Audit Report on Financial Statements
issued by an Independent Auditor

AEDAS HOMES, S.A.
Financial Statements and Management Report
for the year ended
March 31, 2021

Building a better
working world

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 21)

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

Report on the financial statements

Opinion

We have audited the financial statements of AEDAS HOMES, S.A. (the Company), which comprise the balance sheet as at March 31, 2021, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at March 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2.a to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

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

Measurement of equity instruments and loans to group companies

Description	As indicated in Notes 4.5, 7 and 8 to the accompanying financial statements, at March 31, 2021, the Company recognized non-current equity investments amount to 198,645,519 euros and non-current and current loans to group companies amounting to 856,465,342 euros and 7,070,713 euros, respectively, through these investees, the Company manages the acquisition of land and sites and their exploitation by sale housing developments. At each reporting date, the Company's directors test these equity investments and loans for indications of impairment. Impairment losses are recognized when their carrying amount exceeds their recoverable amount. Impairment loss is calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value of the projected cash flows from the investment. The Company takes investee's equity into consideration, adjusted for any unrealized gains existing at the measurement date, unless better evidence of the recoverable amount of the investment is available. To estimate the aforementioned unrealized capital gains, the Company uses appraisals carried out by an independent expert on the investment properties owned by each of the group companies and compares them to the net book value of the related assets. The risk of the incorrect valuation of the movements in these assets and their possible impairment, as well as the relevance of the amounts involved, cause us to consider the valuation of the investments in group companies and non-current and current loans to group companies as a key audit matter.
Our response	In this regard, our audit procedures included the following, among others: ▶ Understanding Company management´s processes to determine the measurement of equity instruments and loans to group companies, including evaluation of the design and implementation of the relevant controls. ▶ Reviewing the analysis carried out by the Company to identify indications of impairment and calculation of the recoverable amount, through the evaluation, in collaboration with our valuation experts, the valuation methodology used by the independent expert for a sample of the properties appraised by the latter, the review of which specifically encompassed a mathematical assessment of the model, an analysis of the projected cash flows and a review of the discount rates used. ▶ Reviewing the disclosures included in the notes to the accompanying financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: management report

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that certain information included in the Corporate Governance Report and the Annual Report on the Remunerations of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit and control committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.a to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit and control committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

We also provide the audit and control committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of AEDAS HOMES, S.A. for the 2021 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of AEDAS HOMES S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Annual Report on the Remunerations of Directors have been incorporated by reference in the management report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on May 9, 2021.

Term of engagement

The ordinary general shareholders' meeting held on June 23, 2020 appointed us as auditors for 3 years, commencing on March 31, 2021.

Previously, we were appointed as auditors by the shareholders for one year and we have been carrying out the audit of the financial statements continuously since December 31, 2016.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(signed in the original version)

Alfonso Balea López
(Registered in the Official Register of Auditors under No. 20970)

May 9, 2021

AEDAS HOMES S.A.

Financial statements for the year ended March 31, 2021

(Free translation from the original in Spanish. In case of discrepancy, the Spanish-language version prevails).

AEDAS HOMES S.A.

BALANCE SHEETS AT MARCH 31, 2021 AND MARCH 31, 2020

(Euros)

ASSETS	Note	March 31, 2021	March 31, 2020
NON-CURRENT ASSETS:			
Intangible assets	**5**	**1,486,216**	**1,244,614**
Software		1,454,753	1,170,138
Other intangible assets		31,463	74,476
Property, plant and equipment	**6**	**852,225**	**947,110**
Land and buildings		329,382	381,727
Plant and other PP&E		500,669	565,061
Construction work in progress and prepayments		22,174	322
Non-current investments in group companies and associates		**1,055,110,861**	**243,723,565**
Equity instruments	**7**	198,645,519	198,645,519
Loans to companies	**8 & 16**	856,465,342	45,078,046
Non-current financial investments		**222,976**	**160,562**
Other non-current financial assets	**8**	222,976	160,562
Deferred tax assets	**13**	**1,658,332**	**2,240,042**
Total non-current assets		**1,059,330,610**	**248,315,893**
CURRENT ASSETS:			
Trade and other receivables		**36,800,983**	**64,570,246**
Trade receivables, group companies and associates	**8**	36,709,059	64,559,308
Sundry receivables	**8**	4,482	357
Personnel	**8**	12,913	10,577
Current tax assets	**13**	73,696	-
Other receivables from public authorities	**13**	833	4
Current investments in group companies and associates	**8 & 16**	**111,181,462**	**841,557,172**
Current loans to group companies and associates		7,070,713	834,936,017
Other financial assets		104,110,749	6,621,155
Current financial assets	**8**	**5,014,839**	**11,192,905**
Prepayments and accrued income		**174,971**	**356,412**
Cash and cash equivalents	**9**	**3,126,554**	**10,911,500**
Total current assets		**156,298,809**	**928,588,235**
TOTAL ASSETS		**1,215,629,419**	**1,176,904,128**

EQUITY AND LIABILITIES	Note	March 31, 2021	March 31, 2020
EQUITY:			
Capital	**10**	**47,966,587**	**47,966,587**
Issued capital		47,966,587	47,966,587
Share premium	**10**	**500,076,721**	**500,076,721**
Reserves	**10**	**(307,095,363)**	**(307,929,669)**
(Own shares and equity holdings)	**10**	**(65,075,384)**	**(36,940,235)**
Retained earnings (prior-year losses)	**10**	**2,260,054**	**(1,320,954)**
Other owner contributions	**10**	**740,071,256**	**740,071,256**
Profit/(loss) for the year	**3**	**67,251,490**	**4,516,890**
Other equity instruments	**10**	**4,406,966**	**2,535,360**
Total equity		**989,862,327**	**948,975,956**
NON-CURRENT LIABILITIES:			
Non-current borrowings	**12**	**88,433,238**	**2,546,914**
Bonds and other marketable securities		32,354,834	2,546,914
Debt with financial institutions		56,078,404	-
Deferred tax liabilities		**5,729**	-
Total non-current liabilities		**88,438,967**	**2,546,914**
CURRENT LIABILITIES:			
Current borrowings	**12**	**96,621,224**	**212,336,452**
Bonds and other marketable securities		22,301,428	59,522,751
Debt with financial institutions		74,301,322	150,184,136
Derivatives		-	2,615,457
Other financial liabilities		18,474	14,108
Current borrowings from group and related companies and associates	**16**	**3,731,764**	**1,228,800**
Trade and other accounts payables	**12**	**36,975,137**	**11,816,006**
Suppliers	**12**	872	-
Payable for services received	**12**	1,603,592	1,853,038
Employee benefits payable	**12**	3,470,884	1,045,182
Current tax liabilities	**13**	19,237,337	6,552,256
Other payables to public authorities	**13**	12,662,452	2,365,530
Total current liabilities		**137,328,125**	**225,381,258**
TOTAL EQUITY AND LIABILITIES		**1,215,629,419**	**1,176,904,128**

The accompanying notes 1 to 20 are an integral part of the balance sheet at March 31, 2021

AEDAS HOMES S.A.

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 AND THE THREE MONTHS ENDED MARCH 31, 2020

(Euros)

	Note	Year ended March 31, 2021	Three months ended March 31, 2020
CONTINUING OPERATIONS			
Revenue	**14.a**	**114,103,322**	**15,647,998**
Revenue from services rendered		58,103,322	15,647,998
Dividend received		56,000,000	-
Employee benefits expense	**14.c**	**(21,461,651)**	**(4,879,254)**
Wages, salaries and similar		(17,890,841)	(4,033,129)
Employee benefits		(3,570,810)	(846,125)
Other operating expenses		**(8,420,285)**	**(2,103,101)**
External services	**14.b**	(8,362,930)	(2,084,126)
Taxes other than income tax		(19,283)	(18,675)
Losses, impairments and variation of provisions of commercial operations		(11,817)	-
Other operating expenses		(26,255)	(300)
Depreciation and amortization	**5 & 6**	**(927,015)**	**(208,940)**
OPERATING PROFIT/(LOSS)		**83,294,371**	**8,456,703**
Finance costs	**14.d**	**(11,434,443)**	**(2,441,971)**
Third-party borrowings		(11,434,443)	(2,441,971)
Change in fair value of financial instruments	**12.4**	**399,685**	**(1,418,817)**
Held-for-trading portfolio and other securities		399,685	(1,418,817)
Exchange gains/(losses)		**(3,648)**	**(612)**
NET FINANCE INCOME/(COST)		**(11,038,406)**	**(3,861,400)**
PROFIT/(LOSS) BEFORE TAX		**72,255,965**	**4,595,303**
Income tax	**13**	(5,004,475)	(78,413)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**67,251,490**	**4,516,890**
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the period from discontinued operations		-	-
PROFIT/(LOSS) FOR THE YEAR		**67,251,490**	**4,516,890**

Accompanying notes 1 to 20 are an integral part of the income statement for the year ended March 31, 2021

AEDAS HOMES S.A.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 AND THE THREE MONTHS ENDED MARCH 31, 2020

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Euros)

	Note	Year ended March 31, 2021	Three months ended March 31, 2020
PROFIT/(LOSS) FOR THE PERIOD (I)	**3**	**67,251,490**	**4,516,890**
Income and expense recognised directly in equity		-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**-**	**-**
TOTAL AMOUNTS TRANSFERRED TO PROFIT OR LOSS (III)		**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**67,251,490**	**4,516,890**

The accompanying notes 1 to 20 are an integral part of the statement of changes in equity for the year ended March 31, 2021

AEDAS HOMES S.A.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 AND THE THREE MONTHS ENDED MARCH 31, 2020

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Euros)

	Issued capital (note 10.a)	Share premium (note 10.b)	Reserves (notes 10.c, 10.d & 10.c)	(Own shares and equity holdings) (note 10.f)	Retained earnings (prior-period losses) (note 10.g)	Shareholder/owner contributions (note 10.h)	Profit/(loss) for the year	Other equity instruments (note 10.j)	TOTAL
OPENING BALANCE AT JANUARY 1, 2020	**47,966,587**	**500,076,721**	**(309,868,836)**	**(30,603,842)**	**(14,436,582)**	**740,071,256**	**15,027,995**	**2,179,769**	**950,413,068**
Total recognised income and expense	**-**	**-**	**-**	**-**	**-**	**-**	**4,516,890**	**-**	**4,516,890**
Distribution of prior-period profit	**-**	**-**	**1,912,367**	**-**	**13,115,628**	**-**	**(15,027,995)**	**-**	**-**
Transactions with shareholders	**-**	**-**	**26,800**	**(6,336,393)**	**-**	**-**	**-**	**-**	**(6,309,593)**
Transactions with own shares and equity holdings (net)	-	-	26,800	(6,336,393)	-	-	-	-	(6,309,593)
Other changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**355,591**	**355,591**
CLOSING BALANCE AT MARCH 31, 2020	**47,966,587**	**500,076,721**	**(307,929,669)**	**(36,940,235)**	**(1,320,954)**	**740,071,256**	**4,516,890**	**2,535,360**	**948,975,956**
Total recognised income and expense	**-**	**-**	**-**	**-**	**-**	**-**	**67,251,490**	**-**	**67,251,490**
Distribution of prior-period profit	**-**	**-**	**935,882**	**-**	**3,581,008**	**-**	**(4,516,890)**	**-**	**-**
Transactions with shareholders	**-**	**-**	**(101,577)**	**(28,135,149)**	**-**	**-**	**-**	**-**	**(28,236,726)**
Transactions with own shares and equity holdings (net)	-	-	(101,577)	(28,135,149)	-	-	-	-	(28,236,726)
Other changes in equity	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**1,871,606**	**1,871,607**
CLOSING BALANCE AT MARCH 31, 2021	**47,966,587**	**500,076,721**	**(307,095,363)**	**(65,075,384)**	**2,260,054**	**740,071,256**	**67,251,490**	**4,406,966**	**989,862,327**

The accompanying notes 1 to 20 are an integral part of the statement of changes in equity for the year ended March 31, 2021

AEDAS HOMES S.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 AND THE THREE MONTHS ENDED MARCH 31, 2020

(Euros)

	Note	Year ended March 31, 2021	Three months ended March 31, 2020
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**72,255,965**	4,595,303
Adjustments to profit/(loss):		**(69,776,833)**	**(4,272,625)**
Depreciation and amortization charges	**5 & 6**	927,015	208,940
Change in provisions		1,871,605	355,591
Finance income	**14.a**	(83,610,211)	(8,697,944)
Finance costs	**14.d**	11,434,443	2,441,971
Change in fair value of financial instruments		(399,685)	1,418,817
Other cash flows from operating activities		**12,470,608**	**6,388,779**
Interest received		21,455,362	8,022,347
Interest paid		(8,984,754)	(1,633,568)
Changes in working capital:		**(486,509)**	**(17,412,322)**
Increase/(decrease) in trade receivables		(6,712,051)	(3,570,528)
Increase/(decrease) in trade payables		5,944,994	(9,283,970)
Increase/(decrease) in other current assets and liabilities		342,962	(4,556,624)
Increase/(decrease) in other non-current assets and liabilities		(62,414)	(1,200)
Net cash used in operating activities (1)		**14,463,231**	**(10,700,865)**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(139,990,763)**	**(9,033,954)**
Group companies and associates		(138,890,717)	(8,900,314)
Intangible assets	**5**	(882,449)	(80,121)
Property, plant and equipment	**6**	(217,597)	(53,519)
Proceeds from sale of investments		**161,159,504**	**45,849,812**
Group companies and associates		161,133,191	45,849,812
Intangible assets	**5**	18,208	
Property, plant and equipment	**6**	8,105	
Net cash from/(used in) investing activities (2)		**21,168,741**	**36,815,858**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments		**(24,265,619)**	**(6,309,592)**
Acquisition of own equity instruments		(24,265,619)	(11,309,579)
Disposal of own equity instruments		-	4,999,987
Proceeds from and repayment of financial liabilities		**(19,151,299)**	**(17,532,359)**
Issue of bonds and other marketable securities		58,810,883	24,899,442
Issue of debt from banks		38,030,369	-
Issue of debt with related parties		10,689,601	
Repayment of bonds and other marketable securities		(67,400,000)	(41,000,000)
Repayment of debt with financial institutions		(59,282,152)	
Repayment of debt with group companies and associates		-	(1,431,801)
Net cash from financing activities (3)		**(43,416,918)**	**(23,841,951)**
4. Effect of changes in exchange rates on cash and cash equivalents (4)		-	-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3+4)		**(7,784,946)**	**2,273,042**
Cash and cash equivalents - opening balance		10,911,500	8,638,458
Cash and cash equivalents - ending balance		**3,126,554**	**10,911,500**

The accompanying notes 1 to 20 are an integral part of the statements of cash flows for the year ended March 31, 2021

1. *Core business*

Aedas Homes, S.A. (hereinafter, the Company) was incorporated as an open-ended sole-shareholder company on June 9, 2016 before Madrid notary public Mr. Carlos Entrena Palomero (protocol deed entry no. 955) under the name of SPV Spain 19, S.L.U. Its registered office is located in Madrid, on Paseo de la Castellana 42, postal code 28046.

The Company was incorporated as a result of the subscription and payment by Structured Finance Management (Spain), S.L. of 3,000 indivisible shares, numbered sequentially, with a unit par value of 1 euro. They were paid for in cash. In 2016, a letter of intent was signed between the then Sole Shareholder and the company domiciled in Luxembourg called Hipoteca 43 Lux, S.A.R.L. for the sale of 100% of the shares held by the former in SPV Spain 19, S.L. The sale of those shares closed on July 5, 2016.

The Company's name was changed to Aedas Homes Group, S.L.U. on July 18, 2016 (as witnessed by notary public Carlos Entrena Palomero, protocol entry no. 1228). The current name was taken in the wake of the corporate restructuring exercise.

On September 12, 2017, the Company's legal form of incorporation was changed to that of a public limited company (*sociedad anónima*) so that it took the name of AEDAS HOMES, S.A.

The Company's corporate object, pursuant to article 2 of its bylaws, is the following:

a) The acquisition, development and refurbishment of all manner of properties, whether for holding, use, disposal or lease.

b) The acquisition, holding, usage, sale and administration of marketable Spanish or international securities and of any titles or rights, such as the shares of limited-liability companies, that give it an equity interest in other companies, all of which as principal and not agent.

The above-mentioned activities may be performed by the Company either directly or indirectly, as well as through ownership interests in other companies with an identical or similar corporate purpose. The Company's corporate object specifically excludes those activities reserved by law to certain types of companies and those requiring a permit or license the Company does not have.

At March 31, 2021 and March 31, 2020, the Company is the parent of a group of companies (the Group). A list of the Company's subsidiaries is provided in Appendix I of these financial statements for the year ended March 31, 2021. Aedas Homes, S.A. and the subsidiaries itemised in Appendix I have drawn up consolidated financial statements, applying the International Financial Reporting Standards adopted by the European Union (IFRS-EU), authorising their issuance on May 7, 2021.

On March 30, 2020, the Shareholders' Meeting of the Company, at the proposal of the Board of Directors, agreed to change the Company’s fiscal year to the twelve-month period from April 1 to March 31 the following year, except for the first fiscal year, to which the previous financial statements related, which was from January 1, 2020 until March 31, 2020. Therefore, these financial statements relate to the twelve-month period from April 1, 2020 to March 31, 2021.

2. ***Basis of presentation of the financial statements***

a) *Financial reporting framework applicable to the Company*

The accompanying financial statements for the year ended March 31, 2021 were authorised for issue by the directors in keeping with the financial reporting regulatory framework applicable to Company, namely:

- Spain’s Code of Commerce and other company law.

- Spain's General Accounting Plan (enacted by means of Royal Decree 1514/2007), modified by the Royal Decree 1159/2010, of September 17, and by the Royal Decree 602/2016 of December 2, and, specifically, the accounting standards adapting the Plan for the real estate sector and its companies (published via Ministerial Order on December 28, 1994). Pursuant to Transitional Provision Five of Royal Decree 1514/2007 enacting the General Accounting Plan, as a general rule, the sector adaptations and other implementing accounting regulations in force on the date of publication of the said Royal Decree continue to apply insofar as they do not contradict the terms of the Code of Commerce, Corporate Enterprises Act (approved by Royal Decree-Law 1/2010, July 2nd), specific provisions or the General Accounting Plan itself.

- The binding rules issued by the ICAC (acronym of the Spanish of Institute of Accountants and Auditors) enacting the General Accounting Plan and complementary rules and regulations.

- Other applicable Spanish accounting regulations.

b) *True and fair view*

The accompanying financial statements were prepared by the Company's Directors in accordance with current accounting legislation to give a true and fair view of its equity, financial position and performance. The statement of cash flows has been prepared to provide an accurate picture of the origin and usage of the Company’s monetary assets such as cash and cash equivalents.

c) *Functional and presentation currency*

The accompanying financial statements for the year ended March 31, 2021 are presented in euros, which is the Company’s functional and presentation currency.

d) *Non-mandatory accounting policies applied*

The Company has not applied any non-mandatory accounting policies. Further, the Company’s directors have drawn up the accompanying financial statements for year ended March 31, 2021 in accordance with all mandatory accounting principles and rules which have a material impact thereon. All mandatory accounting policies were applied.

e) *Critical issues concerning the measurement and estimation of uncertainty*

In preparing the accompanying financial statements, the Company’s management used estimates to measure certain of the assets, liabilities, income and expenses recognised and to provide the breakdown of contingent liabilities. These estimates were made on the basis of the best available information at year-end. However, the uncertainty inherent in these estimates means that future events could oblige the directors to modify these estimates in the next financial year, prospectively if warranted. These estimates basically refer to:

- Assessment of the potential impairment of the Company's financial investments in Group companies and the accounts receivable from Group companies (Note 4.5).

- The probability of obtaining future taxable income when recognising deferred tax assets (Note 4.8).

In addition to other relevant information regarding the estimation of uncertainty at the reporting date, the key assumptions regarding the future that imply a considerable risk that the carrying amounts of assets and liabilities may require material adjustment in the next financial year, are as follows:

Impairment of the Company's financial investments in Group companies

Measurement of investments in Group companies requires estimations to determine their recoverable value to assess whether they are impaired. Unless better evidence is available, the recoverable amount is estimated on the basis of the equity of the investee, adjusted by any unrealised capital gains existing on the measurement date implicit in the appraisal of the real estate assets belonging to the Company's investees (Note 4.5).

The recoverable amount of the real estate properties held by the Group companies is estimated on the basis of appraisals performed by independent experts unrelated to the Group. The Group assessed the realizable value of its inventories at the reporting date, understanding said value to be their estimated selling price less all of the estimated costs necessary to complete their construction. The market value was determined on the basis of the valuation carried out by independent appraisers. Savills Aguirre Newman Valoraciones y Tasaciones, S.A. appraised the value of the real estate assets in the Group's asset portfolio as at February 28, 2021, adjusted by the purchases and sales of inventories during March 2021 and the variation of work in progress in March 2021, and without taking supplier prepayments into consideration. The assets were appraised using the 'market value' assumption, in keeping with the Valuation - Professional Standards and Guidance notes published by Great Britain's Royal Institution of Chartered Surveyors (RICS) (see Note 7).

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits for which it is probable that future taxable profit of the Company and the tax group will be available against which these assets may be utilised. The directors have to make significant estimates to determine the amount of deferred tax assets that can be recognised, taking into consideration the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences.

f) *Comparative information*

As required under Spanish company law, to facilitate the reader's comparative analysis, the Group discloses, in addition to the figures for March 31, 2021, those corresponding to March 31, 2020 for each of the items presented in the balance sheet and those corresponding to the year ended March 31, 2021 and the three months ended March 31, 2020 for each of the items presented in the income statement, statement of changes in equity and statement of cash flows.

As stated in Note 1, the Company has changed its fiscal year. It now covers the twelve-month period from April 1 to March 31 the following year, except in the case of the first fiscal year, covered by the previous financial statements, which was from January 1, 2020 to March 31, 2020, and this should be taken into account for the purposes of comparison., The financial statements for the current period therefore refer to a period of twelve months, compared to three months for the previous period.

A summary of the significant accounting policies applied is provided in Note 4.

g) *Aggregation*

Certain of the items presented on the balance sheet, income statement, statement of changes in equity and statement of cash flows are aggregated to facilitate reader comprehension. However, to the extent that the effect of so doing is significant, these items are disclosed separately in the accompanying notes.

3. *Distribution of profit (loss)*

The directors propose the following distribution of the result for the year ended March 31, 2021, a proposal expected to be ratified by the General Shareholders' Meeting:

	Euros
Basis of distribution	
Profit/(loss) for the period	67,251,490
Remaining balance	2,260,054
TOTAL	**69,511,544**
Distribution to:	
Allocation to legal reserves	6,032,099
Dividend payable	62,497,874
Voluntary reserves	981,571
TOTAL	**69,511,544**

On May 7, 2021, the Board of Directors will propose the distribution of a dividend of €1.40 per share from the profits for the year ended March 31, 2021, consisting of an ordinary dividend of €0.90 per share and an extraordinary dividend of €0.50 per share (see notes 10.i and 20).

4. *Recognition and measurement standards*

The main recognition and measurement rules used by the Company to draw up the accompanying financial statements in accordance with current accounting principles are the following:

4.1 Intangible assets

Intangible assets are initially measured at either acquisition or production cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition.

Following initial measurement, they are stated at cost less accumulated amortization and any impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives and residual values. Amortization methods and periods are reviewed at the end of each reporting period, and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at each financial year-end and any impairment is recognised.

Software

'Software' includes the costs incurred by the Company to acquire software from third parties. These expenses are amortised on a straight-line basis over the useful life of the asset (five years).

Expenses for repairs that do not extend the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred.

4.2 Property, plant and equipment

Items of property, plant and equipment are initially recognised at either acquisition or production cost. The cost of property, plant and equipment acquired in a business combination is the fair value of the assets at the acquisition date.

Following initial recognition, they are carried at cost less accumulated depreciation and any impairment losses.

Expenses for repairs that do not extend the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred to upgrade, expand or improve these assets that increase their productivity or extend their useful life are capitalised as an increase in the carrying amount of the item, while the carrying amount of any assets replaced is derecognised.

Once available for use, items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The annual depreciation charges are made with a balancing entry in the income statement as a function of the assets' estimated useful lives. The average estimated useful lives of the items comprising property, plant and equipment are shown below:

	Annual depreciation rate
Straight-line depreciation charge:	
Buildings	14%
Other plant	20%
Furniture & fittings	10%
Computer equipment	25%
Other items of PP&E	20%

4.3 Impairment of non-financial assets

The Company assesses whether there is any indication that a non-current asset or cash-generating unit may be impaired at least at each reporting date. If there is, it proceeds to estimate the asset's recoverable amount.

The recoverable amount is the fair value less costs to sell or value in use, whichever is higher. When the carrying amount exceeds the recoverable amount, the asset is considered impaired. Value in use is the present value of expected future cash flows, discounted using risk-free market rates, adjusted for the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of the inflows of other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the assets belong, such cash-generating units being understood to mean the smallest identifiable group of assets that generates cash inflows that are largely independent of the inflows of other assets or groups of assets.

Impairment losses and any subsequent reversals are recognised in the income statement. Impairment losses are reversed only if the circumstances giving rise to them have ceased to exist. Goodwill impairment losses are not reversed. Any such reversal is limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset.

4.4 Leases

Leases are classified as finance leases when, based on the economic terms of the arrangement, substantially all the risks and rewards incidental to ownership of the leased item are transferred to the lessee. All other lease arrangements are classified as operating leases.

Operating lease payments are expensed in the income statement as they accrue.

4.5 Financial instruments

Financial assets

Classification-

The Company’s financial assets are classified into the following categories:

a) Trade and other receivables: (i) financial assets deriving from the rendering of services in the ordinary course of business; and (ii) financial assets that are not commercial in origin, are neither equity instruments nor derivatives, carry fixed or determinable payments and are not quoted in an active market.

b) Equity investments in group companies, jointly-controlled entities and associates: Group companies are those controlled by the Company; associates are companies over which the Company has significant influence. Jointly-controlled entities are companies where control is contractually shared with one or more venturers.

Initial recognition-

Financial assets are initially recognised at the fair value of the consideration delivered plus directly attributable transaction costs.

In the case of equity investments in Group companies that give control over the subsidiary, the fees paid to legal advisors and other professionals in connection with the acquisition are recognised directly in the income statement.

In the case of capital increases carried out by offsetting credits, pursuant to ruling 4 of the official journal of the ICAC (# 89), the lending company must reclassify financial investments at the fair value of the credit granted, recognising on the income statement any difference between its amortised cost on the date of the capital increase and its market value.

Subsequent measurement-

Loans and receivables are measured at amortised cost.

Investments in Group companies, associates and jointly-controlled entities are measured at cost less any impairment loss. Impairment loss is calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value in use of the projected cash flows from the investment. Unless better evidence is available, the recoverable amount is estimated on the basis of the equity of the investee, adjusted by any unrealised capital gains existing on the measurement date (including any goodwill) implicit in the appraisal of the real estate assets belonging to the Company's investees (Note 5).

The recoverable amount of the real estate properties held by the Group companies is estimated on the basis of appraisals performed by independent experts unrelated to the Group. Those appraisals calculate fair value primarily using the discounted cash flow method or the dynamic residual method for the properties owned by its investees, in keeping with the Valuation and Appraisal Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain, and the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

The Company holds majority interests in certain companies. The accompanying financial statements for the year ended March 31, 2021 are the Company's separate financial statements and are not presented on a consolidated basis with those of the entities in which it has a majority interest.

The Company tests its financial investments in Group companies for impairment at least at each year-end. If the recoverable amount of a financial asset is lower than its carrying amount this is deemed objective evidence of impairment and the corresponding impairment loss is recognised on the income statement.

Financial liabilities

Financial liabilities are (i) trade and other accounts payable by the Company originating from the purchase of goods and services in the ordinary course of business and (ii) other liabilities that are not commercial in origin and cannot be considered derivatives.

Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost.

In keeping with applicable accounting principles, the following are classified as current liabilities: obligations that fall due or will be extinguished within 12 months of the reporting date and those related with the normal operating cycle, including those the Company expects to settle in the course of that cycle regardless of their maturity. The "normal operating cycle" is the period of time between the acquisition of assets for processing and their realization in cash or cash equivalents. In the specific instance of the Company's business, it is therefore understood that all of the liabilities assumed to acquire or finance its inventories have to be recognised as current liabilities.

The Company derecognizes its financial liabilities when the related obligation is discharged or cancelled or expires.

Loans received from related parties are recognised as financial liabilities at amortised cost so long as the contractual terms of the loans enable the reliable estimation of the cash flows of the financial instrument, to which end the Company calculates their fair value at the time they are granted using a market interest rate for a loan with similar characteristics; subsequent to initial recognition, the interest expense is accrued using the effective interest rate method.

Derivatives are recognised at their fair value and changes in said fair value are taken to the income statement.

Own shares

Own shares acquired by the Company during the year are recognised at the amount of the consideration given in exchange and are presented as a deduction from equity. The gains and losses resulting from the purchase, sale, issuance or cancellation of own equity instruments are recognised directly in equity and are not reclassified to profit or loss under any circumstances.

4.6 Cash and cash equivalents

The Company recognizes cash, demand deposits and other highly liquid short-term investments that can be monetised within three months of their acquisition, are not subject to a risk of changes in value and are part of the Company's standard cash management strategy within "Cash and cash equivalents" on the short-form balance sheet.

For cash flow statement purposes, occasional bank overdrafts used as part of the Company's cash management strategy are recognised as a decrease in cash and cash equivalents.

4.7 Provisions and contingencies

In drawing up its annual financial statements, the Company's directors distinguish between:

a. *Provisions*: liabilities recognised to cover a present obligation arising from past events, of uncertain timing and/or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

b. *Contingent liabilities*: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

The financial statements recognize all provisions in respect of which it is considered more likely than not that a present obligation exists. Contingent liabilities are not recognised in the financial statements, but are disclosed in the accompanying notes, unless the possibility of an outflow of resources embodying economic benefits is considered remote.

Provisions are measured at the present value of the best estimate of the expenditure required to settle or transfer the present obligation based on information available concerning the obligating event and its consequences; changes in the provision's carrying amount arising from discounting are recognised as finance cost as accrued.

The compensation to be received from a third party when an obligation is settled is recognised as a separate asset so long as it is virtually certain that the reimbursement will be received, unless the risk has been contractually externalised so that the Company is legally exempt from having to settle, in which case the reimbursement is taken into consideration in estimating the amount of the provision, if any.

4.8 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax is the amount of income taxes payable (recoverable) by the Company in respect of the taxable profit (tax loss) for the year. In addition to withholdings and payments on account, current tax is reduced by the application of unused tax credits and unused tax losses.

Deferred tax expense or income corresponds to the recognition and derecognition of deferred tax assets and liabilities. These include taxable and deductible temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, and the carryforward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affect neither accounting profit nor taxable profit.

Deferred tax assets are only recognised when the Company considers it probable that future taxable profit will be available against which these assets may be utilised within the foreseeable future, even if the legally-stipulated time limit for utilising them is longer.

Deferred tax assets and liabilities relating to transactions charged or credited directly to equity are also recognised in equity.

At each year-end, management reassesses the deferred tax assets recognised and their carrying amount is reduced if there are any doubts about their recoverability. Similarly, at the end of each reporting period, management reassesses unrecognised deferred tax assets, recognising a previously unrecognised deferred tax asset to the extent that it has become probable that taxable profit will be available against which the asset can be utilised.

At December 27, 2017, the Board of Directors resolved to opt for the consolidated tax regime (provided for in article 55 et seq. of the Spanish Corporate Income Tax - Law 27/2014) in 2018 and thereafter, Aedas Homes, S.A. being the parent of the tax group.

4.9 Distinction between current and non-current

The following assets are classified as current assets: assets associated with the normal operating cycle (which is generally considered one year); other assets that are expected to mature, be sold or realised within twelve months of the reporting date; financial assets held for trading other than financial derivatives due for settlement more than 12 months from the reporting date; and cash and cash equivalents. Any assets that do not meet these criteria are classified as non-current assets.

Likewise, the following liabilities are classified as current liabilities: those related with the normal operating cycle; financial liabilities held for trading other than financial derivatives due for settlement more than 12 months from the reporting date; and, in general, all liabilities that fall due or will be extinguished within 12 months of the reporting date. All other liabilities are presented as non-current.

4.10 Income and expenses

Income and expenses are recognised on an accrual basis, i.e., when earned or incurred, respectively, regardless of when actual collection or payment occurs. Revenue is measured at the fair value of the consideration received, less discounts and taxes.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, whenever the outcome of the transaction can be estimated reliably.

Income from interest on financial assets is recognised using the effective interest rate method; dividends are recognised when the shareholder’s right to receive them is established. Interest and dividend income accrued on financial assets after their date of acquisition is recognised as revenue in the income statement.

4.11 Foreign currency transactions

The Company’s functional currency is the euro. As a result, transactions denominated in currencies other than the euro are considered foreign currency transactions and are recognised at the exchange rate prevailing on the transaction date.

At year-end, monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. Any resulting gains or losses are recognised directly in profit or loss in the year incurred.

The Company did not transact in foreign currency during the year ended March 31, 2021; nor did it have any resulting foreign currency balances at the reporting date (nor in the prior period), that are significant.

4.12 Business combinations

The Group companies must account for the business combinations to which they are party. Business combinations are transactions in which an entity acquires control of one or more businesses.

In business combinations involving either the merger or division of several companies, or the acquisition of all of the assets and liabilities of a company or a part of a company constituting one or more businesses, the acquisition method outlined in item 2 of measurement standard 19 of the General Accounting Plan is applied. This method stipulates that the acquirer recognize, at the acquisition date, the assets acquired and liabilities assumed in the business combination at their fair values, additionally recognising any difference between the value of said assets and liabilities and the cost of the business combination. That difference is calculated as the sum of: i) the acquisition-date fair values of the assets received, liabilities incurred or assumed and the equity instruments issued in exchange for the business or businesses acquired; ii) the fair value of any additional consideration that depends on future events or delivery of certain conditions, provided that it is deemed probable that such contingent consideration will become payable; and iii) any costs directly attributable to the combination, such as fees paid to legal advisors or other professional involved in the transaction.

Elsewhere, transactions involving mergers, divisions or non-monetary business contributions between group companies, as defined in the standard governing the measurement of intra-group transactions, are accounted for in accordance with that standard. Specifically, in transactions between group companies involving the parent, either directly or indirectly, the assets and liabilities constituting the business acquired are measured at the amount at which they would be recorded, *pro forma* for the transaction, in the consolidated annual financial statements of the group in accordance with the rules for drawing up such statements stipulated in Spain's Code of Commerce. In the case of transactions between other group companies, the assets and liabilities of the business are measured at the amounts at which they were carried in the separate annual financial statements prior to the transaction. Any difference arising from application of the above criteria is recognized within one of the Company's reserve headings.

In business combinations involving the acquisition of the shares of a company, including those received by virtue of a non-monetary contribution upon the incorporation of the company or subsequently in the course of a rights issue, or other transactions or developments the result of which is that a company obtains control over another company, whether or not it already held an equity interest in that company, the investing company must account for the investment in the equity of other group companies in its separate annual financial statements in accordance with the rules established in section 2.5 of the General Accounting Plan measurement standard addressing financial instruments.

4.13 Director and key management personnel remuneration

The remuneration earned by the Company's key management personnel (refer to Note 17) is recognised on an accrual basis such that the Company recognizes the corresponding provision at each reporting date in respect of any amounts that have not yet been paid.

4.14 Environmental assets and liabilities

Environmental assets are long-lived assets used in the ordinary course of the Company's business whose ultimate purpose is to minimize the Company's environmental impact and to improve its environmental record and include assets designed to reduce or eliminate future contamination.

Given the activities performed by the Company, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Environmental disclosures are accordingly not provided in these annual financial statements.

4.15 Related-party transactions

The Company carries out all transactions with related parties (whether financial, commercial or other in nature) at transfer prices that meet the OECD's rules governing transactions with Group companies and associates. The Company has duly met its documentation requirements in respect of these transfer prices so that its directors believe there is no significant risk of related liabilities of material amount. Nevertheless, the accompanying financial statements for the year ended March 31, 2021, should be interpreted in the context of the Group to which the Company belongs (Note 1).

In the event of a significant difference between the price so established and the fair value of a transaction between related parties, the difference would be considered a distribution of profits or contribution of funds between the Company and the related party in question and as such would be recognised with a charge or credit to a reserves account, as warranted.

Related-party transactions are governed by Measurement Standard No. 13 of Spain's General Accounting Plan. Specifically:

- A company is deemed part of the group when both entities are bound by a direct or indirect controlling relationship, equivalent to that defined in article 42 of Spain's Code of Commerce, or when the entities are controlled by any means by one of more legal persons acting jointly or under shared management by contractual or bylaw-stipulated agreement.

- An entity is considered an associate when, without qualifying as a group company in the sense outlined above, the parent company or parent natural persons exercise significant influence over the entity.

- One party is considered related to the other when one of them exercises or has the power to exercise, directly or indirectly or by virtue of shareholder agreements, control over the other or can significantly influence the financial and operating decision-making of the other.

The Company's related parties include, in addition to its subsidiaries, jointly controlled companies and associates, its shareholders, key management personnel (the members of its Board of Directors and its executives, along with their close family members) and the entities over which its key management personnel have control or significant influence. Specifically, related-party transactions are those performed with non-Group agents with whom there is a relationship in accordance with the definitions and criteria derived from Spain's Ministry of Finance Order EHA 3050/2004 (of September 15, 2004) and CNMV Circular 1/2005 (of April 1, 2005).

The Company conducts all related-party transactions on an arm's length basis.

4.16 Classification of certain items of income in holding companies

In preparing the accompanying income statement, the directors of Aedas Homes, S.A., whose business activities include those of a holding company (Note 1), have considered the response provided by Spanish Institute of Auditors (ICJCE for its acronym in Spanish) to the consultation published in the official journal of the ICAC (# 79, November 2009) regarding how to account for the revenue and expenses of a holding company in separate financial statements and how to determine revenue for this class of entity.

As outlined in the above consultation, all of the revenue obtained by a company as a result of its 'financial' activity, insofar as that activity is considered 'ordinary', must be included within "Revenue". As a result, in keeping with the foregoing, both the dividends and any gains obtained from the sale of shares, their derecognition or a change in their fair values are deemed part of "Revenue".

Below is an explanation of the headings that have accordingly been included within "Revenue":

- Income from equity investments: including the dividends accrued from holding shares in other companies.
- Changes in the fair value of financial instruments, other than investments constituting investments in subsidiaries, jointly controlled entities or associates.
- Gains on the disposal of financial instruments, other than those deriving from the derecognition of investments in subsidiaries, jointly controlled entities or associates.
- Finance income from loans granted to subsidiaries.

In addition, any impairment losses on financial instruments and any losses realised on the sale of such instruments, other than those deriving from the derecognition of investments in subsidiaries, jointly controlled entities or associates, are included within the Company's operating profit or loss.

The gains or losses deriving from the disposal of financial instruments that do constitute investments in subsidiaries and associates are included within operating profit or loss.

4.17 Redundancy payments

Under prevailing company law, the Company is obliged to pay severance to employees who are discontinued under certain circumstances. Redundancy payments that can be reasonably estimated are recognised as an expense in the year in which the Company creates a valid expectation on the part of those affected by the redundancy decision.

4.18 Share-based payments

The Company recognizes, on the one hand, the goods and services received either as an asset or expense, depending on their nature, at the time they are received and, on the other, the corresponding increase in equity, if the transaction is settled using equity instruments, or the corresponding liability, if it is settled in an amount that is based on the value of the equity instruments.

In the case of equity-settled share-based transactions, both the services provided to the Group companies and the related increase in equity are measured at the fair value of the equity instruments granted with reference to the date of their grant. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the latter, with reference to the date on which the vesting conditions are met.

5. ***Intangible assets***

The reconciliation of the carrying amount of intangible assets at the beginning and end of the year ended March 31, 2021 is as follows:

	Euros		
Year ended March 31, 2021	Software	Advances for intangible assets	Total
Cost:			
Balance at April 1, 2020	1,760,518	74,476	1,834,994
Additions	298,409	584,040	882,449
Derecognitions	(34,500)	-	(34,500)
Reclassifications	627,053	(627,053)	-
Balance at March 31, 2021	**2,651,480**	**31,463**	**2,682,943**
Accumulated amortization:			
Balance at April 1, 2020	(590,380)	-	(590,380)
Charges	(622,638)	-	(622,638)
Derecognitions	16,291	-	16,291
Balance at March 31, 2021	**(1,196,727)**	**-**	**(1,196,727)**
Carrying amount at March 31, 2021	**1,454,753**	**31,463**	**1,486,216**

The reconciliation of the carrying amount of intangible assets at the beginning and end of the three months ended March 31, 2020 is shown below:

Three months ended March 31, 2020	Euros		
	Software	Advances for intangible assets	Total
Cost:			
Balance at January 1, 2020	1,645,986	108,886	1,754,872
Additions	24,794	55,328	80,122
Reclassifications	89,738	(89,738)	-
Balance at March 31, 2020	**1,760,518**	**74,476**	**1,834,994**
Accumulated amortization:			
Balance at January 1, 2020	(455,366)	-	(455,366)
Charges	(135,014)	-	(135,014)
Derecognitions	-	-	-
Balance at March 31, 2020	**(590,380)**	**-**	**(590,380)**
Carrying amount at March 31, 2020	**1,170,138**	**74,476**	**1,244,614**

The main additions recognised in the year ended March 31, 2021 and in the three months ended March 31, 2020 are related to the development of computer applications in order to accelerate and increase the efficiency and improvement of administrative and business processes. The amounts stated under “Advances for intangible assets” correspond to investments in the development of applications currently being carried out.

No items of intangible assets had been pledged as collateral at either March 31, 2021 or March 31, 2020.

As of March 31, 2021 there are fully amortised intangible assets and still in use for a total amount of 352,478 euros (56,563 euros as of March 31, 2020).

6. ***Property, plant and equipment***

The reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the year ended March 31, 2021 is as follows:

Year ended March 31, 2021	Euros						
	Buildings	Other plant	Furniture & fittings	Computer equipment	Other items of PP&E	Prepayments for PP&E	Total
Cost:							
Balance at April 1, 2020	562,505	63,717	288,779	580,377	80,266	322	1,575,966
Additions	50,810	8,910	10,951	63,063	27,070	56,793	217,597
Derecognitions	-	-	-	(12,013)	-	-	(12,013)
Reclassifications	-	-	33,834	1,107	-	(34,941)	-
Balance at March 31, 2021	**613,315**	**72,627**	**333,564**	**632,534**	**107,336**	**22,174**	**1,781,550**
Accumulated depreciation:							
Balance at April 1, 2020	(180,778)	(28,561)	(69,598)	(315,998)	(33,921)	-	(628,856)
Charges	(103,155)	(13,321)	(31,470)	(138,618)	(17,813)	-	(304,377)
Derecognitions	-	-	-	3,908	-	-	3,908
Balance at March 31, 2021	**(283,933)**	**(41,882)**	**(101,068)**	**(450,708)**	**(51,734)**	**-**	**(929,325)**
Carrying amount at March 31, 2021	**329,382**	**30,745**	**232,496**	**181,826**	**55,602**	**22,174**	**852,225**

The reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the three months ended March 31, 2020 is shown below:

Three months ended March 31, 2020	Euros						
	Buildings	Other plant	Furniture & fittings	Computer equipment	Other items of PP&E	Prepayments for PP&E	Total
Cost:							
Balance at January 1, 2020	558,900	63,182	284,832	535,460	79,512	561	1,522,447
Additions	3,605	535	2,904	40,960	754	4,761	53,519
Derecognitions	-	-	-	-	-	-	-
Reclassifications	-	-	1,043	3,957	-	(5,000)	-
Balance at March 31, 2020	**562,505**	**63,717**	**288,779**	**580,377**	**80,266**	**322**	**1,575,966**
Accumulated depreciation:							
Balance at January 1, 2020	(155,538)	(25,393)	(62,170)	(281,804)	(30,025)	-	(554,930)
Charges	(25,240)	(3,168)	(7,428)	(34,194)	(3,896)	-	(73,926)
Derecognitions	-	-	-	-	-	-	-
Balance at March 31, 2020	**(180,778)**	**(28,561)**	**(69,598)**	**(315,998)**	**(33,921)**	**-**	**(628,856)**
Carrying amount at March 31, 2020	**381,727**	**35,156**	**219,181**	**264,379**	**46,345**	**322**	**947,110**

The main additions recognised in the year ended March 31, 2021 and in the three months ended March 31, 2020 relate to the purchase of computer equipment and capital expenditure on the new office facilities.

It is the company policy to take out all the insurance policies deemed necessary to cover the risks to which its property, plant and equipment is exposed.

As of March 31, 2021, there are property, plant and equipment elements fully depreciated and still in use for a total amount of 185,548 euros (30,720 as of March 31, 2020).

Operating leases

The future minimum payments under the Company's non-cancellable operating lease, of offices and vehicles, at the end of each period break down as follows:

	Euros	
	March 31, 2021	**March 31, 2020**
Within one year	1,426,738	1,138,962
Between one and five years	1,046,019	1,477,339
More than five years	-	-
	2,472,757	**2,616,301**

7. ***Equity investments in group companies, jointly-controlled entities and associates***

The breakdown of the Company's "Non-current investments in Group companies and associates" is provided in the table below:

	Euros	
	March 31, 2021	**March 31, 2020**
Equity interest in SPV REOCO 1, S.L.U.	198,645,519	198,645,519
	198,645,519	**198,645,519**

During the year ended March 31, 2021 and the three months ended March 31, 2020 there have been no movements under this heading.

The most significant information regarding the Company's subsidiaries, jointly-controlled entities and associates at March 31, 2021 and March 31, 2020 is as follows:

March 31, 2021

		Euros									
		Figures for subsidiary as per its separate statements							Carrying amount		
Name	Ownership interest, %	Share capital	Share premium and reserves	Profit/(loss) for the period from continuing operations	Prior periods' losses	Shareholder contributions	Interim dividend	Equity	Cost	Impairment	Net carrying amount
SPV REOCO 1, S.L.U.	100%	44,807,030	81,618,297	76,361,890	(4,801,688)	61,533,015	(56,000,000)	203,518,544	198,645,519	-	198.645.519
									198,645,519	**-**	**198,645,519**

March 31, 2020

		Euros									
		Figures for subsidiary as per its separate statements							Carrying amount		
Name	Ownership interest, %	Share capital	Share premium and reserves	Profit/(loss) for the period from continuing operations	Prior periods' losses	Shareholder contributions	Interim dividend	Equity	Cost	Impairment	Net carrying amount
SPV REOCO 1, S.L.U.	100%	44,807,030	81,618,297	(62,857)	(4,738,831)	61,533,015	-	183,156,654	198,645,519	-	198.645.519
									198,645,519	**-**	**198,645,519**

The data pertaining to this company's equity position was taken from its audited financial statements (audited by ERNST & YOUNG, S.L.). These financial statements are issued in accordance with local regulations. The Company carries out various transactions with its subsidiaries and associates, as itemised in this Note and in Note 16.

The corporate object of SPV Reoco 1, S.L.U. is the acquisition, development and refurbishment of real estate assets and the acquisition, holding, sale and administration of marketable securities and any titles or rights that give it an equity interest in other companies, all of which as principal and not agent.

This company was not publicly listed at March 31, 2021 and March 31, 2020.

In light of the property appraisals performed by third parties and the Company's internal valuations, the existence of unrealised capital gains suggests that this investment was not impaired at March 31, 2021. Specifically, the valuation of the inventories carried out by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. as at February 28, 2021, without taking supplier prepayments into consideration, adjusted by the purchases and sales of inventories made during March 2021 and the variation of work in progress in March 2021, reflects a Gross Asset Value amounting to 1,907 million euros, which implies a capital gain of 512 million euros at March 31, 2021 (at the end of the previous year, the valuation of inventories at said date was 2,009 million euros, implying a capital gain of 671 million euros).

On March 31, 2021, the Board of Directors of the subsidiary SPV Reoco 1, S.L.U, adopted a resolution to distribute to its Sole Shareholder (the Company) an interim dividend of 56,000,000 euros on the profits obtained by the subsidiary in the year ended March 31, 2021.

These financial statements for the year ended March 31, 2021 are the separate financial statements of Aedas Homes, S.A. and therefore do not reflect the effects of consolidation at the Group level. The table below summarizes those statements:

Year ended March 31, 2021

	Euros	
	Aedas Homes, S.A.	Group IFRS-EU
Non-current assets	1,059,330,610	32,754,135
Current assets	156,298,809	1,654,232,004
Total assets	**1,215,629,419**	**1,686,986,139**
Capital, reserves, owner contributions and other equity instruments	922,610,837	907,312,235
Profit/(loss)	67,251,490	85,104,149
Equity attributable to equity holders of the parent	**989,862,327**	**992,416,384**
Non-controlling interests	-	1,889,489
Total equity	**989,862,327**	**994,305,873**
Non-current liabilities	88,438,967	89,511,657
Current liabilities	137,328,125	603,168,609
Total equity and liabilities	**1,215,629,419**	**1,686,986,139**

Three months ended March 31, 2020

	Euros	
	Aedas Homes, S.A.	Group IFRS-EU
Non-current assets	248,315,893	38,252,480
Current assets	928,588,235	1,546,790,155
Total assets	**1,176,904,128**	**1,585,042,635**
Capital, reserves, owner contributions and other equity instruments	944,459,066	930,422,520
Profit/(loss)	4,516,890	3,157,875
Equity attributable to equity holders of the parent	**948,975,956**	**933,580,395**
Non-controlling interests	-	2,401,733
Total equity	**948,975,956**	**935,982,128**
Non-current liabilities	2,546,914	3,981,760
Current liabilities	225,381,258	645,078,747
Total equity and liabilities	**1,176,904,128**	**1,585,042,635**

8. ***Financial assets***

The breakdown of financial assets at year-end, excluding investments in group companies, jointly controlled entities and associates, which are discussed in Note 7, is as follows:

	Euros	
	March 31, 2021	**March 31, 2020**
Non-current financial assets		
Loans to group companies and associates (Note 16)	856,465,342	45,078,046
Non-current financial investments	222,976	160,562
Total non-current financial assets	**856,688,318**	**45,238,608**
Current financial assets		
Trade receivables, group companies and associates (Note 16)	36,709,059	64,559,308
Sundry receivables	4,482	357
Personnel	12,913	10,577
Current loans to group companies and associates (Note 16)	7,070,713	834,936,017
Other financial assets, group companies and associates (Note 16)	104,110,749	6,621,155
Current financial assets	5,014,839	11,192,905
Total current financial assets	**152,922,755**	**917,320,319**

"Current financial assets" on the accompanying balance sheet mainly corresponds to the fixed-term deposits that have been pledged to secure sureties and surety insurance extended to house buyers at March 31, 2021, for a total amount of 5,000,000 euros (same amount at March 31, 2020). At March 31, 2020, a guarantee deposit of the "Equity Swap" was included, described in Note 12.4, for an amount of 6,192,905 euros.

9. ***Cash and cash equivalents***

This heading breaks down as follows at the end of each period:

	Euros	
	March 31, 2021	**March 31, 2020**
Demand deposits in current accounts	3,126,554	10,911,500
Total	**3,126,554**	**10,911,500**

Current accounts earn market interest rates.

The amount pledged at March 31, 2021 to guarantee corporate financing costs amounts to 2,230,220 euros (5,874,171 euros at the end of the three months ended March 31, 2020).

There are no restrictions on the availability of these balances except as indicated in the previous paragraph.

10. ***Equity – capital and reserves***

a) Issued capital

At March 31, 2021 and March 31, 2020, the Company's share capital accordingly consisted of 47,966,587 shares with a par value of one euro each. The shares are fully subscribed and paid-up.

None of the Company's shares was pledged as of either March 31, 2021 or March 31, 2020.

The breakdown of the Company's significant shareholders (those with equity interests of 3% or more) at March 31, 2021, obtained from the information reported to Spain's securities market regulator, the CNMV, by the shareholders themselves, is as follows:

		% Voting rights attached to shares		% Voting rights through financial instruments	
	Total shareholding %	Direct shareholding %	Indirect shareholding %	Direct shareholding %	Indirect shareholding %
HIPOTECA 43 LUX S.A.R.L.	60.64	60.64	-	-	-
HELIKON LONG SHORT EQUITY FUND MASTER ICAV	5.04	5.04	-	-	-
T. ROWE PRICE ASSOCIATES, INC	4.93	-	4.93	-	-
HIPOTECA 43 LUX S.A.R.L.	3.73	-	3.73	-	-

The breakdown of the Company's significant shareholders (those with equity interests of 3% or more) at March 31, 2020, obtained from the information reported to Spain's securities market regulator, the CNMV, by the shareholders themselves:

		% Voting rights attached to shares		% Voting rights through financial instruments	
	Total shareholding %	Direct shareholding %	Indirect shareholding %	Direct shareholding %	Indirect shareholding %
HIPOTECA 43 LUX S.A.R.L. *(*)*	60.40	60.40	-	-	-
UBS GROUP AG	5.19	-	0.07	5.12	-
T. ROWE PRICE ASSOCIATES, INC	5.08	-	5.08	-	-
RYE BAY EUROPEAN MASTER FUND LIMITED	5.08	-	-	5.08	-
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	4.09	-	4.09	-	-

(*) Percentage interests according to the shareholder register managed by Computershare (IBERCLEAR)

b) Share premium

There were no movements of the share premium during the year ended March 31, 2021 and the three months ended March 31, 2020, amounting to 500,076,721 euros at March 31, 2021 and March 31, 2020

The balance of the share premium account can be freely distributed.

c) Legal reserve

In accordance with article 274 of the consolidated text of the Spanish Corporate Enterprises Act, 10% of profits must be earmarked to endowment of the legal reserve each year until it represents at least 20% of share capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to offset losses, if there are no other reserves available.

This legal reserve was not fully endowed at the end of either financial year, its value being 3,561,218 euros at March 31, 2021 (3,109,529 euros at March 31, 2020).

d) Voluntary reserves

The voluntary reserve came about as a result of the difference between the fair value at which the real estate development business was contributed by the-then Sole Shareholder in 2017 and the amounts at which that business was carried in the latter's financial statements at the time. The movement recorded during the year ended March 31, 2021 and the three months ended March 31, 2020 corresponds to the result of purchases and sales of its own shares, as shown in the following f) section.

e) Capitalisation reserve

Article 25 of Spain's Corporate Income Tax Act (Law 27/2014) allows enterprises to reduce their income tax base by 10% of the increase in their own funds for the year so long as the increased own funds remain in equity for five years from the end of tax year in which they are applied to reduce taxable income, unless used to offset losses. The enterprises opting to apply this tax benefit must set up a capitalisation reserve in the amount of the increase in own funds. That reserve must feature as a separate and appropriately named reserve account on reporters' balance sheets and is restricted for five years.

At March 31, 2021, the Company had recognised a capitalisation reserve of 893,761 euros (March 31, 2020: 409,568 euros).

f) Own shares

The Company arranged a liquidity agreement with BANCO DE SABADELL, S.A. (the “Financial Broker”) on March 28, 2018 with the sole object of fostering the frequency and regularity with which the Company's shares are traded, within the limits established at the Company's Annual General Meeting and, specifically, CNMV Circular 1/2017 on liquidity agreements.

The term of the contract was 12 months from its date of effectiveness, which was April 5, 2018.

On December 28, 2018 the Company put on hold the liquidity agreement as a result of having exceeding the limit of Funds as established in Circular 1/2017, of 26 April of the Spanish National Securities Market Commission (CNMV), on liquidity contracts, resuming it on January 24, 2019 once the adjustments to place the contract within the limit of resources with adjusted balances had been made, as stated in Circular 1/2017 on liquidity agreements. However, with effect from March 20, 2019, the Company terminated the liquidity agreement, as its objectives had been achieved. During this period, 94,178 shares were purchased at an average price of € 22.7610 / per share and 92,784 shares were sold at an average price of € 22,9339 / per share, leaving a remaining balance of 28,031 shares that were sold as a block trade on 29 March at a price of € 22.80 / per share.

The Board of Directors of the Company, in the meeting held on July 25, 2019, agreed to buy back shares, initially in the form of a discretionary program. Subsequently, in the meeting held on September 25, 2019, resolved to purchase Company shares (Buy-Back Program) for a maximum net investment of 50,000,000 euros and until reaching 2,500,000 shares in treasury stock. Said Buy Back Program will remain in effect for a maximum period of 36 months and will be implemented by JB Capital Markets, S.V., S.A.U.

Within the framework of operations with Company own shares (discretionary management, Buy-Back Program and block trades), which began on August 7, 2019, a total of 1,485,057 shares were purchased up to December 31, 2019, at an average price of 20.6079 euros, no sales being made in this period.

On February 25, 2020, the Board of Directors approved increasing the limit of the share buyback programme from 50 to 150 million euros, while maintaining the other conditions approved by the Board on September 25, 2019.

Under the scope of the Company's buyback effort (Discretionary Programme, Repurchase Programme and block trades), which began on August 7, 2019, a total of 3,325,249 shares representing 6.93% of capital have been bought back at an average price of 19.57 euros per share.

On January 8, 2020, the Company arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000. Its settlement date is January 8, 2021. On said date, the first sale of shares to GSI under this agreement was made, for an amount of 4,999,987 euros (236,406 shares). As there is an agreement to repurchase said shares, it are considered as indirect own shares. On October 5, 2020, the Parent Company proceeded to liquid this equity swap by the repurchase of 236,406 shares for an amount of 4,999,987 euros. No additional own shares sales have been made during the year ended March 31, 2021 and the three months ended March 31, 2020.

As of March 31, 2021, the balance of own shares is 65,075,384 euros corresponding to 3,325,249 shares (as of March 31, 2020, 36,940,235 euros and 1,820,671 shares, respectively).

g) Prior-year losses

At the Annual General Meeting held on June 23, 2020, the Company's shareholders ratified the following resolution for the appropriation of the profit for the three-month fiscal year ended March 31, 2020 formulated by the Board of Directors at a meeting held on May 20, 2020:

	Euros
Basis of appropriation	
Profit for the year (as per statement of profit or loss)	4,516,890
TOTAL	**4,516,890**
Appropriation to:	
Endowment of the legal reserve (art. 273 Corp. Enterprises Act)	451,689
Offset of prior-year losses	3,581,008
Capitalisation reserve (art. 25 of Corp. Income Tax Act)	484,193
TOTAL	**4,516,890**

As a result of the above appropriation of profit, the "Prior-period losses" account presented a credit of 2,260,054 euros. On November 24, 2020 the Board of Directors approved the reclassification of said amount to "Retained earnings".

h) Owner contributions

The Company did not receive any new owner contributions during the year ended March 31, 2021 and the three months ended March 31, 2020.

At March 31, 2021 and March 31, 2020, the Company's Majority Shareholder had contributed a total of 740,071,256 euros.

i) Distribution of dividends

As stated in the Spanish Corporate Enterprise Act (article 273), dividends may only be drawn on the year´s profits or freely available reserves after meeting the requirements laid down by law and in the by-laws, and if the value of the corporate equity is nor, or as result of such distribution would not be, less than the company´s capital. For these purposes, any profit directly allocated to total equity may not be distributed either directly or indirectly. In the event of losses in preceding years that reduce corporate equity to less than the company´s capital, profits shall be used to offset such losses.

No dividends were paid out in the year ended March 31, 2021 and in the three months ended March 31, 2020. However, there are no restrictions on the payment of dividends at March 31, 2021, other than those provided for by the commercial legislation.

On May 7, 2021, the Board of Directors will propose the distribution of a dividend of €1.40 per share from the profits for the year ended March 31, 2021, consisting of an ordinary dividend of €0.90 per share and an extraordinary dividend of €0.50 per share (see notes 3 and 20).

j) *Other equity instruments*

On September 26, 2017, the Majority Shareholder approved a long-term incentive plan payable entirely in shares for the CEO and members of its key management personnel, structured into three overlapping three-year periods or cycles (from the IPO, i.e., October 20, 2017, to March 31, 2021; from January 1, 2019 to March 31, 2022; and from April 1, 2020 to March 31, 2023). The metrics to be used to measure delivery of the targets for the first cycle are, in equal parts: (i) EBITDA; (ii) the net development margin; and (iii) the shareholder return. For each there are minimum thresholds below which the bonuses do not accrue; there is also scope for outperformance. The number of shares to be received by each participant will be determined by the price of the shares in each three-year cycle (the IPO price for the first cycle and the average trading price during the 20 trading sessions prior to the start of the second and third cycles) and the level of target delivery. All of the shares received by the CEO and 50% of those received by the key management personnel are subject to a one-year lock-up from when they are received. In the case of the CEO and members of the Management Committee, this bonus is subject to repayment under certain circumstances. The cost of this incentive plan will be assumed by the Group. The maximum amount receivable by the plan beneficiaries is 11 million euros. The plan was endorsed by the Appointments and Remuneration Committee on February 27, 2018.

The amount recognised under "Other equity instruments" in respect of the commitment assumed under the long-term incentive plan by the Company vis-a-vis its key management personnel stood at 4,406,966 euros (2,535,360 euros at March 31, 2020).

11. ***Provisions and contingencies***

The Company did not recognize any provisions or contingencies at either March 31, 2021 or March 31, 2020.

12. ***Financial liabilities***

The breakdown of financial liabilities at the end of each period is as follows:

	Euros			
	Derivatives and other		**Total**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Non-current financial liabilities				
Non-current liabilities				
Bonds and other marketable securities	32,354,834	2,546,914	32,354,834	2,546,914
Syndicated loan	49,434,679	-	49,434,679	-
Corporate credit lines	6,643,725	-	6,643,725	-
	88,433,238	**2,546,914**	**88,433,238**	**2,546,914**
Current financial liabilities				
Current borrowings				
Bonds and other marketable securities	22,301,428	59,522,751	22,301,428	59,522,751
Syndicated loan	49,434,679	150,184,136	49,434,679	150,184,136
Corporate credit lines	24,866,643	-	24,866,643	-
Derivatives	-	2,615,457	-	2,615,457
Other financial liabilities	18,474	14,108	18,474	14,108
Current borrowings from group companies and associates	3,731,764	1,228,800	3,731,764	1,228,800
Trade and other payables				
Suppliers	872	-	872	-
Accrued for services received	1,603,592	1,853,038	1,603,592	1,853,038
Employee benefits payable	3,470,884	1,045,182	3,470,884	1,045,182
	105,428,336	**216,463,472**	**105,428,336**	**216,463,472**
Total	**193,861,574**	**219,010,386**	**193,861,574**	**219,010,386**

There were no contingent liabilities at March 31, 2021 and March 31, 2020.

1. *Bonds and other marketable securities*

On June 12, 2020, the Company arranged the AEDAS HOMES 2020 Commercial Paper Programme on Spain's alternative fixed income market (MARF for its acronym in Spanish). Under the new programme, it can issue up to 150,000,000 euros of commercial paper with terms of up to 24 months, with the aim of continuing to diversify the Group's sources of financing. It substitutes the commercial paper programme arranged on June 14, 2019.

During the year ended March 31, 2021, the Company completed several issues under the scope of the new programme with an aggregate face value of 61.8 million euros, notably including the issuance on September 15, 2020 of 34.1 million euros, 70% of whose face value is secured by the Kingdom of Spain as part of its COVID-19 surety lines; that issue has been rated BBB by Axesor.

Also during the year ended March 31, 2021, the Company repaid 67.4 million euros of commercial paper at maturity, leaving a balance of 56.7 million euros outstanding at March 31, 2021 due in several tranches by September 2022 at the latest. The effective annual cost of the commercial paper issues is 3.16%.

During the three-month fiscal year ended March 31, 2020, the Company completed several commercial paper issues with a total face value of 25 million euros and repaid 41 million euros of commercial paper at maturity, leaving 62.3 million euros outstanding, due in several tranches by July 2021 at the latest, as of year-end 2020. The effective annual cost of the commercial paper issues during that period was 0.99%.

The commercial paper is initially recognised at the fair value of the consideration received plus directly attributable transaction costs. Subsequently, the implicit interest on the paper is accrued using the effective interest rate on the transaction so that the carrying amount of these borrowings is adjusted for the interest accrued. At March 31, 2021, the commercial paper recognised on the Group's balance sheet using the effective interest rate method amounted to 54,656,262 euros (62,069,665 euros at March 31, 2020).

2. *Syndicated loan*

On August 6, 2018, the Company arranged a 150-million-euro corporate loan which it used to finance future land purchases; it initially had six months to draw the loan down; that deadline was later extended to August 5, 2019 in exchange for a 0.25% fee. The loan originally had a maturity of 24 months and carried interest at 3m EURIBOR plus 3.5% in year one and plus 4.25% in year two. That loan was repaid at maturity and refinanced thanks to three new agreements: a syndicated loan of 134,215,000 euros and two loans backed by state guarantees totalling 15,785,000 euros. Those loans are repayable in five instalments between December 31, 2020 and August 6, 2022. They carry interest at 3m EURIBOR plus 4.5% in year one and 5.5% in year two. If EURIBOR is negative, a benchmark rate of 0% will apply.

During the year ended March 31, 2021, a nominal amount of 50 million euros was repaid, of which 30 million euros were repaid before maturity, on February 19, 2021.

The balance drawn down at March 31, 2021 was 100 million euros and the amount recognised at amortised cost was 98,869,357 euros (149,067,980 euros at March 31, 2020). The interest payable at March 31, 2021 amounted to zero euros (1,116,156 euros at March 31, 2020).

As a guarantee of said corporate syndicated loan, a mortgage promise was formalised on the properties without mortgage guarantee granted by financial entities.

At March 31, 2021, the Group was in compliance with all of the above covenants, as indicated below:

	Covenant	**March 31, 2021**
Leverage ratio	<3.5x	1.87
LTC ratio	<35%	17.9%
LTV ratio (unencumbered)	<40%	17.9%
Interest coverage ratio	>4x	10.08
Consolidated equity	>900M €	994M €
Equity / net debt	>1.7x	3.99

3. *Corporate credit lines*

During the financial year ended March 31, 2021, the company has signed four credit lines to supplement developer financing, three of which are guaranteed by ICO, with various financial institutions with which it has already signed developer loans for a total sum of 38 million euros. The interest rates established are fixed (2% - 2.5% - 3.5%) and variable (EURIBOR plus a spread of 250 basis points), and all have a minimum grace period of 10 months and a maturity period of between 12 and 24 months.

During the year ended March 31, 2021, the nominal amount of 6.5 million euros has been repaid. At March 31, 2021, the nominal balance drawn down was 31.5 million euros and the amount recorded using the amortised cost method was 31,455,874 euros. The balance of interest payable as at March 31, 2021 amounts to 54,494 euros.

4. Derivatives

On October 17, 2017, the Company arranged an equity swap with Goldman Sachs to hedge the exposure arising from its obligation to deliver a certain number of shares to employees of AEDAS Homes under the long-term incentive plan (LTIP) approved by the Board of Directors on September 26, 2017. On October 23, 2020, the Company agreed an addendum to said equity swap agreement. As a result of the addendum, the manner of settlement of the equity swap changed from cash to shares; it will be settled net, as a function of the price at which Goldman Sachs sells the shares. On December 15, 2020, the Company settled said Equity Swap, receiving 115,829 treasury shares.

Additionally, as mentioned in Note 10.f), on January 8, 2020, the Company arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000. On October 5, 2020, the Company settled said equity, repurchasing 236,406 shares for 4,999,987 euros.

In the year ended March 31, 2021, the Company settled all the derivatives (the fair value of the derivative at March 31, 2020 was 2,615,456 euros).

5. Debt from Group Companies

This recognizes the tax payment obligation (VAT and Corporate Tax) to Group Companies, as a consequence of the applicable fiscal consolidation regime with effect from January 1, 2018, and the special provisions applicable to groups of entities (VAT).

13. ***Tax matters***

a) Applicable legislation and years open to inspection

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At March 31, 2021, all the taxes to which the Company is subject were open to inspection for all the years that have not become statute-barred.

The Group applied to have the tax authorities allow it to file its taxes under the consolidated tax regime from January 1, 2018.

b) Taxes payable and receivable

The breakdown of balances relating to tax assets and tax liabilities at the end of each period is as follows:

	Euros			
	March 31, 2021		**March 31, 2020**	
	Taxes receivable	**Taxes payable**	**Taxes receivable**	**Taxes payable**
VAT receivable from the tax authorities	833	-	4	-
VAT payable to the tax authorities	-	11,937,661	-	1,091,061
Current tax assets	73,696	-	-	-
Current tax liabilities (1)	-	19,237,337	-	6,552,256
Payable in respect of withholdings	-	419,926	-	944,684
Social Security payable	-	304,865	-	329,785
Deferred tax assets	1,658,332	-	-	-
Deferred tax liabilities	-	5,729	2,240,042	-
Total	**1,732,861**	**31,905,518**	**2,240,046**	**8,917,786**

(1) As of March 31, 2020 the amount of Current Tax Liabilities corresponds to the corporation tax for the year ended March 31, 2021 generated by companies under the consolidated tax regime. (As of March 31, 2020, it corresponded to the corporation tax payable for the year ended December 31, 2019 and the three-month year ended March 31, 2020 generated by companies under the tax consolidation regime)

c) Reconciliation of accounting profit/(loss) and tax income/(expense)

The reconciliation of the Company's accounting profit/(loss) and tax income/(expense) is as follows:

	Euros	
	March 31, 2021	**March 31, 2020**
Profit/(loss) before tax	72,255,965	4,595,303
Permanent differences	(55,973,754)	300
Temporary differences	1,471,921	1,774,407
Taxable income/(tax loss) before utilization of tax losses/credits	**17,754,132**	**6,370,010**
Capitalization reserve	-	(484,193)
Taxable income/(tax loss)	**17,754,132**	**5,885,817**
Tax rate	25%	25%
Tax accrued (current expense)	(4,438,532)	(1,471,454)
Other adjustments (current expense)	21,497	-
Current income tax (expense)/income	**(4,417,035)**	**(1,471,455)**
Deferred tax (expense)/income	**(587,439)**	**1,393,042**

During the year ended March 31, 2021, the Company has made adjustments for temporary differences amounting to 1,471,921 euros (1,774,407 euros in the three months ended March 31, 2020), of which 1,871,606 euros correspond to positive adjustments for long-term incentive plan provisions (355,590 euros in the three months ended March 31, 2020) and 399,685 euros to negative adjustments because of changes in the fair value of the derivative (1,418,817 euros in the three months ended March 31, 2020). During the financial year ended March 31, 2021, the Company made adjustments for permanent differences that mainly relate to the recognition of the exemption applicable to the distribution of interim dividends agreed by the subsidiary SPV Reoco 1, S.L.U. in that year, amounting to 56,000,000 euros, reported in Note 7.

d) Deferred taxes

The breakdown and reconciliation of the items comprising deferred tax assets and deferred tax liabilities:

	Euros			
	Opening balance	**Income statement**	**Equity**	**Closing balance**
Year ended March 31, 2021				
Deferred tax assets				
Tax loss carryforwards	250	(250)	-	-
Temporary differences	2,239,792	(581,460)	-	1,658,332
	2,240,042	(581,710)	-	1,658,332
Deferred tax liabilities	-	(5,729)	-	(5,729)
Total	**2,240,042**	**(587,439)**	**-**	**1,652,603**
Three months ended March 31, 2020				
Deferred tax assets				
Tax loss carryforwards	250	-	-	250
Temporary differences	846,750	1,393,042	-	2,239,792
	847,000	1,393,042	-	2,240,042
Deferred tax liabilities	-			
Total	**847,000**	**1,393,042**	**-**	**2,240,042**

The variation of tax credits during the year ended March 31, 2021 corresponds to the application and reversal of deducible temporary differences amounting to 367,980 euros and the application of the capitalization reserve pending deduction by the Tax Group amounting to 949,440 euros.

The variation of tax credits during the three months ended March 31, 2020 corresponded to an increase by the application and reversal of deductible temporary differences amounting to 443,602 euros and the activation of the capitalization reserve pending deduction in the amount of 949,440 euros.

At March 31, 2021, the deferred tax assets arising from deductible temporary differences correspond to provisions for an amount of 1,101,741 euros (633,841 euros at March 31, 2020), and to changes in the fair value of the derivative for an amount of 556,590 euros (656,511 euros as of March 31, 2020). At March 31, 2020, there was also a capitalization reserve amounting to 949,440 euros pending deduction as of said date.

The Company has estimated taxable income for the next five years (the projection period considered to be sufficiently credible) on the basis of its budgets and the periods in which its taxable temporary differences are expected to revert. Based on this analysis, the Company has recognised deferred tax assets for the deductible temporary differences based on what it considers likely to generate sufficient taxable profit.

14. *Income and expenses*

a) Revenue

Analysis of revenue from continuing operations by business line and geographic segment:

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
By business segment		
Management services and delegated development provided to the Group	30,493,110	6,950,054
Finance income	27,610,212	8,697,944
Dividends received from the subsidiaries (Note 7)	56,000,000	
Total	**114,103,322**	**15,647,998**
By geographical market segment		
Spain	114,103,322	15,647,998
Total	**114,103,322**	**15,647,998**

b) External services

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
Leases	(1,410,377)	(314,800)
Repairs and maintenance	(1,256,575)	(293,908)
Independent professional services	(3,009,059)	(760,101)
Insurance premiums	(97,977)	(28,803)
Banking services	(110,839)	(11,994)
Advertising, publicity and public relations	(1,516,119)	(361,815)
Utilities	(22,845)	(5,051)
Other services	(939,139)	(307,654)
Total	**(8,362,930)**	**(2,084,126)**

c) Employee benefits expense

Employee benefits expense breaks down as follows:

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
Wages, salaries and similar		
Salaries and wages	(15,706,504)	(3,668,388)
Share-based payments (Note 15)	(1,871,606)	(355,590)
Termination benefits	(312,731)	(9,151)
Total	**(17,890,841)**	**(4,033,129)**
Employee benefits		
Social security	(2,959,559)	(723,414)
Other benefit expense	(611,251)	(122,711)
Total	**(3,570,810)**	**(846,125)**
Total	**(21,461,651)**	**(4,879,254)**

The average number of people employed by the Company was 233 in the year ended March 31, 2021 (226 people in the three months ended March 31, 2020). The breakdown, by job category, of the March 31, 2021 and March 31, 2020 workforce is shown below:

	March 31, 2021			March 31, 20210		
	Women	Men	Total	Women	Men	Total
Graduates	74	84	158	76	78	154
Diploma holders	18	26	44	18	26	44
Other	22	12	34	21	15	36
Total	**114**	**122**	**236**	**115**	**119**	**234**

d) Finance costs

Finance costs break down as follows:

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
Third-party borrowings		
Syndicated loan interest	(8,699,858)	(2,271,454)
Other loans interest, commercial paper notes and collateral equity swap	(2,419,086)	(167,205)
Commission for guarantees, surety insurance and others	(315,499)	(3,312)
	(11,434,443)	**(2,441,971)**

15. ***Share-based payment transactions***

The share-based payment transactions included within "Employee benefits expense" (Note 14.c) are reconciled below:

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
Key management personnel	1,871,606	355,590
	1,871,606	**355,590**

At March 31, 2021, the amount recorded in Other Equity Instruments heading to meet said commitment assumed by the Company with its key employees under the long-term incentive plan, described in the Note 10.j), amounted to 4,406,966 euros (2,535,360 euros at March 31, 2020).

16. ***Related-party transactions***

The main transactions with related parties in the year ended March 31, 2021 were the following:

- The administration, management and delegated development services provided to group companies.
- Loans to group companies (Note 8).
- Dividend distributed by SPV Reoco 1, S.L.U.
- Sale of fixed assets to Live Virtual Tours.

The main transactions with related parties in the three months ended March 31, 2020 were the following:

- The administration, management and delegated development services provided to group companies.
- Loans to group companies (Note 8).

The breakdown of the balances payable to and receivable from related parties at the end of each period is as follows:

	Euros		
	Direct parent company	Other group companies	Total
March 31, 2021			
Non-current loans (Note 8)	-	856,465,342	856,465,342
Trade receivables (Note 8)	-	36,709,059	36,709,059
Suppliers, group companies and associates	-	-	-
Current loans (Note 8)	-	110,232	110,232
Interest on current loans (Note 8)	-	6,960,481	6,960,481
Current account with group companies (assets) (Note 8)	-	48,110,749	48,110,749
Current account with group companies (liabilities)	-	(3,731,764)	(3,731,764)
Receivable dividend	-	56.000.000	56.000.000
March 31, 2020			
Non-current loans (Note 8)	-	45,078,046	45,078,046
Trade receivables (Note 8)		64,559,308	64,559,308
Suppliers, group companies and associates	-	(15,515)	(15,515)
Current loans (Note 8)	-	833,740,002	833,740,002
Interest on current loans (Note 8)	-	1,196,015	1,196,015
Current account with group companies (assets) (Note 8)	-	6,621,155	6,621,155
Current account with group companies (liabilities)	-	(1,228,800)	(1,228,800)

The breakdown of the transactions undertaken with related parties in is the following:

	Euros		
	Direct parent company	Other group companies	Total
Year ended March 21, 2021			
Revenue from services rendered	-	30,493,110	30,493,110
Finance income - interest (Note 14.a)	-	27,610,211	27,610,211
Finance income - Dividend (Note 14.a)		56,000,000	56,000,000
Sale of fixed assets		25,000	25,000
Three months ended March 31, 2020			
Revenue from services rendered	-	6,950,054	6,950,054
Finance income - interest (Note 14.a)	-	8,697,944	8,697,944

Loans to Group companies and associates

The breakdown of loans to Group companies and associates at March 31, 2021 is as follows:

Company	Euros		Maturity date
	Limit	Principal	
Loan to SPV Reoco 1, S.L.U.	965,171,294	792,250,848	March 31, 2023
Loan to Damalana Servicios y Gestiones, S.L.	42,300,000	31,764,468	March 31, 2023
Loan to SPV Reoco 15, S.L.	26,700,000	8,168,919	March 31, 2023
Loan to Servicios Inmobiliarios Mauna Loa, S.L.U.	11,000,000	10,394,552	March 31, 2023
Loan to Turnkey Projects Development, S.L.U.	6,000,000	3,176,996	March 31, 2023
Loan to Egon Asset Development, S.L.U.	500,000	452,383	March 31, 2023
Loan to Espebe 18, S.L.U.	4,000,000	2,800,000	March 31, 2023
Loan to Live Virtual Tours, S.L.U.	115,000	110,232	March 31, 2022
Loan to Servicios Inmobiliarios Licancabur, S.L.U.	5,300,000	3,547,886	July 29, 2025
Loan to Winslaro ITG, S.L.	4,520,000	1,985,940	June 11, 2025
Loan to Urbania Lamatra I, S.L.	1,000,000	593,840	December 14, 2023
Loan to Urbania Lamatra II, S.L.	3,140,000	1,329,510	July 26, 2025
Total	**1,069,746,294**	**856,575,574**	

The breakdown of loans to Group companies and associates at March 31, 2020 is as follows:

Company	Euros		Maturity date
	Limit	Principal	
Loan to SPV Reoco 1, S.L.U.	951,563,000	833,307,042	December 31, 2020
Loan to Damalana Servicios y Gestiones, S.L.	42,300,000	28,299,733	January 31, 2022
Loan to SPV Reoco 15, S.L.	26,700,000	6,791,303	December 31, 2022
Loan to Servicios Inmobiliarios Licancabur, S.L.U.	5,300,000	2,885,188	July 29, 2015
Loan to Servicios Inmobiliarios Mauna Loa, S.L.U.	2,500,000	3,512,976	December 31, 2021
Loan to Turnkey Projects Development, S.L.U.	491,400	532,027	December 31, 2021
Loan to Egon Asset Development, S.L.U.	301,600	326,959	December 17, 2020
Loan to Live Virtual Tours, S.L.U.	106,000	106,000	December 31, 2020
Loan to Urbania Lamatra I, S.L.	1,000,000	551,395	December 14, 2023
Loan to Urbania Lamatra II, S.L.	3,140,000	1,283,425	July 26, 2025
Loan to Winslaro ITG, S.L.	4,520,000	1,222,000	June 11, 2025
Total	**1,037,922,000**	**878,818,048**	

All the credit facilities extended accrue interest at 1-month Euribor plus 350 basis points, except those granted to Winslaro ITG, S.L., Urbania Lamatra I, S.L., Servicios Inmobiliarios Licancabur, S.L. and Live Virtual Tours, S.L.U., which accrue interest at 1-month Euribor plus 550 basis points and the one granted to Urbania Lamatra II, S.L. which accrue interest at Euribor 1 month plus 650 basis points.

Additionally, interests on current loans granted to Group companies and associates are recognised in the short term, in the amount of 6,960,481 euros at March 31, 2021 (1,196,015 euros at March 31, 2020).

The main movements during the year ended March 31, 2021 and the three months ended March 31, 2020 consist of drawdowns of loans for financing the purchase of land and non-financeable project expenses. Repayments relate mainly to the repayment of loans held by companies delivering homes. Additionally, it should be noted the reclassification of credits from current to non-current for the amount of 862,902,529 euros during the year ended March 31, 2021 as a consequence of the extension of several contracts until March 31, 2023.

17. ***Remuneration and other benefits provided to the directors, key management personnel and the Group auditor***

a) Changes to the governing bodies

The Board of Directors consists of the following members:

- Cristina Álvarez
- Evan Andrew Carruthers
- Eduardo Edmundo D’Alessandro Cishek
- Santiago Fernandez Valbuena
- Javier Martínez - Piqueras
- Javier Lapastora Turpín
- David Martinez Montero
- Milagros Méndez Ureña
- Miguel Temboury Redondo

The Company's Board of Directors, at a meeting held on October 21, 2020, resolved, unanimously, on the basis of a recommendation and report from the Appointments and Remuneration Committee, to appoint, by means of co-option, Javier Martínez-Piqueras as independent director, for the bylaw-stipulated term of three years. Javier Martínez-Piqueras replaces Emile K. Haddad, whose tenure had expired (on September 27, 2020). The appointment of Javier Martínez-Piqueras was subject to ratification by the Company's shareholders at the next Annual General Meeting.

b) Disclosures regarding director conflicts of interest

Neither the current nor former directors of the Parent carried out transactions with the Company or any of its Group companies other than in the ordinary course of business or other than on an arm's length basis during year ended March 31, 2021.

Nor did the members of the Parent's Board of Directors or their related parties, as defined in Spain's Corporate Enterprises Act, engage in relations with other companies whose business activities could represent a conflict of interest for them or the Company during the year ended March 31, 2021 on the basis that none of the notices required under article 229 of that Act have been filed with the competent authorities. Accordingly, there are no related disclosures in these financial statements.

c) Director remuneration and other benefits

The remuneration accrued by the members of the Company’s Board of Directors amounted to 1,930,116 euros in the year ended March 31, 2021 and 372,616 euros in the three months ended March 31, 2020.

d) Key management personnel remuneration and other benefits

The remuneration paid to the Company's key management personnel and professionals performing similar executive duties during the year ended March 31, 2021 and the three months ended March 31, 2020 was as follows:

	Euros				
	Year ended March 31, 2021			Advances	
No, of individuals March 31, 2021	Fixed and Variable remuneration	Other remuneration	Total	No,	Amount
7	1,330,902	609,712	1,940,614	-	-

	Euros				
	Three months ended March 31, 2020			Advances	
No, of individuals March 31, 2020	Fixed and Variable remuneration	Other remuneration	Total	No,	Amount
7	327,617	118,905	446,522	-	-

The Company has no pension obligations to its key management personnel nor has it extended these professionals any advances, loans or guarantees, at March 31, 2021 and March 31, 2020. There were no special incentive plans over shares of Aedas Homes, S.A. at March 31, 2021 and March 31, 2020, except for the one informed in Note 10.j.

In the year ended March 31, 2021, the Company paid 30,709 euros of civil liability insurance premiums on behalf of its directors to cover potential damages caused in the course of carrying out their duties (30,709 euros in the three months ended March 31, 2020).

For the purposes of article 229 of Spain's Corporate Enterprises Act, the directors have stated that they are not affected by any conflict of interest in relation to the Parent's interests.

18. ***Risk management***

The Group, of which Aedas Homes is the Parent (Note 1), manages its capital so as to ensure that the Group companies will be able to continue as profitable concerns while maximising shareholder returns by balancing its debt versus equity structure.

Financial risk management is centralised in the Corporate Finance Department, which has established the mechanisms necessary for controlling exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

Credit risk:

The Company is not exposed to significant credit risk since its customers are group companies under a contract for the provision of services signed with its subsidiaries, and since collection of the proceeds from the sale of its developments to customers is guaranteed by the properties sold; in addition, its cash surpluses are placed with highly solvent banks in respect of which counterparty risk is immaterial.

The Group is currently in the process of formulating a policy for managing its potential cash surpluses.

No accounts receivable from Group companies, related parties or third parties were past due at March 31, 2020.

Liquidity risk:

The Company determines its liquidity requirements by means of cash forecasts. These forecasts pinpoint when the Group will need funds and how much and new funding initiatives are planned accordingly.

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Company holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in Note 12.

The Company's directors believe that these arrangements will be sufficient to cover its cash requirements and those of its subsidiaries going forward. The liquidity function is managed at the Group level, so the operating companies do not face liquidity shortfalls and can concentrate on pursuing their real estate developments, which are financed using external borrowings.

On June 12, 2020, the Company arranged the AEDAS HOMES 2020 Commercial Paper Program on Spain's alternative fixed income market (MARF for its acronym in Spanish). Under the new programme, it can issue up to 150,000,000 euros of commercial paper with terms of up to 24 months, with the aim of continuing to diversify the Group's sources of financing. It substitutes the commercial paper programme arranged on June 14, 2019. During the year ended March 31, 2021, the Company completed several issues under the scope of the new programme with an aggregate face value of 61.8 million euros, notably including the issuance on September 15, 2020 of 34.1 million euros, 70% of whose face value is secured by the Kingdom of Spain as part of its COVID-19 surety lines; that issue has been rated BBB by Axesor. Also during the year ended March 31, 2021, the Company repaid 67.4 million euros of commercial paper at maturity, leaving a balance of 56.7 million euros outstanding at March 31, 2021 due in several tranches by September 2022 at the latest. The effective annual cost of the commercial paper issues is 3.16%. During the three-month fiscal year ended March 31, 2020, the Company completed several commercial paper issues with a total face value of 25 million euros and repaid 41 million euros of commercial paper at maturity, leaving 62.3 million euros outstanding, due in several tranches by July 2021 at the latest, as of year-end 2020. The effective annual cost of the commercial paper issues during that period was 0.99%.

On August 6, 2018, the Company arranged a 150-million-euro corporate loan which it used to finance future land purchases; it initially had six months to draw the loan down; that deadline was later extended to August 5, 2019 in exchange for a 0.25% fee. The loan originally had a maturity of 24 months and carried interest at 3m EURIBOR plus 3.5% in year one and plus 4.25% in year two. That loan was repaid at maturity and refinanced thanks to three new agreements: a syndicated loan of 134,215,000 euros and two loans backed by state guarantees totalling 15,785,000 euros. Those loans are repayable in five instalments between December 31, 2020 and August 6, 2022. They carry interest at 3m EURIBOR plus 4.5% in year one and 5.5% in year two. If EURIBOR is negative, a benchmark rate of 0% will apply. The balance drawn down at March 31, 2021 was 100 million euros and the amount recognised at amortised cost was 98,869,357 euros (149,067,980 euros at March 31, 2020). The interest payable at March 31, 2021 amounted to zero euros (1,116,156 euros at March 31, 2020).

Note that the business plan targets a maximum leverage ratio at the Group level of 35%. The Directors hope to be able to confirm the results of this financial year in the coming weeks. Given the Group's current low level of leverage (Loan to Value of 12.2%) and the availability of additional amounts under the development loans (22.8 million euros of recovery of land cost and 15.1 million euros of subrogation tranches), and the financial position as at March 31, 2021, no significant variations are expected in the financing.

Market risk: interest rate risk

Although the Group’s cash balances and borrowings both expose it to interest rate risk, and this could have an adverse impact on its net finance costs and cash flows, the Company’s directors have not deemed it necessary to write interest rate hedges.

A 100 basis point movement in interest rates would have increased finance costs by 2,108,172 euros in the year ended March 31, 2021 (396,885 euros in the three months ended March 31, 2020).

Risks associated with Covid-19

In relation to the risks associated with Covid-19, the Company's directors and management are constantly monitoring developments with respect to the global pandemic with a view to assuredly mitigating any potential impacts, whether financial or non-financial.

The Company is monitoring the status of the relevant risk factors with the aim of correctly assessing the potential impact of the pandemic on AEDAS Homes' financial performance and readying the Company to take appropriate risk mitigation measures. Specifically, it is undertaking an extraordinary review of its corporate risk map in order to identify potential areas of risk in need of reinforced supervision. Those risks relate essentially to sales and access to financing.

The following risk categories have been deemed relevant from the Covid-19 perspective and located in the upper quadrant of the corporate risk map as a result of the assessment carried out by the Company's senior management team:

1. Fall in demand for new-build homes: volatility or external factors that could affect supply and demand in the housing market and could impede delivery of the growth forecasts contained in the Company's business plan. The Covid-19 pandemic has deteriorated Spain's key macroeconomic indicators, a situation that could have an adverse impact on delivery of the Company's business targets.

2. Availability of financing (customers): the risk that AEDAS Homes customers could find it hard to secure the financing needed to purchase homes developed by the Company, potentially impeding delivery of the Company's sales targets and even triggering the cancellation of pre-sales and private sales contracts by customers faced with such difficulties.

3. Availability of financing (AEDAS Homes): a scarcity of financing opportunities or the existence unpalatable financing terms that would increase the cost of borrowing and thereby erode the Company's profitability. More specifically, this risk factor could take the form of the banks imposing harsher terms on the developer loans they extend to the Company, which in turn could have an adverse impact on its development margins.

4. Securities market risk: adverse impacts on the Company's market value due to adverse trends in the securities markets or regulatory changes that make it harder to attract or retain investors. For example, the volatility observed in the markets since the onset of the health crisis in March 2020.

5. Liquidity: a shortfall in liquid funds such that it is hard for the Company to meet its payment obligations and commitments on the agreed-upon dates. The Company has taken appropriate cash preservation measures so as to be able to continue to meet its financial obligations.

6. Sales: the introduction of misguided sales policies or inadequate sales management with an adverse impact on sales and the completion of contracts. More specifically, this risk factor could materialise as a result of changes in customer preferences and/or needs due to new habits or customs deriving from the pandemic, e.g., working from home.

The Company is taking the following measures with a view to monitoring and managing the risk factors itemised above:

- Identification of the adequate monitoring indicators
- 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

In addition, in early March 2020, the Company activated its Crisis Committee in order to take all the measures needed to guarantee the continuity of its business and the wellbeing of its employees. That Crisis Committee took measures to introduce remote working on a widespread basis and to guarantee the continuity of construction work at its ongoing developments.

The Company plans to continue to take any and all measures deemed necessary for monitoring and managing the risks deriving from the Covid-19 pandemic with the aim of guaranteeing, to the best of its abilities, delivery of its business targets.

In addition, in March 2020, the Group implemented a capital preservation policy designed to safeguard its capital structure, to which end liquidity developments are being constantly monitored across all Group companies. So far, the liquidity indicators have remained consistently satisfactory.

19. ***Other information***

a) Workforce disclosures

One employee with a disability of a severity of 33% or higher is employed by the Company at March 31, 2021 and at March 31, 2020.

The Board of Directors was made up of 9 directors at March 31, 2021 and March 31, 2020, seven of whom were men and two were women.

b) Audit fees

Audit fees accrued during the year for services rendered by the statutory auditor:

	Euros	
	Year ended March 31, 2021	Three months ended March 31, 2020
Audit and related services		
Audit services and limited review	159,250	87.400
Other assurance services	60,700	21.700
Total	**219,950**	**109.100**

c) Environmental disclosures

The Company's business activities do not have a significant environmental impact so that it does not hold any fixed assets for the purpose of minimising its environmental impact and/or enhancing environmental protection.

d) Disclosures regarding average supplier payment terms. Additional Provision Three "Disclosure requirements" of Law 15/2010

The disclosures regarding the average supplier payment term:

	Year ended March 31, 2021	**Three months ended March 31, 2020**
	Days	
Average supplier payment term	44.91	50.24
Ratio of paid transactions	46.31	49.18
Ratio of outstanding transactions	26.66	53.61
	Euros	
Total payments made	13,548,136	3,653,451
Total payments outstanding	1,044,325	1,154,614

20. *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 annual financial statements authorised for issue by the directors, other than that disclosed below:

- At April 7, 2021, the Company received the dividend from SPV Reoco 1, S.L. for an amount of 56,000,000 euros.

- At April 14, 2021, the Company had made early repayment of corporate credit facilities for a nominal amount of EUR 10 million.

- On April 20, 2021, the Board of Directors of AEDAS Homes approved the strategic sustainability plan. The ESG Strategic Plan for 2021-2023 prepared by AEDAS Homes continues the path of previous CSR Plans, becoming a more ambitious roadmap by aligning with the Sustainable Development Goals set by the United Nations (UN) for 2030.

  This Strategic Plan specifies a unique corporate vision that is structured on the basis of three dimensions (Governance, Environmental and Social), which in turn consist of 8 lines of action that include 27 specific actions. By implementing the various initiatives set out in the Plan, AEDAS Homes has assumed three ambitious commitments for 2030, one for each of the dimensions.

- On April 26, 2021, the company SPV Reoco 1, S.L.U. changed its name to Aedas Homes Opco, S.L.U. in a notarised document.

- At May 4, 2021, the total treasury stock held by AEDAS Homes at close of market was 3,360,253 securities representing 7.01% of the capital acquired at an average price of 19.60 €/share. The total number of securities acquired through Discretionary Management was 148,724 securities representing 0.31% of the capital at an average price of 20.31€/share; the total number of securities acquired through the Buyback Programme was 1,195,054 securities representing 2.49% of the capital at an average price of 19.92€/share and the total number of securities acquired in the block market was 2,016,475 securities, representing 4.20% of the capital at an average price of 19.36 €/share.

- On May 7, 2021, the Board of Directors of AEDAS Homes proposed a policy of remunerating its shareholders based on four pillars: (i) volume of net income generated; (ii) visibility on cash generation; (iii) debt ratios and the liquidity necessary to maintain organic growth; and (iv) any other strategic operation that may be considered in the future.

  The resolutions adopted by the General Meeting of Shareholders and the Board of Directors when executing the Shareholder Remuneration Policy take into account the provisions of applicable legislation and good corporate governance practice, and will follow the general recommendations on good governance recognised by the international market in this respect.

  On this basis, the Parent Company's Board of Directors, at its meeting held on May 7, 2021, resolved to:

  • Submit an annual proposal to the General Meeting of Shareholders that ordinary dividends equivalent to 50% of the net profit should be distributed up to and including the 2023/24 financial year.
  • Consider the possibility of supplementing ordinary dividends with extraordinary dividends that can be approved on the basis of the cash generated by sales of land during the year and the level of the Company's commercial performance.
  • Limit dividend distributions to an indebtedness of 20% LTV (loan-to-value of assets).
  • Propose the distribution of a dividend of €1.40 per share payable from the profit for the 2020/2021 financial year:
    - ordinary dividend of €0.90 per share; and
    - extraordinary dividend of €0.50 per share.

  The Parent Company envisages a form of payment that can consist either of a cash payment or treasury shares.

  In any case, the Parent Company's Board of Directors reserves the right to amend this policy if major changes occur that could affect the Company's profits or its financing needs, making it impracticable to maintain this policy, including, amongst others, changes in macroeconomic conditions or the decision to carry out major corporate transactions or acquisitions that would a significant affect this decision.

21. ***Translation of financial statements***

Free translation of financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Appendix I - Subsidiaries included in the scope of consolidation at March 31, 2021

Company	Registered office	Business activity	Shareholding		Shareholder	Auditor	Consolidation method
			March 31, 2021				
SPV REOCO 1, S.L.U.	Madrid	Development	100%	Direct	AEDAS HOMES S.A.	ERNST & YOUNG, S.L.	Full consolidation method
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 18, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV REOCO 15, S.L.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV SPAIN 2, S.L.	Madrid	Development	87.50%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 11, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
FACORNATA SERVICIOS Y GESTIONES, S.L.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS LICANCABUR S.L.U.	Madrid	Development	25%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
WINSLARO ITG, S.L.	Madrid	Development	20%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
EGON ASSET DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
LIVE VIRTUAL TOURS, S.L.U.	Madrid	Audiovisual distribution	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
URBANIA LAMATRA I, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
URBANIA LAMATRA II, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
FALCON DESARROLLOS INMOBILIARIOS, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
PARKER DESARROLLOS INMOBILIARIOS, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method

Subsidiaries included in the scope of consolidation at March 31, 2020

Company	Registered office	Business activity	Shareholding		Shareholder	Auditor	Consolidation method
			March 31, 2020				
SPV REOCO 1, S.L.U.	Madrid	Development	100%	Direct	AEDAS HOMES S.A.	ERNST & YOUNG, S.L.	Full consolidation method
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 18, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV REOCO 15, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV SPAIN 2, S.L.	Madrid	Development	87.50%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 11, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
FACORNATA SERVICIOS Y GESTIONES, S.L.	Madrid	Development	94.70%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS LICANCABUR S.L.U.	Madrid	Development	25%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
WINSLARO ITG, S.L.	Madrid	Development	20%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
EGON ASSET DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
LIVE VIRTUAL TOURS, S.L.U.	Madrid	Audiovisual distribution	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
URBANIA LAMATRA I, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
URBANIA LAMATRA II, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
FALCON DESARROLLOS INMOBILIARIOS, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
PARKER DESARROLLOS INMOBILIARIOS, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method

MANAGEMENT REPORT

Aedas Homes, S.A.
For the year ended March 31, 2021

1. ***Organizational and operating structure***

The Company was incorporated as a result of the subscription and payment of 3,000 indivisible equity interests (*participaciones sociales)*, numbered sequentially, with a unit par value of 1 euro. They were paid for in cash. Hipoteca 43 Lux, S.A.R.L. purchased 100% of these interests on July 5, 2016. The Company's name was changed to Aedas Homes Group, S.L.U. on July 18, 2016. It assumed its current name in the wake of the restructuring transaction completed in 2017.

On July 18, 2016, the Company's name was changed to Aedas Homes Group, S.A. On September 12, 2017, the Company's legal form of incorporation was changed to that of a public limited company and its name was again changed to Aedas Homes, S.A.

During the year ended December 31, 2017, the Company's Majority Shareholder contributed, in a series of transactions, its Spanish real estate development business to Aedas Homes, S.A.:

- On March 30, 2017, the Majority Shareholder made a non-monetary equity injection into the Company in the amount of 314,032,337 euros, a transaction that materialised in the creation of 31,403,231 shares with a unit par value of one euro and an increase in the share premium account of 282,629,106 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 596,293,156 euros (stated at the Group's ownership interest therein) that were financed by a loan extended by the Majority Shareholder.

- On June 29, 2017, the Company's Majority Shareholder made another non-monetary equity injection into the Company in the amount of 23,140,283 euros, a transaction that materialised in the creation of 2,314,028 shares with a unit par value of one euro and an increase in the share premium account of 20,826,255 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 43,691,035 euros (stated at the Group's ownership interest therein) that were financed by a loan extended by the Majority Shareholder.

- On August 16, 2017, the Parent's Majority Shareholder made a non-monetary equity contribution to the Company, specifically contributing its interest in Danta Investment, S.L.U.; the contribution had the effect of increasing the Company's share capital by 11,086,771 euros (issuing the same number of shares with a unit par value of one euro) and the share premium account by 99,780,938 euros. The purpose of the above contribution was to contribute a business consisting of the Majority Shareholder's interest in FAB MAY, a company that had inventories at various stages of development, tax credits and cash. The balancing entry for that contribution consisted of the transfer of 95% of the shares of Danta Investment S.L.U. and a credit claim against FAB related to a loan that was cancelled on August 21, 2017. FAB MAY was subsequently liquidated on September 15, 2017, all of its liabilities were cancelled and 100% of its assets were allocated to Danta Investments, S.L.U. At the same time, Danta Investments, S.L.U. paid SAREB (the acronym of the state-owned 'bad bank' that manages the assets resulting from bank restructuring) a consideration amounting to 4,800,000 euros plus VAT.

The merger between Aedas Homes Group (Transferee) and Aedas Homes (Transferor) closed on June 29, 2017 and the name and registered office of the Transferee were changed to those of the Transferor, so the Company's name was changed from Aedas Homes Group to Aedas Homes. The merger by absorption implied: (i) the dissolution and extinction of the Transferor; (ii) the *en-bloc* transfer of all the latter's assets and liabilities to the Transferee, which acquired all its rights and obligations by universal succession.

The shares representing the share capital of Aedas Homes S.A. have been trading on the continuous stock markets of Madrid, Barcelona, Bilbao and Valencia since October 20, 2017, at a price of 31.65 euros per share.

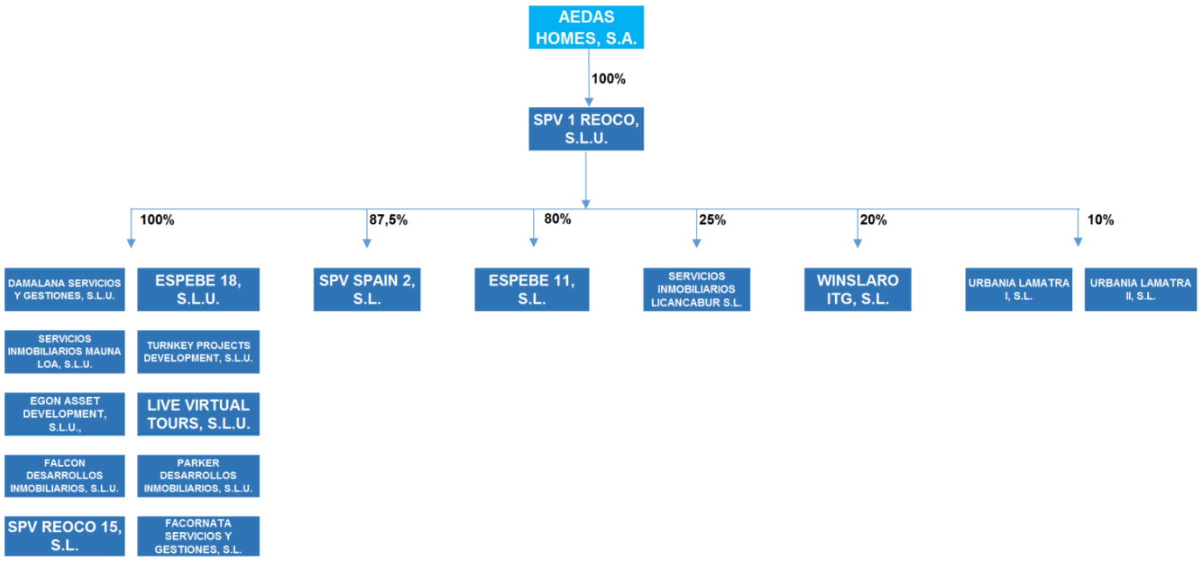
On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. ("Transferee") and 41 of its subsidiaries (ESPEBE 2, S.L.U., ESPEBE 4, S.L.U., ESPEBE 7, S.L.U., ESPEBE 12, S.L.U., ESPEBE 14, S.L.U., ESPEBE 15, S.L.U., ESPEBE 16, S.L.U., ESPEBE 17, S.L.U., ESPEBE 20, S.L.U., ESPEBE 21, S.L.U., ESPEBE 22, S.L.U., ESPEBE 23, S.L.U., ESPEBE 25, S.L.U., ESPEBE 26, S.L.U., ESPEBE 27, S.L.U., ESPEBE 28, S.L.U., ESPEBE 29, S.L.U., ESPEBE 31, S.L.U., ESPEBE 32, S.L.U., ESPEBE 34, S.L.U., ESPEBE 35, S.L.U., SPV REOCO 2, S.L.U., SPV REOCO 5, S.L.U., SPV REOCO 6, S.L.U., SPV REOCO 12, S.L.U., SPV REOCO 14, S.L.U., SPV REOCO 17,

S.L.U., SPV REOCO 18, S.L.U., SPV REOCO 26, S.L.U., SPV SPAIN PROJECT 1, S.L.U., SPV SPAIN 7, S.L.U., SPV SPAIN 16, S.L.U., SPV SPAIN 17, S.L.U., CORNETALA SERVICIOS Y GESTIONES, S.L.U., DANTA INVESTMENTS, S.L.U., DELANETO SERVICIOS Y GESTIONES, S.L.U., DESARROLLO EMPRESARIAL LICANCABUR, S.L.U., EPAVENA PROMOCIONES Y SERVICIOS, S.L.U., LANDATA SERVICIOS Y GESTIONES, S.L.U., MILEN INVESTMENTS, S.L.U. and SERVICIOS INMOBILIARIOS CLEGANE, S.L.U., the "Transferors"). The merger by absorption implied: (i) the dissolution and extinction of the Transferors; (ii) the *en-bloc* transfer of all the latter companies' assets and liabilities to the Transferee, which acquired all of their rights and obligations by universal succession. The merger deeds were publicly notarised on May 4, 2018 and registered with the Madrid Companies Register.

On March 30, 2020, the Shareholders' Meeting of the Company, at the proposal of the Board of Directors, agreed to change the Company's fiscal year to the twelve-month period from April 1 to March 31 the following year, except for the first fiscal year, to which the previous financial statements relate, which was from January 1, 2020 to March 31, 2020., This management report therefore relates to the twelve-month period from April 1, 2020 to March 31, 2021.

At present, Aedas Homes, S.A. heads up a group of enterprises that carries out its business activities either directly or through investments in other companies with an identical or similar corporate object.

The corporate structure of the group comprising Aedas Homes, S.A. and its subsidiaries (the Group) at March 31, 2021 is presented below:



The Group conducts its business exclusively in Spain. Its core business, as outlined in article 2 of the Company's bylaws, consists of:

a) The acquisition, development and refurbishment of all manner of properties, whether for holding, use, disposal or lease.

b) The acquisition, holding, usage, sale and administration of marketable Spanish or international securities and any titles or rights, such as the shares of limited-liability companies, that give it an equity interest in other companies, all of which as principal and not agent.

2. ***Business performance and financial results - key measures***

At March 31, 2021, the Company's assets totalled 1,215,629,419 euros, liabilities (current and non-current) amounted to 225,767,092 euros and equity stood at 989,862,327 euros.

Turnover and gross margin

In the year ended March 31, 2021, the net turnover was 114,103,322 euros, of which 30,493,110 euros related to services rendered under the provision of administration, management and delegated development services agreements entered into with the various Group companies, 27,610,212 euros related to financial income from loans granted to Group companies and 56,000,000 euros related to dividends received from the group companies.

EBITDA

EBITDA amounted to a positive amount of 84,233,203 euros in the year ended March 31, 2021.

Profit/(loss)

The Company reported a profit of 67,251,490 euros in the year ended March 31, 2021.

Financial situation

At March 31, 2021, liabilities stood at 225,767,092 euros, of which, 88,438,967 euros corresponded to non-current liabilities and 137,328,125 euros to current liabilities. In comparison, at March 31, 2020 liabilities stood at 227,928,172 euros of which, 2,546,914 euros corresponded to non-current liabilities and 225,381,258 euros to current liabilities. As a result, at March 31, 2021 the debt maturing at long term represents 39.17% of total liabilities (1.12% at March 31, 2020).

3. Environmental and staff matters

As stated in Note 4.14 of the financial statements, in view of the nature of its business activities, Aedas Homes has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Nor does it have any obligations related with greenhouse gas emission allowances.

The average number of people employed by the Company was 233 in the year ended March 31, 2021 (226 people in the three months ended March 31, 2020). The breakdown of the workforce on the reporting date by region, department and job category is provided below:

Region	31.03.2021
Madrid	148
Cataluña	22
Este e Islas Baleares	25
Costa del Sol	20
Resto de Andalucía	21
Total	**236**

Department	31.03.2021
Business	171
Investment	12
Finance	20
Corporate	33
Total	**236**

Employee category	31.03.2021
Senior management	44
Middle management	57
Technical and administrative staff	135
Total	**236**

4. Liquidity and capital resources

Note 18 to the financial statements outlines the Group's capital and liquidity risk management policies.

The Group determines its liquidity requirements by means of cash forecasts. These forecasts pinpoint when the Group will need funds and how much, and new funding initiatives are planned accordingly.

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in Note 12 of the attached notes to the financial statements for the year ended March 31, 2021.

The Company's directors believe that these arrangements will be sufficient to cover its cash requirements and those of its subsidiaries going forward. The liquidity function is managed at the Group level, so that the operating companies do not face liquidity shortfalls and can concentrate on pursuing their real estate developments, which are financed using external borrowings.

5. Key risks and sources of uncertainty

The Parent has drawn up a risk map. To this end, it has analysed the organization's procedures, identifying the potential sources of risk, quantifying the related exposures and taking the opportune measures to prevent their materialization.

The most significant financial risks to which the Group is exposed are:

Market risk

Exposure to credit risk

The Group is not significantly exposed to third-party credit risk as a result of its property development business as it collects payment for virtually all sales made at the time of completion of the sale, at which time the buyer either assumes the commensurate part of the developer loan concerned or opts to use a different payment arrangement. Credit risk as a result of the deferral of payments in land or finished building sale transactions is mitigated by obtaining collateral from the buyer or stipulating termination clauses in the event of default that would lead to the Group's recovery title to the asset sold and collection of a penalty payment.

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

Exposure to solvency risk

The Company regularly analyses its credit risk in respect of its accounts receivable, updating the corresponding provision for impairment accordingly. The Company's directors believe that the carrying amounts of the Group's trade and other receivables approximate their fair value.

Exposure to exchange-rate risk

Given the Company's scant exposure to markets outside the Eurozone, exposure to foreign exchange risk is considered immaterial.

Risks associated with Covid-19

In relation to the risks associated with Covid-19, the Company's directors and management are constantly monitoring developments with respect to the global pandemic with a view to assuredly mitigating any potential impacts, whether financial or non-financial.

6. <u>R&D activities</u>

Given Aedas Homes S.A.'s business lines, it does not engage in any a significant research and development activities.

7. <u>Own shares</u>

The Company arranged a liquidity agreement with BANCO DE SABADELL, S.A. (the “Financial Broker”) on March 20, 2018 with the sole object of fostering the frequency and regularity with which the Company's shares are traded, within the limits established at the Company's Annual General Meeting and, specifically, CNMV Circular 1/2017 on liquidity agreements.

The term of the contract was 12 months from its date of effect, which was April 5, 2018.

On December 28, 2018 the Company put on hold the liquidity agreement as a result of having exceeded the limit of Funds as established in Circular 1/2017, of 26 April of the Spanish National Securities Market Commission (CNMV), on liquidity contracts, resuming it on January 24, 2019 once the adjustments to place the contract within the limit of resources with adjusted balances had been made, as stated in Circular 1/2017 on liquidity agreements. However, with effect from March 20, 2019, the Company terminated the liquidity agreement, as its objectives had been achieved. During this period, 94,178 shares were purchased at an average price of € 22.7610 / per share and 92,784 shares were sold at an average price of € 22,9339 / per share, leaving a remaining balance of 28,031 shares that were sold as a block trade on 29 March at a price of € 22.80 / per share.

The Company’s Board of Directors, at the meeting held on July 25, 2019, agreed to buy back shares, initially in the form of a discretionary programme. Subsequently, at the meeting held on September 25, 2019, it passed a resolution to purchase Company shares (Buy-Back Programme) for a maximum net investment of 50,000,000 euros and until it had 2,500,000 shares in treasury stock. Said Buy Back Programme will remain in effect for a maximum period of 36 months and will be implemented by JB Capital Markets, S.V., S.A.U.

On February 25, 2020, the Board of Directors approved increasing the limit of the share buyback programme from 50 to 150 million euros, while maintaining the other conditions approved by the Board on September 25, 2019.

Under the scope of the Company's buyback effort (Discretionary Programme, Repurchase Programme and block trades), which began on August 7, 2019, a total of 3,325,249 shares representing 6.93% of capital has been bought back at an average price of 19.57 euros per share.

On January 8, 2020, the Company arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum of 2,400,000 shares. Its settlement date was January 8, 2021. On said date, the first sale of shares to GSI under this agreement was made, for an amount of 4,999,987 euros (236,406 shares). As there is an agreement to repurchase said shares, they are considered indirect own shares. On October 5, 2020, the Parent Company proceeded to liquid this equity swap by the repurchase of 236,406 shares for an amount of 4,999,987 euros. No additional sales of own shares were made during the year ended March 31, 2021 and the three months ended March 31, 2020.

As of March 31, 2021, the balance of own shares is 65,075,384 euros corresponding to 3,325,249 shares (as of March 31, 2020, 36,940,235 euros and 1,820,671 shares, respectively).

8. <u>Significant events after the reporting date</u>

As outlined in Note 20 of the financial statements for the year ended March 31, 2021, no events have taken place since the end of the reporting period that might have a material impact on the information presented in the financial statements authorised for issue by the directors, or that should be highlighted because they have significant impact, except for those that are described in said note.

9. <u>Payments to Suppliers</u>

The information regarding the Additional Provision Three "Disclosure requirements" of Act 15/2010 of July 5, which modifies the Act 3/2004, of December 29, by which the measures for the fighting against arrear in commercial operations are established, is presented in the Note 19.d of the attached notes to the financial statements for the year ended March 31, 2021, in compliance with the requirements of such Act.

10. Information regarding the entity's performance in the year ended March 31, 2021

At present, Aedas Homes, S.A. is the parent of a group of enterprises. It carries out its business activities either directly or through investments in other companies.

With the aim of simplifying the Group's organizational and management structure, on April 2, 2018, pursuant to resolutions ratified by Aedas Homes, S.A., in its capacity as sole shareholder of SPV Reoco 1, S.L.U., agreed the merger between SPV Reoco 1, S.L.U. ("Transferee") and 41 of its subsidiaries. This merger has simplified and sped up corporate decision-making.

At March 31, 2021, the Company's assets totalled 1,215,629,419 euros, liabilities (current and non-current) amounted to 225,767,092 euros and equity stood at 989,862,327 euros.

At March 31, 2021, liabilities stood at 225,767,092 euros, of which, 88,438,967 euros corresponded to non-current liabilities and 137,328,125 euros to current liabilities. In comparison, at March 31, 2020 liabilities stood at 227,928,172 euros of which, 2,546,914 euros corresponded to non-current liabilities and 225,381,258 euros to current liabilities. As a result, at March 31, 2021 the debt maturing at long term represents 39.17% of total liabilities (1.12% at March 31, 2020).

In the year ended March 31, 2021, the net turnover was 114,103,322 euros, of which 30,493,110 euros related to services rendered under the provision of administration, management and delegated development services agreements entered into with the various Group companies and 27,610,212 euros related to financial income from loans granted to Group companies and 56,000,000 euros related to dividends received from the group companies.

EBITDA amounted to a positive amount of 84,233,203 euros in the year ended March 31, 2021.

The Company reported a profit of 67,251,490 euros in the year ended March 31, 2021.

On May 7, 2021, the Board of Directors will decide to propose the distribution of a dividend of €1.40 per share, charged to the profit for the fiscal year ended in March 31, 2021, which is broken down into an ordinary dividend of €0.90 per share and an extraordinary dividend of €0.50 per share (see notes 10.i and 20 of the attached notes to the financial statements for the year ended March 31, 2021).

11. Annual Corporate Governance Report

Aedas Homes, S.A.'s Annual Corporate Governance Report for the year ended March 31, 2021 is part of the Management Report, and has been available since the date of publication of the annual accounts on the website of the National Securities Market Commission.

12. Annual Report on Directors' Remuneration

Aedas Homes, S.A.'s Annual Report on Directors' Remuneration for the year ended March 31, 2021 is part of the Management Report, and has been available since the date of publication of the annual accounts on the website of the National Securities Market Commission.

DECLARACIÓN DE RESPONSABILIDAD DE AEDAS HOMES, S.A.

Conforme a lo establecido en el artículo 8.1(b) del Real Decreto 1362/2007, de 19 de octubre, los miembros del Consejo de Administración de Aedas Homes, S.A. abajo firmantes realizan la siguiente declaración de responsabilidad:

Que, hasta donde alcanza su conocimiento, las Cuentas Anuales individuales de Aedas Homes, S.A. correspondientes al ejercicio anual terminado el 31 de marzo de 2021 han sido elaboradas con arreglo a los principios de contabilidad aplicables; ofrecen, tomadas en su conjunto, la imagen fiel del patrimonio, de la situación financiera y de los resultados de Aedas Homes, S.A.; y el Informe de Gestión individual incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de Aedas Homes, S.A., junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Los consejeros, en prueba de conformidad, firman esta hoja:

____

D. Santiago Fernández Valbuena
Presidente

____

D. David Martínez Montero
Consejero Delegado

DECLARATION OF LIABILITY OF AEDAS HOMES, S.A.

In accordance with the provisions of article 8.1 (b) of Royal Decree 1362/2007, of October 19, the members of the Board of Directors of Aedas Homes, S.A. below signatories make the following declaration of liability:

That, as far as it is known, the individual Annual Accounts of Aedas Homes, S.A. for the financial year ended March 31, 2021 have been prepared in accordance with applicable accounting principles; They offer, taken as a whole, the true image of the Equity, the financial situation and the results of Aedas Homes, S.A.; and the Individual Management Report includes a faithful analysis of the evolution and business results and of the position of Aedas Homes, S.A., together with the description of the main risks and uncertainties that they face.

The Members of the Board, in proof of compliance, sign this sheet:

____

Mr. Santiago Fernández Valbuena
Chairman

____

Mr. David Martínez Montero
Chief Executive Officer

____
D. Eduardo D’Alessandro Cishek
Consejero

____
D. Evan Andrew Carruthers
Consejero

____
D. Javier Lapastora Turpín
Consejero

____
D. Miguel Temboury Redondo
Consejero

____
Dña. Milagros Méndez Ureña
Consejera

____
Dña. Cristina Álvarez Álvarez
Consejera

____
Mr. Eduardo D'Alessandro Cishek
Board Member

____
D. Evan Andrew Carruthers
Board Member

____
Mr. Javier Lapastora Turpín
Board Member

____
Mr. Miguel Temboury Redondo
Board Member

____
Ms. Milagros Méndez Ureña
Consejera

____
Mrs. Cristina Álvarez Álvarez
Board Member

D. Francisco Javier Martinez-Piqueras Barceló
Consejero

Mr. Francisco Javier Martinez-Piqueras Barceló
Board Member

Madrid, 07 de mayo de 2021

Madrid, May 07th, 2021

Yo, Alfonso Benavides Grases, Secretario no consejero del Consejo de Administración, certifico la autenticidad de las firmas que anteceden de las personas cuyo nombre figura en la parte inferior de la firma correspondiente, siendo todos ellos miembros del Consejo de Administración de Aedas Homes, S.A.

I, Alfonso Benavides Grases, Non-Board Secretary of the Board of Directors, certify the authenticity of the foregoing signatures of the persons whose name appears in the lower part of the corresponding signature, all of whom are members of the Board of Directors of Aedas Homes, S.A.

Madrid, 07 de mayo de 2021

Madrid, May 07th, 2021

D. Alfonso Benavides Grases
Secretario del Consejo de Administración

D. Alfonso Benavides Grases
Secretary of the Board of Directors