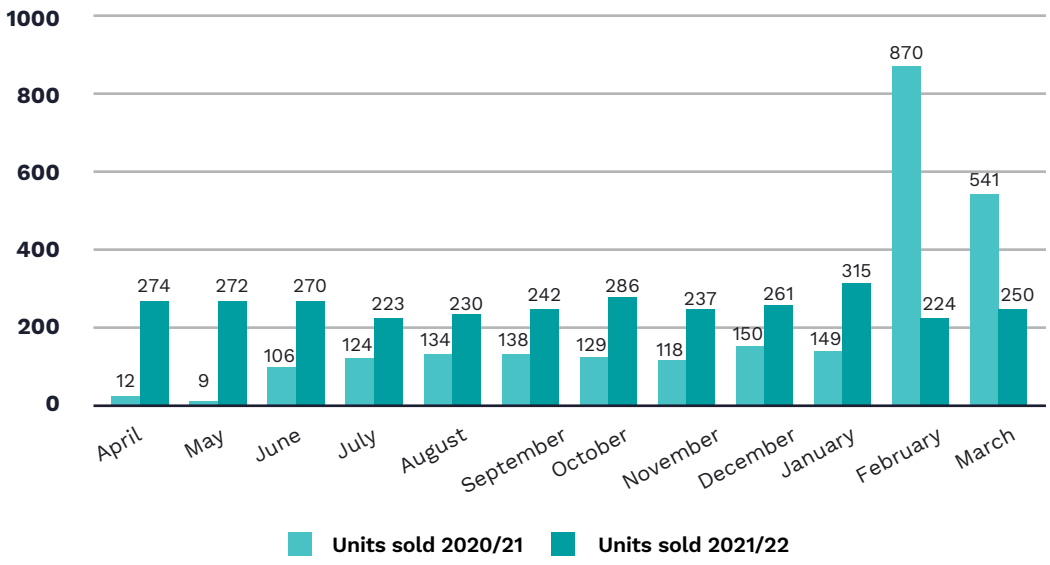
Sales

The sale of a unit begins with execution of a pre-sale agreement. Once the Company has a building permit for a pre-sold house, the buyer is asked to execute a sale contract and provide a down payment of 10% of the total price; buyers continue to pay instalments of 10% at regular intervals until the building work is complete. Lastly, when the building work is complete and the certificate of occupancy has been obtained, the customer is asked to pay the remaining 80% (plus applicable VAT) when signing the deed of purchase, upon which keys to the house are delivered immediately.

In FY 2021/22 the Company sold or pre-sold a total of 3,084 units (of which 199 units correspond to the build-to-rent (BTR) segment, which were sold at an average price of €200,000, with the remaining 2,885 corresponding to the build-to-sell (BTS) segment, sold at an average price of €345,969, year-on-year growth of 24% (FY 2020/21 sales: 2,480 units). The **value of that record volume of pre-sales in FY 2021/22 was €1.04bn**, implying an average sales price of €336,446/unit (before VAT).

The monthly breakdown of those sales is provided below and illustrates the strong momentum being observed in demand.

Revenue from home sales



In FY 2021-22, the Company delivered a total of 2,257 homes that brought in revenue of €746m, implying an average sales price of €330,527/unit.

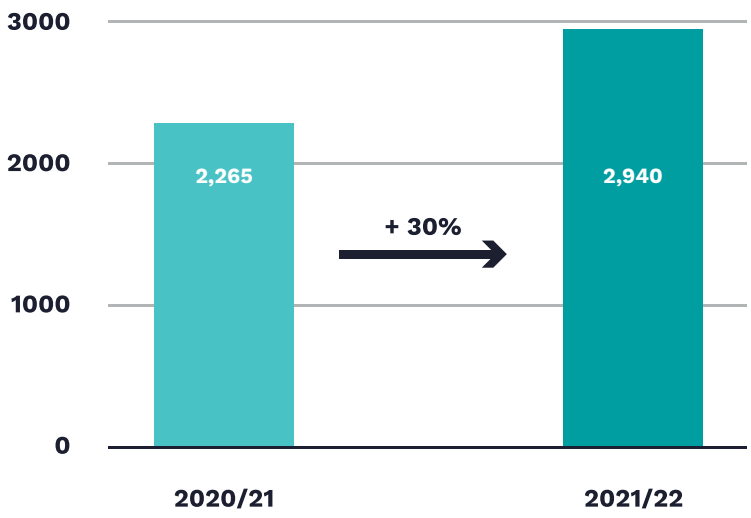
As of 31 March 2022, the Company had sold an accumulated (in 2017, 2018, 2019, FY20 {1 January to 31 March}, FY 2020/21 and FY 2021/22) 9,722 units representing sales revenue of €3.13bn. Of that total, 5,467 units, valued at €1.85bn, have been delivered. As a result, **the order book at 31 March 2022 amounted to 4,255 units worth €1.28bn, 78%** of which are **under a sales agreement** and **22% of which constitute pre-sales.**

Building permits

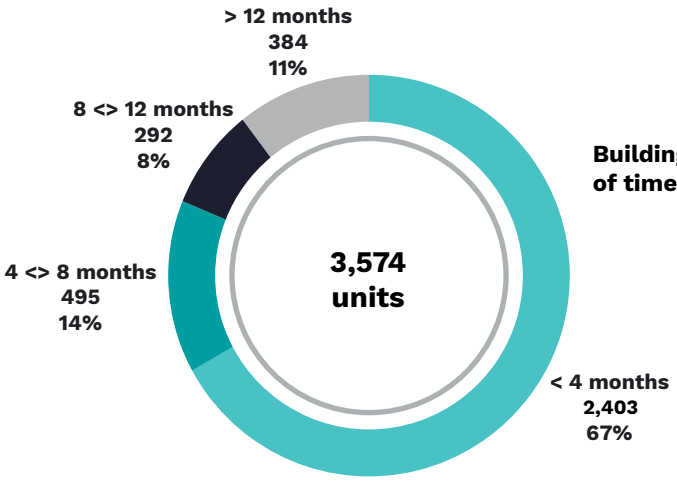
Building permits are awarded by the municipal authorities. Permit applications include the architectural plans which must necessarily comply with municipal planning and zoning requirements. Municipal authorities are obliged to grant building permits to the extent the plans meet municipal regulatory requirements. The permitting period depends on each authority's responsiveness and can take anything from a few months to more than one year.

In FY 2021/22, the Company obtained a total of 2,940 building permits, up 30% year-on-year. That means that the Company has so far obtained building permits for 12,189 homes in total, with a further 3,574 in process, of which 384 are already 12 months into the permitting process.

Trend in building permits obtained



Building permits - length of time in process



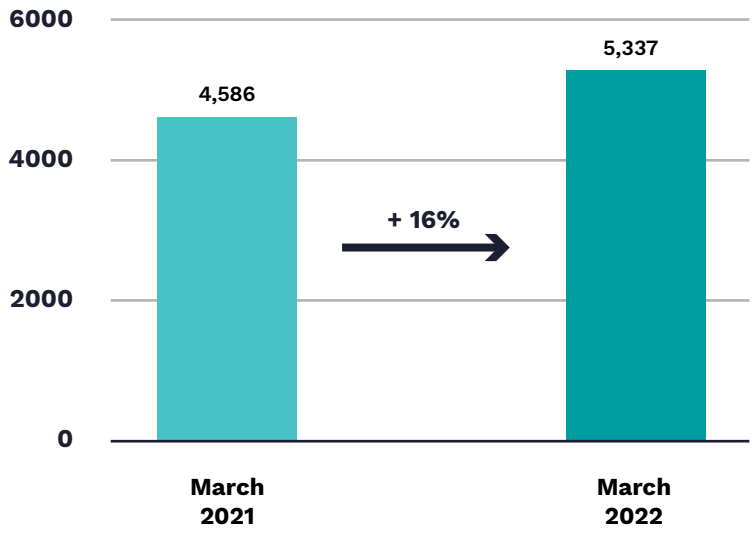
Construction

The Company broke ground on 2,853 units in FY 2021/22 and obtained work completion certificates for 2,102 homes. **At 31 March 2022, the Company had a total of 5,337 units under construction,** marking growth of 16% from the number of homes that were under construction 12 months earlier. In turn it had 118 homes completed and pending receipt of the corresponding occupancy certificates and another 554 units finished and already certified. In short, at 31 March 2022, the Company had a total of 6,009 homes under construction or finished, providing significant visibility into its ability to achieve its deliveries guidance over the next two years.

As for the home delivery target for FY 2022/23, despite the delays in starting construction work during the pandemic, the scarcity of some materials and the recent truckers' strike, which will affect delivery volumes slightly, 80% are under construction and 20% are already finished.

The units under construction for delivery in FY 2023/24 are also suffering slight delays in construction start-up and progress as a result of the truckers' strike in March and the uncertainty and extra costs around the procurement of some raw materials. However, the Company is working to minimise the impact of those factors, specifically entering into framework agreements with several of its most important contractors to ensure supply on preferential terms.

Homes under construction at reporting date



Investments

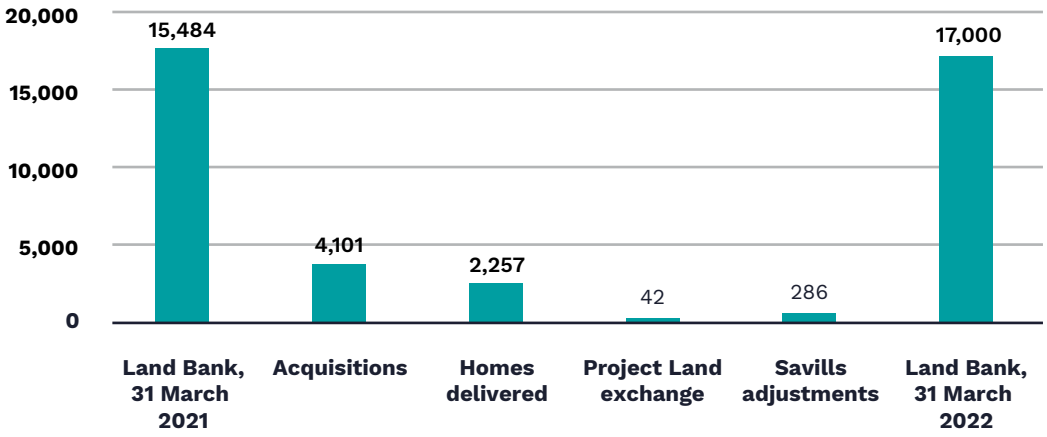
In anticipation of possible land price increases, AEDAS Homes stepped up its investment plan in FY 2021/22, positioning the Company has one of the leading land buyers in Spain last year. In FY 2021/22, it invested €303m in land with scope for the development of 4,101 units, topping up the land needed to execute its 2021/25 Strategic Plan.

Specifically, the Company acquired sites for 46 new housing developments. Of those acquisitions, 39 projects are located on Ready-to-Build (RTB) sites, 5 are located on sites classified as Fully-Permitted Land, 1 is zoned as land apt for development and 1 stems from the Land Feeder arrangement. In addition, the Company has committed investments with a development potential of 849 units which have yet to close.

The volume of investments (closed and outstanding) amounted to €303m, which includes the cost of acquiring the land, including the inherent transaction costs and the cost of the permitting steps needed to bring all of the sites to RTB status. The average acquisition cost once all of the land is brought to RTB permitting status is €74,000/unit.

As for land sales, in FY 2021/22 the Company sold 7 sites, 3 in La Zagaleta (Benahavis), 2 in Granada, 1 in Denia and 1 in Seville, for a total amount of €14.7m. The land sold had scope for the development of 236 housing units.

Land bank reconciliation (units)



5.2. Statement of profit or loss

The Company's FY 2021/22 statement of profit or loss clearly evidences the progress made on execution of the business plan committed to with its shareholders: revenue increased by 14% year-on-year to €766m, with €747m generated by home deliveries, €15m by land sales and €4m by the new service business, mainly revenue related with the management of affordable housing projects. That revenue growth was accompanied by a very significant year-on-year increase of €33.4m in gross profit, with the gross margin widening by 90 basis points to 29%.

Direct costs amounted to €36.1m (+25% year-on-year), of which €29.4m were sales and marketing costs. Indeed, sales and marketing expenses increased by 44% due to the significant growth in the number of developments launched to meet the rising number of deliveries projected under the 2021/25 Strategic Plan. It is important to note that this heading recognises the marketing costs associated with all of the developments launched in FY 2021/22 irrespective of whether or not they were actually delivered during the reporting period.

Overheads increased by 32% to €38.7m, driven by the need to add resources to enable delivery of the targets committed to and the launch of the Company's Digital Strategy Plan, which will make all of its processes more efficient and enable it to reach out to its customers in a new and higher-impact manner.

EBITDA was a significant 12% higher year-on-year, at €148.9m, implying a margin of 19.5%, which is very close to the targeted margin of 20%.

Financing costs increased by 39% to €19.8m, due to the change in financing structure, with more long-term, fixed-rate corporate debt and the borrowing cost incurred on developments after completion.

As a result, after accruing €31.1m of income tax (effective tax rate of 25%), the Company posted consolidated net profit of €93.9m in FY 2021/22 (€93.1m attributable to equity holders of the parent and €0.8m to non-controlling interests), evidencing the Company's excellent business performance last year.

STATEMENT OF PROFIT OR LOSS

			Change	
	2021/22	**2020/21**	**€**	**%**
REVENUE - PROPERTY DEVELOPMENT	746.7	667.6	79.1	12%
REVENUE - LAND SALES	14.7	4.3	10.4	242%
REVENUE - SERVICES RENDERED	4.2	-	4.2	-
REVENUE	**765.6**	**671.9**	**93.7**	14%
COST OF GOODS SOLD	(542.6)	(482.9)	(59.7)	12%
COST OF SERVICES	(0.7)	-	(0.7)	-
GROSS PROFIT	**222.3**	**188.9**	**33.4**	18%
GROSS MARGIN, %	***29.0%***	***28.1%***	-	***90bp***
SALES AND MARKETING COSTS	(29.4)	(20.4)	(9.0)	44%
OTHER OPERATING EXPENSES	(6.7)	(8.4)	1.7	(20%)
NET DEVELOPER MARGIN	**186.1**	**160.2**	**25.9**	16%
NET DEVELOPER MARGIN, %	***24.3%***	***23.8%***	-	***50bp***
OVERHEAD	(38.7)	(29.4)	(9.3)	32%
OTHER INCOME AND EXPENSES	1.5	2.5	(1.0)	40%
EBITDA	**148.9**	**133.2**	**15.7**	12%
EBITDA MARGIN, %	***19.5%***	***19.8%***	-	***(30bp)***
DEPRECIATION AND AMORTISATION	(3.2)	(2.2)	(1.0)	45%
NET FINANCE COST	(19.8)	(14.2)	(5.6)	39%
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	0.4	(0.4)	0.8	(200%)
IMPAIRMENT LOSSES	(1.3)	(2.9)	1.6	55%
PROFIT BEFORE TAX	**125.0**	**113.5**	**11.5**	10%
INCOME TAX	(31.1)	(28.5)	(2.6)	9%
PROFIT FOR THE YEAR	**93.9**	**85.1**	**8.8**	10%
NET PROFIT MARGIN, %	***12.3%***	***12.7%***	-	***(40bp)***
NON-CONTROLLING INTERESTS	0.8	(0.0)	0.8	-
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**93.1**	**85.1**	**8.0**	9%

5.3. Balance sheet and cash flow statement

Balance sheet

At 31 March 2022, the health of the Company's capital structure stands out: the LTV ratio stood at 13.2%, while cash and cash equivalents amounted to €240m.

On the asset side:

Drilling down into the trend in inventories, the increase reveals:

I) growth in land of 11% to €644.4m due to the Company's burgeoning investments in land, in line with the guidance provided to the market last June (the Company has astutely anticipated residential market dynamics, giving it the foresight to invest in high-quality land expected to deliver excellent margins);

II) the balance of construction in progress increased by 16% to €672.4m shaped by the start of new construction work net of the completion of other projects;

III) the finished product balance declined by 14% to €183.3m due to deliveries during the period, net of the recognition of newly completed housing units (118 units without occupancy permits and 552 with such permits);

IV) growth of 17% in advances to suppliers to €20.3m, a heading which recognises the amounts paid for land purchase rights, of which €16.8m corresponds to the investment in Castellana Norte and the remaining €3.5m to prepayments made in the course of the execution of certain developments.

As a result, at 31 March 2022, inventories amounted to €1.52bn, broken down between land (42%); construction in progress (45%); finished product (12%); and advances to suppliers (1%).

Trade receivables, meanwhile, increased by €18.5m in FY 2021/22 to end the year at €64.5m.

Lastly, unrestricted cash increased a considerable €42.3m from 31 March 2021 to €165.8m, evidencing the Company's strong treasury management and the development financing terms achieved.

Equity accounts:

The movement in equity reflects the Company's **strong earnings** in FY 2021/22, as well as its **firm commitment to remunerating its shareholders.**

In FY 2021/22 AEDAS paid out a dividend of €1.40 per share from FY 2020/21 profits and an interim dividend against FY 2021/22 profits of €0.82 per share, for a total outlay of €98m. It also expects to pay out a final dividend of €1.34 per share after the Company's Annual General Meeting, scheduled for 29 June 2022.

At 31 March 2022, the Company carried own shares representing 5.81% of the total at €55.9m, of which shares equivalent to 0.9% of the total correspond to the buyback programme, with the rest attributable to block trades and discretionary management.

The Company formally recorded the previously announced capital reduction, by way of shareholder remuneration, on 11 August 2021. To that end, it cancelled 1,160,050 own shares, equivalent to 2.42% of share capital, to leave the total number of AEDAS Homes shares outstanding at 46,806,537.

Since 8 August 2019, the Company has bought back a total of 3,910,475 shares, representing 8.36% of its share capital, at an average price of €20.24 per share, implying a total outlay of €79m, of which €14.2m corresponded to FY 2021/22 (585,226 shares).

In June 2021, the Company delivered 30,090 own shares to its employees as part of the commitments assumed under the long-term incentive plan (LTIP); those shares were purchased for €593,134.

Liabilities that mature in the long term:

In FY 2021/22, AEDAS Homes **modified its financing structure** by issuing a €325m green bond due August 2026, listed on the Irish Stock Exchange's Global Exchange Market. The proceeds were used to repay the remaining outstanding syndicated loan balance, of €100m. The green bond has an associated revolving credit facility, provided by banks, of €55.0m. That change in the Company's financing structure **injects visibility** in terms of credit ratings[2] and **diversifies its sources of financing**, with corporate debt gaining weight, extending the maturity profile and increasing the Company's exposure to fixed rates.

- €229.0m came from non-current borrowings, which increased significantly from €88.4m at 31 March 2021 to €317.4m, due to the Company's new financial structure following the issue of €325m of green bonds on the capital markets. That issue has raised the Company's profile and diversified its sources of financing.
- €66.4m came from developer loans, drawdown of which declined to €98.6m, again reflecting the change in financing structure thanks to the proceeds from the green bond issue; €17.9m of developer loans correspond to finished product pending delivery.

Liabilities that mature in the short term:

- €55.9m related to the reclassification of borrowings from non-current to current.
- €84.4m stemmed from customer down payments, which increased from €131.8m at year-end to €216.2m at the March 2022 close, mirroring the Company's stellar sales performance and giving it significant earnings visibility for the next three years.

[2] Corporate/issuer ratings: S&P (B+), Moody's (Ba2) and Fitch (BB-). Bond/issue ratings: S&P (BB-), Moody's (Ba2) and Fitch (BB). All of which with stable outlooks.

Balance sheet

			Change	
(€m)	**31 marzo 2022**	**31 marzo 2021**	**€**	**%**
OTHER FIXED ASSETS	37.8	19.0	18.8	99%
DEFERRED TAX ASSETS	7.0	13.8	(6.8)	-49%
NON-CURRENT ASSETS	44.8	32.8	12.0	37%
INVENTORIES	1,520.3	1,394.5	125.8	9%
TRADE RECEIVABLES	64.5	46.0	18.5	40%
OTHER CURRENT ASSETS	29.0	27.6	1.4	5%
UNRESTRICTED CASH	165.8	123.5	42.3	34%
Board of Directors Regulations	54.3	62.6	(8.3)	-13%
OTHER CASH EQUIVALENTS	19.9	-	-	-
CURRENT ASSETS	1,853.9	1,654.2	199.7	12%
TOTAL ASSETS	**1,898.7**	**1,687.0**	**211.7**	**13%**
EQUITY	976.3	994.3	(18.0)	-2%
OF WHICH: OWN SHARES	(55.9)	(65.1)	9.2	-14%
NON-CURRENT BORROWINGS	317.4	88.4	229.0	259%
OTHER NON-CURRENT LIABILITIES	1.2	1.1	0.1	9%
DEFERRED TAX LIABILITIES	0.3	-	0.3	-
NON-CURRENT LIABILITIES	318.9	89.5	229.4	256%
DEVELOPER LOANS DUE IN THE LONG TERM	98.6	165.0	(66.4)	-40%
CURRENT BORROWINGS	42.9	98.9	(55.9)	-57%
TRADE PAYABLES	185.0	160.2	24.8	15%
CUSTOMER DOWN PAYMENTS	216.2	131.8	84.4	64%
OTHER CURRENT LIABILITIES	60.7	47.3	13.4	28%
CURRENT LIABILITIES	603.5	603.2	0.3	0%
TOTAL EQUITY AND LIABILITIES	**1,898.7**	**1,687.0**	**211.7**	**12%**

Statement of cash flows

Cash and cash equivalents stood at €186.2m at 31 March 2021.
At 31 March 2022, that figure had risen by €53.9m to €240.0m. That increase is attributable to net cash inflows from operating activities of €9.9m, net cash outflows from investing activities of €42.4m and net inflows from financing activities of €86.3m.

The inflows from operating activities were mainly attributable to the €125.8m increase in the balance of inventories, the €18.5m increase in trade receivables and other current assets and the €84.4m increase in customer down payments, in line with the Company's strong sales momentum.

The main drivers of the net cash used in investing activities - of €42.4m - were the investment in Áurea Homes (payment of €49.5m) and a cash inflow of €20.5m as a result of the cancellation of term deposits.

As for the net cash flows from financing activities, in FY 2021/22, AEDAS Homes adapted its financing structure, taking out the €100.0m syndicated loan with the proceeds from the issuance of the €325.0m green bonds due August 2026.

As part of that green bond issue, the Company has undertaken to earmark the proceeds to certain qualifying developments that meet certain sustainability criteria. The traits of those eligible developments are:

- Developments already delivered during the three years prior to the green bond issue.
- Developments delivered during the two years after the green bond issue.
- The homes delivered must have associated life cycle assessments (LCAs) and obtained an energy rating of B or higher.

The Company’s website provides information about the level of compliance with those commitments as of the end of the reporting period.

In addition, under the scope of the new Commercial Paper Programme, renewed in June 2021, the Company issued €35.1m and repaid €53.7m, leaving an outstanding balance of €38.1m due on several dates between the reporting date and September 2022.

As for its mortgaged developer loans, at 31 March 2022. The Company had 85 signed contracts for developer loans (including BTR financing) for a maximum total mortgage principal of €649.9m.

Lender bank	Amount arranged	Amount drawn
	Developer mortgage loans	
Cajasur	0.13	0.13
Iberia Private Real Estate[1]	112.2	0.0
Unicaja	15.6	0.0
Sabadell	81.1	9.9
BBVA	80.9	16.6
Abanca	42.2	5.5
Caixa	32.2	19.3
Santander	147.0	34.2
Kutxabank	69.2	2.8
Bankinter	15.0	1.7
Ibercaja	54.3	12.3
Total	**649.9**	**102.4**

(1) Without mortgage guarantee

As for cash outflows, it is important to note the net amount of €14.2m spent on buying back own shares and the payment of €98.3m of dividends, of which €36.2m correspond to an interim dividend from FY 2021/22 profits.

(€m)	FY 2021/22	FY 2020/21	Change
Group profit before tax	125.0	113.5	11.5
Adjustments for finance income/costs	19.8	14.2	5.6
Net finance cost	31.6	27.1	4.5
Borrowing costs capitalised in inventories	(11.8)	(12.5)	0.7
Change in fair value of financial instruments and exchange differences	0.0	(0.4)	0.4
Share of profit/(loss) of associates	(0.4)	0.4	(0.8)
Asset impairment losses (net)	1.3	2.9	(2.9)
EBIT	145.7	128.2	17.5
Depreciation/amortisation and impairment charges	3.2	4.9	(1.7)
EBITDA	148.9	133.2	15.7
Other adjustments to profit	3.5	(22.5)	26.0
Other cash used in operating activities	(28.2)	(13.7)	(14.5)
Change in working capital excluding land purchases/sales	55.4	(88.4)	143.8
Change in working capital derived from land purchases/sales	(169.7)	(63.2)	(106.5)
(A) Net cash used in operating activities	9.9	(54.5)	64.4
Investments in group companies and associates	(55.0)	(3.2)	(51.8)
Investments in other PP&E and intangible assets	(2.9)	(1.1)	(1.8)
Investments in other financial assets	(7.4)	-	-
Proceeds from the sale of investments in group companies and associates	2.4	-	-
Proceeds from the sale of other financial assets	20.5	-	-
(B) Net cash used in investing activities	(42.4)	(4.3)	(38.1)
Repurchase/sale of own shares	(14.2)	(24.3)	10.1
Issuance and repayment of borrowings	198.8	133.1	65.7
Dividends and payments on other equity instruments	(98.3)	-	-
(C) Net cash from financing activities	86.3	108.9	(22.6)
Net increase in cash and cash equivalents (A+B+C)	**53.9**	**50.1**	**3.8**

5.4. Borrowings, liquidity and capital resources

At 31 March 2022, the Company's gross borrowings stood at €459.0m: €104.0m (amortised cost) of bank loans (mortgages used to finance work in progress; note that €17.9m finances developments that are ready for delivery) and €354.9m of corporate debt (amortised cost), made up of €37.5m of outstanding commercial paper and €317.4m of capital markets issues.

Likewise, there has been an increase in net financial debt amounting to €44.5 from the end of the 2020/21 financial year to €273.3m mainly due to an increase in corporate debt of €174.9m. Unrestricted cash, meanwhile, increased by €62.2m, due to the high volume of deliveries made during the year, in line with guidance, so releasing the customer deposits associated with the associated developer loans. As a result, the Company's LTV and LTC ratios ended March 2022 at 13.2% and 18.0%, respectively, healthy levels that permit the distribution of an extraordinary dividend.

Financial leverage

	31 March 2022	31 March 2021
Net debt (€ m)	273.3	228.8
LTC	18.0%	16.4%
LTV	13.2%	12.0%
Net debt/EBITDA	1.8x	1.7x

On 22 July 2021, the Company arranged a new €112.2m corporate financing facility, due 2025, with Iberia Private Real Assets Credi, SCSp to fund the development of 10 build-to-rent projects encompassing 1,350 homes in total. At 31 March 2022, that alternative financing facility was fully undrawn.

In terms of the debt maturity profile, it is worth noting that the Company's current liabilities primarily include €99m of developer loans that mature in the long term and €42.8m of short term MARF-listed commercial paper, while non-current liabilities amount to €317.4m. As a result, 92% of the Company's total borrowings fall due in the long term.

The face value of the undrawn limit on the borrowings arranged by the Company stands at €930.3m, €567.4m of which consists of developer loans.

The snapshot of AEDAS Homes' new financial structure reveals a diversified mix of sources of financing and lenders, so that its financial risk is not concentrated.

At the March 2022 close, the Company's average borrowing cost (on drawn borrowings) was 3.61%. If the Company were to draw down the entire limit, its borrowing cost would be 3.70% and the average cost of its developer loans would be 3.39%. Framed by the current financing structure, the sensitivity of interest expense in respect of developer loans is equivalent to a change of close to €1m for every 50bp increase in the average benchmarked EURIBOR rate, which in relative terms constitutes very limited exposure to interest rate risk.

TREND IN NET DEBT

(€m)	31 March 2022	31 March 2021	CHANGE
(A) SECURED DEBT	106.3	169.4	(63.1)
(B) CORPORATE DEBT	363.1	188.2	174.9
SYNDICATED LOAN + ICO FACILITY	-	131.5	(131.5)
COMMERCIAL PAPER (MARF-LISTED)	38.1	56.7	18.6
CAPITAL MARKETS ISSUE	325.0	-	325.0
(C) AMORTISED COST EFFECT	(10.4)	(5.3)	(5.1)
(D) GROSS DEBT (A + B + C)	459.0	352.3	106.6
(E) UNRESTRICTED CASH	185.7	123.5	62.2
NET DEBT BEFORE PREPAYMENTS (D - E)	273.3	228.8	44.5
(F) CASH TIED TO DEVELOPMENT PREPAYMENTS	54.3	62.6	(8.3)
TOTAL CASH (E+F)	**240.0**	**186.2**	**53,9**

Dividend policy

AEDAS Homes has based its shareholder remuneration policy on three cornerstones: (i) net profit; (ii) visibility into cash generation; and (iii) leverage metrics and the liquidity needed to fund organic growth.
The dividend payment motions submitted by the Board of Directors for approval at the Annual General Meeting will at any rate comply with applicable legislation and corporate governance practices, including benchmark international corporate governance recommendations on shareholder remuneration.
The Company's Board of Directors agreed the following on 21 July 2021:

- Each year, the Board of Directors will submit a motion for the distribution of an ordinary dividend equivalent to 50% of net profit until FY 2025/26, inclusive.
- The ordinary dividends may be complemented by extraordinary dividends that may be approved as a function of cash generation.
- Distribution of any such extraordinary dividends is conditional upon the ratio of net debt to gross asset value (i.e., net LTV) not exceeding 20%.

Payment method: The dividend will be paid in cash or via the delivery of own shares.
The Board of Directors reserves the right to modify its shareholder remuneration policy in the event of material developments that could affect the Company's earnings performance or financing needs, warranting its discontinuation; those events could include significant changes in macroeconomic conditions or a decision to undertake a significant transaction or acquisition that could impact the capacity for remuneration.
In FY 2021/22, the Company paid out a total of €98m (€62m from 2020/21 earnings and €36m by way of interim dividend against FY 2021/22 profits). The AEDAS Homes Board of Directors will propose to the Annual General Meeting a dividend distribution up to a maximum of €95.2 million out of FY 2021/22 results, of which €36.1 million (0.82 euros per share) was already paid to shareholders 31 March 2022. Company's treasury shares are not entitled to dividends.

Own shares

The **number of shares bought back** between the start of the repurchasing effort on 7 August 2019 and 31 March 2022 totals **3,910,475**, which is equivalent to **8.36% of the company's capital**; those shares were bought back for **€79,164,358.60**, i.e., at an average price of **€20.24/share**.

In June 2021, the Company delivered 30,090 own shares (purchased for €593,134) to employees, so honouring its commitment under the long-term incentive plan.

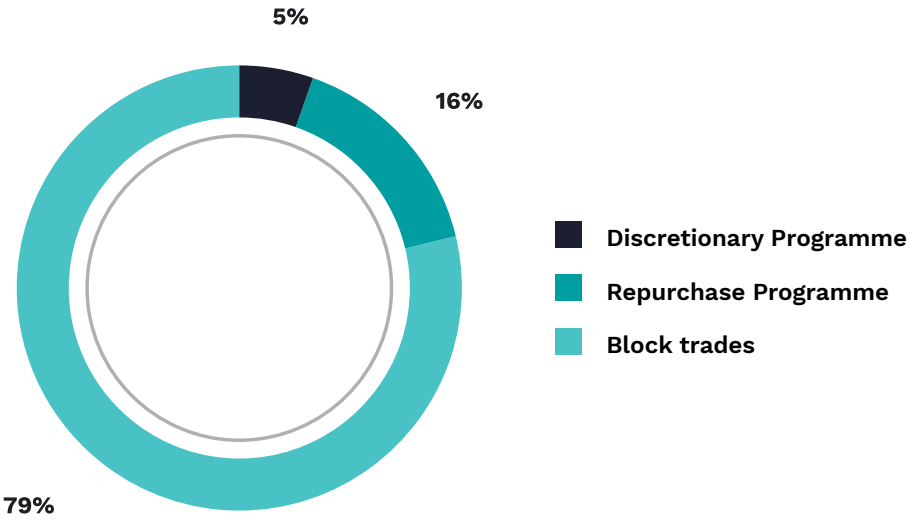
The Company placed a capital reduction on public record on 27 July 2021. Specifically, it cancelled 1,160,050 shares (2.42% of share capital) which had been purchased for €22,702,269; those shares ceased trading on 24 August 2021.

Factoring in the cancellation of those 1,160,050 shares and the delivery of the 30,090 under the LTIP, the **number of own** shares held at 31 March 2022 was 2,720,335, which is equivalent to 5.81% of capital; those shares were bought for **€55,868,955**, i.e., at an average price of **€20.54/share**.

The breakdown of the Company's treasury stock at 31 March 2022:

TOTAL OWN SHARE, 2021/22	SHARES	% OF CAPITAL
DISCRETIONARY PROGRAMME	148,724	0.32%
BLOCK TRADES	2,144,475	4.58%
REPURCHASE PROGRAMME	427,136	0.91%
TOTAL	**2,720,335**	**5.81%**

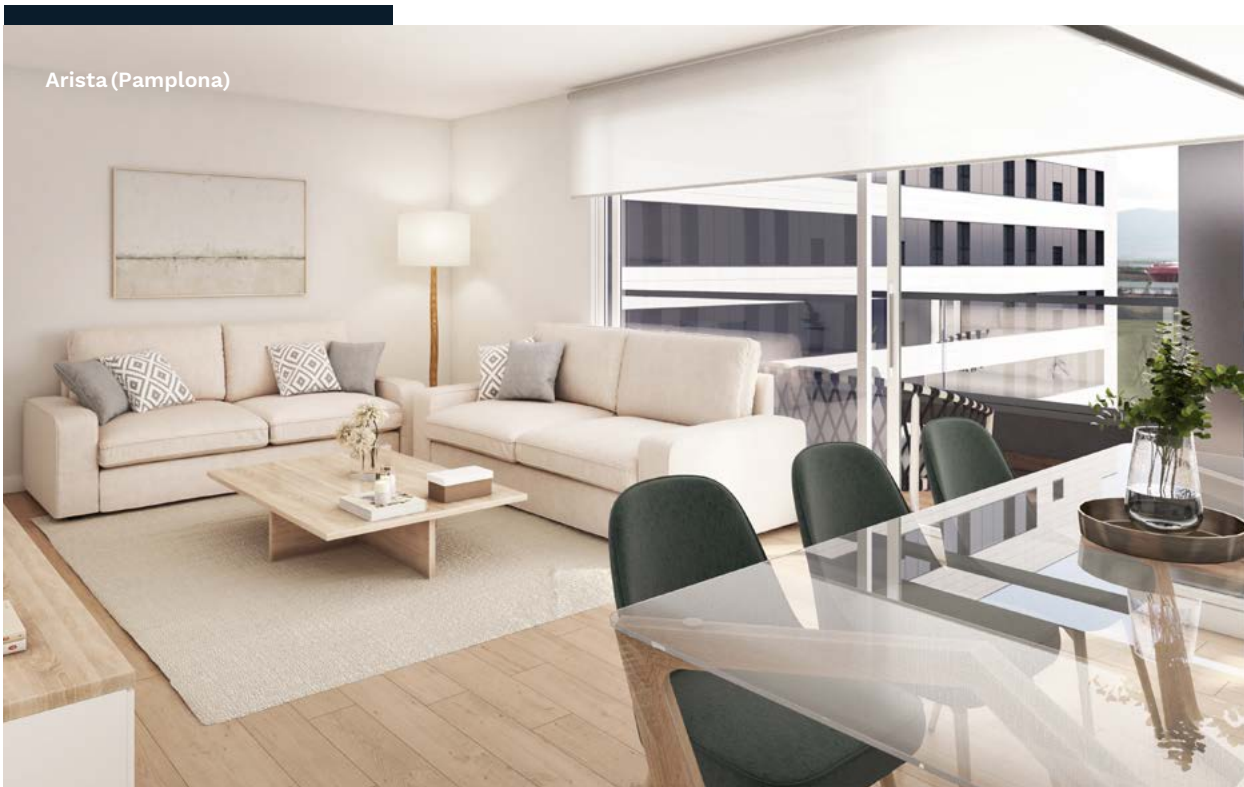
Portfolio of own shares by acquisition route

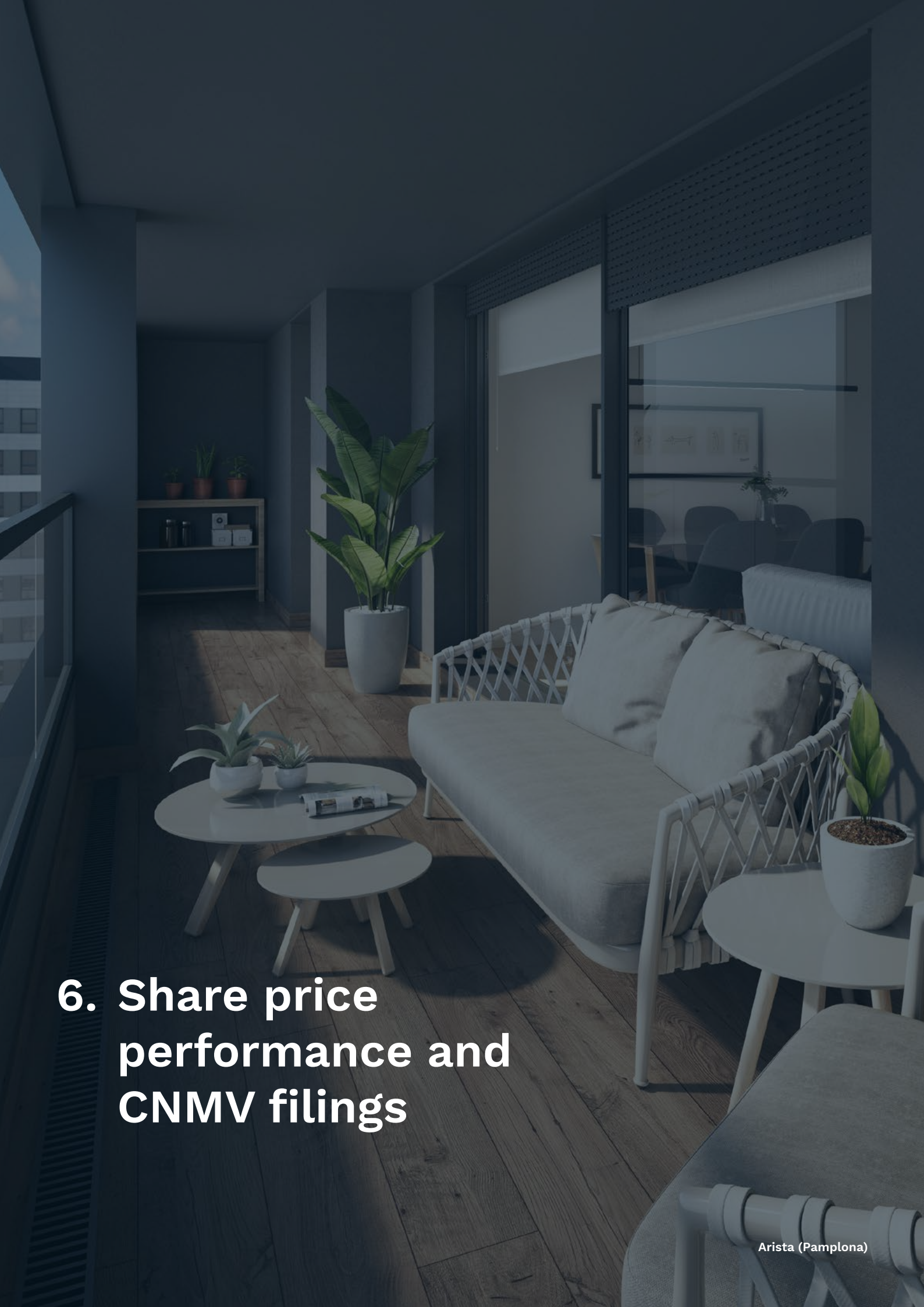


Average supplier payment term

Suppliers were paid at 60 days on average in FY 2021/22, which is within the legally-stipulated deadline.

AVERAGE SUPPLIER PAYMENT TERM	2021/22	2020/21	2020 (1 Jan/31 Mar)	2019
		Days		
AVERAGE SUPPLIER PAYMENT TERM	60.04	61.45	46.39	56.01
PAID TRANSACTIONS RATIO	61.33	63.28	57.46	58.64
OUTSTANDING TRANSACTIONS RATIO	49.63	48.71	32.18	39.06





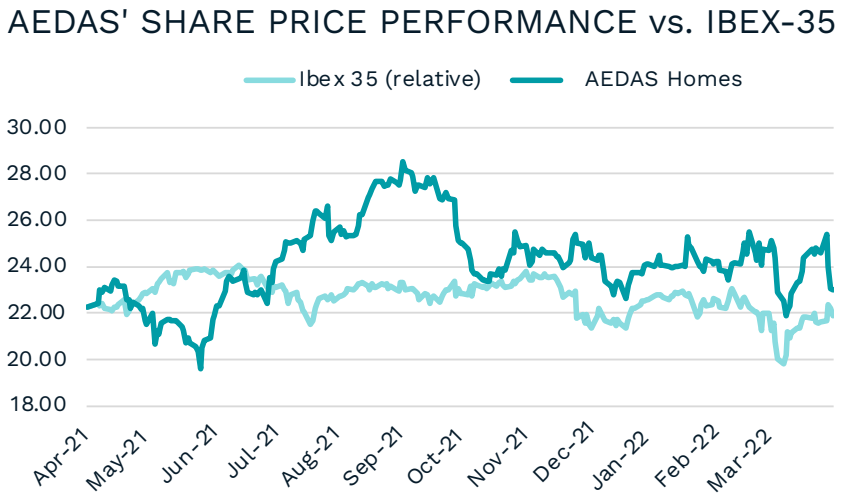
6. Share price performance and CNMV filings

Arista (Pamplona)

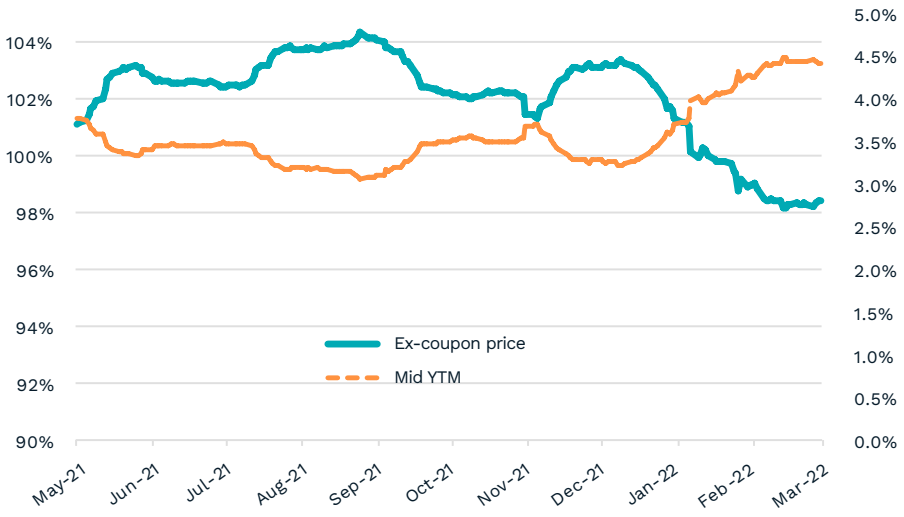
6. Share price performance and CNMV filings

At 31 March 2022, AEDAS Homes' share price was trading at a discount of 34% to the NAV reported as of 31 March 2022. AEDAS Homes' share price started the reporting period at €22.25/share, reaching a high for the year of €28.60/share on 2 September and marking a low of €19.32/share on 26 May.

It ended March 2022 at €23.00, implying a gain of 3% in FY 2021-22. The number of shares traded in FY 2021/22 was equivalent to 20% of total Company shares outstanding.



Green Bond: Price and yield chart



A total of 14 analysts cover the Company. Their target prices averaged €31,6 per share as of 25 May 2022, which is up 36% from the start of the financial year.

The Company's shares currently boast 10 "Buy", 3 "Overweight" and 1 "Hold" recommendations.

The shareholder structure is as follows:

Shareholder	% shareholding
HIPOTECA 43 LUXU S.A.R.L.	71.5%
Own shares	5.8%
T.ROWE PRICE ASSOCIATES, INC	4.9%

For the list of notices submitted by AEDAS Homes to the securities market regulator, refer to the following link: *https://www.cnmv.es/portal/Consultas/DatosEntidad.aspx?nif=A87586483*



The Annual Corporate Governance Report and the Annual Director Remuneration Report are part of this report and can be downloaded from the following links:

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?nif=A87586483&lang=en
https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A87586483

7. Events after the reporting period

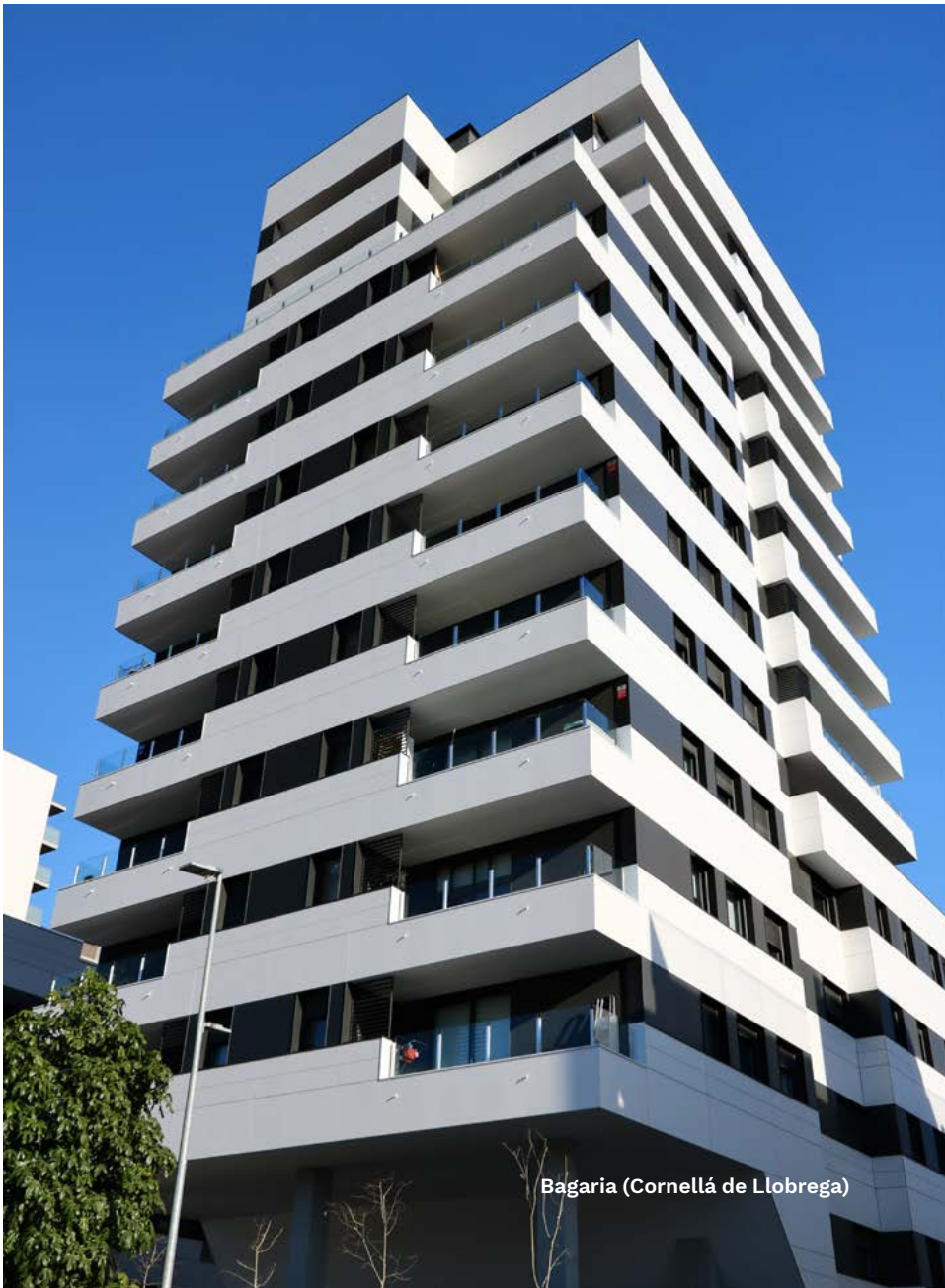


Bagaria (Cornellá de Llobrega)

7. Events after the reporting period

No events have taken place since the end of the reporting period that could have a material impact on the information presented in the consolidated financial statements authorised for issue by the directors or that are worthy of disclosure on account of their materiality, other than that disclosed below:

- On May 25, 2022, the Board of Directors agreed to transfer the registered office of the Parent to Paseo de la Castellana 130.
- During the month of April 2022, the AEDAS Group has amortized developer loans for an amount of 5.47 million euros. These cancelations represent a risk reduction of 16.58 million euros of principal.



Bagaria (Cornellá de Llobrega)

- During the months of April and May 2022, the AEDAS Group has signed developer loans with a mortgage guarantee for a total of 48.19 million euros, in order to finance 5 developments in progress. The interest rate on these loans is EURIBOR plus a spread of between 225 and 250 basis points.

- At May 16, 2022, the total treasury stock held by AEDAS Homes at close of market was 2,734,474 securities representing 5.842% of the capital acquired at an average price of 20.54 €/share. The total number of securities acquired through Discretionary Management was zero securities; the total number of securities acquired through the Buyback Programme was 14,139 securities representing 0.03% of the capital at an average price of 22.06 €/share and the total number of securities acquired in the block market was zero.

- On May 25, 2022, the Board of Directors proposes the distribution of an additional dividend to the interim dividend (Complementary dividend), charged to the profit for the year ended March 31, 2022 of 1.34 euros per share by the number of shares that are not direct treasury shares on the date on which the registered shareholders entitled to receive the dividend. In this regard, in the event that at the time of distribution of the proposed complementary dividend the same number of treasury shares of the Parent is maintained as at March 31, 2022 (2,720,335 shares), the maximum Dividend to be distributed (including the interim dividend and the complementary dividend) would be 95,228,811 euros, leaving an unallocated income of 14,139,304 euros (see Notes 3 and 14).

8. Appendices



Taracea (Granada)

I. I. About this report

AEDAS Homes complies with the requirements of Spanish Law 11/2018 (of 28 December 2018) by including this non-financial statement within the Integrated Report that accompanies its consolidated financial statements for the year ended 31 March 2022.

In a bid to boost the transparency and uniformity of how organisations report on their performance, that legislation requires companies to report on a series of minimum aspects to the extent material to their business activities. The non-financial reporting legislation does not specify compliance with any specific reporting standard or framework. AEDAS Homes has elected, as it is free to do, to report on its performance along non-financial criteria on the basis of the Global Reporting Initiative (GRI), the IT Reporting Framework and the Global Compact principles.

It relied on its map of identified financial and non-financial risks and the materiality assessment conducted in 2021 to identify its material topics.
In carrying out that assessment, starting from an initial raft of external and internal sources, the team came up with a preliminary list of material topics which were then submitted to AEDAS Homes' main departments for endorsement with the aim of prioritising them in order of importance, the level to which they are already being adequately addressed and their relevance in relation to the reporting legislation and frameworks analysed. For each topic, a descriptive file was then put together setting out the key aspects, risk factors and trends, as well as their impacts in relation to the Sustainable Development Goals.

On that basis, the list of material topics for AEDAS Homes is as follows:

MATERIAL TOPICS	PRIORITY	DIMENSION
Developing property for sustainability and wellbeing	High	Environmental
Climate change	High	Environmental
Environmental management	High	Environmental
Customer experience and quality	Medium	Social
Shareholder value	Medium	Governance
Ethics and compliance	Medium	Governance
Job quality	Medium	Social
Risk management	Medium	Governance
Corporate governance and sustainability	Medium	Governance
Talent attraction, retention and development	Medium	Social
Brand and reputation	Medium	Governance
Digitalisation and innovation	Medium	Governance
Diversity and equality	Medium	Social
Stakeholder engagement and transparency	Medium	Governance
Sustainable finance	Medium	Governance
Circular economy	Medium	Environmental
Biodiversity	Medium	Environmental
Community engagement	Medium	Social

II. Index of the disclosures required under Spanish Law 11/2018

Index of the content required under Spanish Law 11/2018, of 28 December 2018, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act enacted by Royal Decree-Law 1/2010, of 2 July 2010, and Law 22/2015, of 20 July, on financial statement audits, as regards non-financial and diversity reporting

Description of the business model

Legally stipulated matters	Where to find in the document | Direct response	Related GRI content
Business environment	1.4. Market indicators 1.6. Corporate structure 1.1. AEDAS Homes at a glance 1.5. Strategy, principles and cultural hallmarks 1.4. Market indicators	102-2 102-6 102-15 102-16 102-18 103-2
Organisation and structure		
Operating markets		
Objectives and strategies		
Factors and trends that could affect the undertaking's future development		

Description of the policies applied by the undertaking

Legally stipulated matters	Where to find in the document | Direct response	Related GRI content
Due diligence processes undertaken to identify, assess, prevent and mitigate risks	3. Risk management	102-15
Material impacts and risk oversight and control measures. Measures adopted		102-44

Principal risks related to those matters linked to the undertaking's operations

Legally stipulated matters	Where to find in the document | Direct response	Related GRI content
Business relationships, products or services which are likely to cause adverse impacts	3. Risk management Appendix I. About this report	102-15 103-1
How the undertaking manages those risks		
Processes used to identify and assess risks		
Information about impacts detected, providing a breakdown, in particular on short, medium and long-term principal risks		

Environmental matters

Legally stipulated matters		Where to find in the document | Direct response	Related GRI content
Information on the actual and potential impacts of operations on the environment		4.2. Environmental performance 4.1. People. Refer to *Health and safety* 4.2. Environmental performance	102-15 103-2
Information on the actual and potential impacts of operations on health and safety			
Environmental assessment and certification processes			
Resources dedicated to preventing environmental risks		4.2. Environmental performance	103-2
Precautionary principle.		1.5. Strategy, principles and cultural hallmarks 4.2. Environmental performance	102-11
Amount of provisions and guarantees covering environmental risks.		4.2. Environmental performance	103-3
Pollution	Measures taken to prevent, reduce or remedy the carbon emissions that gravely harm the environment.	4.2. Environmental performance	103-2 103-3
	Any form of atmospheric pollution specific to the business, including noise and light pollution.	The steps taken to prevent pollution during the life cycle of the homes sold by the Company are reported on in the section on *Environmental performance*. The pollution directly associated with AEDAS Homes' office activities is not considered material.	
Circular economy, prevention and waste management	Measures taken to prevent, recycle, reuse, recover and eliminate waste.	The steps taken to reduce and correctly handle the waste associated with the homes sold by the Company are reported on in the section on *Environmental performance.*	306-2
	Initiatives undertaken to eliminate food waste	Food waste is not a material matter for the Company.	

Sustainable use of resources	Water consumption and water supply in keeping with local limitations.	4.2. Environmental performance	
	Consumption of raw materials and measures taken to use raw materials more efficiently.	This is not a material matter for the Company, which provides services. Nevertheless, the steps taken to reduce the consumption of materials associated with the homes sold by the Company are reported on in the section on Environmental performance.	
Climate change	Direct and indirect energy consumption.	4.2. Environmental performance	302-1 103-2
	Measures taken to improve energy efficiency.		
	Use of renewable sources of energy.		
	Important aspects of the greenhouse gas (GHG) emissions generated as a result of the activities of the undertaking and the use of the goods and services it produces.	4.2. Environmental performance	305-1 305-2 305-3
	Measures taken to adapt for the consequences of climate change.		
	Medium and long-term GHG emission-cutting targets voluntarily adhered to and measures taken to that end.		
Biodiversity protection	Measures taken to preserve or restore biodiversity.	4.4. Good governance	103-2
	Impacts caused by activities or operations in protected areas.	AEDAS Homes does not have any assets in protected areas.	

Social and employee matters

Legally stipulated matters		Where to find in the document | Direct response	Related GRI content
Employment NOTE: if possible, provide data for the last year and the previous year	Total employees and breakdown by gender, age, country and job category.	2.3. Director remuneration policy 4.1. People Appendix V. Social and employee matters. The Company does not disclose average annual compensation as it is not common practice to do so in its sector.	102-8 103-3
	Total number of employment contracts and breakdown by contract type.		
	Annual average number of permanent contracts, temporary contracts and part-time contracts by gender, age and job category.		
	Number of dismissals by gender, age, country and job category.		
	Average earnings and trend broken down by gender, age, job category or equivalent metric.		
	Gender pay gap.		
	Remuneration for similar work or average remuneration.		
	Average remuneration for directors and executives, including bonuses, attendance fees, termination benefits, long-term savings/pension benefits and any other compensation, broken down by gender.		
	Implementation of right-to-disconnect policies	4.1. People. Refer to *Culture of employee wellbeing*	103-2
	Employees with disabilities.	4.1. People. Refer to *Equality*	103-3

Organisation of work	Organisation of working hours	4.1. People. Refer to *Culture of employee wellbeing* 4.1. People. Refer to *Health and safety* 4.1. People. Refer to *Culture of employee wellbeing*	103-2 103-3
	Absenteeism (in hours)		
	Measures taken to facilitate work-life balance and encourage responsible use of those measures by both parents.		
Occupational health and safety	Health and safety at work	4.1. People. Refer to *Health and safety*	103-2 403-1 403-9
	Workplace accidents, specifying their frequency and severity and work-related illnesses, broken down by gender.		
Labour relations	How management-employee dialogue is organised, including procedures for informing and consulting employees and negotiating with them.	4.1. People	103-2 103-3
	Percentage of employees covered by collective bargaining agreements by country.		
	List of collective bargaining agreements, particularly in the field of occupational health and safety.		
Training	Training policies implemented.	4.1. People. Refer to *Training*	103-2 404-1
	Total number of training hours by job category.		
Accessibility for persons with disabilities		Refer to Strategy section in relation to the homes sold by the Company. For information about AEDAS Homes' offices, refer to the section on *Integration and inclusion* in chapter 4.1. People	103-2

Equality	Measures taken to foster the equal treatment of men and women and the provision of equal opportunities to all.	4.1. People. Refer to *Equality* 4.1. People. Refer to *Development of young talent* 4.4. Good governance	103-2
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March 2007, on effective gender equality).		
	Measures taken to foster employment.		
	Anti-sexual/gender harassment protocols and workplace integration and accessibility for persons with disabilities.		
	Policies against discrimination in all its forms and for the management of diversity.		

Human rights matters

Legally stipulated matters	Where to find in the document | Direct response	Related GRI content
Human rights due diligence procedures	4.4. Good governance 4.3. Society 4.4.1. Anti-money laundering and anti-corruption	102-16 102-17 103-2 406-1 414-1
Processes and arrangements for preventing human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialised		
Claims of humans rights abuses		
Promotion of and compliance with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining		
The elimination of workplace discrimination		
The elimination of forced or compulsory labour		
Effective abolition of child labour		

Compliance and transparency

Legally stipulated matters	Where to find in the document | Direct response	Related GRI content
Measures taken to prevent corruption and bribery	4.4.1. Anti-money laundering and anti-corruption	205-2
Measures taken to combat money laundering		
Contributions to non-profit entities	122.000€	103-3

Society matters

Legally stipulated matters		Where to find in the document | Direct response	Related GRI content
Commitment to sustainable development	The impact of the undertaking's activities on local employment and development.	1.5. Strategy, principles and cultural hallmarks 4.3. Society	103-2 413-1
	The impact of the undertaking's activities on local populations and territories.		
	Engagement with local community representatives; communication channels in place.		
	Membership of associations and sponsorships.		
Outsourcing and suppliers	Inclusion of social, gender equality and environmental matters in procurement policies.	4.4.1. Anti-money laundering and anti-corruption 4.1. People. Refer to *Equality* 4.4. Good governance Suppliers declare that they will comply with the code of ethics when signing contracts but effective compliance is not subsequently monitored.	103-2 308-1 416-1
	How social and environmental responsibility is factored into relations with suppliers and subcontractors.		
	Supplier oversight and audit systems and related outcomes.		

Consumers	Consumer health and safety measures.	1.5. Strategy, principles and cultural hallmarks 3. Risk management 4.2. Environmental performance 4.3. Society. Refer to *Always with the customer in mind*	103-2 103-3 416-1
	Consumer claims, complaints and remediation systems.		
Tax information	Profits earned country by country.	5.3. Balance sheet and cash flow statement	103-3 201-1
	Corporate income tax paid.		
	Government grants received.		

III. Wage gap

Average wages* by job category

	Men	Women	Share**
Executives	111,616	110,218	1.3%
Middle management	57,431	49,496	13.8%
Technical experts	43,156	37,941	12.1%
Sales	21,000	22,028	-4.9%
Clerical staff	26,354	23,106	12.3%

* Average wages considering the fixed components
** Average salary for men, less average salary for women compared to average salary for men.

Average wages* by age category

	Men	Women	Share**
<30	28,333	28,800	-1.6%
30 - 50	45,852	35,225	23.2%
+45	78,764	54,140	31.3%

* Average wages considering the fixed components
** Average salary for men, less average salary for women compared to average salary for men.

IV. External Verification Report

Independent limited assurance report on the Consolidated Non-Financial Statement for the year ended March 31, 2022

AEDAS HOMES, S.A. AND ITS SUBSIDIARIES

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

Building a better working world

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the shareholders of AEDAS HOMES, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended March 31, 2022, of AEDAS HOMES, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the "Appendix II: Content Index", included in the accompanying NFS.

Directors' Responsibility

The Directors of AEDAS HOMES, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following Sustainability Reporting Standards selected criteria of the Global Reporting Initiative (GRI standards), as well as other criteria described in accordance with that indicated for each subject in the "Appendix II: Content Index", included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

The Directors of AEDAS HOMES, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

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

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Building a better working world

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the NFS for the year ended March 31, 2022 based on the materiality analysis made by the Group and described in section "Appendix I: About this Report", considering the content required by prevailing mercantile regulations.
- Analysing the processes for gathering and validating the data included in the NFS for the year ended March 31, 2022.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended March 31, 2022.
- Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended March 31, 2022 and its correct compilation from the data sources.
- Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended March 31, 2022 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Appendix II: Content Index", included in the NFS.

A member firm of Ernst & Young Global Limited

Building a better working world

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version In Spanish)

Alberto Castilla Vida

May 25th, 2022

A member firm of Ernst & Young Global Limited

V. 2021 Annual General Meeting

The Company held its 2021 Annual General Meeting on 18 June 2021 (first and only shareholder meeting held in FY 2021/22) at which it submitted the following resolutions, all of which were ratified:

1. Approval of the individual and consolidated financial statements for the fiscal year ended 31 March 2020.

2. Approval of the management reports accompanying the separate and consolidated FY 2021 financial statements.

3. Grant of discharge to management and the Board of Directors for their performance in the fiscal year ended 31 March 2021.

4. Approval of the proposed distribution of profit for the fiscal year ended 31 March 2021.

5. Ratification of the appointment and re-election of Mr. Francisco Javier Martínez-Piqueras Barceló as independent director for the bylaw-stipulated term of three years.

6. Acknowledgement of the arrangement by the Company of a Financial Transaction and the execution by it of certain related financial documents .

7. Approval, for the purposes of the provisions of article 160.f) of the Corporate Enterprises Act, of the grant of physical collateral in connection with the Financial Transaction.

8. Approval of a capital reduction via the cancellation of 1,160,050 shares and the attendant amendment of article 5 of the Company's Bylaws.

9. With respect to the following articles of the Bylaws:

- Amendment of article 12 ("Attendance and representation at the General Meeting"), in order to introduce the possibility of holding the General Meeting entirely remotely. -
- Amendment of article 14 ("Board of Directors. Responsibilities") in order to remove the possibility of legal persons sitting on the Board (along with the corresponding transitory provision)
- Amendment of article 17 ("Remuneration") to align it with the new wording of the Corporate Enterprises Act.

10. With respect to the following articles of the General Meeting Regulations:

- Amendment of articles 9 ("Call notice"), 18 ("Planning, resources and Meeting venue"), 22 ("Shareholder register"), 33 ("Minutes to the General Meeting") and the Additional Provision ("Telematic attendance at the General Meeting") to introduce the possibility of holding the Meeting entirely remotely and to align their wording with the recast version of the Corporate Enterprises Act, along with other technical fine-tuning
- Amendment of article 10 ("Information available on the corporate website as from the call date") to exclude the possibility of legal persons sitting on the Board
- Amendment of articles 17 ("Representation through financial intermediaries") and 28 ("Remote voting") to align their wording with the recast version of the Corporate Enterprises Act, along with other technical fine-tuning.

11. Delegation of powers for the formalisation, placement on public record and execution of the above resolutions.

12. Advisory vote on the annual report on director remuneration for FY 2020/21.

VI. KPIs Glossary

Growth

Metric	Definition	Rational of usage
Homes launched	Housing units are considered launched once marketing is underway, i.e., they are classified as 'launched' subsequent to the design phase, once they are put up for sale.	This KPI is used by the Company's directors to monitor its activity and growth. It is a leading indicator insofar as it foreshadows the Group's ability to generate revenue.

ROE

Metric	Definition	Rational of usage
ROE (%)	Calculated as operating profit divided by average equity.	This yardstick is used to analyse the Company's profitability and to ensure the efficient and effective use of its own funds.

Dividend policy

Metric	Definition	Rational of usage
Payout	Percentage of profits earmarked to dividend payments.	Provides a measure of shareholder remuneration via dividends.

Net profit

Metric	Definition	Rational of usage
Net profit (€m)	Group net profit after tax and including non-controlling interests	Used in the Company's financial statements; it is calculated based on net profit, factoring in the net finance cost and tax expense.

Alternative performance measures

Metric	Definition	Rational of usage
Gross development margin (%)	Revenue from sales – Change in inventories – Cost of sales (without factoring in provisions for the impairment of inventories).	The Company's directors use the Gross Development Margin to measure its performance as this yardstick provides information about how its development projects are performing by starting from thirdparty sales and subtracting the costs incurred to make such sales. Calculation of this APM factors in the impairment charges applied to real estate assets sold during the reporting period. Note that the Gross Development Margin does not include any gains realised on the sale of land. In short, the Gross Development Margin is tracked by the Company's directors in order to monitor the performance and profitability of its property development business.
Net development margin (%)	Gross Development Margin – Sales & marketing expenses (included within Other operating expenses in the statement of profit or loss).	The Net Development Margin is used by the Company's directors as a yardstick for its performance as it provides information about the net margin generated on the developments that generated sales revenue during the reporting period. The Net Development Margin is calculated based on the Gross Development Margin, net of certain expenses associated with the marketing effort. Note that the Net Development Margin does not include any gains realised on the sale of land.
EBITDA (€m)	Net Development Margin – Impairment of inventories + Revenue from services + Other operating income – Employee benefits expense – Other operating expenses other than sales & marketing expenses.	The Company's directors use EBITDA to measure its performance as it provides information for analysing profitability (before interest, tax, depreciation and amortisation) by approximating the operating flows that generate cash. It is also a measure that is widely used by the investment community to appraise enterprises' performance; it is further used by the rating agencies and creditor community to evaluate leverage and interest coverage by comparing EBITDA with an entity's net debt and debt service obligations.

Net debt	Gross debt – unrestricted cash	Net Debt measures an enterprise's net financial position. It is also a metric that is widely used by investors to analyse companies' net leverage and by rating agencies and creditors to assess net debt.
Average Borrowing Cost	Weighted average cost of the Company's borrowings on a given date, factoring in corporate debt and developer loans.	
GAV	The value of the Company's assets, and, by extension, its GAV, is calculated by an independent appraiser, specifically Savills Aguirre Newman. That appraiser uses the RICS methodology to calculate the market value of properties. The RICS defines market value as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion. To calculate GAV, the appraiser uses a series of assumptions informed by its own criteria.	One of the Company's asset valuation methods.
NAV	The market value of the Company's equity or net worth, i.e., the total value of its assets minus the total value of its liabilities.	
GDV	A measure of what the Company's assets are expected to be worth once all development work has been completed.	

Returns

Metric	Definition	Rational of usage
Earnings per share	Net profit attributable to equity holders of the parent divided by the number of shares outstanding.	This metric is also used as a benchmark for the dividend per share. It is used to analyse the Company's profitability for shareholder remuneration purposes.
Total shareholder return* *Bloomberg data	Calculated as the sum of the dividends received by the Company's shareholders, the share price gain/correction during the year and other payments such as the delivery or buyback of shares.	This financial indicator is used by investors and financial analysts to evaluate the remuneration earned by shareholders over the course of the year in exchange for the capital they put up.

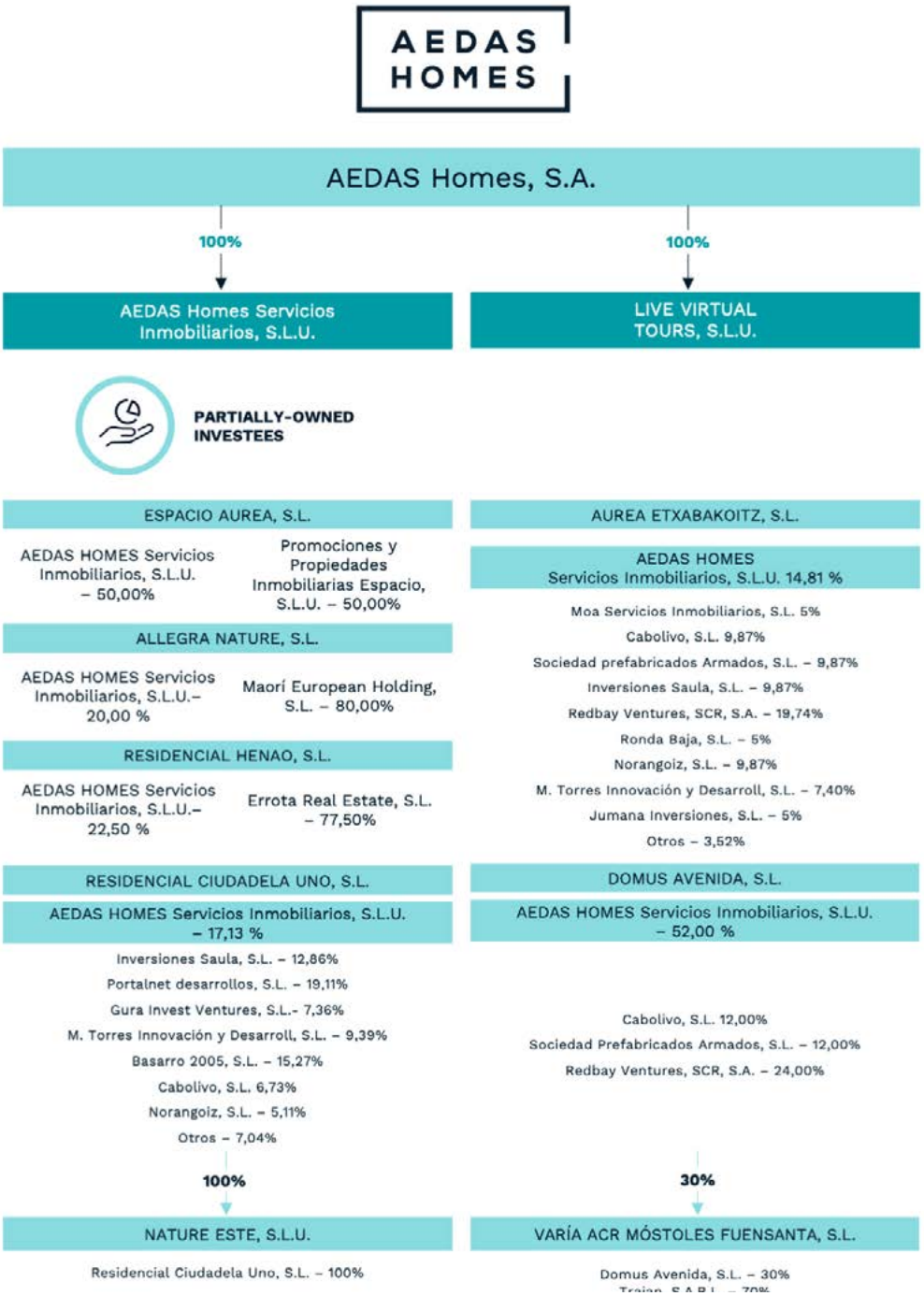
Leverage

Metric	Definition	Rational of usage
Net debt/ EBITDA	Calculated by dividing net debt by EBITDA.	Leverage provides a measure of the Company's indebtedness. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.
Net LTV	Net Debt/(Cash) / (Market value of appraised assets (GAV) + Sale options over inventories) Calculated at the end of the period.	LTV provides a measure of the Company's indebtedness relative to the market value of its properties. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.
Net LTC	Net Debt/(Cash) / (Inventories - Prepayments to suppliers) Calculated at the end of the period.	The LTC ratio provides another measure of the Company's indebtedness. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.

VII. Corporate structure

The following chart depicts the corporate structure of AEDAS Homes, which is headquartered in Madrid Spain:




AEDAS HOMES
AEDAS Homes, S.A.
100%
100%
AEDAS Homes Servicios Inmobiliarios, S.L.U.
LIVE VIRTUAL TOURS, S.L.U.
PARTIALLY-OWNED INVESTEES
ESPACIO AUREA, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U. – 50,00%
Promociones y Propiedades Inmobiliarias Espacio, S.L.U. – 50,00%
ALLEGRA NATURE, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U.– 20,00 %
Maorí European Holding, S.L. – 80,00%
RESIDENCIAL HENAO, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U.– 22,50 %
Errota Real Estate, S.L. – 77,50%
RESIDENCIAL CIUDADELA UNO, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U. – 17,13 %
Inversiones Saula, S.L. – 12,86%
Portalnet desarrollos, S.L. – 19,11%
Gura Invest Ventures, S.L.- 7,36%
M. Torres Innovación y Desarroll, S.L. – 9,39%
Basarro 2005, S.L. – 15,27%
Cabolivo, S.L. 6,73%
Norangoiz, S.L. – 5,11%
Otros – 7,04%
100%
NATURE ESTE, S.L.U.
Residencial Ciudadela Uno, S.L. – 100%
AUREA ETXABAKOITZ, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U. 14,81 %
Moa Servicios Inmobiliarios, S.L. 5%
Cabolivo, S.L. 9,87%
Sociedad prefabricados Armados, S.L. – 9,87%
Inversiones Saula, S.L. – 9,87%
Redbay Ventures, SCR, S.A. – 19,74%
Ronda Baja, S.L. – 5%
Norangoiz, S.L. – 9,87%
M. Torres Innovación y Desarroll, S.L. – 7,40%
Jumana Inversiones, S.L. – 5%
Otros – 3,52%
DOMUS AVENIDA, S.L.
AEDAS HOMES Servicios Inmobiliarios, S.L.U. – 52,00 %
Cabolivo, S.L. 12,00%
Sociedad Prefabricados Armados, S.L. – 12,00%
Redbay Ventures, SCR, S.A. – 24,00%
30%
VARÍA ACR MÓSTOLES FUENSANTA, S.L.
Domus Avenida, S.L. – 30%

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