



**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES**

ISSUER'S PARTICULARS

FINANCIAL YEAR ENDING (DATE)	31/12/2019
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COMPANY TAX ID NO. (CIF)	A87586483
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COMPANY NAME
AEDAS HOMES, S.A.

REGISTERED OFFICE
Paseo de la Castellana, 42. 28046 Madrid.

ANNUAL CORPORATE GOVERNANCE REPORT AEDAS HOMES, S.A.

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
19/10/2017	47,966,587 €	47,966,587	47,966,587

Remarks
-

Indicate whether different classes of shares exist with different associated rights:

Yes No

Class	Number of shares	Nominal value per unit	Unitary number of voting rights	Rights and obligations conferred
-	-	-	-	-

A.2 List the direct and indirect holders of significant shareholdings at year-end, excluding Board members:

Personal or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RORY JOSEPH O'NEILL	-	58.91%	-	-	58.91%
T. ROWE PRICE ASSOCIATES, INC	-	5.08%	-	-	5.08%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	-	4.09%	-	-	4.09%
UBS GROUP AG	-	4.88%	0.24%	-	5.12%
DANIEL MARTIN	-	-	-	4.08%	4.08%

Remarks
<p>During the 2019 financial year, the following variations in the capital of the Company were recorded:</p> <ul style="list-style-type: none"> - CANYON CAPITAL ADVISORS, LLC, which held a position worth 3.86% of the capital of the Company, no longer holds a significant position in the same. - At closing 2019, UBS GROUP AG held a percentage of 5.03% of the capital of the Company.

Breakdown of indirect shareholdings:

Personal or corporate name of the indirect shareholder	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
RORY JOSEPH O'NEILL	HIPOTECA 43 LUX, S.A.R.L.	58.91%	-	58.91%
T. ROWE PRICE ASSOCIATES, INC	T. ROWE PRICE INTERNATIONAL, LTD	5.08%	-	5.08%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	Through various fund managers and accounts	4.09%	-	4.09%
UBS GROUP AG	UBS AG	4.88%	0.24%	5.12%
DANIEL MARTIN	RYE BAY EUROPEAN MASTER FUND LIMITED	-	5.08%	5.08%

Remarks
-

Indicate the most significant movements in the shareholding structure during the financial year:

Personal or corporate name of shareholder	Transaction date	Description of the transaction
CANYON CAPITAL ADVISORS, LLC	23/01/2019	Acquisition or transfer of voting rights
UBS GROUP AG	16/12/2019	Acquisition or transfer of financial instruments

Most significant movements
-

A.3 Complete the following tables detailing the members of the Board of Directors who own voting shares in the company:

Personal or corporate name of board member	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Dña. MILAGROS MÉNDEZ UREÑA	0.001 %	-	-	-	0.001%	-	-
Mr. DAVID MARTÍNEZ MONTERO	0.16%	-	-	-	0.16%	-	-
Mr. EVAN ANDREW CARRUTHERS	0.06%	-	-	-	0.06%	-	-
Mr. SANTIAGO FERNÁNDEZ VALBUENA	0.006 %	-	-	-	0.006%	-	-
Mr. JAVIER LAPASTORA TURPIN	0.003 %	-	-	-	0.003%	-	-

% of total voting rights held by the Board of Directors	0.23%
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Remarks
During the 2019 financial year the following Directors of Aedas Homes, S.A. (AEDAS Homes or the Company) acquired a holding in the same:
- Ms. MILAGROS MÉNDEZ UREÑA, S.A. (Independent director): appointed Independent Director on 4 April 2019, had acquired Company shares on 7 and 8 March 2019, prior to her appointment as director of the same.

Breakdown of indirect shareholdings:

Personal or corporate name of board member	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
-	-	-	-	-	-

Remarks
-

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except those reported under section A.6:

Related-party name or corporate name	Type of relationship	Brief description
-	-	-

A.5 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
HIPOTECA 43 LUX, S.A.R.L	Contractual	Joint land purchases using vehicles incorporated to that end

A.6 Describe the relationships – unless they are insignificant to both parties – between the significant shareholders, or the shareholders represented on the board, and the directors, or their representatives, in the case of directors who are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, the board members who have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or who are linked to significant shareholders and/or entities in their group, with specification of the nature of such relationships, are to be indicated. In particular, mention should be made, where appropriate, of the existence, identity and position of members of the board, or representatives of the directors, of the listed company who are, in turn, board members, or their representatives, in companies which hold significant shareholdings in the listed company or in entities of the group of such significant shareholders.

Personal or corporate name of the related board member or representative	Personal or corporate name of the related significant shareholder	Corporate name of company of the significant shareholder's group	Description of relationship/role
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.	AEDAS HOMES, S.A.	Board Member

Remarks
The following Board Members represent Hipoteca 43 Lux, S.A.R.L. on the Board of Directors: Mr. Evan Andrew Carruthers and Mr. Eduardo Edmundo D'Alessandro Cishek. No other significant shareholder is represented on the Board of Directors of the Company.

A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Capital Companies Act (LSC). If so, provide a brief description and list the shareholders bound by this pact:

Yes No

Shareholders bound by the agreement	% of share capital affected	Brief description of the agreement	End date of the agreement, if one exists
-	-	-	-

Remarks
-

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

Yes No

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action	End date of the concerted action, if one exists
-	-	-	-

Remarks
-

Expressly indicate any amendments to or termination of such agreements or concerted actions during the financial year, where applicable:

-

A.8 Indicate whether there is any individual or legal entity that exercises or may exercise control over the company in accordance with article 5 of the Spanish Securities' Market Act. If so, give details:

Yes No

Name or corporate name
<ul style="list-style-type: none"> • HIPOTECA 43 LUX, S.A.R.L. • Mr. RORY JOSEPH O'NEILL

Remarks
Hipoteca 43 Lux S.A.R.L. is the majority shareholder at AEDAS Homes with 58.91% of voting rights. Indirectly, Mr. Rory Joseph O'Neill could exercise control over the Company.

A.9 Complete the following tables on the company's treasury stock:**At year-end:**

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
1,485,057	-	3.10%

Remarks
In the context of AEDAS Homes treasury stock operations (discretionary management, buyback programme and block operations), which commenced on 7 August 2019, a total of 1,485,057 shares were purchased up to 31 December 2019 at an average price of 20.61 euros / share, with no sales taking place in this period.

(*) Held through:

Personal or corporate name of the direct shareholder	Number of shares held directly
-	-
Total:	-

Remarks
-

Give details of any significant changes during the financial year:

Details of significant changes
During the 2019 financial year, on 24 January 2019, the liquidity agreement entered into with financial institution Banco Sabadell, S.A. was reactivated. This Liquidity Agreement was terminated on 20 March 2019. During this period, 94,178 shares were purchased at an average price of 22.7610 euros/share and 92,784 shares were sold, at an average price of 22.9339 euros/share, leaving a remaining balance of 28,031 shares that were sold <i>en bloc</i> on 29 March 2019 at a price of 22.80 euros/share.
In the context of AEDAS Homes treasury stock operations (discretionary management, buyback programme and block operations), which commenced on 7 August 2019, up to 31 December 2019 a total of 1,485,057 shares had been purchased at an average price of 20.61 euros / share, with no sales taking place in this period.

A.10 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back or transfer treasury stock.

<p>The minutes of the decisions made by Hipoteca 43 Lux, S.A.R.L., Sole Shareholder of Aedas Homes, S.L. Single Member Company, on 11th September 2017, establish in point number 12 that the Board of Directors shall, after the date of listing of the Company, and within a maximum time period of five years, be authorised to buy back treasury stock up to a maximum of 10% of the company's share capital, and to the selling of such shares at a later stage.</p> <p>"The Sole Shareholder decides to authorise the Board of Directors of the Company to buy back treasury stock, either directly or indirectly through its subsidiaries, under the following conditions:</p> <p>Method of buy back and maximum amount of shares to be acquired: the buy back can be executed as a trade, swap, gift, allocation or dation in payment, or by any other means of acquisition of shares in circulation and fully paid up as permissible by law, either executed through one or several transactions, provided that the amount of acquired shares, when added to the those already held by the Company, does not exceed 10% of the share capital.</p> <p>Maximum and minimum prices: the price or exchange value shall range between nominal value as minimum price and the closing price, in the stock exchange the day before the buy back of the shares, as a maximum price.</p> <p>Period of authorisation: this authorisation will be valid for a time period of 5 years from the day following that of this agreement.</p> <p>It is expressly stated that the shares acquired as a result of this authorisation may be used for their disposal or amortisation, to carry out potential corporate or business transactions, or to deliver them directly to the Company's employees or directors, or based on stock option rights they may hold, in accordance with paragraph 3 of section 1. a) of Article 146 of the Spanish Capital Companies Act (LSC). The current authorisation will be effective from the date the Company's shares are admitted to trading on the Spanish Stock Exchange."</p>
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A.11 Estimated free float:

	%
Estimated free float	18.39%

A.12 Indicate whether there are any restrictions (Bylaws, legislative or of any kind) on the transferability of securities and/or any restrictions on voting rights. In particular, the existence of any type of restrictions that may hinder the takeover of the company through the acquisition of its shares on the market, as well as any systems of prior authorisation or communication that, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it by sectorial regulations, are to be indicated.

Yes No

Description of restrictions
-

A.13 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid pursuant to Law 6/2007.

Yes No

Where applicable, explain the measures adopted and the terms under which the restrictions may be lifted.

Explain the measures adopted and the terms under which the restrictions may be lifted.
-

A.14 Indicate whether the company has issued securities that are not traded in a regulated European Union market.

Yes No

If so, indicate the various classes of shares and, for each class, the rights and obligations they confer.

Indicate the various classes of shares
-

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and outline any differences, where appropriate, between the required quorum for convening the General Shareholders' Meeting and the quorum required by the Spanish Capital Companies Act (LSC).

Yes No

	% of quorum other than that established in Article 193 of the LSC for general cases	% of quorum other than that established in Article 194 of the LSC for special cases as described in Article 194 of the LSC
Quorum required for 1 st call	-	-
Quorum required for 2 nd call	-	-

Description of differences
-

B.2 Indicate and describe, where appropriate, any differences between the company's system of adopting corporate resolutions and the framework established in the LSC:

Yes No

Describe how they differ from the rules established in the LSC.

	Qualified majority other than that established in Article 201.2 of the LSC for cases described in Art. 194.1 of the LSC	Other cases requiring a qualified majority
% set by company for adopting corporate resolutions	-	-

Description of differences
-

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, where applicable, the rules for protecting shareholders' rights when amending Bylaws.

The General Shareholders' Meeting is responsible for making amendments to the Bylaws under Article 285 et seq. of the Spanish Capital Companies Act (LSC).

The Regulations governing the General Shareholders' Meeting set out the rules that apply to any amendment of the Company's Bylaws in Article 19, Constitution of the General Shareholders' Meeting.

"The General Shareholders' Meeting shall remain validly constituted at first call when shareholders representing at least twenty-five per cent of the share capital with voting rights are present or represented. At second call, a General Meeting shall be validly constituted regardless of the share capital in attendance.

Notwithstanding the contents of the preceding paragraph, in order for an ordinary or extraordinary General Meeting to validly agree to a capital increase or reduction or any other amendment of the Bylaws, the issue of bonds and securities for which competence has not been legally assigned to another Company body, the cancellation or restriction of the right of pre-emption over new shares, or the Company's transformation, merger or demerger or the global assignment of its assets and liabilities or the transfer of its registered office abroad, shareholders holding at least fifty per cent of the subscribed share capital with voting rights must be either present or represented at the Meeting at first call. At second call, the presence of twenty-five per cent of the share capital shall be sufficient, but when shareholders representing less than fifty per cent of the subscribed share capital with voting rights are present, the company resolutions referred to in this paragraph may only be validly adopted if they receive a favourable vote from two thirds of the share capital that is either present or represented at the General Shareholders' Meeting.

The provisions set out in this present Article shall be understood to be without prejudice to any qualified majorities that may be established in the applicable legislation or these Bylaws in respect of the constitution of meetings and votes."

Article 29 of these Regulations establishes that proposals for resolutions on items included in the agenda shall be submitted to a vote, and any issues that are substantially independent of one another shall be voted on separately so that shareholders can exercise their voting preferences separately. This includes cases involving the amendment of the Bylaws.

"The General Shareholders' Meeting shall vote separately on any issues that are substantially independent of one another so that shareholders may exercise their voting preferences separately. In any case, even though they may be included in the same item on the agenda, the following must be voted on separately:

- (i) the appointment, re-election or ratification (in the case of co-opting) of directors, who must be voted on individually;
- (ii) votes relating to consultation on the annual report on directors' pay; and
- (iii) in the event of the amendment of the Bylaws, each Article or group of Articles that is substantially independent.

However, where the circumstances make it advisable, the Chairman may rule that proposals relating to several items on the agenda should be voted on jointly, in which case the result of the vote will be understood to be individually reproduced for each proposal, so long as none of the attendees expresses a wish to modify the way in which he or she has voted in respect to one of these proposals. Otherwise, the minutes will reflect the way in which each attendee has modified his or her vote, along with the results of the vote in relation to each proposal as a consequence of such modifications."

The majorities required in order to amend the Bylaws are set out in Article 32 of the Regulations governing the General Shareholders' Meeting, along with the majorities required to adopt the resolutions referred to in Article 19.2 of the aforementioned Regulations, indicating that, "if the share capital present or represented exceeds fifty per cent, it will be sufficient for the resolution to be adopted by an absolute majority. However, a favourable vote from two thirds of the share capital present or represented at the Meeting shall be required at second call when shareholders representing at least twenty-five per cent but less than fifty per cent of the subscribed share capital with voting rights are present."

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the financial year to which this report relates and during preceding years:

Date of General Meeting	Attendance data				
	% attending in person	% attending by proxy	% remote votes		Total:
			Electronic vote	Others	
09/05/2019	0.30%	26.64%	0.001%	57.67%	81.61%
Free float:	0.13%	12.01%	0.001%	1.16%	13.31%

Remarks
-

B.5 Indicate whether at the General Shareholders' Meetings held during the financial year there were any items on the agenda that, for whatever reason, were not approved by the shareholders.

Yes No

Items on the agenda that were not approved	% of votes against (*)
-	-

(*) If the non-approval of the item is for a reason other than a vote against, it should be explained in the text and "n/a" should be indicated under the column headed "% of votes against".

B.6 Indicate whether there are any Bylaw restrictions requiring a minimum number of shares to attend the General Shareholders' Meeting, or to be able to vote remotely:

Yes No

Number of shares required to attend General Meetings	1
Number of shares required to be able to vote remotely	1

B.7 Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, contribution to another company of essential assets or other similar corporate operations, must be submitted for the approval of the General Shareholders' Meeting.

Yes No

Explanation of decisions to be submitted to the board, other than those established by Law
-

B.8 Indicate the address of your Company's website and how to access the content on corporate governance, along with any other information on General Meetings which must be made available to shareholders on the Company website.

Information relating to corporate governance and General Meetings is made available on the AEDAS Homes corporate website under the section "Shareholders and Investors", which can be accessed via www.aedashomes.com.

This section sets out the most relevant information on corporate governance at the Company, and the different sections can be accessed under the following headings:

CORPORATE GOVERNANCE	Information
General Shareholders' Meeting	Rules and Regulations of the General Shareholders' Meeting Convening meetings, agenda and minutes of each GSM
Board of Directors	Board Regulations and Organisational structure: Members and Committees Regulations of the Appointments and Remuneration Committee
Corporate Governance Reports	Annual Corporate Governance Report Annual Report on Directors' Remuneration
Bylaws	Articles of Association
Corporate Policy	Code of Conduct Anti-Corruption Policy Policy on Communications with Shareholders and Investors Third Party Code of Conduct Corporate Social Responsibility Policy Regulations governing Internal Conduct in matters relating to Stock Markets Health and Safety Policy Directors' Remuneration Policy

The agenda for the meeting of the Board of Directors held on 3 April 2019 included approving the holding of a General Shareholders' Meeting on a specific date in May, and if this was voted for, the announcement of the meeting was to be published on the corporate website (www.aedashomes.com) under 'Corporate Governance', sub-heading 'General Shareholders' Meeting'.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of board members stipulated in the Bylaws and the number set by the General Shareholders' Meeting:

Maximum number of Board Members	15
Minimum number of Board Members	5
Number of Board Members set by the General Shareholders' Meeting	-

C.1.2 Complete the following table with the Board Members' details:

Personal or corporate name of board member	Representative	Category of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
Ms. CRISTINA ÁLVAREZ	-	Independent	Board Member	04/10/2017	04/10/2017	Sole Shareholder Decision	18/04/1969
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	12/03/1979
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	17/12/1980

Personal or corporate name of board member	Representative	Category of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
Mr. SANTIAGO FERNÁNDEZ VALBUENA	-	Independent	Chairman of the Board	27/09/2017	27/09/2017	Sole Shareholder Decision	22/04/1958
Mr. EMILE K. HADDAD	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	14/06/1958
Mr. JAVIER LAPASTORA TURPIN	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	05/09/1966
Mr. DAVID MARTÍNEZ MONTERO	-	Executive	CEO	27/09/2017	27/09/2017	Sole Shareholder Decision	07/11/1970
DÑA. MILAGROS MENDEZ UREÑA	-	Independent	Board Member	04/04/2019	04/04/2019	Co-optation	14/09/1960
Mr. MIGUEL TEMBOURY REDONDO	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	01/04/1969

Total number of Board Members	9
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Indicate any termination, be it due to resignation, dismissal or any other cause that has occurred on the Board of Directors during the reporting period:

Personal or corporate name of board member	Category of Board Member at the time of termination	Date of last appointment	Termination date	Specialised Committees of which he/she was a member	Indicate whether the termination took place before the end of his/her term
MERLIN PROPERTIES, SOCIMI, S.A. (Represented by Ismael Clemente Orrego)	Proprietary	27/09/2017	11/03/2019	-	Yes

Reason for termination and other remarks
At the meeting held on 4 April 2019, the Appointments and Remuneration Committee acknowledged the resignation of Merlin Properties SOCIMI, S.A. as proprietary director of AEDAS Homes, with date of effect 11 March 2019. This situation was due to the termination of the advisory services agreement between it and one of the shareholders of the Company.

C.1.3 Complete the following tables on the Board Members and their respective categories:

EXECUTIVE DIRECTORS

Personal or corporate name of director	Position in company's organisational structure
Mr. DAVID MARTÍNEZ MONTERO	Managing Director
Profile	
David Martínez Montero (7 November 1970), has been Managing Director of AEDAS Homes since September 2017 (Executive Director).	
David holds an MSc in Civil and Structural Engineering from the Polytechnic University of Madrid (UPM) and an Executive MBA from IESE Business School.	
During his professional career he has been Managing Director of Distrito Castellana Norte (BBVA - San José Group) between 2013 and 2016, Managing Director of Valdebebas between 2005	

and 2013, Managing Director of 4 Torres Business Area (Urban Development) between 2002 and 2005, Project Manager at Bovis Land Lease between 1998 and 2005 and Construction Engineer at Ferrovial between 1996 and 1998. In addition, he is a member of the Committee of the Urban Land Institute, Madrid.

He has owned 73,328 shares of AEDAS Homes since 23 November 2017 and acquired 3,000 additional shares on 4 October 2018 at a price of 26.66 euros per share. He has no call options on shares of AEDAS Homes and has no relationship with other Board Members or Executives of the Company.

Total number of Executive Directors	1
% of Board	11.11%

Remarks	-
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EXTERNAL PROPRIETARY DIRECTORS

Personal or corporate name of director	Personal or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX, S.A.R.L.

Profile

Mr. EVAN ANDREW CARRUTHERS

Evan Andrew Carruthers (12 March 1979) joined AEDAS Homes as a Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017.

Evan holds a Bachelor's degree in Business Administration, majoring in Finance from the University of St. Thomas, Minneapolis, Minnesota (USA).

Evan is co-founder of Castllake (2005), along with his company partner Rory Joseph O'Neill (CEO and Managing Partner of Castllake), and as a Managing Partner, he is responsible for the company's global investment activities across all asset classes, guiding the company's relationship-driven approach, and leading all of the company's investment teams. He is also a member of the Castllake Investment Committee with voice and vote.

Previously, Evan was investment manager at Cargill Value Investment (CVI, now called CarVal Investors), and was responsible for corporate and asset-based investments in North America and participated actively in the development of Cargill's global aviation investment activities. He also worked at Piper Jaffray, a Minneapolis-based business bank, where he held a variety of roles.

To highlight his recognised experience in the sector since 2000: he has led investments in more than 40 countries across multiple industries and has been directly involved in the development of both asset-based and credit-based investment activities.

In addition, Evan has been an Independent Director of Five Point Holdings, LLC, a North American listed company, since May 2017, in which Emile Haddad is Chairman and Chief Executive Officer. He has also been a Proprietary Director since October 2014 of the following companies: Castllake Lease Aircraft Trust 2014-1 (CLAS 2014-1); Castllake Lease Aircraft Trust 2015-1 (CLAS 2015-1); Castllake Lease Aircraft Trust 2016-1 (CLAS 2016-1); Castllake Lease Aircraft Trust 2017-1 (CLAS 2017-1); and Castllake Lease Aircraft Trust 2018-1 (CLAS 2018-1).

He has a total of 27,000 shares of AEDAS Homes which were acquired on 15th and 16th October 2018, 10,400 and 16,600 shares respectively, at an average price of €23.99 per share for the former and €24.36 per share for the latter. He does not have share options on the Company.

He also has a relationship with Eduardo D'Alessandro, Proprietary Director of AEDAS Homes (partner of Castllake) and with Merlin Properties under an advisory contract between Merlin and Castllake.

Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK

Eduardo Edmundo D'Alessandro (17 December 1980) joined AEDAS Homes as Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017.

Eduardo holds a degree in Finance (cum laude) from Manhattanville College and an MBA from the London School of Economics.

He joined Castllake in 2011 and became partner in 2017. Eduardo leads the line of investment on a portfolio of land acquisition in Spain and is also responsible for strategy in Portugal, Italy, Greece, the United Kingdom and Ireland. His experience also includes direct real estate

purchase opportunities and non-performing loans in Germany and Eastern Europe. As a partner in Castlelake, he is responsible for non-performing loans and real estate investment opportunities in Southern Europe, the United Kingdom and Ireland. He is also a member of the Castlelake Investment Committee with voice and vote.

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

Eduardo has neither shares nor share options on AEDAS Homes. He also has a relationship with Evan Carruthers through being a member of the Castlelake team and with Merlin Properties under an advisory contract between Merlin and Castlelake.

Total number of Proprietary Directors	2
% of Board	22.22%

Remarks
-

EXTERNAL INDEPENDENT DIRECTORS

Personal or corporate name of the director	Profile
MR. SANTIAGO FERNÁNDEZ VALBUENA	Independent Director President of the Board of Directors
MR. JAVIER LAPASTORA TURPÍN	Independent Director President of the Audit and Control Committee
MR MIGUEL TEMBOURY REDONDO	Independent Director President of the Appointments and Remuneration Committee
MRS. CRISTINA ÁLVAREZ ÁLVAREZ	Independent Director
MR EMILE K. HADDAD	Independent Director
MRS. MILAGROS MÉNDEZ UREÑA	Independent Director

Profile
<p><u>MR. SANTIAGO FERNÁNDEZ VALBUENA</u></p> <p>Santiago Fernández Valbuena (April 22nd, 1958). He is an Independent Director since September 2017 and the President of the Board of Directors of AEDAS Homes.</p> <p>Santiago has a bachelor's degree in Economic Sciences of the Universidad Complutense, he has a PhD in Economics and also a master's degree from the Northeastern University de Boston (MS).</p> <p>He has been the President of Telefónica Latinoamérica (2011 – 2014), General Director of Finance and Strategy (2010 – 2011) and General Director of Finance and Corporate Development (2002 – 2010) in Grupo Telefónica. Formerly he had been the President of Fonditel, General Director of Société Générale Valores and Head of Equities Beta Capital.</p> <p>He's tenured Professor in Applied Economics (on personal leave) on the Universidad Complutense de Madrid, of the Universidad de Murcia and he has been a teacher on the IE Business School.</p> <p>Santiago is Vice-president in EBN Banco de Negocios, while also being Proprietary Director of this entity from November 2015. He's also a Proprietary Director since 2008 and a member of the Audit Committee of Ferrovial, S.A. He had previously been the Vice-president of Metrovacesa (1999 – 2007).</p> <p>He has 3,000 shares of AEDAS Homes purchased on October 3rd, 2018 at a price of €25.86 per share.</p> <p>He has no purchase options over the shares of the Company, and he has no relationship with the other Directors or managers of the Company.</p> <p><u>MR. JAVIER LAPASTORA TURPÍN</u></p> <p>Javier Lapastora Turpin (September 5th, 1966) was incorporated to AEDAS Homes as an Independent Director in September 2017, and he is the President of the Audit and Control Committee.</p>

He has a bachelor's degree in Economic and Business Administration of the Universidad Complutense, and he also have a PDD (Programa de Desarrollo Directivo or management development programme) from the Instituto de la Empresa. He is a registered auditor in Spain (ROAC) and a member of the Expertos Contables of ICJCE.

He was partner on PwC between 2002 and 2015, where he led the real estate and construction area from 2007 to 2011, and from 2011 to 2015 he was a Managing Partner of Audit and Quality.

He is currently an entrepreneur with interests in many companies dedicated to investment, project management, real estate or franchising, while also being a member of the Economic Board of the Archidiócesis de Madrid.

He is an Independent Director in Mostostal Warszawa, SA (Poland) since October 2017. At the same time, he is a Proprietary Director in Glendalough Investments, SL since March 2017, in Clonmacnoise Developments, SL since April 2015, in Bazkariak Kalitate, SL since May 2015, in Kilmore Managements Services, SL since May 2015, in Tullamore Properties, SL since May 2015, in Connemara Properties, SL since February 2018 and in Westhill Investments, SL since February 2017.

He has 1,579 shares of AEDAS Homes purchased on October 19th, 2018 at a price of €31.65 per share.

He has no purchase options over the shares of the Company, and he has no relationship with the other Directors or managers of the Company.

MR MIGUEL TEMBOURY REDONDO

Miguel Temboury Redondo (April 1st, 1969) was incorporated to AEDAS Homes as an Independent Director in September 2017, and he is the President of the Appointments and Remuneration Committee.

He has a bachelor's degree in Law and Business Administration and Management from ICADE (E-3).

He was Deputy Secretary of Economics and Competence for the Spanish government between 2011 and 2016, he was a member of the Board of FROB and of SEPI between 2012 and 2016. Between 2004 and 2011 he worked as attorney for the private sector, first in Pérez-Llorca and, since 2007, he also worked in his own firm (Temboury Abogados). Between 2007 and 2012 he was President of the of the Court of Arbitration of the Official Chamber of Commerce and Industry of Madrid. Between 2002 and 2004, ha was Director of the cabinet of the Ministry of the Interior.

Miguel served as State's Attorney from 1996 to 2002. He currently works as a lawyer and also as Senior Advisor in Barclays Bank España since September 2017.

Miguel has no shares or share options of AEDAS Homes, and he has no relationship with the other Directors or managers of the Company.

MRS. CRISTINA ÁLVAREZ

Cristina Álvarez (April 18th, 1969), was incorporated to AEDAS Homes as an Independent Director in October 2017, and she is the President of the Technology Committee and a member of the Appointments and Remuneration Committee.

Cristina has a master's degree in Telecommunications Engineering from the Universidad Politécnica de Madrid (UPM) 1987-1992 and a PDD from IESE (2001) and also works as an academic director of the Executive Master's of the Instituto de Empresa: "Digital Transformation and Innovation Leadership". Cristina was awarded the prize "Engineering of the year 2016" by the COIT/AEIT, "AUTELSI Award" in recognition for her professional career in TIC 2017, and "Digital Leader 2016" awarded by Cionet. She's a Global Advisor in CAST software and provides counselling to entrepreneurs.

She's a Senior Executive with 25 years of professional experience in the telecommunications and technology sectors in companies like Alcatel (Nokia) (1992 – 1995), Vodafone (1996 – 2006) where she worked as a Director of Product Engineering Investments, Telefónica (2006 – October 2017) where she worked as Director of Investment and General Director of Service Development, being part of the Executive Committee of Telefónica España since 2009.

Cristina has no shares or share options of AEDAS Homes, and he has no relationship with the other Directors or managers of the Company.

MR EMILE K. HADDAD

Emile K. Haddad (June 14th, 1958) was incorporated to AEDAS Homes as Independent Director in September 2017.

Emile is a graduate in Civil Engineering by the American University of Beirut.

He is the President and Managing Director of Five Point Holdings, LLC which is the biggest Californian developer of mixed-use communities. Before founding Five Point, Emile was Director of Investment in Lennar Corporation, where he was responsible for real-estate investments and asset management. Before starting working with Lennar, he was a Senior Executive responsible of land management for Bramalea, which was a part of the real-estate conglomerate in the 80's



and beginning of the 90's. Emile works as the President of USC Lusk Centre for the real-estate sector and a member of USC Price Planning Program Advisory Board. He's a member of the Board of Directors of Chapman University and was the former President of the Board of Directors of the University de California, Irvine.

He's an Independent Director of Chapman University since March 2018 and an Independent Director since 2014 of the University of Southern California Lusk Centre for Real Estate (USC).

Emile has no share options on AEDAS Homes. Emile K. Haddad is the President and Managing Director of Five Point Holdings, LLC, being a part of it as Evan Andrew Carruthers, Proprietary Director of the Company.

MS MILAGROS MÉNDEZ UREÑA

Milagros Méndez Ureña (14 September 1960) a Spanish national, joined AEDAS Homes as an Independent Director on 4 April 2019. Milagros holds a Law Degree and as well as being a Business Studies graduate of Universidad Pontificia de Comillas (ICADE) in 1982. Moreover, she attended a Master's on Derivatives at SDSU (San Diego State University).

Her professional career began as a peseta Market Broker at Intermoney. Milagros combined her work with writing a book entitled "Un año en el mercado monetario" (*A year on the money market*).

In 1986, she joined Continental Bank in the Capital Markets department, specialising in the Distribution of Fixed Income.

In 1988 she became Founding Partner and Director of Fixed Income at FG Inversiones Bursátiles, Sociedad de Valores y Bolsa.

In 1996, she joined Banco Urquijo as Head of Treasury.

In 1998, and for a brief period of one year, she was director of the Spanish Fixed Income Market at the Association of Financial Asset Intermediaries.

In 2000 she joined Afina, creating a Securities Company as Partner and General Manager.

In 2005 she was appointed Head of Institutional Distribution of Fixed, Variable Income and Derivatives at Interdin Sociedad de Valores y Bolsa.

In 2014, she joined Banco Sabadell, Ibersecurities SVB as Head of Business Development, New Markets and Agents.

In 2015 Milagros decided to set up Aldebaran Advisory by herself as partner and General Manager, working on projects for Sabadell.

In 2017 she was appointed Senior Advisor of Alma Capital Asset Management.

In 2018 she was appointed Senior Advisor of Innova Health Private Equity as representative for Spain, Portugal and the United Kingdom.

Recently, she has been hired by Mercer Asset Management to sell investment funds.

Milagros has consolidated, successful experience in financial markets, with a markedly commercial vocation and is very used to working in and managing teams. She is married to an English national and has three children, two aged 15 and one aged 12.

Total number of independent directors	6
% over the total of the Board	66.66%

Observations
-

Indicate whether any director classified as independent receives any amount or benefit from the Company, or from the group, in any concept other than their remuneration as a Board Member, or whether he/she maintains or has maintained a business relationship with the Company or with any company within its group during the last financial year, in his/her own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

No independent director receives any amount or benefit from the company or from the group, in any concept other than their remuneration as a Board Member, nor do they maintain or have they maintained a business relationship with the Company or with any company within its group during the last financial year, either in their own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

Where applicable, include a statement from the Board detailing the reasons why it believes the said director may perform their duties as an independent director.

Personal or corporate name of the Board member	Description of the relationship	Reasoned statement
-	-	-

OTHER EXTERNAL DIRECTORS

Identify the other external board members and explain the reasons based on which it wasn't possible to consider them as proprietary or independent, as well as their bonds, whether with the company, its managers or shareholders:

Personal or corporate name of the Board member	Reasons	Entity, director or shareholder with who the bond is established	Profile
-	-	-	-

Total number of other external directors	-
% total of the Board	-

Observations
The Company has no other external directors.

Write the variations that, where appropriate, had been made during the period in the category of each director:

Personal or corporate name of the Board member	Date of the change	Prior category	Current category
-	-	-	-

Observations
-

C.1.4 Complete the following table with information on the number of female Board members at the close of the last 4 financial years and their category:

	Number of female Board members				% of total directors of each type			
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Executive	-	-	-	-	-	-	-	-
Proprietary	-	-	-	-	-	-	-	-
Independent	2	1	1	-	33.3%	20.00%	20.00%	-
Other external:	-	-	-	-	-	-	-	-
Total:	2	1	1	-	22.22%	11.11%	11.11%	-

Observations
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C.1.5 State whether the Company has diversity policies in place relating to the Board of Directors of the Company with respect to issues like, for example, age, gender, disability, education or professional experience. Middle and small entities, according to the definition stated in the Lay on Account Auditing, must have to report at least about the policy they have in place with respect to gender diversity.

Yes No Partial policies

If so, describe the diversity policies, their objectives, their measures and the way they've been applied, as well as the results for the fiscal year. You should also state the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of Directors.

On 30 October 2019, the Appointments and Remuneration Committee approved the policy for the selection of directors for AEDAS Homes.

The aim of the policy is to ensure that the proposed appointments of directors meet the needs of the Board of Directors and of the Company, the good governance recommendations, and constitute decisions adopted with justification, accountable to shareholders.

General principles:

The Board of Directors must be of an appropriate size to ensure effective and participative operation, with a proper proportion of the different categories of Director, which means that it is recommendable that it be comprised at all times of between nine and fifteen members, that is, it should exceed the statutory minimum, but never the maximum.

Proprietary and Independent Directors will make up the majority of the Board of Directors.

The proportion of Proprietary Directors to the total number of Directors cannot be higher than the proportion of capital in the Company represented by said Directors to the rest of the capital.

Conditions to be met by candidates:

Candidates to become directors of the Company must be fit and proper persons, with recognised professional solvency, competence, experience, qualification, training, availability and commitment to their role, seeking to promote a diversity of knowledge and gender.

In particular, they must be true professionals whose professional conduct and background is in line with the principles set out in the Code of Conduct of AEDAS Homes and the values of the Company.

Moreover, the selection of candidates will seek to achieve a proper balance on the Board of Directors in general, that enriches decision-making and offers multiple points of view to the debate on the matters within its remit.

Diversity objectives:

The policy for the selection of directors will promote the objective of ensuring that in 2020, the number of members belonging to the least-represented gender makes up 30% of all Board members.

In case the Company does not apply any diversity policy, explain the reasons for that measure.

Description of the policies, objectives, measures and form of application, as well as the results obtained.
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C.1.6 Explain the measures taken by the Appointments Committee, where applicable, to ensure that selection processes are not subject to any implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:



Explanation of measures
<p>At the Board meeting of 25 November 2019, the Director Selection Policy was approved, point 7 of which "Diversity Targets" stated: the Director Selection Policy will promote the objective of the number of members belonging to the least-represented gender reaching 30% of the total of the Board of Directors in 2020.</p> <p>The Board of Directors urges the Shareholders with proprietary representation on the Board to take this target into account when submitting requests.</p> <p>In July 2019, the ARC approved the Regulations of the Appointments and Remuneration Committee in order to address the recommendations contained in Technical Guide 1/2019 from the CNMV (20 February 2019). In addition, Title II Article 3 establishes that the mission of the ARC is to ensure the consistency of selection and remuneration policies for the Board, Senior Management and the rest of employees, including diversity, among other things.</p> <p>In 2019 a new Independent Director was chosen in replacement of outgoing director Merlin Properties. The support of a renowned specialist independent company was sought in this process. The company was instructed to select preferably female candidates, to the extent possible. The outcome of the process was the proposal and subsequent appointment of Ms. Milagros Méndez Ureña. By her joining the Board of the Company, the percentage of female Directors among Independent Directors rose to 33.3%.</p>

When, despite the measures taken (where applicable), there are few or no female directors, explain the reasons:

Explanation of reasons
<p>As it was been established above, it is stated in Article 5 of the Board of Directors Regulations that proposals for the appointment or re-election of board members must be based on a prior analysis of the Board's needs, with preference given to a diversity of know-how, experience and gender.</p> <p>In addition, the Company has taken steps and obtained concrete results with a view to reaching greater diversity on the Board (as it is already highly diverse in many respects: training, professional experience, age, sector of origin, etc.) in terms of gender.</p> <p>In this regard, it has already been mentioned that during 2019, Ms Milagros Méndez Ureña was appointed. As a result of her joining the Board of the Company, the number of female Board Members represented 33.3% of Independent Directors.</p>

C.1.7 Explain the conclusions of the Appointments Committee on the verifiability of the director selection policy. In particular, explain how this policy pursues the goal of having at least 30% of all Board places occupied by women directors before the year 2020.

<p>In accordance with the Director Selection Process that entered into force in 2019 and the mission established in the ARC that the first vacancy on the board be filled by a female candidate, the support of a renowned specialist independent company was sought in this process. The company was instructed to select preferably female candidates, to the extent possible. The outcome of the process was the proposal and subsequent appointment of Ms Milagros Méndez Ureña. By her joining the Board of the Company, the percentage of female Directors among Independent Directors rose to 33.3%.</p>

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Personal or corporate name of the shareholder	Reason
-	-

Detail any failure to address formal requests for Board representation from shareholders with stakes equal to or exceeding that of others at



whose request proprietary members were appointed. If so, explain the reasons why the request was not addressed:

Yes No

Personal or corporate name of the shareholder	Explanation
-	-

C.1.9 Indicate what powers, if any, have been delegated by the Board of Directors to directors of board committees.

Personal or corporate name of the Board member or committee.	Brief description
-	-

C.1.10 List, where applicable, the Board Members, if any, who hold office as directors, director representatives or managers in other companies belonging to the listed company's group:

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title	Does he/she have executive powers?
MR. DAVID MARTÍNEZ MONTERO	Aedas Homes, S.A.	Director	Yes

Observations
<p>Pursuant to the Deed for the Appointment of a Managing Director dated 12th of September 2017, signed by the Company "Aedas Homes, S.L.", Sole Shareholder Company, which publicly recorded the resolution adopted on 11th of September 2017 by the Board of Directors, the Company appointed David Martínez Montero as Managing Director, permanently delegating all of its powers to him, except for the powers that cannot be delegated under the Law (Article 529 ter of the Spanish Capital Companies Act) or the Company's Bylaws (Articles 5.3 and 5.4 of Title II of the Board of Directors' Regulations).</p> <p>Article 21 of the Bylaws establishes that the Board of Directors may permanently delegate all or some of its powers, except for those that may not be delegated under the Law, the Bylaws or the Board of Directors' Regulations, to an Executive Committee and/or one or more Managing Directors, and it may also choose the members of the Board of Directors who will sit on the delegated body, as well as, where appropriate, the way in which the powers delegated to the Managing Directors are to be exercised.</p>

C.1.11 Indicate, where appropriate, the Board members or representatives of legal entities that act as directors of their company which are also members of the Board of Directors or representatives of legal entities that act as directors of other entities listed in official stock markets different from their group, which have been communicated to the Company:

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title
MR. EVAN ANDREW CARRUTHERS	Five Point Holdings, LLC	Independent Director
MR. EMILE K. HADDAD	Five Point Holdings, LLC	Board Director
MR. SANTIAGO FERNÁNDEZ VALBUENA	Ferrovial, S.A.	Proprietary Director
MR. JAVIER LAPASTORA TURPÍN	Mostostal Warszawa, S.A.	Independent Director

Observations
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C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit, identifying, where appropriate, where it is regulated:

Yes No

Explanation of rules
Pursuant to Article 33 of the Board of Directors' Regulations, company Board Members may not sit on more than four boards (or administrative bodies) of other companies that do not belong to the Company's Group.

C.1.13 State the amounts of the following concepts relating to the global remuneration of the Board of Directors:

Remuneration paid during the fiscal year to the Board of Directors (thousands of euros)	1,454.32
Amount of accrued rights by the current directors relating to pensions (thousands of euros)	0
Amount of accrued rights by the former directors relating to pensions (thousands of euros)	0

Observations
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C.1.14. List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the year:

Personal or corporate name	Title
MR. ALBERTO DELGADO MONTERO	Business Director
MRS. ESTHER DUARTE I MACARRO	Corporate Resources Director
MR. OSCAR DE LA TORRE MUÑOZ DE MORALES	Technology and Cybersecurity Director
MR. SERGIO GÁLVEZ CAPÓ	Strategy, Investment and Alternative Developments Director
MRS. CORO MORALES ASÚA	Legal Counselling Director
MRS. MARÍA JOSÉ LEAL DE CARLOS	Finance Director
MRS. RAQUEL PILARES GUTIÉRREZ	Internal Audit Director
MR. JAVIER SÁNCHEZ GUTIÉRREZ	Innovation and Brand Director

Total remuneration received by senior management (thousands of euros)	1,798.27
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Observations
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C.1.15 Indicate whether any changes have been made to the board regulations during the year:

Yes No

Description of changes
Art 15.12 – To enable the Appointments and Remuneration Committee to draft its own Regulations to govern its composition, competences and operation.
Arts 14.9, 15.9 and 17.6: To include the signing of the minutes of the Board and of the ACC and the ARC via electronic means using Docusign or similar means that prove the authenticity of the signatures.

C.1.16 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, the procedures to be followed and criteria used in each of these procedures.

Article 4 of the Director Selection Policy describes the procedure, which is set out below:

ANALYSIS OF COMPETENCES, KNOW-HOW AND EXPERIENCE OF THE DIRECTORS WHO ALREADY FORM PART OF THE BOARD

The ARC will maintain an up-to-date analysis of the competences, know-how and experience of the Directors who already form part of the Board. In doing so, in addition to the information available at the moment each Director joins the Board of Directors, it will use any other relevant information emerging subsequently.

As part of this analysis, it will assess the rest of the occupations of each Company Director, in particular the maximum number of Boards of which the Director can reasonably form part, ensuring that, in practice, Directors devote sufficient time and proposing appropriate measures where they do not.

In this way, the ARC may contribute to defining the functions and aptitudes of the candidates that should fill the vacancies arising from time to time and help to assess, both during the selection process and on an annual basis, the time and dedication necessary for each Director to effectively perform their duties. To that end, account should be taken of the diversity objectives set by the Company.

- Range of competences

The ARC will keep an up-to-date range of competences (the "Range") for the Board of Directors which defines the aptitudes and know-how of the candidates to become Directors, Executive directors in particular, and Independent directors, and which helps the ARC to define the functions that correspond to each position to be filled, as well as the competences, know-how and experience that is most appropriate for the same.

This Range will have to be updated periodically in line with the challenges and opportunities it is deemed the Company will be facing in the short, medium and long term.

The Range will take into account the Range of Competences approved annually for the employees of AEDAS Homes, but adapted to the needs of the Board of Directors.

The Range will distinguish personal aptitudes (such as capacity for teamwork, business outlook, decision-making ability, etc.) as well as prior professional and moulding experience (such as experience in the sector of activity of AEDAS Homes, or in the financial, legal, audit spheres, etc.), as well as any others that may be deemed appropriate.

- Start of the procedure

The Selection Procedure for Independent or Executives Directors will be initiated by a request of the Chairperson of the Company sent to the ARC (the "Start Request"), following deliberation by the Board of Directors. The aim will be for the process to commence three months in advance of when the vacancy is to arise, when this is known.

In order to do so, the Chairperson will submit to the deliberation of the Board of Directors the advisability of filling all the vacancies and will ask for the ARC for its opinion in this regard.

In selecting candidates to become Directors, whether by appointment, ratification or re-election, the starting point will be an analysis of the needs of the Company and its Group, which will be carried out by the Board of Directors with the advice and reporting of the Appointments and Remuneration Committee. This Report, that the Chairperson will send to the ARC together with the Start Request, will be published when the General Meeting is called, which is to approve the ratification, appointment or re-election.

Any Director can submit names of possible candidates. However, when the candidates have been submitted for assessment by the ARC by significant Shareholders, Proprietary Directors or Executive Directors, the ARC will gather as much information as it deems appropriate in order to ensure that the proposed candidate has no links that could compromise his/her independence. The candidates proposed by the Directors will also be included in the Start Request.

- ARC Procedure: hiring an independent director

The ARC will take responsibility for hiring the services of an Independent External Expert (the "Expert"), which will not provide other kinds of services to the Company that could compromise its independence. In any event, the Activities Report of the ARC will inform of all the services provided by the Expert and its remuneration. The ARC will have autonomy to agree the fees of the Expert to be paid by the Company.

The Expert will propose candidates according to the report analysing the needs of the Company and its Group. The Expert will also analyse all the candidates proposed by the Directors. The Expert will make a reasoned proposal that contains at least three candidates for each vacancy to be filled, being entitled to express its order of preference.

The candidates proposed by the Expert will be interviewed by the members of the ARC.

In the context of these interviews, the ARC will ask the candidate for sufficient information on the rest of his/her activities and any potential conflicts of interest that may affect him/her, so that the ARC can assess the effect they may have on the ability of the candidate to perform his/her duties in the conditions established or on his current or future independence. This information should also be gathered on a regular basis and at least annually going forward. In the assessment of independence, the ARC will go further than merely verifying that none of the specific situations envisaged in articles 529 duodecies of the Spanish Companies Act ("LSC") exist, analysing in general terms whether the candidate is going to be able to perform his/her functions without being compromised by his/her relations with the Company or its Group, its Significant Shareholders or its Managers.

Before proposing its appointment to the Board of Directors, the ARC will inform the candidate on what is expected of him/her in terms of dedication, participation in Specialist Committees and his/her commitment to the Company.

Once the ARC procedure is complete, it will propose the name of the candidate to be appointed to the Board of Directors, identifying who put forward the name of the candidate selected for assessment by the ARC. The ARC can propose a list of up to three candidates per vacancy and indicate its order of preference.

- Executive Directors

In the case of Executive Directors, the provisions set out in the Succession Plan for the Chairperson of the Board and the CEO, approved by the Board of Directors of the Company, will be followed and, subsidiarily, the rules contained in this Selection Policy.

- Proprietary Directors

When the Director to be appointed is a Proprietary Director, the party putting him/her forward will ensure that the person meets the requirements of competence, know-how, fit and proper status and aptitude that would be required of a candidate to become an Independent Director, according to the terms of this Selection Policy.

For the selection of Proprietary Directors, application of the regulations on proportional representation notwithstanding, account will be taken of the requests from Shareholders who hold significant stakes in the capital of the Company, as well as the formal petitions for presence on the Board of Directors from Shareholders whose shareholding is equal to or higher than that of others at whose request Proprietary Directors were appointed.

In the event the appointment of a Proprietary Director is proposed by a shareholder whose shareholding is lower than 3%, the ARC will gather information on the reasons for the proposal and explain them in the report that it has to draft in relation to the appointment.

- Special conditions applicable in the case of re-election of directors

In the proposals for the re-election of Directors, account will be taken of the same factors as for the first election and, moreover, the performance and assessment of the Director during the time he/she held the position will be taken into account, in addition with his/her ability to continue performing it satisfactorily.

Moreover, in the re-election proposals, the ARC will take into account the need for a progressive renewal of the Board of Directors. In this regard, account should be taken of factors such as the diversity targets established by the Company, potentially considering, among other aspects, the time each Director has held his/her position and the possibility of establishing a term which is shorter than the legally stipulated one, such as the age factor, both individually and in relation to the average age of the Board as a whole.

- Special conditions for the removal of directors

Except for the powers that correspond to the General Meeting, any proposal to remove the Independent Directors that the Board of Directors is to submit to the General Meeting must be at the initiative of the ARC, once the existence of just cause has been assessed.

- Coordinator director and secretary of the Board of Directors

The appointment of the Coordinator Director, in the event there is one and given the responsibilities and functions of the position, will be at the proposal of the ARC.

The appointment of the Secretary to the Board of Directors will be the subject of a report from the ARC.

CONDITIONS THE CANDIDATES MUST MEET

Candidates to become Company Directors will be suitable, fit and proper persons, with recognised professional solvency, competence, experience, qualification, training, availability and commitment to their duty, seeking to ensure a diversity of know-how and gender.

In particular, they will be sound professionals, whose conduct and professional background is in line with the principles contained in the Code of Conduct of AEDAS Homes and the values of the Company.

Moreover, when selecting candidates, the aim will be to achieve a proper balance on the Board of Directors as a whole, which enriches decision-making and offers multiple points of view to the debate on the matters within its remit.

RESTRICTIONS AFFECTING CANDIDATES

Persons affected by legal reasons of prohibition or incompatibility for the position cannot be candidates to become Directors, such as the following:

- i. Those persons who have held positions as Senior Executives in Spanish Public Administrations or Companies or in the National or Regional Governments which are legally incompatible with the performance of the functions of Director in a Listed Company, pursuant to Spanish state or regional legislation.
- ii. Natural or legal persons affected by any other scenario of incompatibility or prohibition regulated in general provisions.
- iii. Persons who hold positions of administrator on the Governing Bodies or other companies constituting a number that exceeds the limits established by the Regulations of the Board of Directors of the Company, or that would exceed the same by being appointed Director of this one, unless they undertake to comply with the number indicated in the event they are appointed.
- iv. Those who perform similar functions or hold similar positions or responsibilities in companies that are direct competitors of the Company, in entities that control such companies and, in general, those persons whose position could lead to the fear of a permanent conflict of interest existing.
- v. Those who have reached 72 years of age at the moment of the appointment, ratification or re-election.

C.1.17 Explain the extent to which the annual evaluation of the Board has prompted significant changes in its internal organization and the procedures that apply to its activities:

Description of changes
<p>The Board of Directors, at a meeting held on 15 July 2019, resolved to carry out the annual assessment of the Board for 2019 on a purely internal level, using the experience acquired as a result of the first self-assessment in 2018. It was established in turn at this Board meeting that the self-assessment for 2019 would have to be approved by the Board meeting held on 5 November 2019, together with the corresponding recommendations. To that end, completion of the questionnaires began in early September with the full collaboration of the Directors, in the same way as in the previous self-assessment.</p> <p>At the Board meeting of 5 November 2019, the Chairperson of the ARC presented the result of the 2019 Board Self-Assessment. The main points to be highlighted from the self-assessment correspond to:</p> <ul style="list-style-type: none"> • 100% of questionnaires were completed. The Board is operating at a very high level. • An improvement was observed with respect to the 2018 Board assessment, but it is necessary to keep working in this direction, leading the Chairperson of the ARC to propose that the actions proposed in the previous assessment be maintained, but with some adjustments. In this regard, it is necessary to keep working on: <ul style="list-style-type: none"> - More information on risks. The Chairperson of the ACC informs on this matter using the Report on Risk Indicators. The Directors consider that what is being called for is fair. In the future, the ACC will continue to provide quarterly information on risks and the Board will be able to assess whether these ACC reports are sufficiently frequent and detailed. - More intercommunication with the Management Team of the Company. This aspect has improved, but the Directors want to see the Management Team more at the Board meetings. It would be good if several members of the management team were to attend Board meetings in relation to those items on the Agenda related to its area of responsibility. - The Board Committees have to draft their Action Plans for 2020. There has been a significant improvement thanks to the fact that, in 2019, the 3 committees drafted their action plans for that financial year. - More training and training sessions. It was unanimously agreed that the Chairperson of the ARC would gather information on training opportunities (conferences, seminars,

etc.) organized by well-reputed consultants and channel that information to other members of the ARC.

At the same Committee of 5 November 2019, the Action Plan for the continuous improvement of the Board of Directors and its committees was approved, following the conclusions of the self-assessment report set out.

At the proposal of the ARC, several actions were submitted for the consideration of the Board (in the form of working plans) so that the Board can continue to improve. It is an updated version of some of the actions resulting from the 2018 Board Self-Assessment, adapted to the results of the 2019 Board Self-Assessment. Namely:

- 1.-Provide the Board with more information on risks. Follow-up the Risk Map matrix and the risk indicator report created by the Director of Risks and Compliance and approved by the ACC, as well as the scope and breakdown of the quarterly updates that the ACC is to submit to the Board.
- 2.-Interaction with the management team. Propose to the CEO that certain Company Managers (depending on their area of responsibility and the progress status of their action plans) can attend those Board meetings (or participate occasionally in certain items on the Agenda / parts of Board meetings) when it is considered that their participation may be particularly valuable for the Board.
- 3.-Information and training sessions. Schedule and hold more training and information sessions of interest for Directors. In particular, it was resolved to centralise it (through the Chairperson of the ARC) and circulate relevant information on training opportunities for Directors.
- 4.-Strategic issues. Schedule and hold at least one Board meeting a year devoted to the Company's medium- and long-term strategy.

Describe the evaluation process and the areas evaluated by of the Board supported, where appropriate, by an external facilitator with respect to the performance and composition of the Board and its commissions, as well as any other area or aspect that had been subject to evaluation.

Description of the evaluation process and areas evaluated
<p>The process carried out internally with the knowledge acquired in the 2018 Board Assessment. The process consisted basically of:</p> <ul style="list-style-type: none"> • The preparation and distribution of a questionnaire for different Directors, by Committees, this process being based on the recommendations of the relevant stakeholders in terms of corporate governance. • With the results, a self-assessment report by Committees was prepared (ACC, ARC and Technology) • An aggregate Board assessment report was drawn up. • The Chairperson of the ARC referred the Self-Assessment Report to the Board of Directors. • Proposal of actions plans to be approved by the Board of Directors. <p>More precisely, the assessment exercise referred to the following:</p> <ul style="list-style-type: none"> • With respect to the Board of Directors overall: <ul style="list-style-type: none"> - General matters - General assessment - Performance dynamics - Responsibilities - Relationship with the managing team of the Company • Regarding the Audit and Control Committee and, separately, to the Appointments and Remuneration Committee and the Technology Committee: <ul style="list-style-type: none"> - General matters - General assessment - Performance dynamics - Responsibilities

C.1.18 Break down, in those fiscal years in which the evaluation has been supported by an external facilitator, the business relations that the facilitator or any company of their external group maintains with the Company or any other company of its group:

The 2019 board assessment was carried out internally, meaning that no relations with consultants or any group companies were maintained.
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C.1.19 State the cases in which the Directors are forced to resign.

Pursuant to Article 20 of the Board of Directors' Regulations, company Board Members disposal of the Board of Directors and, where deemed necessary by the Board, submit their resignation in the following cases:
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- | |
|--|
| <ul style="list-style-type: none"> (i) When they cease to hold the executive positions associated with their appointment as board member. (ii) When they are affected by any of the grounds for incompatibility or disqualification set out in Law or the Company's Bylaws. (iii) When they are severely reprimanded by the Board of Directors because they have infringed their obligations as board members. (iv) When their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes to their professional situation or to the conditions under which they were appointed to the position of board member. (v) When they are convicted of a criminal offence or are the subject of disciplinary proceedings by the supervisory authorities as the result of a serious or very serious misdemeanour. (vi) In the case of proprietary directors: (i) when the shareholder they represent sells its entire stake or reduces it significantly, and (ii) in the corresponding number, when the shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors. (vii) When they sit on the boards of directors of more than four other listed companies (apart from the Company). (viii) When for reasons attributable to the board member in question their presence on the Board causes serious harm to the Company's corporate worth or reputation in the Board's opinion. |
|--|

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes No

If so, describe the differences.

Description of differences
-

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman of the Board of Directors.

Yes No

Description of the requirements
-

C.1.22 Indicate whether the Bylaws or the board regulations set any age limit for Directors:

Yes No



	Age limit
President	-
Board Director	-
Director	-

Observations
-

C.1.23 Indicate whether the Bylaws or the board regulations set a limited term of office or additional and more restricted requirements for independent directors, other than those set out by law:

Yes No

Additional requirements and/or maximum number of years for the term of office	
	-

C.1.24 Indicate whether the Bylaws or the Board regulations stipulate specific rules for delegating voting rights to other directors on the Board of Directors, how this is done and, in particular, the maximum number of times that voting rights may be delegated to a board member, as well as whether there is any limitation on the categories to which proxies can be delegated, in addition to any restrictions imposed by law. If so, provide brief details of said rules.

Pursuant to Article 17 of the Board of Directors' Regulations, board members shall make every effort to attend Board meetings, and when they are unavoidably unable to attend in person, they shall grant a proxy, in writing and specifically for each session, to another member of the Board, including the relevant instructions and notifying the Chairman of the Board of Directors of the grant of this proxy. In the case of non-executive directors, they may only be represented by another member of the Board of Directors who is classified in the same category. A record of the number of absences from meetings of the Board of Directors shall be included in the Annual Corporate Governance Report.

C.1.25 State the number of board meetings held by the Board of Directors during the year. Also, state, where applicable, how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	7
Number of Board meetings without the President's attendance	0

Observations
-

State the number of meetings held by the coordinating director with the rest of the directors and without the attendance or representation of any executive director:

Number of meetings	-
--------------------	---

Observations
-

State the number of meetings held in the fiscal year by the different Committees of the Board:

Number of meetings of the Audit Committee	9
Number of meetings of the Appointments and Remuneration Committee	7
Number of meetings of the Technology Committee	4

Observations
-

C.1.26 State the number of board meetings held by the Board of Directors during the year and the assistance data of their members:

Number of meetings with a personal attendance rate of at least 80% of the members	7
% of attendance over the total of votes during the fiscal year	100%
Number of meetings with personal attendance or proxies appointed with specific instructions of all the directors	7
%of votes cast with personal attendance and proxies appointed with specific instructions over the total of votes during the fiscal year.	100%

Observations
-

C.1.27 State whether the consolidated and individual financial statements submitted for authorisation by the board are previously certified:

Yes No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements for authorisation by the board:

Name	Title
-	-

Observations
-

C.1.28 Explain the mechanisms, if any, put in place by the Board of Directors to ensure that the individual and consolidated financial statements prepared by the Board are not presented at the General Meeting of Shareholders with a qualified audit report.

Article 38.2 of the Board of Directors' Regulations establishes that "The Board of Directors shall endeavour to prepare the annual accounts definitively in a way that does not give rise to reservations or qualifications by the auditor. In the exceptional case that such qualifications exist, both the Chairman of the Audit and Control Committee and the external auditors should give a clear account to shareholders of such reservations or qualifications. However, when the Board believes that its own criteria should prevail, it shall publicly explain the scope and contents of the disagreement."

In this regard, the Audit and Control Committee, comprising mostly independent external directors, holds a meeting with the external auditors in order to review the Company's annual accounts and some of the periodic financial information that must be supplied by the Board of Directors to the markets and their supervisory authorities, confirming compliance with the legal requirements and the correct application of generally accepted accounting principles in the preparation of the accounts. Such meetings anticipate, where relevant, any debate or difference of opinion between the Company's Management and the external auditors, in such a way that the Board of Directors may take the appropriate measures to ensure that the auditor's report is issued without reservations.

C.1.29 Is the Board Secretary also a member of the board?Yes No

Complete the following table if the Board Secretary is not a board member:

Personal or corporate name of the secretary	Representative
MR. ALFONSO BENAVIDES GRASES	-

Personal or corporate name of the deputy secretary	Representative
MRS. CORO MORALES ASÚA	-

Observations
-

C.1.30 Indicate, where applicable, the specific mechanisms implemented by the company to preserve the independence of the external auditors, as well as the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including the way in which the legal provisions have been applied in practice.

Under Article 38 of the Board of Directors' Regulations, the Audit and Control Committee is responsible for submitting a proposal to the Board of Directors, which will in turn submit it to the General Shareholders' Meeting, for the appointment (with details of the contractual conditions and the scope of the professional duties engaged), or the renewal or revocation of the auditor for the Company's annual accounts. It is also responsible for overseeing compliance with the auditing agreement under Article 14 of the Regulations and the terms of the Committee's own internal regulations, which in the latter case are approved by the Board of Directors.

The Audit and Control Committee shall refrain from proposing to the Board of Directors (and the latter shall in turn refrain from proposing to the General Shareholders' Meeting) the appointment as the Company's auditors of any auditing firm that is affected by reasons of incompatibility pursuant to the regulations governing accounts auditors, or any firm that charges the Company fees, in respect of all items, that exceed five per cent of its total income during the last financial year.

The Board of Directors shall provide a full itemised breakdown, publicly and in the manner set out in the applicable regulations, of the fees paid for accounts auditing and any other services provided by the auditor, along with details of the fees paid to people or organisations connected with the said auditor.

In addition, under Article 14 of the Board of Directors' Regulations, the Audit and Control Committee must ensure the independence of the accounts auditor in the performance of its duties.

C.1.31 State whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors.Yes No

Outgoing auditor	Incoming auditor
-	-

Observations
-

If there have been disagreements with the outgoing auditor, explain the content thereof:

Yes No

Explanation of disagreements
-

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

Yes No

	Company	Group	Total
Fees for non-audit work (thousands of euros)	15	4	19
Fees for non-audit work/total amount invoiced by the audit firm (%)	7,57%	2,02%	9,59%

Observations
During the fiscal year of 2019, the Company has hired the auditing company for another task different from accounts auditing, in order to comply with the requirements established under the article 540 of the consolidated text of the Law on Capital Companies and Memorandum No. 7/2015 of December 22 nd of the Securities and Exchange Commission, for the purposes of describing the Internal Control System of Financial Information in this Annual Report of Corporate Governance, as well as the certificate of the accounting registry of two plots for the purpose of requesting a discount of Real Estate Tax (IBI) from the corresponding local authorities.

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. If so, indicate the reasons given by the Chairman of the Audit Committee to the shareholders to explain the content and scope of those reservations or qualifications.

Yes No

Explanation of reasons
-

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	4	4

	Individual	Consolidated
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	100%	100%

C.1.35 Indicate whether there are procedures for directors to receive the information they need in enough time to prepare for meetings of the governing bodies and, where applicable, give details:

Yes No

Description of the procedure
Article 16 of the Board of Directors' Regulations establishes that notices convening meetings of the Board of Directors shall be sent out at least seventy-two hours before the date of the meeting. The notice will always include the agenda for the meeting and will be accompanied by the relevant information, duly prepared and summarised.

C.1.36 Indicate and, where applicable, give details of whether the company has established rules forcing directors to inform the board of any circumstances that might harm the organisation's name or reputation, resigning as the case may be:

Yes No

Explanation of the rules
Pursuant to Article 20 of the Board of Directors' Regulations, board members must place their position at the disposal of the Board of Directors when their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes to their professional situation or to the conditions under which they were appointed to the position of board member.

C.1.37 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the Spanish Capital Companies Act:

Yes No

Name of the Director	Criminal proceedings	Observations
-	-	-

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether the director should continue to hold office or, where applicable, give details of the actions taken to date by the board and any actions that it plans to take.

Yes No

Decision/action taken	Reasoned explanation
-	-

C.1.38 List the significant agreements that have been signed by the company and have come into force, have been modified or have been terminated in the event of a change in the company's control through a hostile takeover bid, and their effects.

Development loan agreements usually contain standard clauses relating to the change of control over a Company. These clauses may apply in the event of a change of control over AEDAS Homes, but they do not apply to the company's internal restructuring. However, the most important aspect of these agreements is the guarantee of the Company's assets, not the control structure.

C.1.39 Identify individually, when referring to Directors, in aggregate for the rest of the cases and provide detailed information on agreements between the company and its officers, executives and employees that provide compensation, guarantees or protection clauses in the event of their resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of operations.

Number of beneficiaries	8
Type of beneficiaries	Board Director Managing Committee

Description of the agreement of the CEO

In the potential event of the agreement's termination as a result of the Managing Director's unilateral resignation, the Managing Director will not be entitled to receive any compensation or indemnification, unless his/her resignation is caused by a change in control over the Company. To this end, it shall be understood that there has been a change of control when either of the following two situations arises: (i) a third party directly or indirectly acquires more than 50% of the Company's voting rights; or (ii) a third party appoints half plus one of the members of the Board of Directors. In this case, provided that the Managing Director's resignation occurs within six months of the date of the change of control, the Managing Director shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.

In the event of the agreement's termination at the unilateral request of the Company, the Managing Director shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.

In cases in which the agreement is terminated at the sole request of the Company, as set out in a resolution by the Board of Directors or as the result of the partial or total revocation by the Board of Directors of the powers delegated by the Board or the Company in the Managing Director's favour, three months' advance notice must be given. During the advance notice period, the Company may release the Managing Director from the performance of his/her duties, though it shall continue to pay him/her the relevant salary. In the event of a breach of the obligation to give the required advance notice, the Company must compensate the Managing Director in an amount equivalent to the fixed payment that applies at the time of the Agreement's termination for the period of advance notice not given.

Notwithstanding the foregoing, the Managing Director shall not be entitled to receive any compensation or indemnification, nor shall the Company be obliged to respect any advance notice term, in the event that his/her termination is caused by an infringement of the Law, the Company's Bylaws, the Board of Directors' Regulations, the Regulations governing the General Shareholders' Meeting or any other company rule or resolution that applies to the performance of his/her duties, or that is caused by a breach of his/her obligations under the terms of this Agreement, including the duty of good contractual faith, provided that the infringement or breach in question is classified as very serious and can be attributed to the Managing Director in the form of a serious or willful offence.

By way of compensation for the obligation not to compete, the Managing Director shall receive a gross amount equivalent to one year's fixed salary in the amount he/she is being paid at the time of termination. This amount shall be paid in full at the time at which the Agreement is terminated.

Description of the agreement by the Managing Committee

Termination of the contract by unilateral decision of the Company, based on a change of control thereof, merge or acquisition by another company that forces a workforce restructuring.

In the termination scenarios provided, the worker will have the right to receive a gross amount equivalent to two year's fixed salary in the amount he/she is being paid at the time of termination, with a mandatory three-month notice.

The agreement shall be binding during the following three years and shall be rendered void afterwards.

Post-contract competition abstention.

Given the interest of the Company on the worker not competing therewith after the termination of this Contract, provided the cause is one of those set out herein, both parties agree that the worker shall refrain from carrying out activities that compete with those of the Company, either on its own account or on the account of a competing company, using the know-how or specific practices the worker had acquired either directly or indirectly during the term of the contract in his benefit or for the benefit of a competitor.

In particular, the worker shall refrain from carrying out offers, propositions, inducing or requesting a person that in the date of termination of the Contract is hired by the Company to leave it, to hire or give employment for another person or make her/him be hired or employed by another natural or legal person which carries out business that compete with any of the business activities performed by the Company.

The worker shall refrain from competing on the terms stated for the duration of a year, to be counted from the date of the termination of this Contract.

In case the worker fails to refrain from competing after the termination of the Contract on the terms stated, he/she shall reimburse the amount the Company paid for that reason.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the assumptions set out by the regulation: If so, specify the proceedings, the stipulated assumptions and the nature of the bodies responsible for their approval and communication:

Body which authorizes the clauses	The Board of Directors	General Meeting
	Yes	No

Is the General Shareholders' Meeting informed of such clauses?	Yes	No
		X

Observations
The protection clauses were approved at a meeting of the Board of Directors held on 22 March 2018. On 2 February 2019 this clause is extended to all the members of Managing Committee.

C.2 Fees of the Board of Directors

C.2.1 Give details of all the fees paid to the Board of Directors, its members, and the proportion of executive, proprietary, independent and other external directors that they represent:

AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee of AEDAS Homes was appointed by the Board of Directors at a meeting held on 27th of September 2017. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
MR. JAVIER LAPASTORA TURPÍN	President	Independent
MR. EDUARDO EDMUNDO D'ÁLESSANDRO CISHEK	Member	Proprietary
MR. SANTIAGO FERNÁNDEZ VALBUENA	Member	Independent

% of Proprietary Director	33.33%
% of Independent Director	66.67%
% other external members	0.00%

Observations
-

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and

how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

Pursuant to Article 14 of the Board of Directors' Regulations, the Audit and Control Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors and who must be non-executive directors. The majority of the members of the Audit and Control Committee shall be independent, and one of them shall be appointed with regard to his/her knowledge and experience in accounting or auditing matters, or both.

The Board of Directors shall also appoint a Chairman of the Audit and Control Committee from among the independent directors who sit on the said Committee. In addition, the Board of Directors may appoint a Deputy Chairman if it deems this appropriate, and the rules governing the appointment of the Deputy Chairman shall be the same as the rules governing the appointment of the Chairman.

Members of the Board of Directors who sit on the Audit and Control Committee shall continue in this post for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.

The position of Chairman shall be held for a maximum of four years, and the same person may not be re-elected at the end of this term until a year has passed following their cessation, without prejudice to their continuation or re-election as a member of the Committee.

The Audit and Control Committee shall meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. It shall also meet when requested to do so by any of its members and whenever it is convened by its Chairman, who shall convene a meeting whenever the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals and, in all cases, when this is advisable for the proper performance of its duties.

The Audit and Control Committee shall issue an annual report on its own activities, making particular mention of any incidents that have arisen, where applicable, in relation to the duties for which it is responsible. In addition, when the Audit and Control Committee deems this appropriate, its report shall include proposals for the improvement of the Company's governance rules.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Audit and Control Committee shall be responsible for the following basic duties:

- (i) Informing the General Shareholders' Meeting on questions raised by shareholders at the Meeting, where such questions fall within its competence and, in particular, on the results of the audit, explaining how this has contributed to the integrity of the financial information and the role that the Audit and Control Committee played in the process.
- (ii) Overseeing the efficacy of both the Company's and the group's internal monitoring, internal audit and risk management systems, and discussing with the external accounts auditor any significant weakness in the internal monitoring system that it has detected during its own audit, without compromising its independence. To this end, in the event that it identifies significant weaknesses, it shall submit recommendations or proposals to the administrative body and indicate the corresponding term for monitoring such weaknesses.
- (iii) Overseeing the process for the preparation and submission of the regulatory financial information and submitting recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of such information.
- (iv) Proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, re-election or replacement of the accounts auditors, pursuant to the applicable regulations, along with the conditions for their engagement, and regularly compiling information on the auditing plan and its execution, as well as ensuring its independence in the performance of its duties.
- (v) Establishing the appropriate relationship with the accounts auditors in order to receive information on any matters that could endanger its independence, so that such information may be examined by the Audit and Control Committee, along with any other matter relating to the accounts auditing process and, where applicable, authorising services other than those that are prohibited, in the terms set out in the applicable regulations in the articles 5, section 4, and 6.2.b) of the Regulation (EU) No. 537/2014, of April 16th, and in the provision of the 3rd section, chapter IV, title IV of the Law 22/2015, of July 20th, on Accounts Auditing, about the independence regime relating to the entity or entities linked thereto both directly and indirectly, along with any other communications provided for in the auditing regulations and other provisions governing accounts audits. In any case, the Audit and Control Committee must receive an annual written declaration from the auditor confirming its

independence, both direct and indirect, from the Company and its related organisations, together with detailed and personalised information on any additional services of any kind provided and the corresponding fees received from these organisations by the auditor, or by persons or organisations related to it, in accordance with the provisions contained in the legislation governing accounts audits.

- (vi) Issuing an annual report, prior to the external auditor's report, expressing an opinion as to whether the independence of the external auditors or auditing firms has been compromised. This report must contain information, in all cases, on the provision of the additional services referred to in the preceding paragraph, both individually and jointly considered, aside from the legal audit itself, regarding the rules governing independence and the regulations governing accounts audits.
- (vii) Providing prior information to the Board of Directors regarding all the matters required in Law, the Company's Bylaws and the Board of Directors' Regulations, with regard to:
 - a) the financial information that the Company is required to publish periodically;
 - b) the creation or acquisition of shares in organisations with a particular purpose or organisations domiciled in countries or territories classified as tax havens; and
 - c) operations with related parties.
- (viii) Overseeing the Company's internal auditing activities.
- (ix) With regard to internal reporting and monitoring systems:
 - d) monitoring the preparation and the integrity of the financial information relating to the Company and, where appropriate, the group, checking for compliance with legal provisions, the proper demarcation of the consolidation perimeter, and the correct application of accounting principles.
 - e) monitoring the independence of the unit handling internal auditing duties; proposing the selection, appointment, re-election and removal of the head of the internal audit service; proposing the service's budget; approving its guidelines and work programmes, receiving regular information on its activities, and checking that senior management take account of the findings and recommendations of its reports; and
 - f) establishing and overseeing a mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities that they detect within the Company, particularly financial or accounting irregularities.
- (x) With regard to the external auditor:
 - a) in the event of the resignation of the external auditor, examining the circumstances that gave rise to its decision;
 - b) ensuring that its payment does not compromise its quality or independence;
 - c) ensuring that the Company notifies any change of external auditor to the CNMV as a significant event, accompanied, where applicable, by a statement regarding any potential disagreements with the outgoing auditor and the relevant reasons;
 - d) ensuring that the external auditor has an annual meeting with the Board of Directors in full session to inform it of the work undertaken and of any developments in the Company's situation;
 - e) ensuring that the Company and the external auditor adhere to current regulations on the provision of non-auditing services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.
- (xi) Monitoring compliance with the Company's internal codes of conduct and corporate governance rules, and any information relating to compliance therewith.
- (xii) Monitoring compliance with Corporate Social Responsibility Policy and evaluating relations with the various stakeholder groups.
- (xiii) Meeting with any Company employee or manager, even ordering their appearance without the presence of another senior officer.
- (xiv) Any other duties entrusted to it by the Board of Directors in the relevant Regulations.

The main activities performed by the Committee in 2019 are set out in the Activity Report of the Audit and Control Committee 2019, and correspond to:

- In relation to the financial information of the Company and information for the Board of Directors:
 - Issue of the Activities Report for the Audit and Control Committee for 2018.

<ul style="list-style-type: none"> • Analysis of the Annual Corporate Governance Report for 2018. • Issue of the Committee's Report on Related-Party Transactions in 2018. • Issue of the Committee's Report on the independence of the Auditor in 2018. • Analysis of the individual and consolidated annual accounts and management report of the Company for 2018. • Review of the Financial Information for Q1 2019. • Review of the half-yearly Financial Information for 2019. • Review of the Financial Information for Q3 2019. • Approval of the Plan of Action for the ACC for 2020. • Approval of the policy on suppliers. • Update of the accounting policies. • Approval of the tax policy. • Analysis of the CSR policy. • ACC self-assessment process. <ul style="list-style-type: none"> ▪ In relation to the Internal Audit function: <ul style="list-style-type: none"> • Approval of the Internal Audit report for 2018. • Approval of the Internal Audit plan for 2019. • Presentation of the results of the different reviews carried out by IA during the year. ▪ In relation to the Risk and Compliance function: <ul style="list-style-type: none"> • Approval of the Risks report for 2018. • Risks plan for 2019. • Approval of the Compliance report for 2018. • Compliance Plan for 2019. • Presentation of the results of the different reviews carried out by Risk and Compliance during the year, including a review of the corporate risks table, the crime prevention model, compliance with the data protection regulations and the money-laundering prevention model.

Name the Board Member who has been appointed to sit on the Audit Committee, bearing in mind his/her knowledge and experience of accounting matters, auditing, or both and state how many years the Chairman of this Committee has been in the post.

Name of experienced Board Member	MR. JAVIER LAPASTORA TURPÍN
Date of appointment of the President in office	27/09/2017

Observations
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APPOINTMENTS AND REMUNERATION COMMITTEE

The Company's Appointments and Remuneration Committee was appointed by the Board of Directors at a meeting held on 27th of September 2017. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
MR MIGUEL TEMBOURY REDONDO	President	Independent
MR. EVAN ANDREW CARRUTHERS	Member	Proprietary
MRS. CRISTINA ÁLVAREZ	Member	Independent

% of Proprietary Director	33.33%
% of Independent Director	66.67%
% other external members	0.00%

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

The Appointments and Remuneration Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors at the proposal of the Chairman of the Board, and who must be non-executive directors. At least two members of the Appointments and Remuneration Committee shall be independent directors.

The Board of Directors shall also appoint a Chairman from among the independent directors who sit on the said Committee. In addition, the Board of Directors may appoint a Deputy Chairman if it deems this appropriate, and the rules governing the appointment of the Deputy Chairman shall be the same as the rules governing the appointment of the Chairman.

Members of the Board of Directors who sit on the Appointments and Remuneration Committee shall continue in this post for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Appointments and Remuneration Committee shall be responsible for the following basic duties with total independence:

- (i) Assessing the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the skills and duties required from candidates in order to fill each vacancy, as well as evaluating the time and dedication required for them to be able to effectively perform their duties.
- (ii) Establishing a target for representation on the Board of Directors of the gender that is least represented and preparing guidelines on how to meet this target.
- (iii) Submitting proposals to the Board of Directors regarding the potential appointment of independent directors, either for appointment by co-option or for submission for deliberation by the General Shareholders' Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- (iv) Providing information regarding proposals for the appointment of the remaining directors, either for appointment by co-option or for submission for deliberation by the General Shareholders' Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- (v) Providing information on proposals for the appointment and removal of management personnel and the basic conditions for their engagement.
- (vi) Examining and organising the process for successors to the Chairman of the Board of Directors and the Company's chief executive and, where applicable, making proposals to the Board of Directors to ensure that succession occurs in a planned and orderly way.
- (vii) Submitting proposals to the Board of Directors regarding payment policy for directors and general management and for those people who perform senior management duties and report directly to the Board of Directors, Executive Committees or Managing Directors, and regarding the individual payment and other contractual conditions for executive directors, confirming and monitoring compliance with such conditions.
- (viii) Monitoring compliance with the Company's payment policy.
- (ix) Periodically reviewing the payment policy for directors and senior officers, including share-based payment systems and their application, and ensuring that their individual payment is proportionate to the amounts paid to other directors and senior officers.
- (x) Ensuring that conflicts of interest do not undermine the independence of any external advice the Committee engages.
- (xi) Verifying the information on director and senior officers' pay contained in the various corporate documents, including the annual directors' payment statement.

The Appointments and Remuneration Committee will meet every three months, ordinarily, or at least four times a year. Moreover, it will meet at the request of any of its members and whenever called by its Chairperson, which will occur whenever the Board or its Chairperson requests the issue of a report or the adoption of proposals and, in any event, whenever advisable for the proper performance of its functions.

During Fiscal Year 2019, the actions taken by AEDAS Homes' Appointments and Remuneration Committee are set out in the Activity Report of the Appointments and Remuneration Committee 2019, being the following:

- Acknowledgment of the 2018 Annual Corporate Governance Report in relation to the relevant points for the ARC.
- Acknowledgment of the 2018 Director Remuneration Report.
- CEO performance review with regard to the achievement of his/her annual objectives with regard to his/her variable remuneration for 2018. This review was referred to the Board of Directors.
- Review of the contract conditions of the Management Committee, with the applicable points being referred to the Board of Directors.
- Review of the objectives, criteria and metrics of the elements of remuneration in the Company in line with the Remuneration Policy. This review was referred to the Board of Directors for approval.
- Acknowledgment of the Remuneration Policy (for all employees).
- Approval of the 2018 Activity Report of the ARC.
- Approval of the 2019 Activity Plan of the ARC.
- Approval of the ARC budget for 2019. The budget was referred to the Board for approval.
- Acknowledgment of the letters sent by directors Ms CRISTINA ÁLVAREZ and Mr MIGUEL TEMBOURY REDONDO, in which they informed of the new positions they were to hold as directors in other companies, with a view to verifying that there were no conflicts of interest between their activities in AEDAS Homes S.A. and in the other companies.
- Acknowledgment of the resignation of Merlin Properties SOCIMI, S.A. as proprietary director.
- Proposal to designate an independent director by the co-optation method.
- Preparation of a report on the variable remuneration of "Senior Management".
- Setting the CEO's performance targets for 2019.
- Acknowledgment of the letter from director Mr MIGUEL TEMBOURY REDONDO informing of a new position in another company, with a view to verifying that there were no conflicts of interest between his activities in Aedas Homes S.A. and in the other company.
- Monitoring evolution of the LTIP.
- Review and approval of the Equality Plan and analysis of the risks associated with such plan.
- Approval of the metrics for the second cycle of the LTIP before being referred to the Board of Directors for approval.
- Monitoring changes envisaged with regard to certain conditions of employees' health and life insurance policies.
- Setting, in collaboration with the Head of Corporate Resources, objectives, criteria and metrics for the different components of remuneration in the Company, in line with the Remuneration Policy.
- In relation to the Remuneration Policy (for employees) and the Remuneration Report (for employees):
 - Performance assessment 2018.
 - Annual remuneration policy review.
 - Annual review of senior executive contracts.
 - Annual review of the evolution of the LTIP.
 - Request for an independent expert to draft a report on the remuneration of executives and key personnel. The ARC revised this report before it was referred to the Board of Directors.

- Approval of the new ARC Regulations in replacement of the rules contained in the Board Regulations.
- Approval of the Remuneration Report for employees.
- Information for the General Meeting of Shareholders from the Chairperson of the ARC.
- Approval of a process for the drafting of the Remuneration Policy, for referral to the Board of Directors.
- Self-assessment of the Board and its committees for 2019, including the following:
 - Drafting of the ARC self-assessment and referral to the Board.
 - Drafting of the Board self-assessment and referral to the Board.
 - Presentation to the Board of Directors for approval both the results of the Board self-assessment and the committee self-assessments.
 - Analysis of the results of the self-assessment and drafting of an action plan to improve performance of the Board and the Committees. The action plan was sent to the Board for approval.
- Drafting of a proposed Director Selection Policy for approval by the Board.
- Drafting of a proposal for succession plans for the Chairperson of the Board and the CEO, for approval by the Board.

In addition, the Chairperson of the ARC periodically informed the Board of the most relevant activities of the Committee, in order to inform the directors of the activities and give them the opportunity to give their opinion on the same, as well as to request any clarifications that were pertinent.

The ARC also revised the designations of the members of the Board of Directors as directors in other companies in order to determine whether there was a conflict of interest or whether the directors have sufficient time available to devote to their activities in AEDAS Homes.

TECHNOLOGY COMMITTEE

The Technology Committee held its first meeting on 14th of November 2017. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
MRS. CRISTINA ÁLVAREZ ÁLVAREZ	President	Independent
MR. EDUARDO EDMUNDO D'ÁLESSANDRO CISHEK	Member	Proprietary
MR. DAVID MARTÍNEZ MONTERO	Member	Executive

% of Executive Directors	33.33%
% of Proprietary Director	33.33%
% of Independent Director	33.33%

Observations
-

Explain the duties attributed to this committee and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

The Board of Directors has established a permanent Technology Committee, an internal body for the purposes of information and consultation, with no executive duties, with powers in respect of information, advice and proposal within its scope of action indicated in its Regulations.

The Technology Committee shall be composed by a minimum of 3 members and a maximum of 8, 2 of them being directors appointed by the Board of Directors itself based on the proposal of the Chairperson of the Board. At least one member of the Technology Committee shall be an independent director.

Even though they are not Directors, the Managers in the business lines that the Board of Directors consider relevant in each moment for this Committee shall also be a part of thereof, such as the Head of Technology, the Head of Innovation and Marketing, etc. of the Company.

The Technology Committee is responsible of the following duties:

- (i) Review and issue recommendations to the Head of Technology, the CEO and, where appropriate, the Board of Directors, in relation to the Strategic Technology Plan, in order for it to respond to the Company needs and also to provide a competitive advantage.
- (ii) Supervise the execution of the Strategic Technology Plan, reporting about its progress to the CEO and the Board of Directors, proposing necessary changes and adaptation of said Plan in order to comply with the Company's needs.
- (iii) Advise the Head of Technology with respect to the selection of collaborators, design of tools, application of technologies, corrective and preventive measures, etc. ensuring the Company incorporates the technological tools and trends that allow it to give an optimal support for the performance of its tasks, as well as to keep a competitive and sustainable advantage.

With respect to its operating rules:

- (i) The Technology Committee shall ordinarily meet every three months or at least four times a year. It shall also meet when requested to do so by any of its members and whenever it is convened by its Chairperson, who shall convene a meeting whenever the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals. In any case, the Committee shall meet every time they deem it convenient for the smooth development of their duties.
- (ii) The Chairperson of the Committee shall determine the agenda of each meeting.
- (iii) The Technology Committee shall be validly constituted when the majority of its members are either present or represented by proxy. The agreements of the Committee shall be adopted by absolute majority of those present.
- (iv) The Secretary of the Committee shall record Minutes of the Committee meetings, a copy of which shall be sent to each and every member.
- (v) For the best fulfilment of their duties, the Technology Committee shall receive the advice of external experts when it is deemed necessary for the adequate fulfilment of their duties, ensuring that potential conflicts of interest do not harm the independence of the external advice provided to the Technology Committee.

The most important measures adopted by the Technology Committee of AEDAS Homes during the 2019 financial year with respect to supervision and advice are detailed below.

▪ Technology

- Data: it was decided to launch a data master project in the form of a central data repository.
- The Promociona platform has been developed internally in order to manage construction processes.
- The implementation of robotization processes has been initiated in order to ensure the scalability of the business.
- Cybersecurity: training, creation of risk matrix and development of strategic plan.
- Activation of user private area.
- Salesforce and PRINEX: implementation of numerous improvements in the applications.
- New Technology applications: service cloud (after-sales platform), marketing cloud (emails), "Social Studio" (social listening), customer experience platform (surveys).

▪ Innovation

- Greatest achievements of LIVE:
 - 100 demonstrations to customers and agents.
 - 26% of quality leads have undergone a virtual tour.
 - 26% of participants on a virtual tour have visited our sales office.
 - 15% of visitors to the sales office purchased a property.

- 100% of successful connections with an average duration of more than 30 minutes.
- 100% of positive opinions of clients and agents.
- From 0 to 10 experiences in less than a year.
- Contacts from other companies who want to acquire the application.
- Proposal of communities for the elderly:
 - Active participation in this project
- Participation in the proposal of communities for young couples
- Home automation:
 - We have designed and launched an automation catalogue based on Google Home in one of our developments.
 - We have designed a home automation solution with Alfred Home. This application is compatible with Google Home and Amazon Alexa.
- Cemex Collaboration
 - Collaboration agreement signed with Cemex with a view to promote innovation in the field of construction.
- Exploration.

C.2.2 Complete the following table with information on the number of female Board members sitting on the Board's committees at the close of the last four financial years:

	Number of female Board members							
	Fiscal year 2019		Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	-	-	-	-	-	-	-	-
Appointments and Remuneration Committee	1	33.33%	1	33.33%	-	-	-	-
Technology Committee	1	33.33%	1	33.33%	-	-	-	-

C.2.3 Indicate, where appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any changes have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The Board of Directors Regulations were revised, updated and approved on 25 July 2019, containing the regulations of two of the three Board of Directors committees, regarding the Audit and Control Committee and the Appointments and Remuneration Committee. This latter Committee is in turn regulated by the ARC Regulations in terms of its composition, competences and operation, approved on 25 July 2019. For amendments, see section C.1.15.

The regulations of the Committees are available for consultation on the Company website Sociedad (www.aedashomes.com) in the Shareholders and Investors section, Corporate Governance subsection, and therein under Board of Directors.

These committees, Audit and Control Committee, Appointments and Remuneration Committee and Technology Committee will draw up an Activity Report each year.

D RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Explain, where applicable, the procedures and relevant bodies for approving related party or intragroup transactions.

Pursuant to Article 34 of the Board of Directors' Regulations, the Company's engagement in any transaction with directors or shareholders that own shares in an amount considered significant under the terms of the stock market regulations in force from time to time or, where applicable, with directors or shareholders that have proposed the appointment of any of the Company's directors, or the Company's engagement in any transaction with the respective related parties (understood to mean the parties listed in Article 29 of these Regulations), shall be subject to authorization by the Board of Directors or, in situations of extreme urgency, the Executive Committee or the Managing Director, with the subsequent ratification by the Board or Directors, in each case following a report by the Audit and Control Committee.

Prior to authorizing the Company's engagement in transactions of this nature, the Audit and Control Committee and the Board of Directors shall evaluate the transaction from the perspective of the equal treatment of all shareholders and current market conditions.

The Board's authorization shall not, however, be required for related party transactions that simultaneously comply with the following three conditions:

- (i) They are governed by agreements containing standard conditions that apply en masse to a large number of clients;
- (ii) They are completed at prices or rates that are generally established by parties acting as a supplier of the goods or services involved; and
- (iii) Their value does not exceed 1% of the Company's annual revenue.

Where these are transactions that fall within the Company's ordinary business and involve usual or recurring activities, a general authorisation from the Board of Directors shall be sufficient. Authorisation shall necessarily be agreed by the General Shareholder's Meeting when the transaction is made with a Board Member or related party in a value exceeding 10% of the Company's assets.

"Related parties" of the Group are understood to mean Dependent, Associated and Multigroup entities, the members, the "key personnel" of Company Management (members of its Board of Directors and the Administrators, together with their close relatives), as well as the entities over which the key Management personnel can have a significant influence or control or be influenced by them. Specifically, related-party situations are understood to include those transactions carried out with agents that are external to the Group, but with whom there is a relationship according to the definitions and criteria derived from the provisions of the Ministry of Economy and Finance in order EHA 3050/2004 of 15 September and the Spanish Securities Market Commission in Circular 1/2005 of 1 April.

D.2 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and significant shareholders in the company:

Name or corporate name of significant shareholder	Name or corporate name of the group company or entity	Nature of the relationship	Type of operation	Amount (thousands of euros)
-	-	-	-	-

Remarks
-

D.3 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and the company's administrators or executives:

Name or corporate name of administrators or executives	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousands of euros)
-	-	-	-	-

Remarks
-

- D.4 Report on any significant transactions between the Company and other entities in the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the company's normal business with regard to purpose and conditions.**

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Name of the group company	Brief description of the operation	Amount (thousands of euros)
-	-	-

Remarks
-

- D.5 Give details of transactions between the Company or entities in its group and with other related parties that have not been communicated in the previous sections**

Name of the related party	Brief description of the operation	Amount (thousands of euros)
-	-	-

Remarks
Section 19 of AEDAS Homes' consolidated accounts provides detailed information on transactions conducted by the Company with related parties. Information on transactions with related parties has not been included in this report due to the fact of these transactions not being material based on its volume and/or nature.

- D.6 Provide details of any mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.**

<p>Pursuant to the Conflict of Interest Policy established by AEDAS Homes, all the people subject to this Policy (board members, managers, employees and related parties) must adopt the measures required to ensure compliance with the criteria for action and decision-making set out in the Policy in order to avoid situations that may result in a conflict between their own personal interests and the interest of the Company.</p> <p>In this regard, all affected parties, particularly members of the Board of Directors, must refrain from the following:</p> <ol style="list-style-type: none"> a) Entering into transactions with the Company, unless these relate to ordinary operations, made in standard client conditions and of little importance (this being understood to mean operations that do not have a significant impact on the Company's net worth, financial position or results). In this regard, the affected parties may acquire housing developed by AEDAS Homes provided that it is acquired for their own use as a residence. All other requests (apart from those for acquisition as a primary residence) shall require the approval of the Compliance Committee, and when such requests are made by members of the Management Committee, the approval of the Audit and Control Committee shall be required. b) Using the name of the Company or referring to their condition as director, manager or employee to unduly influence the result of a private operation. c) Making use of the company's assets, including its confidential information, for private purposes. d) Taking advantage of the Company's business opportunities, whether current or under consideration. e) Obtaining benefits or payments from third parties other than the Company in relation to the performance of their duties, unless these are offered out of mere courtesy. f) Engaging in activities, either personally or on behalf of others, that effectively compete, either immediately or potentially, with the activities of the Company, or that in any other way place them in permanent conflict with the interests of the Company. g) Awarding any kind of agreement or order relating to AEDAS Homes to suppliers who have some kind of relationship with people who have a first or second degree of kinship with employees of the Company.
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The foregoing provisions also apply in cases in which the beneficiary of the prohibited act or activity is a person related to the affected person. AEDAS Homes, and specifically its Board of Directors, may analyze and dispense with such prohibitions in specific cases, taking into account all cases of the principles contained in this Policy, and safeguarding the interests of AEDAS Homes.

Communication

The affected party must immediately give notice of any situation or circumstance that could give rise to a potential conflict of interest, indicating its scope, the situation that has given rise to the potential conflict and any related parties, where applicable. If there are doubts regarding whether this involves a conflict of interest or not, the affected party must refrain from continuing to engage in any activity relating to the situation in question and seek advice.

In the case of employees, they must give notice of the situation to their direct superior, who will analyze and resolve the situation together with the Compliance Department. Where necessary, the Compliance Committee shall be asked to make a decision. In the case of members of the Board of Directors, they must give notice of the situation to the Secretary to the Board of Directors, preferably in writing, and the Secretary shall pass on any communications received to the Board of Directors, which shall decide on the situation and, where necessary, seek an opinion from the Audit and Control Committee.

In addition, AEDAS offers all affected parties an Incident Reporting Channel. This represents an additional channel for reporting any circumstance involving a breach or infringement of the Code of Conduct, which includes the principle of objectivity and an obligation to prevent conflicts of interest.

Conflicts of interest that affects the Company's directors shall be reported in the notes to the Company's annual accounts and in the Annual Corporate Report which shall give details of all related party transactions between the Company and its shareholders and directors.

Management of conflicts of interest

AEDAS Homes has adopted a series of measures that are designed to ensure the correct management of conflicts of interest by the Board of Directors or the employees' immediate supervisors, as appropriate under the terms of this Policy, thus ensuring the objectivity and transparency of the process. To this end, once the existence of a conflict of interest has come to light:

- a) We take all the measure necessary to distance the affected party from the management of the transaction or situation in question.
- b) We ensure Independence in the decision-making process, in such a way that the affected party must take part in this process, and measures are employed to implement the appropriate controls to ensure impartiality.
- c) Where required, the Board of Directors will take a decision on the potential conflict of interest, recording its decision and taking the appropriate measures in this regard.

Related party transactions

In line with the general principles set out above, affected parties must avoid becoming involved in any situation from which a conflict of interest might arise in relation to their participation in related party transactions, and they must comply with the previously established rules.

The Company's Board of Directors is the body that is responsible for approving any related party transactions, following a positive report from the Audit Committee. In addition, the Board of Directors may analyze and dispense with such prohibitions in specific cases, taking account in all cases of the principles contained in this Policy.

In duly justified situations of urgency, approval may be given by the delegated bodies or people / the Company's management, though it must be ratified at the first meeting of the Board of directors held after the decision is adopted.

However, authorization is not required from the Board of Directors for related party transactions in which the following three conditions are simultaneously met:

- a) They are governed by agreements containing standard conditions that apply en masse to a large number of clients,
- b) They are completed at market prices or rates that are generally established by parties acting as a supplier of the goods or services in question, and
- c) Their value does not exceed 1% of the Company's annual revenue.

D.7 Is more than one of the companies in the group listed in Spain?

Yes

No

Identify the subsidiaries that are listed in Spain and their relationship with the Company:

Identity and relationship with other companies in the group
-

Indicate whether they have provided public information on the respective business activities in which they engage, and any business dealings between them, as well as between the listed subsidiary and other group companies;

Yes No

Describe any potential business relations between the parent Company and the listed subsidiary, and between the listed subsidiary and other companies in the group
-

Indicate the mechanisms in place to resolve potential conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve any potential conflicts of interest
-

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the Company's Risk Control and Management System, including measures relating to tax risk.

AEDAS Homes uses a risk management system that is regulated under the Company's Risk Management Policy. This Policy was approved by the Company's Board of Directors on 17th of October 2017.

The purpose of the risk management model is to identify, manage and report any risks that may affect AEDAS Homes's pursuit of its business objectives.

The risk management model is based on the following stages:

- Identification: any significant risk to AEDAS Homes is identified.
- Evaluation: inherent probability, inherent impact and the robustness of the control environment are evaluated for all significant risks. The AEDAS Homes risk management model includes three risk categories: "critical", "to be monitored" and "to be maintained".
- Management: risk classified as "critical" and "to be monitored" is included as part of the risk management mechanism, which means taking measures such as identifying material risk events, monitoring their development through the use of indicators and analysing response/control protocols, among other measures.
- Reporting: a report is submitted every six months to the Management Committee and the Audit and Control Committee on the way that the model is working.
- Updating: the model is subject to an annual review and update.

E.2 Identify the bodies responsible for preparing and implementing the Risk Control and Management System, including measures relating to tax risk.

The following AEDAS Homes S.A. bodies are involved in activities related to the risk management model:

Board of Directors

Defines, updates and approves the Risk Management and Control Policy at AEDAS Homes and sets the acceptable risk level at all times.

Audit and Control Committee

Oversees the internal monitoring and management of risk, ensuring that the main risks are identified, managed and maintained at the planned levels.

Management Committee

Assigns responsibility for risk, receives the results of risk assessments for the purposes of determining how critical the risk level is, and approves actions or responses to the risk defined.

Risk & Compliance Department

The Compliance Department provides support for the Audit and Control Committee and the Management Committee in the performance of its duties, particularly through the coordination of the activities set out in the Risk Management and Control Policy, ensuring the correct implementation of the risk management system and consolidating reports relating to the risk model.

Managers and other parties responsible for risk

Identify and evaluate the risks that fall within their area of responsibility. In addition, they propose and report on the indicators used to monitor risk, in addition to proposing and implementing plans of action to mitigate risk and reporting on the effectiveness of such plans.

E.3 Indicate the main risks, including tax risk and, to the extent they may be significant, those arising from corruption (these latter understood as within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

The Company's catalogue of risks contemplates the following risk categories:

Strategic risks

- Real estate market
- Portfolio of development land
- Competition
- Availability of financing
- Reputation
- Stock markets

Operational risks

- Acquisition of development land
- Transformation of development land
- Development
- Marketing
- Securing and retaining talent
- Technology
- Cyber security
- Safety in the workplace
- Asset security

Financial risks

- Interest rates
- Liquidity
- Credit risk
- Asset valuation
- Reliability of financial information

Compliance risks

- Breach of Money Laundering Prevention Act
- Breach of criminal regulations (including risks related to breach of anti-corruption legislation)
- Breach of the Spanish Stock Market Act
- Breach of tax regulations
- Breach of environmental regulations

E.4 Indicate whether the company has a risk tolerance level, including against tax risk.

During 2019, AEDAS Homes has carried out the monitoring and managing of the risks considered critical based on the risk assessment carried out by the members of the Management Committee. The risks considered critical have been as follows:

- Real estate market
- Stock market
- Portfolio of development land
- Development
- Competition
- Safety in the workplace
- Reliability of financial information
- Cyber security

The following actions have been carried out in relation to these risks:

- Assignment of a global risk manager at Management Committee level
- Identification of specific risk events
- Establishment of monitoring indicators
- Establishment of tolerance thresholds
- Making recommendations in relation to risk management, as appropriate

The model sets out that the aforementioned risks are subject to quarterly monitoring. The results of the risk monitoring reports received from global managers are consolidated into a report by the Risk and Compliance Manager. This report is submitted from time to time to the Management Committee and the Audit and Control Committee.

In addition, during the 2019 financial year the corporate risk map has been updated, deciding to include the management of the following corporate risks:

- Reputation
- Land transformation
- Availability of financing
- Commercialisation

The monitoring files for these risks have been prepared. These risks will be included in the monitoring cycle during the first quarter of 2020.

E.5 Identify any risks, including tax risks, that have emerged during the year.

During the 2019 financial year, no significant impact has materialised derived from the critical risks managed by AEDAS Homes. Although it is worth highlighting that the political and regulatory instability, together with the worsening of several macroeconomic indicators, has generated irregular behaviour on the securities markets and specifically led to the Company share price to underperform.

E.6 Explain the plans for responding to and monitoring the main risks facing the company, including tax risk, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges appearing.

The Company has defined the action plans designed to respond to the risks that have exceeded the level of tolerance during the financial year. These action plans have been agreed with the global risk managers and been presented to the Audit and Control Committee. Moreover, the status of implementation of the same is reviewed periodically.

F INTERNAL RISK MONITORING AND MANAGEMENT SYSTEMS RELATING TO THE FINANCIAL REPORTING (ICFR) PROCESS

Describe the mechanisms that form part of the risk monitoring and management system relating to the company's financial reporting (Internal Control over Financial Reporting, ICFR) process.

F.1 The company's control environment

Provide information on at least the following, describing their main characteristics:

F.1.1. The bodies and/or officers responsible for: (i) the existence and maintenance of appropriate and effective ICFR; (ii) its implementation; and (iii) its monitoring.

The model of responsibilities of AEDAS Homes' Internal Control over Financial Reporting is deployed through the following bodies and function that development, maintain and monitor the process of preparing the financial information:

BODIES		FUNCTIONS
Management Bodies	Board of Directors	<ul style="list-style-type: none"> Preparing financial information. Ensuring correct functioning of the ICFR.
	Audit and Control Committee	<ul style="list-style-type: none"> Supervising financial information. Supervising auditing activities. Approving what to supervise and when, and how to evaluate supervision of ICFR. Supervising the effectiveness of ICFR.
Finance Department	Finance Department	<ul style="list-style-type: none"> Designing, implementing and evaluating ICFR and its overall monitoring. Reporting on the operation of ICFR to Audit and Control Committee.
Department and Divisions	Parties responsible for processes	<ul style="list-style-type: none"> Identifying any risks in their processes that may affect the Financial Information. Proposing and implementing the most suitable controls to mitigate risk. Ensuring that these controls are working effectively. Reporting on the design and operation of internal controls in their processes to the Finance Department. Resolving incidents in their processes.
	Parties responsible for control	<ul style="list-style-type: none"> Executing the controls for which they are responsible. Reporting on any incidents that arise. Collaborating with the personal responsible for the process in the report to the Finance Department.
Internal Auditing Department	Internal Auditing	<ul style="list-style-type: none"> Planning ICFR audits as part of the monitoring delegated by the Audit and Control Committee. Report and communication of the results to the Audit and Control Committee and the Finance Department. Following up recommendations and plans for improvement.

Board of Directors

The Board of Directors of Aedas Homes, S.A. is ultimately responsible for monitoring the ICFR, as set out in Article 5.4viii) of the Board of Directors Regulations.

To this end, the Board of Directors has established the organisational structure necessary to allow monitoring by delegating this duty to the Audit and Control Committee. Thus, the Audit and Control Committee must ensure due compliance with the responsibilities defined and assigned to the Finance Department and other departments and divisions with regard to the Company's Internal Financial Control Reporting System.

Audit and Control Committee

To achieve reasonable security with regard to the reliability of the financial information, the Audit and Control Committee will oversee:

- The proper demarcation of the consolidation perimeter.
- The correct application of accounting principles.
- The suitability of the control policies and procedures implemented.
- The process for the preparation and reporting of financial information, reviewing the correct design, implementation and efficient operation of the ICFR System and compliance with the regulatory requirements.

The Audit and Control Committee has various sources for establishing whether Management has implemented an effective system for supervising ICFR. The main sources for its analyses are:

- Asking questions and observing the way that Management manages the Company.
- Engaging specialists or specialist resources.
- External auditors.

The Audit and Control Committee will principally rely on the work of the internal auditor and hold any meetings with external auditors that may be necessary

The duties entrusted to the Audit and Control Committee with regard to the internal controls set out in the AEDAS Homes Board of Directors Regulations are as follows:

- Regularly reviewing the Company's internal monitoring and risk management systems and, in particular, the correct design of the internal monitoring system and the management of financial information (ICFR), to ensure that the main risks are identified, managed and appropriately made known.
- Approving the internal auditing plan for evaluation of the ICFR System and its modifications and receiving regular information on the results of this work, as well as approving the action plan for correcting any weaknesses observed.
- Reviewing, analysing and commenting on the Financial Statements and other relevant financial information with senior management and internal and external auditors, in order to confirm that this information is reliable, comprehensible and relevant, and that the accounting principles followed are consistent with those applied at the close of the preceding year.

Finance Department

The Group's Finance Department is responsible for identifying any risk of error or fraud in the financial information using the whole range of the ICFR System and for documenting the design of the controls. It is also responsible for informing the internal and external auditors of any changes to the perimeter of the Internal Monitoring System relating to Financial Information.

The AEDAS Homes Finance Department is responsible for establishing the design, implementation and global follow-up of the Internal Monitoring System for the Group's financial information. It will therefore establish the system and implement the structure required for its supervision, thus ensuring that the said system operates effectively.

In order to comply with this responsibility, the people in charge of each associated process or sub-process and any key controls must monitor these and report back to the AEDAS Homes Financial Management.

Internal Auditing Department

Internal Auditing is responsible for planning the supervision and evaluation of the ICFR System with the scope and frequency required to ensure its effectiveness, taking account of the duties included in the Annual Internal Auditing Plan, subject to approval by the Audit and Control Committee (ACC).

Internal Auditing must determine the nature and extent of the tests to be carried out in order to identify any potential weaknesses in the relevant controls, and it will analyse the causes giving rise to these weaknesses in order to determine the control systems' level of compliance and efficacy.

To this end, the parties responsible for these controls must keep and review the relevant documentation and/or evidence that show both that controls have been carried out, being subject to Internal Auditing oversight.

Part of the oversight process will involve communication of the results obtained, using the following procedure:

- Communication of the results related to the findings of the performance of the control to the person responsible for the process and to their department.
- Communication of the findings and action plans agreed with the division to the Finance Department, the Managing Director and the Audit and Control Commission.

- In the event of any suspicion of fraud, the person directly responsible for the control operation should not be notified, but this information should instead be passed on to higher levels including the General Management and the Audit and Control Committee.

The implementation of the action plans will be the responsibility of the Finance Division with the support of the various divisions involved in each process.

Internal Auditing will also be responsible for following up and monitoring the incidents and effectiveness of the action/improvement plans proposed to mitigate these incidents.

F.1.2 The following elements, where they exist, especially in relation to the process of preparing the financial report:

- **Departments and/or mechanisms in charge of: (i) designing and revising the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for their correct reporting throughout the company.**

The establishment of the bases of corporate organisation, with a view to guaranteeing greater efficiency of the same, is the responsibility of the Board of Directors.

Corporate Services Management is responsible for analysing, designing and developing the organisational structure of AEDAS Homes, ensuring that it is aligned with the Company's strategic objectives.

The lines of responsibility, lines of reporting and functions of each of the positions are defined by each department, reflecting the existing hierarchical structure through an existing organisation chart and, through the job description sheets, the objectives, functions and tasks of each one of the Company's positions of management and responsibility. All the Company employees may access the organisation chart, directory and job description sheets via the Employee Portal.

For the purposes of the process involved in preparing financial information, the Company has clearly defined lines of authority and responsibility. Principal responsibility for the preparation of financial information lies with Financial Management.

The formulation and review of the criteria to be followed for the selection of managers for the Group is carried out by the Appointments and Remuneration Committee.

In order to comply with the obligations of transparency, access to public information and good governance, public access is established through the website to information relative to, *inter alia*, the organisational structure, profile of the management team and senior management remuneration, which is presented in a clear, free and structured manner.

- **Code of conduct, approval body, level of dissemination and instruction, principles and values included (indicating whether there is specific mention of the recording of transactions and the preparation of financial information), the body in charge of analysing breaches and of proposing corrective actions and sanctions.**

AEDAS Homes has a Code of Conduct that has been approved by the Company's Board of Directors. All of the Company's employees have been informed about this Code of Conduct, and it can be accessed via both the Employee Portal and on the investor pages of the AEDAS Homes website.

The AEDAS Homes Code of Conduct sets out the Company's values:

- **Integrity:** all members of AEDAS Homes undertake to behave with integrity and in a way that contributes to maintaining the Company's reputation.
- **Excellence:** AEDAS Homes has a team that has wide-ranging experience of the residential real estate sector and that is trained to offer an excellent client experience.

At AEDAS Homes we carry out our duties with professionalism, respect and impartiality. We are committed to achieving our objectives through honest means and do not tolerate any unethical behaviour.

- **Transparency:** the Company undertakes to provide stakeholders with comprehensive, appropriate and truthful information in order to facilitate the decisions they need to make, in each and every one of the markets in which we operate.



- Innovation: we try to ensure that our residential properties incorporate innovations that will improve the quality of life of the people who live in them, in terms of both their fittings and the materials used, equipping them with technologies that make life easier and more comfortable.

The Code of Conduct establishes the following principles:

- Compliance with regulations: AEDAS Homes's employees comply strictly with the provisions of the regulations in force in the performance of their duties.
- Combatting corruption: the company adopts a zero tolerance policy against any kind of corruption. We are entirely honest in our dealings with both the public and private sectors, and integrity is one of the fundamental values in the way we conduct our business.
- Responsibility in respect of taxes: AEDAS Homes complies rigorously with its tax obligations and works with the Tax Authorities to provide them with any information they may require.
- Healthy working environment: AEDAS Homes complies strictly with the regulations governing health and safety, and we have implemented initiatives both for the prevention of accidents and illness and for the promotion of healthy living. We reject any kind of violation of basic human rights or public freedoms.
- Equal opportunities: AEDAS Homes promotes activities to encourage the professional advancement of its employees. Principles of fair treatment, non-discrimination and equal opportunities all form part of the Company's relations with its employees.
- Objectivity: at AEDAS Homes we anticipate and manage conflicts of interest with the aim of ensuring the impartiality and objectivity of any decisions taken.
- Gifts, considerations and entertainment: as a general rule, we do not accept gifts, favours or considerations from third parties, either in cash or in kind, unless these are merely symbolic in nature and not offered with the aim of influencing the objectivity that must govern all of our actions. We completely forbid the offer of gifts, rewards, invitations or any other item of value to public officials, politicians and other representatives of public institutions that may compromise their independence or integrity. Similarly, no-one at AEDAS Homes may offer gifts or services in advantageous conditions to the employees of private institutions, aside from the consideration offered within the bounds of ordinary politeness whose corresponding financial value is symbolic and founded on principles of prudence and common sense.
- Use of AEDAS Homes equipment and assets: the items that AEDAS Homes makes available to its employees so that they may perform their duties may not be used for private or illegal purposes. The incurrence of any expense must conform to the principles of need and efficacy. The Company takes care to ensure that its assets do not suffer any damage that could affect their valuation
- Protection of the image of AEDAS Homes: AEDAS Homes is committed to ensuring the proper use of the Company's name, brand, image and reputation, acting in a way that is always faithful to AEDAS Homes and in defence of its interests. We also respect the intellectual property rights of all third parties.
- Confidentiality and controlling information: at AEDAS Homes we regard information as an intangible asset of great worth, and we therefore believe that it is fundamental to preserve and manage it confidentially, especially where inside information is concerned. We also guarantee the protection of any personal data to which we have access as a result of the links between private individuals and our own business activities, and we undertake not to divulge their data unless we have obtained their consent or are bound by some kind of legal obligation.
- True picture of financial information: at AEDAS Homes we have a control environment and specific procedures that ensure that our financial information is prepared in accordance with the applicable principles and rules governing valuation, in such a way that all of our transactions are clearly and accurately reflected in our accounts ledgers and records and in the preparation of the relevant financial information.
- Free competition: at AEDAS Homes we ensure the exercise of free competition through the application of ethical business practices and observance of the law. With a view to avoiding any unfair competition, we safeguard our own confidential information, along with that of our co-workers, suppliers, clients and any other third parties.
- Collaboration with official institutions and public bodies: at AEDAS Homes we work together with official institutions and public bodies, undertaking to provide any information that they may require, transparently and clearly.

- **Respect for the environment and planning ordinances:** we comply at all times with the regulations governing protection of the environment and respect for planning ordinances. Furthermore, AEDAS Homes goes beyond mere compliance with the law and is committed to the rational use of natural resources and the design and construction of sustainable and energy-efficient building projects that respect the environment. AEDAS Homes develops only projects that have been granted the relevant licences, and it expressly prohibits the development of building projects in specially protected areas or construction in common planning zones.

The Compliance Committee is the body responsible for managing any complaints received in relation to breaches of the Code of Conduct, the Company's internal policy or the legislation in force. The Committee may act at the request of any complainant or on its own initiative, and it will take the necessary measures in respect of any complaints in the event that the circumstances in question are confirmed.

- **Whistle-blowing channel, which enables the reporting of irregularities of a financial and accounting nature to the Audit Committee, in addition to potential breaches of the code of conduct and irregular activities in the organisation, indicating whether these are confidential.**

AEDAS Homes has a complaints channel that can be used both by employees and by third parties who are unconnected with the Company to report any behaviour that contravenes the Code of Conduct, the Company's internal policy or the legislation in force, including financial and accounting irregularities. Any information received as a result of such complaints is treated by the Compliance Committee in the strictest confidence, and all of the Company's employees have been informed of this fact.

- **Training programmes and regular updates for the personnel involved in the preparation and revision of financial information and evaluation of the Internal Control over Financial Reporting (ICFR) System, which should at least cover accounting regulations, auditing, internal risk monitoring and management.**

The training received in the 2019 financial year in relation to the Finance Area includes the following:

- University specialisation in finance.
- Course focusing on the International Financial Reporting Standards (IFRS).
- Real Estate MBA.
- Personal productivity.
- Seminar on drawing up annual accounts: Corporation Tax.
- Urban Planning.
- Fundamental aspects of the real estate sector.
- Practical solutions for IFRS 16 and IFRS 9.

F.2 Financial reporting risk assessment

Provide information on at least the following:

F.2.1. The main characteristics of the process for identifying risk, including risk of error or fraud, in respect of:

- **Whether the process exists and is documented.**

There is a risk identification process including risks such as mistakes and fraud documented in the General ICFR Policy of AEDAS Homes.

The scope of the ICFR allows for the identification of which accounts and breakdowns have a significant risk associated whose potential impact on the financial information may be material. To this end, Finance Department considers quantitative and qualitative factors:

a) Quantitative criteria

Quantitative criteria are established through the calculation of the materiality of the year, for which the forecast of the December closing of the Group's Financial Statements will be taken as reference.

The materiality of AEDAS Homes will be calculated based on the Group's situation in said year; the headings which comply with the following must be chosen:

- In the event that Group has normal benefits: those headings exceeding 5% of the results of ordinary or operating activities.
- In the event that Group has losses or is at the break-even point or below a low return level: those headings greater than the most representative 1% of the following:
 - Total net turnover.
 - Total assets.
 - Shareholders equity.
- Additionally, the headings meeting the qualitative factors will be included in the scope of the ICFR.

Once the material headings have been defined, it will be determined which processes or sub-processes they impact based on the activities that compose them.

With the closing Financial Statements, an update of the scope of the ICFR will be carried out each financial year to verify whether significant changes have occurred entailing the inclusion of any company process.

b) Qualitative criteria

To determine the processes to be included in the scope of the ICFR, the following qualitative aspects must also be considered:

- Size: distinguish the account compared to the materiality of "Material Error".
- Composition (volume and unit price): numeric volume of transactions in the financial year and unit price of each transaction.
- Automation of processes: automation vs manual nature of processes. The greater the automation, the less the risk.
- Standardisation of operations: assessment of the homogenisation of the operations recorded. The greater the homogeneity, the less the risk.
- Susceptibility to fraud or error: risk of unintended error or fraud. To be considered: segregation of duties, level of supervision/approval, rigour of review process.
- Accounting complexity: difficulty in the application of accounting processes due either to the interpretation of the standard or to the complexity of the associated calculations.
- Degree of estimation/judgement and valuations: consideration of the degree of estimation and/or judgement required for the recording of transactions.
- Risk of contingent losses or liabilities: asset associated with the account subject to potential losses of value. Potential of identification of contingent liabilities.
- Changes compared with the previous year: consideration of potential changes in accounting processes (e.g. new regulations, difficulty in obtaining the information required for the estimation of the account), changes in the economic context or in the process itself.
- Adjustments to audit/control weaknesses: consideration of the control adjustments/weaknesses identified by internal or external auditors with impact on this account in previous financial years.
- Criticality decision based on experience: consideration of experiences accumulated in each of the items in previous financial years.

As a result of this analysis, a total of seven processes have been identified with impact on the financial information; they cover both the operating and support activities.

For each of these processes, a flow diagram has been documented that facilitates understanding, along with a risk and controls matrix on which the inherent risks and the controls defined for their mitigation are identified.

- **Whether the process covers all financial reporting objectives (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

In each of the risks and control matrices defined for each material process, among other control data,

- Existence and occurrence: transactions, events and other occurrences included in the financial information actually exist and were recorded in a timely manner.
- Integrity: the information reflects all the transactions, events and other occurrences in which the Company is partly involved.
- Valuation: transactions, events and other occurrences are recorded and valued in accordance with current legislation.
- Rights and obligations: the financial information reflects the rights and obligations through the corresponding assets and liabilities in accordance with current legislation.
- Operations cut-off: the transactions and events were recorded in the correct period.
- Presentation, breakdown and comparability: transactions, events and other occurrences are classified, presented and disclosed in the financial information in accordance with current legislation.

AEDAS Homes analyses each of the material processes in order to ensure that the risks are reasonably covered with the Internal Control System, and that this works efficiently. It will be updated when significant variations in the processes occur or as a result of the regular reviews carried out during the financial year.

- **The existence of a process for identifying the consolidation perimeter, considering, among other things, the potential existence of complex corporate structures, vehicle companies or special purpose entities.**

The Group incorporates all the entities that make up the consolidation perimeter.

The Group has a corporate structure that is formed from all its individual organisations and that forms the basis for the consolidation perimeter. The management and updating of the corporate structure is carried out by the Legal Department.

In the event of any change to the consolidation perimeter, the Legal Department informs the Finance Department, attaching support documentation (articles of association, acquisition of shares, sales, merges, divestitures, etc.).

- **Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) in the manner in which they affect the financial statements.**

Any potential risk identified through the ICFR Risk Template is taken into account when preparing the Company's Risk Map. This Map is updated on an annual basis by the Finance Department, with support from all areas of the organisation that are affected.

This way, the Company can take account of the impact that other types of risk relating to categories such as business operations, reputation, legal and regulatory issues, human resources, financial operations, information required for decision-making, technology and IT systems and corporate governance may have on the financial statements.

- **Which corporate governance body supervises the process.**

Pursuant to Article 14 of the Board of Directors Regulations, the Audit and Control Committee oversees the process for preparing and ensuring the integrity of the financial information. These duties include reviewing compliance with legal requirements, such as the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

F.3 Monitoring activities

Provide information on at least the following, describing their main characteristics:

F.3.1. Procedures for reviewing and authorising the financial information and the description of the ICFR to be disclosed to the markets, stating who is responsible in each case, along with the documentation describing the activities engaged in (including those relating to the risk of fraud) and the monitoring of the various types of transactions that could materially affect the financial statements, including account closure procedures and the specific revision of the relevant opinions, estimates, valuations and projections.

Pursuant to the Board of Directors' Regulations, the Audit and Control Committee is responsible for reviewing the annual accounts and the periodic financial information that must be supplied by the Company to the markets and their supervisory authorities, at all times ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles in the preparation of the accounts.

The said Regulations also indicate that this Committee must meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. The Audit and Control Committee submits this information to the Board of Directors, which has ultimate responsibility for approving it before it is made public to the markets.

The Company has an Accounting Policy Manual approved by the Audit and Control Committee on 27 September 2018. This Manual was revised and approved by the Audit and Control Committee on 26 September 2019. Based on this Manual, the economic-financial information is prepared by the Finance Division.

Quarterly, in line with the schedule of publication in the stock markets, the information on the quarterly closes is overseen in accordance with the following procedure:

- Once the Accounting Officer has done and verified the quarterly close, it is sent to the Finance and Tax Manager, who is responsible for verifying it and then proceeds to prepare the Group's consolidated information in accordance with the International Financial Reporting Standard (IFRS).
- After the Finance Department's review and oversight, it is then presented to the Chief Executive Officer for his approval.
- After approval, it is sent to the Audit and Control Committee, which oversees the process of preparation, presentation and the integrity of the required financial information, compliance with legislative requirement, the correct delimitation of the consolidation perimeter, and the correct application of accounting principles. It also includes the report on the procedures agreed on the review of certain consolidated financial information of the Group prepared by the Group's external auditors. In closes coinciding with the end of a six-month period, the findings of the limited review carried out by the Group's external auditor are also included.

Similarly, the Audit and Control Committee is responsible for informing the Board of Directors, prior to the latter's approval of the relevant decisions on the financial information that, due to their status as listed, Company must regularly make it public.

- For the year-end, the Board of Directors, in plenary, approves of the preparation of the Annual Accounts, the Management Report and the proposal of applying the Company's results, as well as the consolidated annual accounts and report and its presentation to the Annual Shareholder Meeting. Additionally, for quarterly and twice-yearly ends, the competence for approving the financial information that the Company must regularly make public is reserved.
- Lastly, the information is published for the markets and other public bodies by the Director of Investor Relationship after review by Financial Management.

In preparing the accounts, estimates made by Group Management and subsequently ratified by Company Directors are used to value some of the assets, liabilities, revenues, expenses and commitments reported herein. Essentially, these estimates refer to:

- Potential impairment of stock, tangible and intangible assets.
- Useful life of property, plant and equipment.
- Fair value of derivative financial instruments.

- Hypotheses used in determining liabilities for commitments to staff.
- Assessment of lawsuits, provisions, commitments, assets and liabilities that are contingent at end.

Some of these accounting policies require the application of significant judgement by Management for the selection of appropriate assumptions for determining these estimates. These assumptions and estimates are based on their experience, the advice of expert consultants, forecasts and other circumstances and expectations at the end of the period in question. The assessment of Management is considered in relation a global economic situation in the sector where the Group operates, taking into account the future development of the business. By nature, these judgements are subject to a degree of uncertainty, and thus the actual results could differ materially from the estimates and assumptions used. In this case, the values of the assets and liabilities will be adjusted.

AEDAS Homes has documented all the processes that it believes involve material risk in the preparation of the financial information in the internal control model. Specifically, the main processes related to the generation of the economic information are: end and consolidation, investment and real estate stock, cash and cash equivalents, purchases and accounts payable, sales and accounts receivable and taxes and salaries.

Each ICFR process and sub-process has a responsible party assigned to it; they ensure the analysis and control of each of the risks associated with their area. Likewise, each identified control activity has two parties responsible for assessing the effectiveness who carry out the function of documentation and oversight in accordance with the systematic periodicity established.

These processes are represented through risk and control matrices, as well as flow diagrams which describe the relevant control activities that enable an appropriate response far enough in advance to the risks associated with the reliability and integrity of the financial information.

AEDAS Homes conducts periodic reviews with the support of the territorial branches to ensure that these descriptors are in line with the actual functioning of the processes.

ICFR is managed through SharePoint, where all the processes and risks are documented.

F.3.2. Policies and procedures for the internal monitoring of information systems (especially on safety and security of access, monitoring of changes, systems operation, operational continuity and separation of functions) that support the company's relevant processes relating to the preparation and publication of the financial report.

The Policy for Internal Controls over Financial Reporting (ICFR) establishes that safe access is defined on the basis of secure groups. The modification of any permit or role is organised through a system of written authorisations which is overseen by Financial Management, in order to provide recorded evidence in relation to any change to user permits.

The positions and groups of users with individual permits allow for the maintenance of a separation of duties in the process of approving the information flows described. Any changes that may be made on the platform are recorded in the application to provide evidence of the successive versions.

There is also a contingency plan to guarantee the operational continuity of the ICFR System.

F.3.3. Policies and internal control procedures aimed at supervising the management of activities outsourced to third parties, including matters relating to valuation, calculation or assessment entrusted to independent experts, which could materially affect the financial statements.

Generally speaking, AEDAS Homes does not outsource any activity considered relevant and/or significant that could materially affect the financial report.

During 2019, the activities in this area refer only to the valuation of the Group's real estate portfolio and to the preparation of the Transfer Prices Dossier which analyses and values the related transactions.

In all cases, outsourcing to third parties is done by the corresponding division manager, ensuring the competency, technical and legal training and the independence of the professionals.

The Company also has a Code of Conduct for Third parties that establishes the principles that must be fulfilled, and compliance with this code could be subject to audit by AEDAS Homes.

F.4 Information and communication

Provide information on at least the following, describing their main characteristics:

F.4.1. A specific office that is responsible for defining and maintaining accounting policies (accounting policies division or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies that is regularly updated and communicated to all the company's operating units

The Administrative and Tax Department that reports to the Finance Department is responsible for preparing, publishing, implementing and updating the Company's Accounting Standards Manual (described in section F.3.1).

The department analyses whether the new developments or changes in accounting matters have any effect on the Group's accounting policies, and the date of entry into force of each of the rules. When it is identified that the new regulations or the interpretation thereof affect the Group's account policies, they are added to the manual and they are reported to the parties responsible for preparing the Group's financial report by means of appropriate instructions.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The process for the consolidation and preparation of the consolidated financial statements is carried out centrally by the Administrative and Tax Department that reports to the Finance Department.

Preparation of the consolidated financial information begins with the aggregation of the individual financial statements for each of the companies included within the consolidation perimeter, for subsequent consolidation under the accounting regulations.

The financial information reported to the National Securities Markets Commission (CNMV) is prepared from the consolidated financial statements that result from this process, and from some additional information that is reported by the Management Control Department and is required for the preparation of the annual and/or half-yearly report.

F.5 Monitoring the operation of the system

Provide information on at least the following, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee, and whether the company has an internal audit function whose powers include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Information will also be given on the scope of the ICFR system evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

The Audit and Control Committee, in compliance with its ICFR oversight duties in the 2019 financial year, has carried out the following activities:

- It has overseen the efficacy of both the Company's and the group's internal monitoring, internal audit and risk management systems, and discussed the state of the internal monitoring system of the financial information with the accounts auditor.
- It has overseen the process for the preparation and presentation of the regulatory financial information and present recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- It has overseen the mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities that they detect within the Company.
- It has provided prior information to the Board of Directors regarding all the matters required in Law, the Company's Bylaws and the Board of Directors' Regulations, with particular regard to the financial information that the Company is required to publish periodically and operations with related parties.

- It has monitored compliance with the Company's codes of conduct, its corporate governance rules and its corporate social responsibility policy.
- It has overseen internal auditing activities, including reviewing the efficacy of the internal system for monitoring the financial information (ICFR), included as one of the action lines by Internal Auditing in the 2019 Annual Internal Auditing Plan approved by the committee on 26 December 2018.
- It has overseen the actions carried out due to risk and compliance in respect of the main risks and contingencies of the Company, as well as the systems established for to identify, manage and control them. Among these actions, it has approved the 2019 Risks Plan and the 2019 Compliance Plan in the session held 26 December 2018.
- It has monitored the appearance of the accounts auditor before the Committee to report on the work carried out, accounting developments and the risks of the Company.
- It has overseen, prior to its presentation to the Board of Directors, the annual Corporate Governance Reports of 2018 and 2019.
- It has informed the Annual Shareholder Meeting held on 9 May 2019, of matters of its competence and, in particular, the results of the 2018 audit of accounts, explaining how the Group has contributed to the integrity of the financial information and the role that the Audit and Control Committee itself performed in this process during 2018

The Audit and Control Committee has delegated to the Internal Audit Department the oversight of the internal risk monitoring and management systems, including reviewing and assessing the reliability of the economic-financial information systems, as set out in AEDAS Homes's Internal Auditing Statute approved by the Audit and Control Committee.

In compliance with its duties, Internal Auditing has included in the 2019 Annual Internal Audit Plan the review of the effectiveness of the Internal Control over Financial Reporting of AEDAS Homes Group.

The results of the work and action plans have been reported to the Finance Department, the yearly audit report to the Finance Department, the Chief Executive Office and the Audit and Control Committee during the financial year, issuing the annual internal audit report for AEDAS Homes' Internal Control over Financial Reporting.

F.5.2. Whether the company has a discussion procedure whereby the accounts auditor (pursuant to TAS), the internal audit office and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments to the company's senior management and its Audit Committee or Board of Directors. State also whether the Company has an action plan to correct or mitigate any weaknesses found.

The Internal Auditing office reports any significant control weaknesses identified during its review processes to the Finance Department, the CEO and the Audit and Control Committee, along with the action plans proposed in order to mitigate such weaknesses, as well as compare with the accounts auditor weaknesses found during the audit; the proper implementation of any such actions plans introduced to resolve or mitigate these weaknesses will also be monitored.

Meanwhile, the accounts auditor has direct access to Senior Management, maintaining regular meetings both to obtain the information needed to carry out his work, as well as to communicate the weaknesses found.

F.6 Other relevant information

There is no further relevant information to report.

F.7 External auditor's report

State whether:

F.7.1. If the ICFRS information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Appendix. Otherwise, explain the reasons for the absence of this review.

The Group's Management has decided to subject the information relating to ICFR to the review of the external auditor. The external auditor's report is attached ere is no further.

G COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the compliance of the company according to the recommendations of the Code of Good Governance of listed companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the company's behaviour. Explanations of a general nature will not be acceptable.

1. That the by-laws of listed companies do not limit the maximum number of votes that may be issued by a single shareholder, nor contain other restrictions that hinder the seizing of the company through the acquisition of its shares on the market.

Complies Explain

2. When the parent company and a subsidiary company are listed, both define publicly with precision:

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with the other group companies.
 b) The mechanisms provided to resolve any conflicts of interest that may arise.

Complies Partially complies Explain Not applicable

3. That during an ordinary general meeting, as a complement to the dissemination in writing of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company and, in particular:

- a) On the changes that have occurred since the previous ordinary general meeting.
 b) On the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they should exist, the alternative rules that apply in that area.

Complies Partially complies Explain

4. That the company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisors that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position.

And that the company makes public this policy through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

Complies Partially complies Explain

5. That the board of directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible bonds excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

And when the board of directors approves any issue of shares or convertible bonds excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.

Complies Partially complies Explain

6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website sufficiently in advance of the ordinary general meeting, although their dissemination is not mandatory:

- a) Report on the auditor's independence.
- b) Performance reports of the audit and appointment and remuneration commissions.
- c) Report of the audit committee on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies Partially complies Explain

Partial compliance is due to the publication on the website of investors of the reports issued by the Audit and Control Committee in relation to the independence of the account auditor and the related operations. These reports have been published on the website of the company well in advance of the Ordinary General Meeting held on May 9th, 2019.

7. That the company transmits live, through its website, the holding of general shareholders' meetings.

Complies Explain

The company does not consider it appropriate to broadcast live the general shareholders' meeting due to the capitalisation of the company, the concentration of the share capital and the cost involved, notwithstanding it being reconsidered in the future.

8. That the audit committee ensure that the board of directors seeks to present the accounts to the general shareholders' meeting without limitations or qualifications in the audit report and that, in the unusual cases in which there are exceptions, both the chairman of the audit committee and the auditors must clearly explain to the shareholders the content and scope of said limitations or qualifications.

Complies Partially complies Explain

9. That the company make permanently public on its website the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of the right to vote.

And that such requirements and procedures favour the shareholders' assistance and exercise of their rights and are applied in a non-discriminatory manner.

Complies Partially complies Explain

10. That when a legitimate shareholder has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for agreement, the company:

- a) Immediately disseminates such complementary points and new proposals for agreement.
- b) Makes public the model of attendance card or form of delegation of vote or remote vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted according to the same terms as those proposed by the board of directors.
- c) Submits all those points or alternative proposals to a vote and apply the same voting rules to them as those formulated by the board of directors, including, in particular, presumptions or deductions regarding the direction of the vote.
- d) After the general shareholders' meeting, communicates the breakdown of the vote on such complementary points or alternative proposals.

Complies Partially complies Explain Not applicable

11. That, in the event that the company plans to pay attendance premiums to the general shareholders' meeting, it establishes, in advance, a general policy on such premiums and that said policy is stable.

Complies Partially complies Explain Not applicable

12. That the board of directors carries out its functions with unity of purpose and independence of judgement, dispenses the same treatment to all shareholders who are in the same position and is guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximisation of the economic value of the company.

And in the pursuit of social interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted good practices, try to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of other interest groups that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies Partially complies Explain

13. That the board of directors possess the precise dimension to achieve an efficient and participative operation. For this reason, it is it advisable that it has between five and fifteen members.

Complies Explain

14. That the board of directors approve a policy for the selection of directors that:

- a) Is concrete and verifiable.
- b) Ensures that the proposals for appointment or re-election are based on a prior analysis of the needs of the board of directors.
- c) Favours the diversity of knowledge, experiences and gender.

That the result of the previous analysis of the needs of the board of directors is included in the justification report of the appointments committee which is published when the general shareholders' meeting is convened to which the ratification, appointment or re-election of each director is submitted.

And that the policy of selecting directors promotes the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the board of directors.

The appointment committee will annually verify compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Complies Partially complies Explain

15. That the proprietary and independent directors constitute a large majority of the board of directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company.

Complies Partially complies Explain

16. That the percentage of proprietary directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

- a) In companies with large capitalisation in which shareholdings that are legally considered significant are scarce.
- b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and have no links with each other.

Complies Explain

17. That the number of independent directors represents at least half of the total number of directors.

That, however, when the company is not highly capitalised or when, even if it is, it has a shareholder or several acting in concert, who controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Complies Explain

18. That the companies make public through their website, and keep updated, the following information about their directors:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they carry out, whatever their nature.
- c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.
- d) Date of their first appointment as a director in the company, as well as of subsequent re-elections.
- e) Shares of the company, and options on them, of which they are holders.

Complies Partially complies Explain

19. That in the annual corporate governance report, after verification by the appointments committee, the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital are explained; and the reasons why formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed will be outlined.

Complies Partially complies Explain Not applicable

20. That the proprietary directors present their resignation when the shareholder they represent transfers their shareholding in its entirety. And they also do so, in the corresponding number, when said shareholder reduces their shareholding to a level requiring the reduction of the number of its proprietary directors.

Complies Partially complies Explain Not applicable

21. That the board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she was appointed, except when there is a just cause, appreciated by the board of directors after a report from the appointments committee. In particular, it shall be understood that there is just cause when the director moves into new positions or obtains new obligations that prevent them from devoting the time necessary to carry out the duties of the position of director, breach the duties inherent to their position or incur in some of the circumstances that cause them to lose their status as independent, in accordance with the provisions of the applicable legislation.

Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criterion of proportionality indicated in recommendation 16.

Complies Explain

22. That the companies establish rules which oblige directors to inform and, if applicable, resign in those cases that may harm the credit and reputation of the company and, in particular, it obliges them to inform the board of directors of criminal cases in which they are accused, as well as their subsequent procedural happenings.

And that, if a counsellor is prosecuted or a trial is ordered to be opened for any of the crimes indicated in the corporate law, the board of directors will examine the case as soon as possible and, in view of its concrete circumstances, decide whether or not the director continues in their position. And that the board of directors explain this, in a reasonable manner, in the annual corporate governance report.

Complies Partially complies Explain

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. And, in particular, independent directors and other directors who are not affected by the potential conflict of interest, in the case of decisions that may harm shareholders not represented on the board of directors.

And when the board of directors adopts significant or repeated decisions on which the director has made serious reservations, the latter draws the appropriate conclusions and, if they opt to resign, must explain the reasons in the letter referred to in the following recommendation.

This recommendation also reaches the secretary of the board of directors, even if they do not have the status of a director.

Complies Partially complies Explain Not applicable

24. That when, by resignation or for another reason, a director leaves office before the end of their term, they must explain the reasons in a letter sent to all members of the board of directors. And that, notwithstanding the fact that said termination is reported as a relevant event, the reason for the termination is reported in the annual corporate governance report.

Complies Partially complies Explain Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the regulations of the board establish the maximum number of board of directors of which its directors can be a part.

Complies Partially complies Explain

26. That the board of directors meet with the necessary frequency to perform its functions effectively and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to propose individually other points of order of the day initially not foreseen.

Complies Partially complies Explain

The company partially complies with the fact that the board of directors met seven times during the year 2019 to perform its duties.

27. That any absences of the directors are reduced to indispensable cases and are quantified in the annual corporate governance report. And that, when they should occur, representation is granted with instructions.

Complies Partially complies Explain

28. That when the directors or the secretary express concern about any proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved in the board of directors, at the request of the person who expressed them, a record is left of them in the minutes.

Complies Partially complies Explain Not applicable

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Complies Partially complies Explain

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programmes when the circumstances warrant.

Complies Explain Not applicable

31. That the agenda of the sessions clearly indicates those points on which the board of directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally, on grounds of urgency, the chairman wishes to submit decisions or resolutions that are not included in the agenda for approval by the board of directors, the prior and express consent of the majority of the present directors must be obtained, which will be duly recorded in the minutes.

Complies Partially complies Explain

32. Directors shall be regularly informed of movements affecting shareholders, and opinions that significant shareholders, investors and rating agencies have on the Company and its group.

Compliant Partly complaint Explain

33. The chairman, as the person responsible for the effective operation of the Board, in addition to the duties legally and statutorily entrusted to them, must prepare and submit to the Board of Directors a program of dates and subjects to be discussed; to organise and coordinate the regular evaluation of the Board, as well as, where applicable, the Company's chief executive be responsible for managing the Board and the effectiveness of its operation; ensuring sufficient time is devoted to the discussion of strategic issues, and agree on and review knowledge updating programs for each director when circumstances so advise.

Compliant Partly complaint Explain

34. When there is a Coordinating Director, the Bylaws or the Regulations of the Board of Directors, in addition to the powers legally conferred upon him/her, the following duties must be assigned to the Coordinating Director: to preside over the Board of Directors in the absence of the Chairman and Vice Chairmen, in case of exist; to echo the concerns of non-executive Directors; to maintain regular contact with investors and shareholders, and understand their points of view in order to form an opinion about their concerns, in particular in relation to the Company's corporate governance; and coordinate the Chairman's succession plan.

Compliant Partly complaint Explain Not applicable

35. The Secretary to the Board of Directors should exercise special care to ensure that the Board's actions and decisions take into account recommendations on good governance present in this Good Governance Code that are applicable to the Company.

Compliant Explain

36. The Board of Directors must evaluate once a year and adopt, where appropriate, an action plan to correct weaknesses detected with respect to:

- a) The quality and efficiency of the operation of the Board.
- b) The running and composition of its Committees.
- c) Diversity in the breakdown and competences of the Board of Directors.
- d) The performance of the Chairman of the Board and of the Company's chief executive.
- e) The performance and contribution of each director, paying special attention to the heads of the different Board Committees.

The assessment of the different Committees will be based on the report submitted by them to the Board of Directors, and for the latter, on the report submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted in the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

The business relationships that the consultant or any company in the group maintains with the Company or any company in the group should be broken down in the annual corporate governance report.

The process and areas evaluated will be described in the annual corporate governance report.

Compliant Partly complaint Explain

37. When there is an Executive Committee, the participation structure of the different classification of directors shall be similar to the structure of the Board of Directors, and the Secretary will be the Secretary of the Board.

Compliant Partly complaint Explain Not applicable

38. The Board of Directors should always be aware of the matters dealt with and of the decisions adopted by the Executive Committee and all the Board members should receive a copy of the meeting minutes of the Executive Committee.

Compliant Partly complaint Explain Not applicable

39. Members of the Audit Committee and in particular the Chairman, should be appointed based on their knowledge and experience in the areas of accounting, auditing or risk management, and that the majority of these members be independent directors.

Compliant Partly complaint Explain

40. Under the supervision of the Audit Committee, a unit will run the internal audit function to ensure correct management of the information and internal control systems and its performance will depend on the non-executive Chairman of the Board or the Audit Committee.

Compliant Partly complaint Explain

41. The person in charge of the internal audit function should present an annual work plan to the Audit Committee, directly reporting any incidents that arise during its development and submit an activities report at the end of each year.

Compliant Partly complaint Explain Not applicable

42. In addition to the duties legally entrusted to them, the following responsibilities should correspond to the Audit Committee:

1. In relation to the information and internal control systems:

- a) To supervise the preparation process and the integrity of the financial information related to the Company and, as appropriate, the group, and to verify compliance with regulatory requirements, the appropriate boundaries and the correct application of accounting principles.
- b) Ensure the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; to propose a budget for such service; to approve orientation and work plans, making sure that its activity is mainly focused on the relevant risk of the Company; receive regular information on its activities, and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and monitor a mechanism whereby employees can report confidentially and, if necessary, anonymously any potentially significant irregularities, particularly financial and accounting irregularities, detected within the Company,

2. In relation to the external auditor:

- a) In the event of the resignation of the external auditor, the circumstances motivating this must be reviewed.
- b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.
- c) Ensure that the Company informs CNMV of a change of auditor as a significant event, accompanied by a statement on any disagreements that may have arisen with the outgoing auditor and their content.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them of work performed and evolution of the Company's accounting situation and risks.
- e) Ensure that the Company and the external auditor respect current regulations on the provision of services other than audit services, the limits on the concentration of the auditor's business, and, in general, other rules on the independence of auditors.

Compliant Partly complaint Explain

43. The Audit Committee may meet with any Company employee or manager, even ordering their appearance without the presence of any other manager.

Compliant Partly complaint Explain

44. The Audit Committee should be informed of any structural and corporate changes that the Company plans to carry out for its analysis prior to reporting it to the Board, on the Company's economic conditions and accounting impact and, especially, where applicable, on the proposed exchange ratio.

Compliant Partly complaint Explain Not applicable

45. That the risk control and management policy identify at least:
- The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational) faced by the Company, including financial or economic liabilities, contingent liabilities and other off-balance sheet risks.
 - The levels of risk that the Company considers acceptable.
 - The measures established to mitigate the impact of identified risks, should they actually materialise.
 - The internal control and reporting systems that will be applied to oversee and manage these risks, including contingent liabilities or off-balance-sheet risks.
- Compliant Partly complaint Explain
46. There be an internal risk control and management function under the direct supervision of the Audit Committee or, as the case may be, a specialised committee appointed by the Board of Directors, run by a unit or internal department of the company and assigned the following functions:
- Ensure the smooth functioning of the risk management and control systems and, in particular, identify, manage and quantify all important risks that affect the Company.
 - Actively participate in the risk strategy development and in important decisions about its management.
 - Ensure that the risk management and control systems mitigate risks adequately and within the policy framework defined by the Board.
- Compliant Partly complaint Explain
47. Members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed based on their knowledge, skills and experience appropriate to the duties of their role and that the majority of these members be independent directors.
- Compliant Partly complaint Explain
48. Companies with high capitalisation have a separate Appointments and Remuneration Committee.
- Compliant Explain Not applicable
49. The Appointments Committee should consult the Chairman and the chief executive of the company, especially when dealing with matters concerning the executive Directors.
- And that any Director may request the Appointments Committee to take into consideration, if deemed suitable, potential candidates to fill director vacancies.
- Compliant Partly complaint Explain
50. The Remuneration Committee should exercise its duties independently and that, in addition to the duties legally entrusted to them, the following responsibilities should correspond:
- Propose to the Board the basic contract conditions for senior management.
 - Monitor the observance of the remuneration policy established by the Company.

- c) Regularly review the remuneration policy applicable to directors and senior management, including the remuneration systems consisting of shares and their application, as well as ensuring that individual remuneration is proportionate to that paid to other company directors and senior executives.
- d) Ensure that any conflicts of interest do not prejudice the independence of external advice provided to the Committee.
- e) Verify remuneration information for directors and senior management contained within various corporate documents, including the annual report on the remuneration of directors.

Compliant Partly complaint Explain

51. The Remuneration Committee should consult the Company Chairman and the chief executive, especially when dealing with matters relating to executive directors and senior management.

Compliant Partly complaint Explain

52. The rules on the composition and running of the Supervision and Control Committees should appear in the Board of Directors regulations, and be consistent with the legally binding commissions in line with previous recommendations, including:

- a) That they be formed exclusively by non-executive directors, composed with a majority of independent directors.
- b) That the Committee Chairmen be independent directors.
- c) That the Board of Directors appoint committee members based on each director's knowledge, skills and experience and the tasks of each committee, to discuss their proposals and reports; taking into account the work carried out before the first plenary session of the Board of Directors subsequent to its meeting.
- d) That Committees may engage external advisors, whenever they see fit to perform their duties.
- e) That meeting minutes be prepared and made available to all directors.

Compliant Partly complaint Explain Not applicable

Partial compliance is due to the fact that the Board of Directors of AEDAS Homes is equipped with three Committees to which different supervision and control responsibilities are delegated.

Regarding the Committees constituted by legal requirements, corresponding to the Audit and Control Committee; and Appointments and Remuneration Committee, it should be noted that they comply with all the recommendations established in recommendation 52.

In terms of the Technology Committee, it presents partial compliance with recommendation 52, since it does not follow the indication that it is composed exclusively of non-executive directors and a majority of independent directors, following other CNMV recommendations. The reason for not following the recommendation referred to in this section is that, when considering the technological development of the company code to be able to reach future strategic objectives in the same way, it is of vital importance that the Chief Executive Officer participates in the committee to promote the implementation of the Company's key technological development plans.

53. The supervision of compliance with the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy be attributed to one or be distributed among several Board Committees including the Audit Committee, the Appointments or the Corporate Social Responsibility Committee, or a specialist Committee appointed by the Board of Directors for that purpose, to which specifically the following minimum duties apply:

- a) Supervise compliance with the internal code of conduct and the Company rules of corporate governance.
- b) Supervise communication strategy and relationship with shareholders and investors, including small and medium shareholders.
- c) Carry out regular evaluation of the adequacy of the company corporate governance system in order to promote social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) Review the company corporate responsibility policy, ensuring that it is directed towards the creation of value.
- e) Monitor the corporate social responsibility strategy and practices and assess their degree of compliance.
- f) Supervise and evaluate relationship processes with the different stakeholders.
- g) Evaluation of everything related to the non-financial risks of the company including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the process of reporting non-financial information and diversity, in accordance with applicable regulations and international reference standards.

Compliant Partly complaint Explain

54. The corporate social responsibility policy must include the principles or commitments that the company assumes voluntarily in its relationship with different stakeholders and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of support tools.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific issues on matters related to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conducts.
- d) Methods or systems for monitoring the application of results on the specific issues indicated in the previous point, the associated risks and their management.
- e) Monitoring mechanisms of non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Compliant Partly complaint Explain

55. Company reports on matters related to corporate social responsibility to be submitted in a separate document or in the management report, using some of the internationally accepted methodologies

Compliant Partly complaint Explain

56. Remuneration for directors is necessary to attract and retain directors of the required profile and to reward dedication, skill and responsibility that the position requires, but should not be so high as to compromise the independence of directors and non-executives

Compliant Explain

57. Variable remuneration should be linked to both company and personal performance, as well as remuneration through the delivery of shares options or rights over shares or tools referenced to the value of the share and the savings systems, and be limited to the executive directors in the long term in the form of pension plans, retirement schemes or other social welfare systems.

The delivery of shares may be considered as remuneration for non-executive directors when it is a condition to keep them until they step down as directors. This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.

Compliant Partly complaint Explain

58. In the case of variable remuneration, the remuneration policies should incorporate limits and precise technical cautions to ensure that such remunerations are related to the professional performance of their beneficiaries and do not derive solely from the general evolution of the markets or the sector of activity of the company or other similar circumstances.

And, in particular, that the variable components of remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and that said criteria considers the risk assumed to obtain a result.
- b) Promote the sustainability of the Company and include non-financial criteria adequate for the creation of long-term value, such as compliance with the Company rules and internal procedures and its policies for the control and management of risks.
- c) Are configured on the basis of a balance between the fulfilment of short, medium and long-term objectives, rewarding performance and motivating to encourage a continuous performance over a sufficient period of time to appreciate staff contribution to the sustainable creation of value, so that the elements of performance measurement do not revolve solely around specific, occasional or extraordinary events.

Compliant Partly complaint Explain Not applicable

Partial compliance is due to the fact that the Company applies a variable remuneration model based on clear and precise metrics, although this recommendation is not fulfilled in its entirety since all the variables considered in the model are of a financial nature.

59. Payment of a relevant part of the variable components of remuneration be deferred for a sufficient period of time to verify that the previously established performance conditions have been met.

Compliant Partly complaint Explain Not applicable

60. Remuneration based on the Company results should take into account any reservations stated in the external auditor's report that may reduce said results.

Compliant Partly complaint Explain Not applicable

61. A significant percentage of the variable remuneration of executive directors be linked to the delivery of shares or financial tools referenced to their value.

Compliant Partly complaint Explain Not applicable

62. Once shares options or rights based on the remuneration systems have been attributed, directors cannot transfer ownership of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights for at least three years from their allocation.

This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.

Compliant Partly complaint Explain Not applicable

In this regard, it must be explained that under the Flexible Payment Plan, the CEO of AEDAS Homes will receive a block of shares in the third year of each plan cycle. Shares obtained under the Flexible Payment Plan must be kept for at least one year. This procedure is in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the CEO of AEDAS Homes.

63. Contractual agreements should include a clause that allows the Company to reclaim variable components of remuneration when payment was not adjusted to the performance conditions, or that was paid on the basis of data that was subsequently proved inaccurate.

Compliant Partly complaint Explain Not applicable

64. Payments for contract resolution must not exceed a fixed amount equivalent to two years of total annual remuneration and must not be paid until the Company has verified that the director has previously met the established performance criteria.

Compliant Partly complaint Explain Not applicable

In this regard, it must be explained that the CEO of AEDAS Homes, in case of unilateral resolution of contract by the Company, will be entitled to two years' fixed remuneration (with three months' notice), receiving a higher compensation than two full years if the Board decides to activate the non-competition clause in which the CEO would receive a fixed remuneration annuity. Additionally, in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the CEO of AEDAS Homes.

H) OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company or companies in its group that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or its group, explain briefly.
2. This section may include any other information, clarification or observation related to the above sections of this report, to the extent that they are relevant and do not repeat information already provided.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. The Company may also indicate whether it voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the code in question and the date of its adoption. In particular, state whether the company has signed up to the Good Tax Practices Code of 20 July 2010.

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 25 February 2020.

Indicate whether any director abstained or voted against the approval of this Report.

Yes No

Personal or corporate name of board member that did not vote in favour of approving this report	Reasons (against, abstention, non-attendance)	Explain the reasons
-	-	-

**Auditor's Report on Information Relating to Internal Control Over
Financial Reporting (ICFR) of AEDAS HOMES S.A.
for the 2019 Financial Year**

AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

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

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

As requested by the Board of Directors of AEDAS HOMES, S.A. (hereinafter, the Company) and our proposal letter of January 07, 2020, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of AEDAS HOMES, S.A. for 2019, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system, and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the product resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design or effective functioning in respect of the Company's 2019 financial reporting disclosures, as described in the accompanying ICFR disclosures. As a result, had we performed additional procedures to those stipulated in the abovementioned C.N.M.V. report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph X, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by C.N.M.V. Circular nº 5/2013 of June 12, 2013 of the C.N.M.V., subsequently amended by C.N.M.V. Circular nº 7/2015 of December 22, 2015, and C.N.M.V. Circular 2/2018 of June 12 (hereinafter, the C.N.M.V. Circulars).
2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: a) Obtain an understanding of the process followed in its preparation; b) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; c) Obtain information on whether the control procedures described are implemented and in use by the Company.
3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit committee.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.
5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company, to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the C.N.M.V. circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(signed on the original version in Spanish)

Fernando González Cuervo

February 25, 2020

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES**

ISSUER'S PARTICULARS

FINANCIAL YEAR ENDING (DATE)

31/03/2020

COMPANY TAX ID NO. (CIF)

A87586483

COMPANY NAME

AEDAS HOMES, S.A.

REGISTERED OFFICE

Paseo de la Castellana, 42. 28046 Madrid.

**ANNUAL CORPORATE GOVERNANCE REPORT
AEDAS HOMES, S.A.**

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
19/10/2017	47,966,587.00	47,966,587	47,966,587
Remarks			
-			

Indicate whether different classes of shares exist with different associated rights:

Yes No

A.2 List the direct and indirect holders of significant shareholdings at year-end, excluding Board members:

Personal or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RORY JOSEPH O'NEILL	-	60.64%	-	-	60.64%
T. ROWE PRICE ASSOCIATES, INC	-	5.08%	-	-	5.08%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	-	4.09%	-	-	4.09%
UBS GROUP AG	-	0.07%	5.11%	-	5.18%
DANIEL MARTIN	-	-	-	5.08%	5.08%
Remarks					
-					

Breakdown of indirect shareholdings:

Personal or corporate name of the indirect shareholder	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
RORY JOSEPH O'NEILL	HIPOTECA 43 LUX, S.A.R.L.	60.64%	-	60.64%
T. ROWE PRICE ASSOCIATES, INC	T. ROWE PRICE INTERNATIONAL, LTD	5.08%	-	5.08%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	Through various fund managers and accounts	4.09%	-	4.09%
UBS GROUP AG	UBS AG	0.07%	5.11%	5.18%
DANIEL MARTIN	RYE BAY EUROPEAN MASTER FUND LIMITED	-	5.08%	5.08%

Indicate the most significant movements in the shareholding structure during the financial year:

Personal or corporate name of shareholder	Transaction date	Description of the transaction
-	-	-

A.3 Complete the following tables detailing the members of the Board of Directors who own voting shares in the company:

Personal or corporate name of board member	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Dña. MILAGROS MÉNDEZ UREÑA	0.001%	-	-	-	0.001%	-	-
Mr. DAVID MARTÍNEZ MONTERO	0.16%	-	-	-	0.16%	-	-
Mr. EVAN ANDREW CARRUTHERS	0.06%	-	-	-	0.06%	-	-
Mr. SANTIAGO FERNÁNDEZ VALBUENA	0.006%	-	-	-	0.006%	-	-
Mr. JAVIER LAPASTORA TURPÍN	0.003%	-	-	-	0.003%	-	-

% of total voting rights held by the Board of Directors	0.23%
--	-------

Remarks
-

Breakdown of indirect shareholdings:

Personal or corporate name of board member	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
-	-	-	-	-	-

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except those reported under section A.6:

Related-party name or corporate name	Type of relationship	Brief description
-	-	-

A.5 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
-	-	-

A.6 Describe the relationships – unless they are insignificant to both parties – between the significant shareholders, or the shareholders represented on the board, and the directors, or their representatives, in the case of directors who are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, the board members who have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or who are linked to significant shareholders and/or entities in their group, with specification of the nature of such relationships, are to be indicated. In particular, mention should be made, where appropriate, of the existence, identity and position of members of the board, or representatives of the directors, of the listed company who are, in turn, board members, or their representatives, in companies which hold significant shareholdings in the listed company or in entities of the group of such significant shareholders.

Personal or corporate name of the related board member or representative	Personal or corporate name of the related significant shareholder	Corporate name of company of the significant shareholder's group	Description of relationship/role
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.	AEDAS HOMES, S.A.	Board Member

Remarks
The following Board Members represent Hipoteca 43 Lux, S.A.R.L. on the Board of Directors: Mr. Evan Andrew Carruthers and Mr. Eduardo Edmundo D'Alessandro Cishek. No other significant shareholder is represented on the Board of Directors of the Company.

A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Capital Companies Act (LSC). If so, provide a brief description and list the shareholders bound by this pact:

Yes No

Shareholders bound by the agreement	% of share capital affected	Brief description of the agreement	End date of the agreement, if one exists
-	-	-	-

Remarks
-

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

Yes No

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action	End date of the concerted action, if one exists
-	-	-	-

Remarks
-

Expressly indicate any amendments to or termination of such agreements or concerted actions during the financial year, where applicable:

-

A.8 Indicate whether there is any individual or legal entity that exercises or may exercise control over the company in accordance with article 5 of the Spanish Securities' Market Act. If so, give details:

Yes No

Name or corporate name
<ul style="list-style-type: none"> • HIPOTECA 43 LUX, S.A.R.L. • Mr. RORY JOSEPH O'NEILL

Remarks
Hipoteca 43 Lux S.A.R.L. is the majority shareholder at AEDAS Homes with 60.64% of voting rights. Indirectly, Mr. Rory Joseph O'Neill could exercise control over the Company.

A.9 Complete the following tables on the company's treasury stock:

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
1,820,671	236,406	4.29%

Remarks
AEDAS Homes closed at 31 March 2020 with a treasury stock level of 4.29% over the capital as it has 2,057,077 treasury shares at an average price of 20.40 euros/share. Treasury stock is comprised of 1,820,671 directly held shares and 236,406 indirectly held shares.
Within the framework of treasury stock operations, acquisitions have been carried out (572,020 shares) as well as sales (236,406 shares) in the first quarter of financial year 2020, described in this Corporate Governance Report in the section in which significant changes are explained.

(*) Held through:

Personal or corporate name of the direct shareholder	Number of shares held directly
Goldman Sachs International (GSI)	236,406
Total:	236,406

Give details of any significant changes during the financial year:

Details of significant changes	
<p>The treasury stock position in the first quarter of 2020 has increased with respect to the closing of 2019, at 2,057,077 shares with 4.29% of the capital at an average price of 20.40 euros/share, as compared with the treasury stock position of 1,485,057 shares with 3.10% of capital at an average price of 20.60 euros/share at 31 December 2019.</p> <p>This change in treasury stock is due to an increase of 572,020 directly held shares, due to the acquisition of shares, and of 236,406 indirectly held shares, through the equity swap signed with Goldman Sachs International.</p> <p>On 8 January 2020, AEDAS Homes signed 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 the same date, within the framework of the equity swap signed, the first sale was made to GSI of 236,406 shares for the amount of 4,999,987 euros, where this operation is recorded as indirect holding for the purposes of treasury stock as there is an obligation to buy back these shares.</p> <p>The liquidation date of the equity swap with Goldman Sachs is 8 January 2021.</p>	

A.10 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back or transfer treasury stock.

<p>La Junta General de Accionistas celebrada el pasado 30 de marzo de 2020 aprobó en su acuerdo séptimo del Orden del Día, autorizar al Consejo de Administración de Aedas Homes, S.A., en los términos más amplios posibles, para que pueda llevar a cabo, directa o indirectamente, y en la medida que lo estime conveniente en atención a las circunstancias, la adquisición derivativa, en cualquier momento y cuantas veces lo considere oportuno, de acciones de la propia Sociedad dentro de los límites legales existentes en cada momento, todo ello conforme a los términos y condiciones que se indican a continuación:</p> <p>(i) Modalidades de la adquisición: las modalidades de adquisición podrán consistir en compraventa, permuta o cualquier otra modalidad de negocio a título oneroso, según lo aconsejen las circunstancias.</p> <p>(ii) Número máximo de acciones a adquirir: las acciones propias adquiridas, directa o indirectamente, sumándose a las que ya posean la Sociedad y sus filiales, no podrán exceder del 10% del capital social o del importe máximo que pudiera establecerse legalmente.</p> <p>(iii) Contravalor mínimo y máximo cuando la adquisición sea onerosa: el precio mínimo o contraprestación por la adquisición será equivalente al valor nominal de las acciones propias adquiridas, y el precio máximo o contraprestación por la adquisición será equivalente al que resulte superior entre el valor nominal de las acciones propias adquiridas y su precio de cotización de cierre de la última sesión bursátil anterior a la adquisición incrementado en un 15%.</p> <p>(iv) Duración de la autorización: la autorización se concede por un plazo de cinco años, a contar desde la fecha de celebración de la presente Junta General.</p> <p>Igualmente, la Junta General de Accionistas, acordó autorizar al Consejo de Administración para que pueda destinar las acciones que se adquieran a su enajenación o amortización, a la consecución de potenciales operaciones corporativas o de negocio, o a la entrega de las mismas directamente a los trabajadores o administradores de la Sociedad, o como consecuencia del ejercicio de derechos de opción de que aquéllos sean titulares, conforme a lo previsto en el párrafo tercero del apartado 1.a) del artículo 146 de la Ley de Sociedades de Capital.</p> <p>La aprobación de este acuerdo implica, desde el momento de su aprobación por la Junta General de Accionistas, que el anterior acuerdo de autorización al Consejo de Administración para la adquisición derivativa de acciones propias aprobado mediante la decisión duodécima del entonces Socio Único de la Sociedad de fecha 11 de septiembre de 2017 queda sustituido por éste. En este sentido, cualquier acuerdo societario que continúe vigente a la fecha de aprobación de este acuerdo y que haya sido aprobado al amparo de la decisión duodécima del Socio Único de la Sociedad de fecha 11 de septiembre de 2017 se entenderá realizado al amparo del presente acuerdo desde el momento de su aprobación por la Junta General de Accionistas."</p>	
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A.11 Estimated free float:

	%
Estimated free float	15.41%

A.12 Indicate whether there are any restrictions (Bylaws, legislative or of any kind) on the transferability of securities and/or any restrictions on voting rights. In particular, the existence of any type of restrictions that may hinder the takeover of the company through the acquisition of its shares on the market, as well as any systems of prior authorisation or communication that, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it by sectorial regulations, are to be indicated.

Yes No

Description of restrictions
-

A.13 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid pursuant to Law 6/2007.

Yes No

Where applicable, explain the measures adopted and the terms under which the restrictions may be lifted.

Explain the measures adopted and the terms under which the restrictions may be lifted.
-

A.14 Indicate whether the company has issued securities that are not traded in a regulated European Union market.

Yes No

If so, indicate the various classes of shares and, for each class, the rights and obligations they confer.

Indicate the various classes of shares
-

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and outline any differences, where appropriate, between the required quorum for convening the General Shareholders' Meeting and the quorum required by the Spanish Capital Companies Act (LSC).

Yes No

	% of quorum other than that established in Article 193 of the LSC for general cases	% of quorum other than that established in Article 194 of the LSC for special cases as described in Article 194 of the LSC
Quorum required for 1 st call	-	-
Quorum required for 2 nd call	-	-

Description of differences
-

B.2 Indicate and describe, where appropriate, any differences between the company's system of adopting corporate resolutions and the framework established in the LSC:

Yes No

Describe how they differ from the rules established in the LSC.

	Qualified majority other than that established in Article 201.2 of the LSC for cases described in Art. 194.1 of the LSC	Other cases requiring a qualified majority
% set by company for adopting corporate resolutions	-	-

Description of differences
-

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, where applicable, the rules for protecting shareholders' rights when amending Bylaws.

The General Shareholders' Meeting is responsible for making amendments to the Bylaws under Article 285 et seq. of the Spanish Capital Companies Act (LSC).

The Regulations governing the General Shareholders' Meeting set out the rules that apply to any amendment of the Company's Bylaws in Article 19, Constitution of the General Shareholders' Meeting.

"The General Shareholders' Meeting shall remain validly constituted at first call when shareholders representing at least twenty-five per cent of the share capital with voting rights are present or represented. At second call, a General Meeting shall be validly constituted regardless of the share capital in attendance.

Notwithstanding the contents of the preceding paragraph, in order for an ordinary or extraordinary General Meeting to validly agree to a capital increase or reduction or any other amendment of the Bylaws, the issue of bonds and securities for which competence has not been legally assigned to another Company body, the cancellation or restriction of the right of pre-emption over new shares, or the Company's transformation, merger or demerger or the global assignment of its assets and liabilities or the transfer of its registered office abroad, shareholders holding at least fifty percent of the subscribed share capital with voting rights must be either present or represented at the Meeting at first call. At second call, the presence of twenty-five per cent of the share capital shall be sufficient, but when shareholders representing less than fifty per cent of the subscribed share capital with voting rights are present, the company resolutions referred to in this paragraph may only be validly adopted if they receive a favourable vote from two thirds of the share capital that is either present or represented at the General Shareholders' Meeting.

The provisions set out in this present Article shall be understood to be without prejudice to any qualified majorities that may be established in the applicable legislation or these Bylaws in respect of the constitution of meetings and votes."

Article 29 of these Regulations establishes that proposals for resolutions on items included in the agenda shall be submitted to a vote, and any issues that are substantially independent of one another shall be voted on separately so that shareholders can exercise their voting preferences separately. This includes cases involving the amendment of the Bylaws.

"The General Shareholders' Meeting shall vote separately on any issues that are substantially independent of one another so that shareholders may exercise their voting preferences separately. In any case, even though they may be included in the same item on the agenda, the following must be voted on separately:

- (i) the appointment, re-election or ratification (in the case of co-opting) of directors, who must be voted on individually,
- (ii) votes relating to consultation on the annual report on directors' pay; and
- (iii) in the event of the amendment of the Bylaws, each Article or group of Articles that is substantially independent.

However, where the circumstances make it advisable, the Chairman may rule that proposals relating to several items on the agenda should be voted on jointly, in which case the result of the vote will be understood to be individually reproduced for each proposal, so long as none of the attendees expresses a wish to modify the way in which he or she has voted in respect to one of these proposals. Otherwise, the minutes will reflect the way in which each attendee has modified his or her vote, along with the results of the vote in relation to each proposal as a consequence of such modifications."

The majorities required in order to amend the Bylaws are set out in Article 32 of the Regulations governing the General Shareholders' Meeting, along with the majorities required to adopt the resolutions referred to in Article 19.2 of the aforementioned Regulations, indicating that, "if the share capital present or represented exceeds fifty per cent, it will be sufficient for the resolution to be adopted by an absolute majority. However, a favourable vote from two thirds of the share capital present or represented at the Meeting shall be required at second call when shareholders representing at least twenty-five per cent but less than fifty per cent of the subscribed share capital with voting rights are present."

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the financial year to which this report relates and during preceding years:

Date of General Meeting	Attendance data				
	% attending in person	% attending by proxy	% remote votes		Total:
			Electronic vote	Others	
30/03/2020	60.87%	19.49%	0.003%	60.86%	80.36%
Free float:	1.08%	11.97%	0.000%	1.79%	13.77%

Remarks
<p>The General Shareholders' Meeting of AEDAS Homes on 30 March 2020 was broadcast live through the corporate web (www.aedashomes.com) by live streaming, allowing all of the shareholders to follow the meeting at a distance, in compliance with:</p> <ul style="list-style-type: none"> The temporary, extraordinary measures included in Royal Decree 463/2020, of 14 March, which declares the state of alarm in national territory to deal with the health crisis situation, raised to the level of an international pandemic, caused by COVID-19. The considerations of the CNMV of 10 March 2020 on general shareholders' meetings of listed companies in the context of the health situation caused by Covid-19. <p>Given this extraordinary situation, the calculation of the natural persons attending the General Shareholders' Meeting, indicated in the preceding box, corresponds to the count of shareholders present electronically.</p>

B.5 Indicate whether at the General Shareholders' Meetings held during the financial year there were any items on the agenda that, for whatever reason, were not approved by the shareholders.

Yes No

Items on the agenda that were not approved	% of votes against (*)
-	-

(*) If the non-approval of the item is for a reason other than a vote against, it should be explained in the text and "n/a" should be indicated under the column headed "% of votes against".

B.6 Indicate whether there are any Bylaw restrictions requiring a minimum number of shares to attend the General Shareholders' Meeting, or to be able to vote remotely:

Yes No

Number of shares required to attend General Meetings	1
Number of shares required to be able to vote remotely	1

B.7 Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, contribution to another company of essential assets or other similar corporate operations, must be submitted for the approval of the General Shareholders' Meeting.

Yes No

Explanation of decisions to be submitted to the board, other than those established by Law
-

B.8 Indicate the address of your Company's website and how to access the content on corporate governance, along with any other information on General Meetings which must be made available to shareholders on the Company website.

Information relating to corporate governance and General Meetings is made available on the AEDAS Homes corporate website under the section "Shareholders and Investors", which can be accessed via www.aedashomes.com.

This section sets out the most relevant information on corporate governance at the Company, and the different sections can be accessed under the following headings:

CORPORATE GOVERNANCE	Information
General Shareholders' Meeting	Rules and Regulations of the General Shareholders' Meeting Convening meetings, agenda and minutes of each GSM
Board of Directors	Board Regulations and Organisational structure: Members and Committees Regulations of the Appointments and Remuneration Committee
Corporate Governance Reports	Annual Corporate Governance Report Annual Report on Directors' Remuneration
Bylaws	Articles of Association
Corporate Policy	Code of Conduct Anti-Corruption Policy Policy on Communications with Shareholders and Investors Third Party Code of Conduct Corporate Social Responsibility Policy Regulations governing Internal Conduct in matters relating to Stock Markets Quality Assurance and Environmental Protection Policy Health and Safety Policy Directors' Remuneration Policy Shareholders' Remuneration Policy

The meeting of the Board of Directors of 25 February 2020 unanimously approved the holding of a General Shareholders' Meeting on 30 March 2020. It also approved the text of the announcement to hold the meeting to be published subsequently in one of the newspapers with the widest circulation in Spain, in accordance with Article 516 of the Spanish Capital Companies Act and on the web of the Spanish Securities and Exchange Commission. The announcement of the holding of the General Shareholders' Meeting of 30 March 2020 is available on the corporate web (www.aedashomes.com) in the section on Corporate Governance, subsection General Shareholders' Meeting.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of board members stipulated in the Bylaws and the number set by the General Shareholders' Meeting:

Maximum number of Board Members	15
Minimum number of Board Members	5
Number of Board Members set by the General Shareholders' Meeting	-

C.1.2 Complete the following table with the Board Members' details:

Personal or corporate name of board member	Representative	Category of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
Ms. CRISTINA ÁLVAREZ ÁLVAREZ	-	Independent	Board Member	04/10/2017	04/10/2017	Sole Shareholder Decision	18/04/1969
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	12/03/1979
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	17/12/1980
Mr. SANTIAGO FERNÁNDEZ VALBUENA	-	Independent	Chairman of the Board	27/09/2017	27/09/2017	Sole Shareholder Decision	22/04/1958
Mr. EMILE K. HADDAD	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	14/06/1958
Mr. JAVIER LAPASTORA TURPIN	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	05/09/1966
Mr. DAVID MARTÍNEZ MONTERO	-	Executive	CEO	27/09/2017	27/09/2017	Sole Shareholder Decision	07/11/1970
DÑA. MILAGROS MENDEZ UREÑA	-	Independent	Board Member	09/05/2019	09/05/2019	General Shareholders' Meeting	14/09/1960
Mr. MIGUEL TEMBOURY REDONDO	-	Independent	Board Member	27/09/2017	27/09/2017	Sole Shareholder Decision	01/04/1969

Total number of Board Members	9
--------------------------------------	---

Indicate any termination, be it due to resignation, dismissal or any other cause that has occurred on the Board of Directors during the reporting period:

Personal or corporate name of board member	Category of Board Member at the time of termination	Date of last appointment	Termination date	Specialised Committees of which he/she was a member	Indicate whether the termination took place before the end of his/her term
-	-	-	-	-	-

Reason for termination and other remarks
-

C.1.3 Complete the following tables on the Board Members and their respective categories:

EXECUTIVE DIRECTORS

Personal or corporate name of director	Position in company's organisational structure
Mr. DAVID MARTÍNEZ MONTERO	Managing Director
Profile	
David Martínez Montero (7 November 1970), has been Managing Director of AEDAS Homes since September 2017 (Executive Director).	
David holds an MSc in Civil and Structural Engineering from the Polytechnic University of Madrid (UPM) and an Executive MBA from IESE Business School.	
During his professional career he has been Managing Director of Distrito Castellana Norte (BBVA - San José Group) between 2013 and 2016, Managing Director of Valdebebas between 2005 and 2013, Managing Director of 4 Torres Business Area (Urban Development) between 2002 and 2005, Project Manager at Bovis Land Lease between 1998 and 2005 and Construction	

Engineer at Ferrovial between 1996 and 1998. In addition, he is a member of the Committee of the Urban Land Institute, Madrid. Since February 19, 2020, David Martínez is a director and president of the company "Live Virtual Tours S.L."

He has owned 73,328 shares of AEDAS Homes since 23 November 2017 and acquired 3,000 additional shares on 4 October 2018 at a price of 26.66 euros per share. He has no call options on shares of AEDAS Homes and has no relationship with other Board Members or Executives of the Company.

Total number of Executive Directors	1
% of Board	11.11%

EXTERNAL PROPRIETARY DIRECTORS

Personal or corporate name of director	Personal or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX, S.A.R.L.

Profile

Mr. EVAN ANDREW CARRUTHERS

Evan Andrew Carruthers (12 March 1979) joined AEDAS Homes as a Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017.

Evan holds a Bachelor's degree in Business Administration, majoring in Finance from the University of St. Thomas, Minneapolis, Minnesota (USA).

Evan is co-founder of Castl lake (2005), along with his company partner Rory Joseph O'Neill (CEO and Managing Partner of Castl lake), and as a Managing Partner, he is responsible for the company's global investment activities across all asset classes, guiding the company's relationship-driven approach, and leading all of the company's investment teams. He is also a member of the Castl lake Investment Committee with voice and vote.

Previously, Evan was investment manager at Cargill Value Investment (CVI, now called CarVal Investors), and was responsible for corporate and asset-based investments in North America and participated actively in the development of Cargill's global aviation investment activities. He also worked at Piper Jaffray, a Minneapolis-based business bank, where he held a variety of roles.

To highlight his recognised experience in the sector since 2000: he has led investments in more than 40 countries across multiple industries and has been directly involved in the development of both asset-based and credit-based investment activities.

In addition, Evan has been an Independent Director of Five Point Holdings, LLC, a North American listed company, since May 2017, in which Emile Haddad is Chairman and Chief Executive Officer. He has also been a Proprietary Director since October 2014 of the following companies: Castl lake Lease Aircraft Trust 2014-1 (CLAS 2014-1); Castl lake Lease Aircraft Trust 2015-1 (CLAS 2015-1); Castl lake Lease Aircraft Trust 2016-1 (CLAS 2016-1); Castl lake Lease Aircraft Trust 2017-1 (CLAS 2017-1); and Castl lake Lease Aircraft Trust 2018-1 (CLAS 2018-1).

He has a total of 27,000 shares of AEDAS Homes which were acquired on 15th and 16th October 2018, 10,400 and 16,600 shares respectively, at an average price of €23.99 per share for the former and €24.36 per share for the latter. He does not have share options on the Company.

He also has a relationship with Eduardo D'Alessandro, Proprietary Director of AEDAS Homes (partner of Castl lake).

Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK

Eduardo Edmundo D'Alessandro (17 December 1980) joined AEDAS Homes as Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017.

Eduardo holds a degree in Finance (cum laude) from Manhattanville College and an MBA from the London School of Economics.

He joined Castl lake in 2011 and became partner in 2017. Eduardo leads the line of investment on a portfolio of land acquisition in Spain and is also responsible for strategy in Portugal, Italy, Greece, the United Kingdom and Ireland. His experience also includes direct real estate purchase opportunities and non-performing loans in Germany and Eastern Europe. As a partner in Castl lake, he is responsible for non-performing loans and real estate investment opportunities in Southern Europe, the United Kingdom and Ireland. He is also a member of the Castl lake Investment Committee with voice and vote.

Prior to joining Castl lake, he was an investment consultant at Deutsche Bank, in its special situations group, focusing on non-performing loan investments across Europe. Prior to that, he was an investment associate at CarVal Investors (CVI) within the Loan Portfolio Group. At CVI,

he worked on non-performing loans and real estate investments in the United Kingdom, Germany and Spain.
Eduardo has neither shares nor share options on AEDAS Homes. He also has a relationship with Evan Carruthers through being a member of the Castllake team.

Total number of Proprietary Directors	2
% of Board	22.22%

EXTERNAL INDEPENDENT DIRECTORS

Personal or corporate name of the director	Profile
MR. SANTIAGO FERNÁNDEZ VALBUENA	Independent Director President of the Board of Directors
MR. JAVIER LAPASTORA TURPÍN	Independent Director President of the Audit and Control Committee
MR MIGUEL TEMBOURY REDONDO	Independent Director President of the Appointments and Remuneration Committee
MRS. CRISTINA ÁLVAREZ ÁLVAREZ	Independent Director President of the Technology, Innovation and Cyber-security Committee
MR EMILE K. HADDAD	Independent Director
MRS. MILAGROS MÉNDEZ UREÑA	Independent Director

Profile
<p><u>MR. SANTIAGO FERNÁNDEZ VALBUENA</u></p> <p>Santiago Fernández Valbuena (April 22nd, 1958). He is an Independent Director since September 2017 and the President of the Board of Directors of AEDAS Homes.</p> <p>Santiago has a bachelor's degree in Economic Sciences of the Universidad Complutense, he has a PhD in Economics and also a master's degree from the Northeastern University de Boston (MS).</p> <p>He has been the President of Telefónica Latinoamérica (2011 – 2014), General Director of Finance and Strategy (2010 – 2011) and General Director of Finance and Corporate Development (2002 – 2010) in Grupo Telefónica. Formerly he had been the President of Fonditel, General Director of Société Générale Valores and Head of Equities Beta Capital.</p> <p>He's tenured Professor in Applied Economics (on personal leave) on the Universidad Complutense de Madrid, of the Universidad de Murcia and he has been a teacher on the IE Business School.</p> <p>Santiago is Vice-president in EBN Banco de Negocios, while also being Proprietary Director of this entity from November 2015. He's also a Independent Director since 2008 and a member of the Audit Committee of Ferrovial, S.A. He had previously been the Vice-president of Metrovacesa (1999 – 2007).</p> <p>He has 3,000 shares of AEDAS Homes purchased on October 3rd, 2018 at a price of €25.86 per share.</p> <p>He has no purchase options over the shares of the Company, and he has no relationship with the other Directors or managers of the Company.</p> <p><u>MR. JAVIER LAPASTORA TURPÍN</u></p> <p>Javier Lapastora Turpín (September 5th, 1966) was incorporated to AEDAS Homes as an Independent Director in September 2017, and he is the President of the Audit and Control Committee.</p> <p>He has a bachelor's degree in Economic and Business Administration of the Universidad Complutense, and he also have a PDD (Programa de Desarrollo Directivo or management development programme) from the Instituto de la Empresa. He is a registered auditor in Spain (ROAC) and a member of the Expertos Contables of ICJCE.</p> <p>He was partner on PwC between 2002 and 2015, where he led the real estate and construction area from 2007 to 2011, and from 2011 to 2015 he was a Managing Partner of Audit and Quality.</p> <p>He is currently an entrepreneur with interests in many companies dedicated to investment, project management, real estate or franchising, while also being a member of the Economic Board of the Archidiócesis de Madrid.</p>

He is an Independent Director in Servicios Financieros Carrefour EFC, SA since June 2016, and in Mostostal Warszawa, SA (Poland) since October 2017. He is the President of the Mixed Audit and Risk Committee since 2018 in Servicios Financieros Carrefour EFC, SA. At the same time, he is a Proprietary Director in Glendalough Investments, SL since March 2017, in Clonmacnoise Developments, SL since April 2015, in Bazkariak Kalitate, SL since May 2015, in Kilmore Managements Services, SL since May 2015, in Tullamore Properties, SL since May 2015, in Connemara Properties, SL since February 2018 and in Westhill Investments, SL since February 2017.

He has 1,579 shares of AEDAS Homes purchased on October 19th, 2018 at a price of €31.65 per share.

He has no purchase options over the shares of the Company, and he has no relationship with the other Directors or managers of the Company.

MR. MIGUEL TEMBOURY REDONDO

Miguel Temboury Redondo (1st April 1969) joined AEDAS Homes as an Independent Director in September 2017. He is the President of the Appointments and Remuneration Committee.

Miguel holds a bachelor's degree in Law and Business Administration and Management from ICADE (E-3).

He was Deputy Secretary of Economy and Competitiveness for the Spanish government from 2011 to 2016 and a member of both the Governing Committee of FROB and the Board of Directors of SEPI from 2012 to 2016. In 2004, he began practicing as an attorney in the private sector, first at Pérez-Llorca, and then founded his own firm, Temboury Abogados, in 2007. He was President of the Court of Arbitration of the Official Chamber of Commerce and Industry of Madrid from 2007 to 2012 and Chief of Staff to the Minister of the Interior from 2002 to 2004.

Miguel served as State's Attorney from 1996 to 2002. He currently works as an attorney in private practice and has been a Senior Advisor to Barclays Bank España since September 2017. He has served as an Independent Director of Singular Bank, as well as President of its Appointments and Remuneration Committee, and as Secretary non-director of the Appointments and Remuneration Committee of Abengoa since February 2019.

Miguel holds no shares or share options in AEDAS Homes, and he has no relationship with the other Directors or managers of the Company.

MRS. CRISTINA ÁLVAREZ ÁLVAREZ

Cristina Álvarez Álvarez (April 18th, 1969), was incorporated to AEDAS Homes as an Independent Director in October 2017, and she is President of the Technology, Innovation and Cyber-security Committee and a member of the Appointments and Remuneration Committee.

Cristina is a graduate in Telecommunications Engineering from the Universidad Politécnica de Madrid (UPM) 1987-1992 and a PDD from IESE (2001) and also works as an academic director of the Executive Master's of the Instituto de Empresa: "Digital Transformation and Innovation Leadership". Cristina was awarded the prize "Engineering of the year 2016" by the COIT/AEIT, "AUTELSI Award" in recognition for her professional career in TIC 2017, and "Digital Leader 2016" awarded by Cionet. She's a Global Advisor in CAST software and provides counselling to entrepreneurs.

She's a Senior Executive with 25 years of professional experience in the telecommunications and technology sectors in companies like Alcatel (Nokia) (1992 – 1995), Vodafone (1996 – 2006) where she worked as a Director of Product Engineering Investments, Telefónica (2006 – October 2017) where she worked as Director of Investment and General Director of Service Development, being part of the Executive Committee of Telefónica España since 2009. Since February 2019, Cristina Álvarez, is Global Chief Technology Officer (CTO) of Banco Santander and since January 2020 member of the Board of Openbank.

Cristina has no shares or share options of AEDAS Homes, and he has no relationship with the other Directors or managers of the Company.

MR. EMILE K. HADDAD

Emile K. Haddad (June 14th, 1958) was incorporated to AEDAS Homes as Independent Director in September 2017.

Emile is a graduate in Civil Engineering by the American University of Beirut.

He is the President and Managing Director of Five Point Holdings, LLC which is the biggest Californian developer of mixed-use communities. Before founding Five Point, Emile was Director of Investment in Lennar Corporation, where he was responsible for real-estate investments and asset management. Before starting working with Lennar, he was a Senior Executive responsible of land management for Bramalea, which was a part of the real-estate conglomerate in the 80's and beginning of the 90's. Emile works as the President of USC Lusk Centre for the real-estate sector and a member of USC Price Planning Program Advisory Board. He's a member of the Board of Directors of Chapman University and was the former President of the Board of Directors of the University de California, Irvine.

He's an Independent Director of Chapman University since March 2018 and an Independent Director since 2014 of the University of Southern California Lusk Centre for Real Estate (USC).
Emile has no share options on AEDAS Homes. Emile K. Haddad is the President and Managing Director of Five Point Holdings, LLC, being a part of it as Evan Andrew Carruthers, Proprietary Director of the Company.

MS. MILAGROS MÉNDEZ UREÑA

Milagros Méndez Ureña (14 September 1960) a Spanish national, joined AEDAS Homes as an Independent Director on 4 April 2019. Milagros holds a Law Degree and as well as being a Business Studies graduate of Universidad Pontificia de Comillas (ICADE) in 1982. Moreover, she attended a Master's on Derivatives at SDSU (San Diego State University).

Her professional career began as a peseta Market Broker at Intermoney. Milagros combined her work with writing a book entitled "Un año en el mercado monetario" (*A year on the money market*).

In 1986, she joined Continental Bank in the Capital Markets department, specialising in the Distribution of Fixed Income.

In 1988 she became Founding Partner and Director of Fixed Income at FG Inversiones Bursátiles, Sociedad de Valores y Bolsa.

In 1996, she joined Banco Urquijo as Head of Treasury.

In 1998, and for a brief period of one year, she was director of the Spanish Fixed Income Market at the Association of Financial Asset Intermediaries.

In 2000 she joined Afina, creating a Securities Company as Partner and General Manager.

In 2005 she was appointed Head of Institutional Distribution of Fixed, Variable Income and Derivatives at Interdin Sociedad de Valores y Bolsa.

In 2014, she joined Banco Sabadell, Ibersecurities SVB as Head of Business Development, New Markets and Agents.

In 2015 Milagros decided to set up Aldebaran Advisory by herself as partner and General Manager, working on projects for Sabadell.

In 2017 she was appointed Senior Advisor of Alma Capital Asset Management.

In 2018 she was appointed Senior Advisor of Innova Health Private Equity as representative for Spain, Portugal and the United Kingdom.

Recently, she has been hired by Mercer Asset Management to sell investment funds.

Milagros has consolidated, successful experience in financial markets, with a markedly commercial vocation and is very used to working in and managing teams.

Total number of independent directors	6
% over the total of the Board	66.66%

Indicate whether any director classified as independent receives any amount or benefit from the Company, or from the group, in any concept other than their remuneration as a Board Member, or whether he/she maintains or has maintained a business relationship with the Company or with any company within its group during the last financial year, in his/her own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

No independent director receives any amount or benefit from the company or from the group, in any concept other than their remuneration as a Board Member, nor do they maintain or have they maintained a business relationship with the Company or with any company within its group during the last financial year, either in their own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

Where applicable, include a statement from the Board detailing the reasons why it believes the said director may perform their duties as an independent director.

Personal or corporate name of the Board member	Description of the relationship	Reasoned statement
-	-	-

OTHER EXTERNAL DIRECTORS

Identify the other external board members and explain the reasons based on which it wasn't possible to consider them as proprietary or independent, as well as their bonds, whether with the company, its managers or shareholders:

Personal or corporate name of the Board member	Reasons	Entity, director or shareholder with who the bond is established	Profile
-	-	-	-
Total number of other external directors			-
% total of the Board			-

Observations
The Company has no other external directors.

Write the variations that, where appropriate, had been made during the period in the category of each director:

Personal or corporate name of the Board member	Date of the change	Prior category	Current category
-	-	-	-

Observations
-

C.1.4 Complete the following table with information on the number of female Board members at the close of the last 4 financial years and their category:

	Number of female Board members				% of total directors of each type			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Executive	-	-	-	-	-	-	-	-
Proprietary	-	-	-	-	-	-	-	-
Independent	2	2	1	1	33.3%	33.3%	20.00%	20.00%
Other external:	-	-	-	-	-	-	-	-
Total:	2	2	1	1	22.22%	22.22%	11.11%	11.11%

Observations
-

C.1.5 State whether the Company has diversity policies in place relating to the Board of Directors of the Company with respect to issues like, for example, age, gender, disability, education or professional experience. Middle and small entities, according to the definition stated in the Lay on Account Auditing, must have to report at least about the policy they have in place with respect to gender diversity.

Yes No Partial policies

If so, describe the diversity policies, their objectives, their measures and the way they've been applied, as well as the results for the fiscal year. You should also state the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of Directors.

On 25 November 2019, the Appointments and Remuneration Committee approved the policy for the selection of directors for AEDAS Homes.

The aim of the policy is to ensure that the proposed appointments of directors meet the needs of the Board of Directors and of the Company, the good governance recommendations, and constitute decisions adopted with justification, accountable to shareholders.

General principles:

The Board of Directors must be of an appropriate size to ensure effective and participative operation, with a proper proportion of the different categories of Director, which means that it is recommendable that it be comprised at all times of between nine and fifteen members, that is, it should exceed the statutory minimum, but never the maximum.

Proprietary and Independent Directors will make up the majority of the Board of Directors.

The proportion of Proprietary Directors to the total number of Directors cannot be higher than the proportion of capital in the Company represented by said Directors to the rest of the capital.

Conditions to be met by candidates:

Candidates to become directors of the Company must be fit and proper persons, with recognised professional solvency, competence, experience, qualification, training, availability and commitment to their role, seeking to promote a diversity of knowledge and gender.

In particular, they must be true professionals whose professional conduct and background is in line with the principles set out in the Code of Conduct of AEDAS Homes and the values of the Company.

Moreover, the selection of candidates will seek to achieve a proper balance on the Board of Directors in general, that enriches decision-making and offers multiple points of view to the debate on the matters within its remit.

Diversity objectives:

The policy for the selection of directors will promote the objective of ensuring that in 2020, the number of members belonging to the least-represented gender makes up 30% of all Board members.

In case the Company does not apply any diversity policy, explain the reasons for that measure.

Description of the policies, objectives, measures and form of application, as well as the results obtained.
-

C.1.6 Explain the measures taken by the Appointments Committee, where applicable, to ensure that selection processes are not subject to any implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:

Explanation of measures
<p>At the Board meeting of 25 November 2019, the Director Selection Policy was approved, point 7 of which "Diversity Targets" stated: the Director Selection Policy will promote the objective of the number of members belonging to the least-represented gender reaching 30% of the total of the Board of Directors in 2020.</p> <p>The Board of Directors urges the Shareholders with proprietary representation on the Board to take this target into account when submitting requests.</p> <p>In July 2019, the ARC approved the Regulations of the Appointments and Remuneration Committee in order to address the recommendations contained in Technical Guide 1/2019 from the CNMV (20 February 2019). In addition, Title II Article 3 establishes that the mission of the ARC is to ensure the consistency of selection and remuneration policies for the Board, Senior Management and the rest of employees, including diversity, among other things.</p> <p>In 2019 a new Independent Director was chosen in replacement of outgoing director Merlin Properties. The support of a renowned specialist independent company was sought in this process. The company was instructed to select preferably female candidates, to the extent possible. The outcome of the process was the proposal and subsequent appointment of Ms. Milagros Méndez Ureña. By her joining the Board of the Company, the percentage of female Directors among Independent Directors rose to 33.3%.</p>

When, despite the measures taken (where applicable), there are few or no female directors, explain the reasons:

Explanation of reasons
As it was been established above, it is stated in Article 5 of the Board of Directors Regulations that proposals for the appointment or re-election of board members must be based on a prior analysis of the Board's needs, with preference given to a diversity of know-how, experience and gender.
In addition, the Company has taken steps and obtained concrete results with a view to reaching greater diversity on the Board (as it is already highly diverse in many respects: training, professional experience, age, sector of origin, etc.) in terms of gender.

C.1.7 Explain the conclusions of the Appointments Committee on the verifiability of the director selection policy. In particular, explain how this policy pursues the goal of having at least 30% of all Board places occupied by women directors before the year 2020.

In accordance with the Director Selection Process that entered into force in 2019 and the mission established in the ARC that the first vacancy on the board be filled by a female candidate, Ms Milagros Méndez Ureña. By her joining the Board of the Company, the percentage of female Directors among Independent Directors rose to 33.3%.
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C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Personal or corporate name of the shareholder	Reason
-	-

Detail any failure to address formal requests for Board representation from shareholders with stakes equal to or exceeding that of others at whose request proprietary members were appointed. If so, explain the reasons why the request was not addressed:

Yes No

Personal or corporate name of the shareholder	Explanation
-	-

C.1.9 Indicate what powers, if any, have been delegated by the Board of Directors to directors of board committees.

Personal or corporate name of the Board member or committee.	Brief description
-	-

C.1.10 List, where applicable, the Board Members, if any, who hold office as directors, director representatives or managers in other companies belonging to the listed company's group:

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title	Does he/she have executive powers?
MR. DAVID MARTÍNEZ MONTERO	Aedas Homes, S.A.	Director	Yes
MR. DAVID MARTÍNEZ MONTERO	Live Virtual Tour, S.L.U.	Director	Yes

Observations
<p>Pursuant to the Deed for the Appointment of a Managing Director dated 12th of September 2017, signed by the Company "Aedas Homes, S.L.", Sole Shareholder Company, which publicly recorded the resolution adopted on 11th of September 2017 by the Board of Directors, the Company appointed David Martínez Montero as Managing Director, permanently delegating all of its powers to him, except for the powers that cannot be delegated under the Law (Article 529 ter of the Spanish Capital Companies Act) or the Company's Bylaws (Articles 5.3 and 5.4 of Title II of the Board of Directors' Regulations).</p> <p>Article 21 of the Bylaws establishes that the Board of Directors may permanently delegate all or some of its powers, except for those that may not be delegated under the Law, the Bylaws or the Board of Directors' Regulations, to an Executive Committee and/or one or more Managing Directors, and it may also choose the members of the Board of Directors who will sit on the delegated body, as well as, where appropriate, the way in which the powers delegated to the Managing Directors are to be exercised.</p> <p>Furthermore, in accordance with the deed of appointment to positions of 4 March 2020, granted by the company "Live Virtual Tours, S.L. Unipersonal" incorporated on 3 December 2019, the appointment of Mr. David Martínez Montero as director and chairman of the board of directors is raised to public document status.</p>

C.1.11 Indicate, where appropriate, the Board members or representatives of legal entities that act as directors of their company which are also members of the Board of Directors or representatives of legal entities that act as directors of other entities listed in official stock markets different from their group, which have been communicated to the Company:

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title
MR. EVAN ANDREW CARRUTHERS	Five Point Holdings, LLC	Director
MR. EMILE K. HADDAD	Five Point Holdings, LLC	Board Director
MR. SANTIAGO FERNÁNDEZ VALBUENA	Ferrovial, S.A.	Director
MR. JAVIER LAPASTORA TURPÍN	Mostostal Warszawa, S.A.	Director

Observations
-

C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit, identifying, where appropriate, where it is regulated:

Yes No

Explanation of rules
Pursuant to Article 33 of the Board of Directors' Regulations, company Board Members may not sit on more than four boards (or administrative bodies) of other companies that do not belong to the Company's Group.

C.1.13 State the amounts of the following concepts relating to the global remuneration of the Board of Directors:

Remuneration paid during the fiscal year to the Board of Directors (thousands of euros)	372.62
Amount of accrued rights by the current directors relating to pensions (thousands of euros)	0
Amount of accrued rights by the former directors relating to pensions (thousands of euros)	0

Observations
-

C.1.14. List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the year:

Personal or corporate name	Title
MR. ALBERTO DELGADO MONTERO	Business Director
MRS. ESTHER DUARTE I MACARRO	Corporate Resources Director
MR. SERGIO GÁLVEZ CAPÓ	Strategy, Investment and Alternative Developments Director
MRS. CORO MORALES ASÚA	Legal Counselling Director
MRS. MARÍA JOSÉ LEAL DE CARLOS	Finance Director
MRS. RAQUEL PILARES GUTIÉRREZ	Internal Audit Director
MR. JAVIER SÁNCHEZ GUTIÉRREZ	Innovation and Brand Director

Total remuneration received by senior management (thousands of euros)	446.52
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C.1.15 Indicate whether any changes have been made to the board regulations during the year:

Yes No

Description of changes
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C.1.16 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, the procedures to be followed and criteria used in each of these procedures.

Article 4 of the Director Selection Policy describes the procedure, which is set out below:

ANALYSIS OF COMPETENCES, KNOW-HOW AND EXPERIENCE OF THE DIRECTORS WHO ALREADY FORM PART OF THE BOARD

The ARC will maintain an up-to-date analysis of the competences, know-how and experience of the Directors who already form part of the Board. In doing so, in addition to the information available at the moment each Director joins the Board of Directors, it will use any other relevant information emerging subsequently.

As part of this analysis, it will assess the rest of the occupations of each Company Director, in particular the maximum number of Boards of which the Director can reasonably form part, ensuring that, in practice, Directors devote sufficient time and proposing appropriate measures where they do not.

In this way, the ARC may contribute to defining the functions and aptitudes of the candidates that should fill the vacancies arising from time to time and help to assess, both during the selection process and on an annual basis, the time and dedication necessary for each Director to effectively perform their duties. To that end, account should be taken of the diversity objectives set by the Company.

▪ Range of competences

The ARC will keep an up-to-date range of competences (the "Range") for the Board of Directors which defines the aptitudes and know-how of the candidates to become Directors, Executive directors in particular, and Independent directors, and which helps the ARC to define the functions that correspond to each position to be filled, as well as the competences, know-how and experience that is most appropriate for the same.

This Range will have to be updated periodically in line with the challenges and opportunities it is deemed the Company will be facing in the short, medium and long term.

The Range will take into account the Range of Competences approved annually for the employees of AEDAS Homes but adapted to the needs of the Board of Directors.

The Range will distinguish personal aptitudes (such as capacity for teamwork, business outlook, decision-making ability, etc.) as well as prior professional and moulding experience (such as experience in the sector of activity of AEDAS Homes, or in the financial, legal, audit spheres, etc.), as well as any others that may be deemed appropriate.

- Start of the procedure

The Selection Procedure for Independent or Executives Directors will be initiated by a request of the Chairperson of the Company sent to the ARC (the "Start Request"), following deliberation by the Board of Directors. The aim will be for the process to commence three months in advance of when the vacancy is to arise, when this is known.

In order to do so, the Chairperson will submit to the deliberation of the Board of Directors the advisability of filling all the vacancies and will ask for the ARC for its opinion in this regard.

In selecting candidates to become Directors, whether by appointment, ratification or re-election, the starting point will be an analysis of the needs of the Company and its Group, which will be carried out by the Board of Directors with the advice and reporting of the Appointments and Remuneration Committee. This Report, that the Chairperson will send to the ARC together with the Start Request, will be published when the General Meeting is called, which is to approve the ratification, appointment or re-election.

Any Director can submit names of possible candidates. However, when the candidates have been submitted for assessment by the ARC by significant Shareholders, Proprietary Directors or Executive Directors, the ARC will gather as much information as it deems appropriate in order to ensure that the proposed candidate has no links that could compromise his/her independence. The candidates proposed by the Directors will also be included in the Start Request.

- ARC Procedure: hiring an independent director

The ARC will take responsibility for hiring the services of an Independent External Expert (the "Expert"), which will not provide other kinds of services to the Company that could compromise its independence. In any event, the Activities Report of the ARC will inform of all the services provided by the Expert and its remuneration. The ARC will have autonomy to agree the fees of the Expert to be paid by the Company.

The Expert will propose candidates according to the report analysing the needs of the Company and its Group. The Expert will also analyse all the candidates proposed by the Directors. The Expert will make a reasoned proposal that contains at least three candidates for each vacancy to be filled, being entitled to express its order of preference.

The candidates proposed by the Expert will be interviewed by the members of the ARC.

In the context of these interviews, the ARC will ask the candidate for sufficient information on the rest of his/her activities and any potential conflicts of interest that may affect him/her, so that the ARC can assess the effect they may have on the ability of the candidate to perform his/her duties in the conditions established or on his current or future independence. This information should also be gathered on a regular basis and at least annually going forward. In the assessment of independence, the ARC will go further than merely verifying that none of the specific situations envisaged in articles 529 duodecies of the Spanish Companies Act ("LSC") exist, analysing in general terms whether the candidate is going to be able to perform his/her functions without being compromised by his/her relations with the Company or its Group, its Significant Shareholders or its Managers.

Before proposing its appointment to the Board of Directors, the ARC will inform the candidate on what is expected of him/her in terms of dedication, participation in Specialist Committees and his/her commitment to the Company.

Once the ARC procedure is complete, it will propose the name of the candidate to be appointed to the Board of Directors, identifying who put forward the name of the candidate selected for assessment by the ARC. The ARC can propose a list of up to three candidates per vacancy and indicate its order of preference.

- Executive Directors

In the case of Executive Directors, the provisions set out in the Succession Plan for the Chairperson of the Board and the CEO, approved by the Board of Directors of the Company, will be followed and, subsidiarily, the rules contained in this Selection Policy.

- Proprietary Directors

When the Director to be appointed is a Proprietary Director, the party putting him/her forward will ensure that the person meets the requirements of competence, know-how, fit and proper status and aptitude that would be required of a candidate to become an Independent Director, according to the terms of this Selection Policy.

For the selection of Proprietary Directors, application of the regulations on proportional representation notwithstanding, account will be taken of the requests from Shareholders who hold significant stakes in the capital of the Company, as well as the formal petitions for presence on the Board of Directors from Shareholders whose shareholding is equal to or higher than that of others at whose request Proprietary Directors were appointed.

In the event the appointment of a Proprietary Director is proposed by a shareholder whose shareholding is lower than 3%, the ARC will gather information on the reasons for the proposal and explain them in the report that it has to draft in relation to the appointment.

- Special conditions applicable in the case of re-election of directors

In the proposals for the re-election of Directors, account will be taken of the same factors as for the first election and, moreover, the performance and assessment of the Director during the time he/she held the position will be taken into account, in addition with his/her ability to continue performing it satisfactorily.

Moreover, in the re-election proposals, the ARC will take into account the need for a progressive renewal of the Board of Directors. In this regard, account should be taken of factors such as the diversity targets established by the Company, potentially considering, among other aspects, the time each Director has held his/her position and the possibility of establishing a term which is shorter than the legally stipulated one, such as the age factor, both individually and in relation to the average age of the Board as a whole.

- Special conditions for the removal of directors

Except for the powers that correspond to the General Meeting, any proposal to remove the Independent Directors that the Board of Directors is to submit to the General Meeting must be at the initiative of the ARC, once the existence of just cause has been assessed.

- Coordinator director and secretary of the Board of Directors

The appointment of the Coordinator Director, in the event there is one and given the responsibilities and functions of the position, will be at the proposal of the ARC.

The appointment of the Secretary to the Board of Directors will be the subject of a report from the ARC.

CONDITIONS THE CANDIDATES MUST MEET

Candidates to become Company Directors will be suitable, fit and proper persons, with recognised professional solvency, competence, experience, qualification, training, availability and commitment to their duty, seeking to ensure a diversity of know-how and gender.

In particular, they will be sound professionals, whose conduct and professional background is in line with the principles contained in the Code of Conduct of AEDAS Homes and the values of the Company.

Moreover, when selecting candidates, the aim will be to achieve a proper balance on the Board of Directors as a whole, which enriches decision-making and offers multiple points of view to the debate on the matters within its remit.

RESTRICTIONS AFFECTING CANDIDATES

Persons affected by legal reasons of prohibition or incompatibility for the position cannot be candidates to become Directors, such as the following:

- i. Those persons who have held positions as Senior Executives in Spanish Public Administrations or Companies or in the National or Regional Governments which are legally incompatible with the performance of the functions of Director in a Listed Company, pursuant to Spanish state or regional legislation.
- ii. Natural or legal persons affected by any other scenario of incompatibility or prohibition regulated in general provisions.
- iii. Persons who hold positions of administrator on the Governing Bodies or other companies constituting a number that exceeds the limits established by the Regulations of the Board of Directors of the Company, or that would exceed the same by being appointed Director of this one, unless they undertake to comply with the number indicated in the event they are appointed.
- iv. Those who perform similar functions or hold similar positions or responsibilities in companies that are direct competitors of the Company, in entities that control such companies and, in general, those persons whose position could lead to the fear of a permanent conflict of interest existing.
- v. Those who have reached 72 years of age at the moment of the appointment, ratification or re-election.

C.1.17 Explain the extent to which the annual evaluation of the Board has prompted significant changes in its internal organization and the procedures that apply to its activities:

Description of changes
In the three months past of financial year 2020 (1 January 2020 to 31 March 2020) no self-evaluation of the Board and of its Committees has been carried out.

Describe the evaluation process and the areas evaluated by of the Board supported, where appropriate, by an external facilitator with respect to the performance and composition of the Board and its commissions, as well as any other area or aspect that had been subject to evaluation.

Description of the evaluation process and areas evaluated
In the three months past of financial year 2020 (1 January 2020 to 31 March 2020) no self-evaluation of the Board and of its Committees has been carried out.

C.1.18 Break down, in those fiscal years in which the evaluation has been supported by an external facilitator, the business relations that the facilitator or any company of their external group maintains with the Company or any other company of its group:

In the three months past of financial year 2020 (1 January 2020 to 31 March 2020) no self-evaluation of the Board and of its Committees has been carried out; consequently, no external consultant has been involved.

C.1.19 State the cases in which the Directors are forced to resign.

<p>Pursuant to Article 20 of the Board of Directors' Regulations, company Board Members disposal of the Board of Directors and, where deemed necessary by the Board, submit their resignation in the following cases:</p> <ul style="list-style-type: none"> (i) When they cease to hold the executive positions associated with their appointment as board member. (ii) When they are affected by any of the grounds for incompatibility or disqualification set out in Law or the Company's Bylaws. (iii) When they are severely reprimanded by the Board of Directors because they have infringed their obligations as board members. (iv) When their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes to their professional situation or to the conditions under which they were appointed to the position of board member. (v) When they are convicted of a criminal offence or are the subject of disciplinary proceedings by the supervisory authorities as the result of a serious or very serious misdemeanour. (vi) In the case of proprietary directors: (i) when the shareholder they represent sells its entire stake or reduces it significantly, and (ii) in the corresponding number, when the shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors. (vii) When they sit on the boards of directors of more than four other listed companies (apart from the Company). (viii) When for reasons attributable to the board member in question their presence on the Board causes serious harm to the Company's corporate worth or reputation in the Board's opinion.
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C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes No

If so, describe the differences.

Description of differences
-

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman of the Board of Directors.

Yes No

Description of the requirements
-

C.1.22 Indicate whether the Bylaws or the board regulations set any age limit for Directors:

Yes No

	Age limit
President	-
Board Director	-
Director	-
Observations	
-	

C.1.23 Indicate whether the Bylaws or the board regulations set a limited term of office or additional and more restricted requirements for independent directors, other than those set out by law:

Yes No

Additional requirements and/or maximum number of years for the term of office	-
---	---

C.1.24 Indicate whether the Bylaws or the Board regulations stipulate specific rules for delegating voting rights to other directors on the Board of Directors, how this is done and, in particular, the maximum number of times that voting rights may be delegated to a board member, as well as whether there is any limitation on the categories to which proxies can be delegated, in addition to any restrictions imposed by law. If so, provide brief details of said rules.

Pursuant to Article 17 of the Board of Directors' Regulations, board members shall make every effort to attend Board meetings, and when they are unavoidably unable to attend in person, they shall grant a proxy, in writing and specifically for each session, to another member of the Board, including the relevant instructions and notifying the Chairman of the Board of Directors of the grant of this proxy. In the case of non-executive directors, they may only be represented by another member of the Board of Directors who is classified in the same category. A record of the number of absences from meetings of the Board of Directors shall be included in the Annual Corporate Governance Report.

C.1.25 State the number of board meetings held by the Board of Directors during the year. Also, state, where applicable, how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	3
Number of Board meetings without the President's attendance	0

Observations	
-	

State the number of meetings held by the coordinating director with the rest of the directors and without the attendance or representation of any executive director:

Number of meetings	-
--------------------	---

Observations	
-	

State the number of meetings held in the fiscal year by the different Committees of the Board:

Number of meetings of the Audit and Control Committee	4
Number of meetings of the Appointments and Remuneration Committee	3
Number of meetings of the Technology, Innovation and Cyber-security Committee	1

C.1.26 State the number of board meetings held by the Board of Directors during the year and the assistance data of their members:

Number of meetings with a personal attendance rate of at least 80% of the members	2
% of attendance over the total of votes during the fiscal year	100%
Number of meetings with personal attendance or proxies appointed with specific instructions of all the directors	1
%of votes cast with personal attendance and proxies appointed with specific instructions over the total of votes during the fiscal year.	100%

Observations	
<p>Given the state of alarm to deal with the health crisis caused by COVID-19, included in Royal Decree 463/2020, the meeting of the Board of Directors held on 30 March 2020 was carried out by videoconference, where all of the Board of the Directors attended personally, with the exception of Mr. Emile Haddad and Mr. Evan Carruthers who attended represented by the Chairman of the Board of Directors, Mr. Santiago Fernández Valbuena. Both directors, Mr. Emile Haddad and Mr. Evan Carruthers, provided a letter of proxy with voting instructions for each Board resolution.</p>	

C.1.27 State whether the consolidated and individual financial statements submitted for authorisation by the board are previously certified:

Yes No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements for authorisation by the board:

Name	Title
-	-

Observations	
-	

C.1.28 Explain the mechanisms, if any, put in place by the Board of Directors to ensure that the individual and consolidated financial statements prepared by the Board are not presented at the General Meeting of Shareholders with a qualified audit report.

<p>Article 38.2 of the Board of Directors' Regulations establishes that "The Board of Directors shall endeavor to prepare the annual accounts definitively in a way that does not give rise to reservations or qualifications by the auditor. In the exceptional case that such qualifications exist, both the Chairman of the Audit and Control Committee and the external auditors should give a clear account to shareholders of such reservations or qualifications. However, when the Board believes that its own criteria should prevail, it shall publicly explain the scope and contents of the disagreement."</p> <p>In this regard, the Audit and Control Committee, comprising mostly independent external directors, holds a meeting with the external auditors in order to review the Company's annual accounts and some of the periodic financial information that must be supplied by the Board of Directors to the markets and their supervisory authorities, confirming compliance with the legal requirements and</p>

the correct application of generally accepted accounting principles in the preparation of the accounts. Such meetings anticipate, where relevant, any debate or difference of opinion between the Company's Management and the external auditors, in such a way that the Board of Directors may take the appropriate measures to ensure that the auditor's report is issued without reservations.

C.1.29 Is the Board Secretary also a member of the board?

Yes No

Complete the following table if the Board Secretary is not a board member:

Personal or corporate name of the secretary	Representative
MR. ALFONSO BENAVIDES GRASES	-

Personal or corporate name of the deputy secretary	Representative
MRS. CORO MORALES ASÚA	-

Observations
-

C.1.30 Indicate, where applicable, the specific mechanisms implemented by the company to preserve the independence of the external auditors, as well as the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including the way in which the legal provisions have been applied in practice.

Under Article 38 of the Board of Directors' Regulations, the Audit and Control Committee is responsible for submitting a proposal to the Board of Directors, which will in turn submit it to the General Shareholders' Meeting, for the appointment (with details of the contractual conditions and the scope of the professional duties engaged), or the renewal or revocation of the auditor for the Company's annual accounts. It is also responsible for overseeing compliance with the auditing agreement under Article 14 of the Regulations and the terms of the Committee's own internal regulations, which in the latter case are approved by the Board of Directors.

The Audit and Control Committee shall refrain from proposing to the Board of Directors (and the latter shall in turn refrain from proposing to the General Shareholders' Meeting) the appointment as the Company's auditors of any auditing firm that is affected by reasons of incompatibility pursuant to the regulations governing accounts auditors, or any firm that charges the Company fees, in respect of all items, that exceed five per cent of its total income during the last financial year.

The Board of Directors shall provide a full itemised breakdown, publicly and in the manner set out in the applicable regulations, of the fees paid for accounts auditing and any other services provided by the auditor, along with details of the fees paid to people or organisations connected with the said auditor.

In addition, under Article 14 of the Board of Directors' Regulations, the Audit and Control Committee must ensure the independence of the accounts auditor in the performance of its duties.

C.1.31 State whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors.

Yes No

Outgoing auditor	Incoming auditor
-	-

Observations
-

If there have been disagreements with the outgoing auditor, explain the content thereof:

Yes No

Explanation of disagreements
-

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

Yes No

	Company	Group	Total
Fees for non-audit work (thousands of euros)	22	-	22
Fees for non-audit work/total amount invoiced by the audit firm (%)	17,33%	-	17,33%

Observations
In financial year 2020, for the period from 1 January to 31 March, the Company hired the audit firm for another job other than auditing accounts, for the purpose of fulfilling the requirements established by Article 540 of the revised text of the Spanish Capital Companies Act and the Circular no. 7/2015 dated 22 December from the Securities and Markets Commission, for the purposes of describing the Internal Financial Control Reporting System in this Annual Corporate Governance Report, as well as the certification of compliance with the covenants of the corporate, syndicated loan granted to the controlling company. The audit firm carries out the work following the agreed-upon procedures based on the international regulation ISRS 4400.

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. If so, indicate the reasons given by the Chairman of the Audit Committee to the shareholders to explain the content and scope of those reservations or qualifications.

Yes No

Explanation of reasons
-

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	5	5
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	100%	100%

C.1.35 Indicate whether there are procedures for directors to receive the information they need in enough time to prepare for meetings of the governing bodies and, where applicable, give details:

Yes No

Description of the procedure
Article 16 of the Board of Directors' Regulations establishes that notices convening meetings of the Board of Directors shall be sent out at least seventy-two hours before the date of the meeting. The notice will always include the agenda for the meeting and will be accompanied by the relevant information, duly prepared and summarised.

C.1.36 Indicate and, where applicable, give details of whether the company has established rules forcing directors to inform the board of any circumstances that might harm the organisation's name or reputation, resigning as the case may be:

Yes No

Explanation of the rules
Pursuant to Article 20 of the Board of Directors' Regulations, board members must place their position at the disposal of the Board of Directors when their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes to their professional situation or to the conditions under which they were appointed to the position of board member.

C.1.37 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the Spanish Capital Companies Act:

Yes No

Name of the Director	Criminal proceedings	Observations
-	-	-

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether the director should continue to hold office or, where applicable, give details of the actions taken to date by the board and any actions that it plans to take.

Yes No

Decision/action taken	Reasoned explanation
-	-

C.1.38 List the significant agreements that have been signed by the company and have come into force, have been modified or have been terminated in the event of a change in the company's control through a hostile takeover bid, and their effects.

Development loan agreements usually contain standard clauses relating to the change of control over a Company. These clauses may apply in the event of a change of control over AEDAS Homes, but they do not apply to the company's internal restructuring. However, the most important aspect of these agreements is the guarantee of the Company's assets, not the control structure.

C.1.39 Identify individually, when referring to Directors, in aggregate for the rest of the cases and provide detailed information on agreements between the company and its officers, executives and employees that provide compensation, guarantees or protection clauses in the event of their resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of operations.

Number of beneficiaries	8
Type of beneficiaries	Board Director Managing Committee

Description of the agreement of the CEO
<p>In the potential event of the agreement's termination as a result of the Managing Director's unilateral resignation, the Managing Director will not be entitled to receive any compensation or indemnification, unless his/her resignation is caused by a change in control over the Company. To this end, it shall be understood that there has been a change of control when either of the following two situations arises: (i) a third party directly or indirectly acquires more than 50% of the Company's voting rights; or (ii) a third party appoints half plus one of the members of the Board of Directors. In this case, provided that the Managing Director's resignation occurs within six months of the date of the change of control, the Managing Director shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.</p> <p>In the event of the agreement's termination at the unilateral request of the Company, the Managing Director shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.</p> <p>In cases in which the agreement is terminated at the sole request of the Company, as set out in a resolution by the Board of Directors or as the result of the partial or total revocation by the Board of Directors of the powers delegated by the Board or the Company in the Managing Director's favour, three months' advance notice must be given. During the advance notice period, the Company may release the Managing Director from the performance of his/her duties, though it shall continue to pay him/her the relevant salary. In the event of a breach of the obligation to give the required advance notice, the Company must compensate the Managing Director in an amount equivalent to the fixed payment that applies at the time of the Agreement's termination for the period of advance notice not given.</p> <p>Notwithstanding the foregoing, the Managing Director shall not be entitled to receive any compensation or indemnification, nor shall the Company be obliged to respect any advance notice term, in the event that his/her termination is caused by an infringement of the Law, the Company's Bylaws, the Board of Directors' Regulations, the Regulations governing the General Shareholders' Meeting or any other company rule or resolution that applies to the performance of his/her duties, or that is caused by a breach of his/her obligations under the terms of this Agreement, including the duty of good contractual faith, provided that the infringement or breach in question is classified as very serious and can be attributed to the Managing Director in the form of a serious or willful offence.</p> <p>By way of compensation for the obligation not to compete, the Managing Director shall receive a gross amount equivalent to one year's fixed salary in the amount he/she is being paid at the time of termination. This amount shall be paid in full at the time at which the Agreement is terminated.</p>
Description of the agreement by the Managing Committee
<p>Termination of the contract by unilateral decision of the Company, based on a change of control thereof, merge or acquisition by another company that forces a workforce restructuring.</p> <p>In the termination scenarios provided, the worker will have the right to receive a gross amount equivalent to two year's fixed salary in the amount he/she is being paid at the time of termination, with a mandatory three-month notice.</p> <p>The agreement shall be binding during the following three years and shall be rendered void afterwards.</p> <p>Post-contract competition abstention.</p> <p>Given the interest of the Company on the worker not competing therewith after the termination of this Contract, provided the cause is one of those set out herein, both parties agree that the worker shall refrain from carrying out activities that compete with those of the Company, either on its own account or on the account of a competing company, using the know-how or specific practices the worker had acquired either directly or indirectly during the term of the contract in his benefit or for the benefit of a competitor.</p> <p>In particular, the worker shall refrain from carrying out offers, propositions, inducing or requesting a person that in the date of termination of the Contract is hired by the Company to leave it, to hire or give employment for another person or make her/him be hired or employed by another natural or</p>

legal person which carries out business that compete with any of the business activities performed by the Company.

The worker shall refrain from competing on the terms stated for the duration of a year, to be counted from the date of the termination of this Contract.

In case the worker fails to refrain from competing after the termination of the Contract on the terms stated, he/she shall reimburse the amount the Company paid for that reason.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the assumptions set out by the regulation: If so, specify the proceedings, the stipulated assumptions and the nature of the bodies responsible for their approval and communication:

	The Board of Directors	General Meeting
Body which authorizes the clauses	Yes	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		x

Observations
The protection clauses were approved at a meeting of the Board of Directors held on 22 March 2018. On 2 February 2019 this clause is extended to all the members of Managing Committee.

C.2 Fees of the Board of Directors

C.2.1 Give details of all the fees paid to the Board of Directors, its members, and the proportion of executive, proprietary, independent and other external directors that they represent:

AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee of AEDAS Homes was appointed by the Board of Directors at a meeting held on 27 September 2017. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
MR. JAVIER LAPASTORA TURPÍN	President	Independent
MR. SANTIAGO FERNÁNDEZ VALBUENA	Member	Independent
MR. EDUARDO EDMUNDO D'ÁLESSANDRO CISHEK	Member	Proprietary

% of Proprietary Director	33.33%
% of Independent Director	66.67%
% other external members	0.00%

Observations
-

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

Pursuant to Article 14 of the Board of Directors' Regulations, the Audit and Control Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors and who must be non-executive directors. The majority of the members of the Audit and Control Committee shall be independent, and one of them shall be appointed with regard to his/her knowledge and experience in accounting or auditing matters, or both.

The Board of Directors shall also appoint a Chairman of the Audit and Control Committee from among the independent directors who sit on the said Committee. In addition, the Board of Directors may appoint a Deputy Chairman if it deems this appropriate, and the rules governing the appointment of the Deputy Chairman shall be the same as the rules governing the appointment of the Chairman.

Members of the Board of Directors who sit on the Audit and Control Committee shall continue in this post for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.

The position of Chairman shall be held for a maximum of four years, and the same person may not be re-elected at the end of this term until a year has passed following their cessation, without prejudice to their continuation or re-election as a member of the Committee.

The Audit and Control Committee shall meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. It shall also meet when requested to do so by any of its members and whenever it is convened by its Chairman, who shall convene a meeting whenever the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals and, in all cases, when this is advisable for the proper performance of its duties.

The Audit and Control Committee shall issue an annual report on its own activities, making particular mention of any incidents that have arisen, where applicable, in relation to the duties for which it is responsible. In addition, when the Audit and Control Committee deems this appropriate, its report shall include proposals for the improvement of the Company's governance rules.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Audit and Control Committee shall be responsible for the following basic duties:

- (i) Informing the General Shareholders' Meeting on questions raised by shareholders at the Meeting, where such questions fall within its competence and, in particular, on the results of the audit, explaining how this has contributed to the integrity of the financial information and the role that the Audit and Control Committee played in the process.
- (ii) Overseeing the efficacy of both the Company's and the group's internal monitoring, internal audit and risk management systems, and discussing with the external accounts auditor any significant weakness in the internal monitoring system that it has detected during its own audit, without compromising its independence. To this end, in the event that it identifies significant weaknesses, it shall submit recommendations or proposals to the administrative body and indicate the corresponding term for monitoring such weaknesses.
- (iii) Overseeing the process for the preparation and submission of the regulatory financial information and submitting recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of such information.
- (iv) Proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, re-election or replacement of the accounts auditors, pursuant to the applicable regulations, along with the conditions for their engagement, and regularly compiling information on the auditing plan and its execution, as well as ensuring its independence in the performance of its duties.
- (v) Establishing the appropriate relationship with the accounts auditors in order to receive information on any matters that could endanger its independence, so that such information may be examined by the Audit and Control Committee, along with any other matter relating to the accounts auditing process and, where applicable, authorising services other than those that are prohibited, in the terms set out in the applicable regulations in the articles 5, section 4, and 6.2.b) of the Regulation (EU) No. 537/2014, of April 16th, and in the provision of the 3rd section, chapter IV, title IV of the Law 22/2015, of July 20th, on Accounts Auditing, about the independence regime relating to the entity or entities linked thereto both directly and indirectly, along with any other communications provided for in the auditing regulations and other provisions governing accounts audits. In any case, the Audit and Control Committee must receive an annual written declaration from the auditor confirming its independence, both direct and indirect, from the Company and its related organisations, together with detailed and personalised information on any additional services of any kind

provided and the corresponding fees received from these organisations by the auditor, or by persons or organisations related to it, in accordance with the provisions contained in the legislation governing accounts audits.

- (vi) Issuing an annual report, prior to the external auditor's report, expressing an opinion as to whether the independence of the external auditors or auditing firms has been compromised. This report must contain information, in all cases, on the provision of the additional services referred to in the preceding paragraph, both individually and jointly considered, aside from the legal audit itself, regarding the rules governing independence and the regulations governing accounts audits.
- (vii) Providing prior information to the Board of Directors regarding all the matters required in Law, the Company's Bylaws and the Board of Directors' Regulations, with regard to:
 - a) the financial information that the Company is required to publish periodically;
 - b) the creation or acquisition of shares in organisations with a particular purpose or organisations domiciled in countries or territories classified as tax havens; and
 - c) operations with related parties.
- (viii) Overseeing the Company's internal auditing activities.
- (ix) With regard to internal reporting and monitoring systems:
 - d) monitoring the preparation and the integrity of the financial information relating to the Company and, where appropriate, the group, checking for compliance with legal provisions, the proper demarcation of the consolidation perimeter, and the correct application of accounting principles.
 - e) monitoring the independence of the unit handling internal auditing duties; proposing the selection, appointment, re-election and removal of the head of the internal audit service; proposing the service's budget; approving its guidelines and work programmes, receiving regular information on its activities, and checking that senior management take account of the findings and recommendations of its reports; and
 - f) establishing and overseeing a mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities that they detect within the Company, particularly financial or accounting irregularities.
- (x) With regard to the external auditor:
 - a) in the event of the resignation of the external auditor, examining the circumstances that gave rise to its decision;
 - b) ensuring that its payment does not compromise its quality or independence;
 - c) ensuring that the Company notifies any change of external auditor to the CNMV as a significant event, accompanied, where applicable, by a statement regarding any potential disagreements with the outgoing auditor and the relevant reasons;
 - d) ensuring that the external auditor has an annual meeting with the Board of Directors in full session to inform it of the work undertaken and of any developments in the Company's situation;
 - e) ensuring that the Company and the external auditor adhere to current regulations on the provision of non-auditing services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.
- (xi) Monitoring compliance with the Company's internal codes of conduct and corporate governance rules, and any information relating to compliance therewith.
- (xii) Monitoring compliance with Corporate Social Responsibility Policy and evaluating relations with the various stakeholder groups.
- (xiii) Meeting with any Company employee or manager, even ordering their appearance without the presence of another senior officer.
- (xiv) Any other duties entrusted to it by the Board of Directors in the relevant Regulations.

The main activities carried out by the Audit and Control Committee are included in the Activities Report of the Audit and Control Committee for financial year for the three months ended March, 31 2020, and correspond to:

- In relation to the financial information of the Company and information for the Board of Directors:
 - Issue of the Activities Report for the Audit and Control Committee for 2019.
 - Analysis of the Annual Corporate Governance Report for 2019.
 - Issue of the Committee's Report on Related-Party Transactions in 2019.
 - Issue of the Committee's Report on the independence of the Auditor in 2019.

<ul style="list-style-type: none"> • Analysis of the individual and consolidated annual accounts and the management report for the financial year closed at 31 December 2019, as well as the application of the profit/loss, for subsequent formulation by the Board of Directors. • Analysis and approval of the 2019 Annual Corporate Governance Report. • Re-election of the auditor for the Company and for the group. • Authorisation by the Audit and Control Committee for the auditors to render certain services to the Company other than those services of account auditing. • Presentation of the Business Plan and 2020 Budget for General Expenses. • Review of the Financial Information for Q1 2020. <ul style="list-style-type: none"> ▪ In relation to the Internal Audit function: <ul style="list-style-type: none"> • Approval of the activities report and the role of the 2019 Internal Audit. • Presentation of the results of the different reviews performed by Internal Audit during the financial year, including the annual audit report regarding the internal control over financial reporting model, and the internal audit of the model for prevention of money laundering and financing of terrorism of the Company and the group. ▪ In relation to the Risk and Compliance function: <ul style="list-style-type: none"> • Approval of the Risks report for 2019. • Approval of the Compliance report for 2019. • Presentation of the results of the different reviews performed by Risks and Compliance during the financial year ending on 31 March 2020, including a review of the corporate risk map and follow-up on risk indicators.

Name the Board Member who has been appointed to sit on the Audit Committee, bearing in mind his/her knowledge and experience of accounting matters, auditing, or both and state how many years the Chairman of this Committee has been in the post.

Name of experienced Board Member	MR. JAVIER LAPASTORA TURPÍN
Date of appointment of the President in office	27/09/2017

Observations
-

APPOINTMENTS AND REMUNERATION COMMITTEE

The Company's Appointments and Remuneration Committee was appointed by the Board of Directors at a meeting held on 27 September 2017. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
MR MIGUEL TEMBOURY REDONDO	President	Independent
MR. EVAN ANDREW CARRUTHERS	Member	Proprietary
MRS. CRISTINA ÁLVAREZ	Member	Independent

% of Proprietary Director	33.33%
% of Independent Director	66.67%
% other external members	0.00%

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

The Appointments and Remuneration Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors at the proposal of the Chairman of the Board, and who must be non-executive directors. At least two members of the Appointments and Remuneration Committee shall be independent directors.

The Board of Directors shall also appoint a Chairman from among the independent directors who sit on the said Committee. In addition, the Board of Directors may appoint a Deputy Chairman if it deems this appropriate, and the rules governing the appointment of the Deputy Chairman shall be the same as the rules governing the appointment of the Chairman.

Members of the Board of Directors who sit on the Appointments and Remuneration Committee shall continue in this post for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Appointments and Remuneration Committee shall be responsible for the following basic duties with total independence:

- (i) Assessing the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the skills and duties required from candidates in order to fill each vacancy, as well as evaluating the time and dedication required for them to be able to effectively perform their duties.
- (ii) Establishing a target for representation on the Board of Directors of the gender that is least represented and preparing guidelines on how to meet this target.
- (iii) Submitting proposals to the Board of Directors regarding the potential appointment of independent directors, either for appointment by co-option or for submission for deliberation by the General Shareholders' Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- (iv) Providing information regarding proposals for the appointment of the remaining directors, either for appointment by co-option or for submission for deliberation by the General Shareholders' Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- (v) Providing information on proposals for the appointment and removal of management personnel and the basic conditions for their engagement.
- (vi) Examining and organising the process for successors to the Chairman of the Board of Directors and the Company's chief executive and, where applicable, making proposals to the Board of Directors to ensure that succession occurs in a planned and orderly way.
- (vii) Submitting proposals to the Board of Directors regarding payment policy for directors and general management and for those people who perform senior management duties and report directly to the Board of Directors, Executive Committees or Managing Directors, and regarding the individual payment and other contractual conditions for executive directors, confirming and monitoring compliance with such conditions.
- (viii) Monitoring compliance with the Company's payment policy.
- (ix) Periodically reviewing the payment policy for directors and senior officers, including share-based payment systems and their application, and ensuring that their individual payment is proportionate to the amounts paid to other directors and senior officers.
- (x) Ensuring that conflicts of interest do not undermine the independence of any external advice the Committee engages.
- (xi) Verifying the information on director and senior officers' pay contained in the various corporate documents, including the annual directors' payment statement.

Furthermore, all those duties included in the internal regulations of the Appointments and Remuneration Committee which, if applicable, are approved by the Board of Directors, shall correspond to said committee.

The Appointments and Remuneration Committee shall meet on an ordinary basis every three months or at least four times per year. Moreover, it shall meet at the request of any of its members and any time it is called by its Chairman, who must do so if the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals and, in any case, when it is advisable for the proper carrying out of its duties.

During financial year 2020, the activities carried out by the Appointments and Remuneration Committee of AEDAS Homes are included in the Appointments and Remuneration 2020 Activity Report, corresponding to:

1. Recording of the 2020 Annual Corporate Governance Report (“ACGR”), in those matters related to the competence of this Appointments and Remuneration Committee.
 2. Recording of the 2020 Annual Report on Directors’ Remuneration (“ARDR”).
 3. Revision of the variable remuneration of the Chief Executive Officer (“CEO”) for financial year 2019, to submit it for approval by the Board of Directors.
 4. Revision of the new Organisational Chart of the company and recommendation to the Board to appoint two General Managers, with their contractual conditions.
 5. Approval of the remuneration of the executives who report directly to the Chief Executive Officer.
 6. Recording of the Company Remuneration Policy (all the employees).
 7. Approval of the 2019 Activities Report of the Appointments and Remuneration Committee.
 8. Approval of the 2020 Activities Plan of the Appointments and Remuneration Committee.
 9. Recording of the letter from Director Cristina Álvarez Álvarez, relative to her new position outside of the Company to verify that there is no conflict of interest.
 10. Report by the Chairman of the Appointments and Remuneration Committee to the General Shareholders’ Meeting.
 11. Report to the Board regarding the advisability of appointing a Vice-Chairman of the Board of Directors.
 12. Establishment of the Chief Executive Officer’s objectives in relation to his variable remuneration for 2020.
- Additionally, the Appointments and Remuneration Committee periodically informs, by way of its Chairman, the Board of Directors about the most important duties performed by the Appointments and Remuneration Committee.

TECHNOLOGY, INNOVATION, AND CYBER-SECURITY COMMITTEE

The Technology Committee held its first meeting on 14 November 2017 and was renamed the Technology, Innovation and Cyber-security Committee in February of 2020. Below are its composition, general delegated duty and its regulations:

Name	Title	Category
MRS. CRISTINA ÁLVAREZ ÁLVAREZ	President	Independent
MR. DAVID MARTÍNEZ MONTERO	Member	Executive
MR. EDUARDO EDMUNDO D’ÁLESSANDRO CISHEK	Member	Proprietary

% of Executive Directors	33.33%
% of Proprietary Director	33.33%
% of Independent Director	33.33%

Observations
-

Explain the duties attributed to this committee and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

The Board of Directors created a permanent Technology Committee in November of 2017, an internal body for information and consultation, without executive duties, with powers to inform, consult and propose within its scope of action set forth in its Regulations. The Committee was been renamed the Technology, Innovation and Cyber-security Committee (TICC) in February of 2020.

The Committee shall be comprised of at least three and no more than eight members, of whom at least two must be directors, appointed by the Board of Directors itself, at the request of the Chairman of the Board. At least one member of the Technology Committee shall be an independent Director.

Even though they are not Directors, the Managers in the business lines that the Board of Directors consider relevant in each moment for this Committee shall also be a part of thereof, such as the Head of Technology, the Head of Innovation and Marketing, etc. of the Company.

The Technology Committee is responsible of the following duties:

- (i) Review and issue recommendations to the Head of Technology, the CEO and, where appropriate, the Board of Directors, in relation to the Strategic Technology Plan, in order for it to respond to the Company needs and also to provide a competitive advantage.
- (ii) Supervise the execution of the Strategic Technology Plan, reporting about its progress to the CEO and the Board of Directors, proposing necessary changes and adaptation of said Plan in order to comply with the Company's needs.
- (iii) Advise the Head of Technology with respect to the selection of collaborators, design of tools, application of technologies, corrective and preventive measures, etc. ensuring the Company incorporates the technological tools and trends that allow it to give an optimal support for the performance of its tasks, as well as to keep a competitive and sustainable advantage.

With respect to its operating rules:

- (i) The Technology Committee shall ordinarily meet every three months or at least four times a year. It shall also meet when requested to do so by any of its members and whenever it is convened by its Chairperson, who shall convene a meeting whenever the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals. In any case, the Committee shall meet every time they deem it convenient for the smooth development of their duties.
- (ii) The Chairperson of the Committee shall determine the agenda of each meeting.
- (iii) The Technology Committee shall be validly constituted when the majority of its members are either present or represented by proxy. The agreements of the Committee shall be adopted by absolute majority of those present.
- (iv) The Secretary of the Committee shall record Minutes of the Committee meetings, a copy of which shall be sent to each and every member.
- (v) For the best fulfilment of their duties, the Technology Committee shall receive the advice of external experts when it is deemed necessary for the adequate fulfilment of their duties, ensuring that potential conflicts of interest do not harm the independence of the external advice provided to the Technology Committee.

During financial year 2020, the activities carried out by the Technology, Innovation and Cyber-security Committee of AEDAS Homes are included in the Activities Report. They correspond to:

1. Approval of the Activities Report of the Technology, Innovation and Cyber-security Committee for 2019.
2. Approval of the Activities Plan for the Technology, Innovation and Cyber-security Committee for 2020.
3. New, key activities in Innovation: Live Virtual Tours, S.L.U.
4. LIVE presentation – possible carrying out.
5. Presentation of the new index of artificial intelligence in Boards in Spain.
6. Report on the six key products in Technology.
7. The four critical projects in Cyber-security.

C.2.2 Complete the following table with information on the number of female Board members sitting on the Board's committees at the close of the last four financial years:

	Number of female Board members							
	Fiscal year 2020 (31/03/2020)		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	-	-	-	-	-	-	-	-
Appointments and Remuneration Committee	1	33.33%	1	33.33%	1	33.33%	-	-
Technology, Innovation and Cyber-security Committee	1	33.33%	1	33.33%	1	33.33%	-	-

C.2.3 Indicate, where appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any changes have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The Board of Directors Regulations were revised, updated and approved on 25 July 2019, containing the regulations of two of the three Board of Directors committees, regarding the Audit and Control Committee and the Appointments and Remuneration Committee. This latter Committee is in turn regulated by the ARC Regulations in terms of its composition, competences and operation, approved on 25 July 2019. For amendments, see section C.1.15.

The regulations of the Committees are available for consultation on the Company website Sociedad (www.aedashomes.com) in the Shareholders and Investors section, Corporate Governance subsection, and therein under Board of Directors.

These committees, Audit and Control Committee, Appointments and Remuneration Committee and Technology Committee will draw up an Activity Report each year.

D RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Explain, where applicable, the procedures and relevant bodies for approving related party or intragroup transactions.

Pursuant to Article 34 of the Board of Directors' Regulations, the Company's engagement in any transaction with directors or shareholders that own shares in an amount considered significant under the terms of the stock market regulations in force from time to time or, where applicable, with directors or shareholders that have proposed the appointment of any of the Company's directors, or the Company's engagement in any transaction with the respective related parties (understood to mean the parties listed in Article 29 of these Regulations), shall be subject to authorization by the Board of Directors or, in situations of extreme urgency, the Executive Committee or the Managing Director, with the subsequent ratification by the Board or Directors, in each case following a report by the Audit and Control Committee.

Prior to authorizing the Company's engagement in transactions of this nature, the Audit and Control Committee and the Board of Directors shall evaluate the transaction from the perspective of the equal treatment of all shareholders and current market conditions.

The Board's authorization shall not, however, be required for related party transactions that simultaneously comply with the following three conditions:

- (i) They are governed by agreements containing standard conditions that apply en masse to a large number of clients,
- (ii) They are completed at prices or rates that are generally established by parties acting as a supplier of the goods or services involved; and
- (iii) Their value does not exceed 1% of the Company's annual revenue.

Where these are transactions that fall within the Company's ordinary business and involve usual or recurring activities, a general authorisation from the Board of Directors shall be sufficient. Authorisation shall necessarily be agreed by the General Shareholder's Meeting when the transaction is made with a Board Member or related party in a value exceeding 10% of the Company's assets.

"Related parties" of the Group are understood to mean Dependent, Associated and Multigroup entities, the members, the "key personnel" of Company Management (members of its Board of Directors and the Administrators, together with their close relatives), as well as the entities over which the key Management personnel can have a significant influence or control or be influenced by them. Specifically, related-party situations are understood to include those transactions carried out with agents that are external to the Group, but with whom there is a relationship according to the definitions and criteria derived from the provisions of the Ministry of Economy and Finance in order EHA 3050/2004 of 15 September and the Spanish Securities Market Commission in Circular 1/2005 of 1 April.

D.2 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and significant shareholders in the company:

Name or corporate name of significant shareholder	Name or corporate name of the group company or entity	Nature of the relationship	Type of operation	Amount (thousands of euros)
-	-	-	-	-

Remarks
-

D.3 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and the company's administrators or executives:

Name or corporate name of administrators or executives	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousands of euros)
-	-	-	-	-

Remarks
-

D.4 Report on any significant transactions between the Company and other entities in the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the company's normal business with regard to purpose and conditions.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Name of the group company	Brief description of the operation	Amount (thousands of euros)
-	-	-

Remarks
-

D.5 Give details of transactions between the Company or entities in its group and with other related parties that have not been communicated in the previous sections

Name of the related party	Brief description of the operation	Amount (thousands of euros)
-	-	-

Remarks
Section 19 of the 2020 Consolidated Accounts, for the financial year ended March 31, 2020 for AEDAS Homes, includes a breakdown of all the related-party transactions carried out by the Company. These transactions are not included in this 2020 Corporate Governance Report as they are not significant due to their amount or relevant due to their subject matter.

D.6 Provide details of any mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.

Pursuant to the Conflict of Interest Policy established by AEDAS Homes, all the people subject to this Policy (board members, managers, employees and related parties) must adopt the measures required to ensure compliance with the criteria for action and decision-making set out in the Policy in order to avoid situations that may result in a conflict between their own personal interests and the interest of the Company.

In this regard, all affected parties, particularly members of the Board of Directors, must refrain from the following:

- a) Entering into transactions with the Company, unless these relate to ordinary operations, made in standard client conditions and of little importance (this being understood to mean operations that do not have a significant impact on the Company's net worth, financial position or results). In this regard, the affected parties may acquire housing developed by AEDAS Homes provided that it is acquired for their own use as a residence. All other requests (apart from those for acquisition as a primary residence) shall require the approval of the Compliance Committee, and when such requests are made by members of the Management Committee, the approval of the Audit and Control Committee shall be required.
- b) Using the name of the Company or referring to their condition as director, manager or employee to unduly influence the result of a private operation.
- c) Making use of the company's assets, including its confidential information, for private purposes.
- d) Taking advantage of the Company's business opportunities, whether current or under consideration.
- e) Obtaining benefits or payments from third parties other than the Company in relation to the performance of their duties, unless these are offered out of mere courtesy.
- f) Engaging in activities, either personally or on behalf of others, that effectively compete, either immediately or potentially, with the activities of the Company, or that in any other way place them in permanent conflict with the interests of the Company.
- g) Awarding any kind of agreement or order relating to AEDAS Homes to suppliers who have some kind of relationship with people who have a first or second degree of kinship with employees of the Company.

The foregoing provisions also apply in cases in which the beneficiary of the prohibited act or activity is a person related to the affected person. AEDAS Homes, and specifically its Board of Directors, may analyze and dispense with such prohibitions in specific cases, taking into account all cases of the principles contained in this Policy, and safeguarding the interests of AEDAS Homes.

Communication

The affected party must immediately give notice of any situation or circumstance that could give rise to a potential conflict of interest, indicating its scope, the situation that has given rise to the potential conflict and any related parties, where applicable. If there are doubts regarding whether this involves a conflict of interest or not, the affected party must refrain from continuing to engage in any activity relating to the situation in question and seek advice.

In the case of employees, they must give notice of the situation to their direct superior, who will analyze and resolve the situation together with the Compliance Department. Where necessary, the Compliance Committee shall be asked to make a decision. In the case of members of the Board of Directors, they must give notice of the situation to the Secretary to the Board of Directors, preferably in writing, and the Secretary shall pass on any communications received to the Board of Directors, which shall decide on the situation and, where necessary, seek an opinion from the Audit and Control Committee.

In addition, AEDAS offers all affected parties an Incident Reporting Channel. This represents an additional channel for reporting any circumstance involving a breach or infringement of the Code of Conduct, which includes the principle of objectivity and an obligation to prevent conflicts of interest.

Conflicts of interest that affects the Company's directors shall be reported in the notes to the Company's annual accounts and in the Annual Corporate Report which shall give details of all related party transactions between the Company and its shareholders and directors.

Management of conflicts of interest

AEDAS Homes has adopted a series of measures that are designed to ensure the correct management of conflicts of interest by the Board of Directors or the employees' immediate supervisors, as appropriate under the terms of this Policy, thus ensuring the objectivity and transparency of the process. To this end, once the existence of a conflict of interest has come to light:

- a) We take all the measure necessary to distance the affected party from the management of the transaction or situation in question.

- b) We ensure Independence in the decision-making process, in such a way that the affected party must take part in this process, and measures are employed to implement the appropriate controls to ensure impartiality.
- c) Where required, the Board of Directors will take a decision on the potential conflict of interest, recording its decision and taking the appropriate measures in this regard.

Related party transactions

In line with the general principles set out above, affected parties must avoid becoming involved in any situation from which a conflict of interest might arise in relation to their participation in related party transactions, and they must comply with the previously established rules.

The Company's Board of Directors is the body that is responsible for approving any related party transactions, following a positive report from the Audit and Control Committee. In addition, the Board of Directors may analyze and dispense with such prohibitions in specific cases, taking account in all cases of the principles contained in this Policy.

In duly justified situations of urgency, approval may be given by the delegated bodies or people / the Company's management, though it must be ratified at the first meeting of the Board of directors held after the decision is adopted.

However, authorization is not required from the Board of Directors for related party transactions in which the following three conditions are simultaneously met:

- a) They are governed by agreements containing standard conditions that apply en masse to a large number of clients,
- b) They are completed at market prices or rates that are generally established by parties acting as a supplier of the goods or services in question, and
- c) Their value does not exceed 1% of the Company's annual revenue.

D.7 Is more than one of the companies in the group listed in Spain?

Yes

No

Identify the subsidiaries that are listed in Spain and their relationship with the Company:

Identity and relationship with other companies in the group
-

Indicate whether they have provided public information on the respective business activities in which they engage, and any business dealings between them, as well as between the listed subsidiary and other group companies;

Yes

No

Describe any potential business relations between the parent Company and the listed subsidiary, and between the listed subsidiary and other companies in the group
-

Indicate the mechanisms in place to resolve potential conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve any potential conflicts of interest
-

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the Company's Risk Control and Management System, including measures relating to tax risk.

AEDAS Homes uses a risk management system that is regulated under the Company's Risk Management Policy. This Policy was approved by the Company's Board of Directors on 17th of October 2017.

The purpose of the risk management model is to identify, manage and report any risks that may affect AEDAS Homes's pursuit of its business objectives.

The risk management model is based on the following stages:

- Identification: any significant risk to AEDAS Homes is identified.
- Evaluation: inherent probability, inherent impact and the robustness of the control environment are evaluated for all significant risks. The AEDAS Homes risk management model includes three risk categories: "critical", "to be monitored" and "to be maintained".
- Management: risk classified as "critical" and "to be monitored" is included as part of the risk management mechanism, which means taking measures such as identifying material risk events, monitoring their development through the use of indicators and analysing response/control protocols, among other measures.
- Reporting: a report is submitted every six months to the Management Committee and the Audit and Control Committee on the way that the model is working.
- Updating: the model is subject to an annual review and update.

E.2 Identify the bodies responsible for preparing and implementing the Risk Control and Management System, including measures relating to tax risk.

The following AEDAS Homes S.A. bodies are involved in activities related to the risk management model:

Board of Directors

Defines, updates and approves the Risk Management and Control Policy at AEDAS Homes and sets the acceptable risk level at all times.

Audit and Control Committee

Oversees the internal monitoring and management of risk, ensuring that the main risks are identified, managed and maintained at the planned levels.

Management Committee

Assigns responsibility for risk, receives the results of risk assessments for the purposes of determining how critical the risk level is, and approves actions or responses to the risk defined.

Risk & Compliance Department

The Compliance Department provides support for the Audit and Control Committee and the Management Committee in the performance of its duties, particularly through the coordination of the activities set out in the Risk Management and Control Policy, ensuring the correct implementation of the risk management system and consolidating reports relating to the risk model.

Managers and other parties responsible for risk

Identify and evaluate the risks that fall within their area of responsibility. In addition, they propose and report on the indicators used to monitor risk, in addition to proposing and implementing plans of action to mitigate risk and reporting on the effectiveness of such plans.

E.3 Indicate the main risks, including tax risk and, to the extent they may be significant, those arising from corruption (these latter understood as within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

The Company's catalogue of risks contemplates the following risk categories:

Strategic risks

- Real estate market
- Portfolio of development land
- Competition
- Availability of financing
- Reputation
- Stock markets

Operational risks

- Acquisition of development land
- Transformation of development land
- Development

- Marketing
- Securing and retaining talent
- Technology
- Cyber security
- Safety in the workplace
- Asset security

Financial risks

- Interest rates
- Liquidity
- Credit risk
- Asset valuation
- Reliability of financial information

Compliance risks

- Breach of Money Laundering Prevention Act
- Breach of criminal regulations (including risks related to breach of anti-corruption legislation)
- Breach of the Spanish Stock Market Act
- Breach of tax regulations
- Breach of environmental regulations

E.4 Indicate whether the company has a risk tolerance level, including against tax risk.

During the financial year for the three months ended March 31, 2020, AEDAS Homes continued to carry out monitoring and management of the risks considered critical based on the risk evaluation made by the Managing Committee. The risks considered critical have been as follows:

- Real estate market
- Stock market
- Portfolio of development land
- Development
- Competition
- Safety in the workplace
- Reliability of financial information
- Cyber security

Additionally, during the financial year for the three months ended March 31, 2020 the following risks began to be monitored:

- Reputation
- Transformation of land
- Availability of financing
- Commercialisation

The model establishes that the aforementioned risks are subject to quarterly monitoring. The results of the risk monitoring reports received from the global managers are consolidated in a report by the Risk and Compliance Manager. Said report is periodically sent to the Management Committee and the Audit and Control Committee.

Said risks are, thus, incorporated into the Company's usual risk monitoring cycle.

E.5 Identify any risks, including tax risks, that have emerged during the year.

During the first three months of the year 2020, a public health emergency situation caused by COVID-19 was declared. It was raised to the level of an international pandemic on 11 March 2020, leading the Government to take measures to protect the health and safety of citizens and contain the spread of the illness. Noteworthy among such government measures was the declaration of a state of alarm in national territory starting 14 March 2020 (Royal Decree 463/2020, of 14 March). This is still the situation at the date of reference of closing of this Corporate Governance report. In the subsequent measures of 29 March 2020 (Royal Decree 10/2020, of 29 March), the developer sector was affected by the temporary paralysation of non-essential activities; construction, among others, was paralysed starting on 30 March 2020. This scenario could affect the terms of delivery of houses and, on the other hand,

consumer demand for acquisition of housing may be affected by a loss of confidence and the evolution of the unemployment rate both of the national and foreign consumer, as this is an international crisis.

Furthermore, the measures taken by the government to stop the epidemic could have a significant impact on some of the risk categories which comprise the corporate risk model of AEDAS Homes. Nevertheless, it is difficult to determine what will be the exact impact, since the aforementioned measures continue to be in force.

It should be noted that the Company is continuously monitoring the situation and is taking all of the appropriate measures to guarantee the health of its employees, clients and suppliers, as well as the continuity of the business insofar as possible. The Company has a business continuity plan, which has been activated to remotely continue activity.

E.6 Explain the plans for responding to and monitoring the main risks facing the company, including tax risk, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges appearing.

The Company has defined the action plans designed to respond to the risks that have exceeded the level of tolerance during the financial year. These action plans have been agreed with the global risk managers and been presented to the Audit and Control Committee. Moreover, the status of implementation of the same is reviewed periodically.

F INTERNAL RISK MONITORING AND MANAGEMENT SYSTEMS RELATING TO THE FINANCIAL REPORTING (ICFR) PROCESS

Describe the mechanisms that form part of the risk monitoring and management system relating to the company’s financial reporting (Internal Control over Financial Reporting, ICFR) process.

F.1 The company’s control environment

Provide information on at least the following, describing their main characteristics:

F.1.1. The bodies and/or officers responsible for: (i) the existence and maintenance of appropriate and effective ICFR; (ii) its implementation; and (iii) its monitoring.

The model of responsibilities of AEDAS Homes’ Internal Control over Financial Reporting is deployed through the following bodies and function that development, maintain and monitor the process of preparing the financial information:

BODIES		FUNCTIONS
Management Bodies	Board of Directors	<ul style="list-style-type: none"> Preparing financial information. Ensuring correct functioning of the ICFR.
	Audit and Control Committee	<ul style="list-style-type: none"> Supervising financial information. Supervising auditing activities. Approving what to supervise and when, and how to evaluate supervision of ICFR. Supervising the effectiveness of ICFR.
Finance Department	Finance Department	<ul style="list-style-type: none"> Designing, implementing and evaluating ICFR and its overall monitoring. Reporting on the operation of ICFR to Audit and Control Committee.
Department and Divisions	Parties responsible for processes	<ul style="list-style-type: none"> Identifying any risks in their processes that may affect the Financial Information. Proposing and implementing the most suitable controls to mitigate risk. Ensuring that these controls are working effectively. Reporting on the design and operation of internal controls in their processes to the Finance Department. Resolving incidents in their processes.
	Parties responsible for control	<ul style="list-style-type: none"> Executing the controls for which they are responsible. Reporting on any incidents that arise.
Internal Auditing Department	Internal Auditing	<ul style="list-style-type: none"> Planning ICFR audits as part of the monitoring delegated by the Audit and Control Committee. Report and communication of the results to the Audit and Control Committee and the Finance Department. Following up recommendations and plans for improvement.

Board of Directors

The Board of Directors of Aedas Homes, S.A. is ultimately responsible for monitoring the ICFR, as set out in Article 5.4.viii) of the Board of Directors Regulations.

To this end, the Board of Directors has established the organisational structure necessary to allow monitoring by delegating this duty to the Audit and Control Committee. Thus, the Audit and Control Committee must ensure due compliance with the responsibilities defined and assigned to the Finance Department and other departments and divisions with regard to the Company's Internal Financial Control Reporting System.

Audit and Control Committee

To achieve reasonable security with regard to the reliability of the financial information, the Audit and Control Committee will oversee:

- The proper demarcation of the consolidation perimeter.
- The correct application of accounting principles.
- The suitability of the control policies and procedures implemented.
- The process for the preparation and reporting of financial information, reviewing the correct design, implementation and efficient operation of the ICFR System and compliance with the regulatory requirements.

The Audit and Control Committee has various sources for establishing whether Management has implemented an effective system for supervising ICFR. The main sources for its analyses are:

- Asking questions and observing the way that Management manages the Company.
- Engaging specialists or specialist resources.
- External auditors.

The Audit and Control Committee will principally rely on the work of the internal auditor and hold any meetings with external auditors that may be necessary

The duties entrusted to the Audit and Control Committee with regard to the internal controls set out in the AEDAS Homes Board of Directors Regulations are as follows:

- Regularly reviewing the Company's internal monitoring and risk management systems and, in particular, the correct design of the internal monitoring system and the management of financial information (ICFR), to ensure that the main risks are identified, managed and appropriately made known.
- Approving the internal auditing plan for evaluation of the ICFR System and its modifications and receiving regular information on the results of this work, as well as approving the action plan for correcting any weaknesses observed.
- Reviewing, analysing and commenting on the Financial Statements and other relevant financial information with senior management and internal and external auditors, in order to confirm that this information is reliable, comprehensible and relevant, and that the accounting principles followed are consistent with those applied at the close of the preceding year.

Finance Department

The Group's Finance Department is responsible for identifying any risk of error or fraud in the financial information using the whole range of the ICFR System and for documenting the design of the controls. It is also responsible for informing the internal and external auditors of any changes to the perimeter of the Internal Monitoring System relating to Financial Information.

The AEDAS Homes Finance Department is responsible for establishing the design, implementation and global follow-up of the Internal Monitoring System for the Group's financial information. It will therefore establish the system and implement the structure required for its supervision, thus ensuring that the said system operates effectively.

In order to comply with this responsibility, the people in charge of each associated process or sub-process and any key controls must monitor these and report back to the AEDAS Homes Financial Management.

Internal Auditing Department

Internal Auditing is responsible for planning the supervision and evaluation of the ICFR System with the scope and frequency required to ensure its effectiveness, taking account of the duties included in the Annual Internal Auditing Plan, subject to approval by the Audit and Control Committee (ACC).

Internal Auditing must determine the nature and extent of the tests to be carried out in order to identify any potential weaknesses in the relevant controls, and it will analyse the causes giving rise to these weaknesses in order to determine the control systems' level of compliance and efficacy.

To this end, the parties responsible for these controls must keep and review the relevant documentation and/or evidence that show both that controls have been carried out, being subject to Internal Auditing oversight.

Part of the oversight process will involve communication of the results obtained, using the following procedure:

- Communication of the results related to the findings of the performance of the control to the person responsible for the process and to their department.
- Communication of the findings and action plans agreed with the division to the Finance Department, the Managing Director and the Audit and Control Commission.
- In the event of any suspicion of fraud, the person directly responsible for the control operation should not be notified, but this information should instead be passed on to higher levels including the General Management and the Audit and Control Committee.

The implementation of the action plans will be the responsibility of the Finance Division with the support of the various divisions involved in each process.

Internal Auditing will also be responsible for following up and monitoring the incidents and effectiveness of the action/improvement plans proposed to mitigate these incidents.

F.1.2 The following elements, where they exist, especially in relation to the process of preparing the financial report:

- **Departments and/or mechanisms in charge of: (i) designing and revising the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for their correct reporting throughout the company.**

The establishment of the bases of corporate organisation, with a view to guaranteeing greater efficiency of the same, is the responsibility of the Board of Directors.

Corporate Services Management is responsible for analysing, designing and developing the organisational structure of AEDAS Homes, ensuring that it is aligned with the Company's strategic objectives.

The lines of responsibility, lines of reporting and functions of each of the positions are defined by each department, reflecting the existing hierarchical structure through an existing organisation chart and, through the job description sheets, the objectives, functions and tasks of each one of the Company's positions of management and responsibility. All the Company employees may access the organisation chart, directory and job description sheets via the Employee Portal.

For the purposes of the process involved in preparing financial information, the Company has clearly defined lines of authority and responsibility. Principal responsibility for the preparation of financial information lies with Financial Management.

The formulation and review of the criteria to be followed for the selection of managers for the Group is carried out by the Appointments and Remuneration Committee.

In order to comply with the obligations of transparency, access to public information and good governance, public access is established through the website to information relative to, *inter alia*, the organisational structure, profile of the management team and senior management remuneration, which is presented in a clear, free and structured manner.

- **Code of conduct, approval body, level of dissemination and instruction, principles and values included (indicating whether there is specific mention of the recording of transactions and the preparation of financial information), the body in charge of analysing breaches and of proposing corrective actions and sanctions.**

AEDAS Homes has a Code of Conduct that has been approved by the Company's Board of Directors. All of the Company's employees have been informed about this Code of Conduct, and it can be accessed via both the Employee Portal and on the investor pages of the AEDAS Homes website.

The AEDAS Homes Code of Conduct sets out the Company's values:

- **Integrity:** all members of AEDAS Homes undertake to behave with integrity and in a way that contributes to maintaining the Company's reputation.
- **Excellence:** AEDAS Homes has a team that has wide-ranging experience of the residential real estate sector and that is trained to offer an excellent client experience.

At AEDAS Homes we carry out our duties with professionalism, respect and impartiality. We are committed to achieving our objectives through honest means and do not tolerate any unethical behaviour.

- Transparency: the Company undertakes to provide stakeholders with comprehensive, appropriate and truthful information in order to facilitate the decisions they need to make, in each and every one of the markets in which we operate.
- Innovation: we try to ensure that our residential properties incorporate innovations that will improve the quality of life of the people who live in them, in terms of both their fittings and the materials used, equipping them with technologies that make life easier and more comfortable.

The Code of Conduct establishes the following principles:

- Compliance with regulations: AEDAS Homes's employees comply strictly with the provisions of the regulations in force in the performance of their duties.
- Combating corruption: the company adopts a zero tolerance policy against any kind of corruption. We are entirely honest in our dealings with both the public and private sectors, and integrity is one of the fundamental values in the way we conduct our business.
- Responsibility in respect of taxes: AEDAS Homes complies rigorously with its tax obligations and works with the Tax Authorities to provide them with any information they may require.
- Healthy working environment: AEDAS Homes complies strictly with the regulations governing health and safety, and we have implemented initiatives both for the prevention of accidents and illness and for the promotion of healthy living. We reject any kind of violation of basic human rights or public freedoms.
- Equal opportunities: AEDAS Homes promotes activities to encourage the professional advancement of its employees. Principles of fair treatment, non-discrimination and equal opportunities all form part of the Company's relations with its employees.
- Objectivity: at AEDAS Homes we anticipate and manage conflicts of interest with the aim of ensuring the impartiality and objectivity of any decisions taken.
- Gifts, considerations and entertainment: as a general rule, we do not accept gifts, favours or considerations from third parties, either in cash or in kind, unless these are merely symbolic in nature and not offered with the aim of influencing the objectivity that must govern all of our actions. We completely forbid the offer of gifts, rewards, invitations or any other item of value to public officials, politicians and other representatives of public institutions that may compromise their independence or integrity. Similarly, no-one at AEDAS Homes may offer gifts or services in advantageous conditions to the employees of private institutions, aside from the consideration offered within the bounds of ordinary politeness whose corresponding financial value is symbolic and founded on principles of prudence and common sense.
- Use of AEDAS Homes equipment and assets: the items that AEDAS Homes makes available to its employees so that they may perform their duties may not be used for private or illegal purposes. The incurrence of any expense must conform to the principles of need and efficacy. The Company takes care to ensure that its assets do not suffer any damage that could affect their valuation
- Protection of the image of AEDAS Homes: AEDAS Homes is committed to ensuring the proper use of the Company's name, brand, image and reputation, acting in a way that is always faithful to AEDAS Homes and in defence of its interests. We also respect the intellectual property rights of all third parties.
- Confidentiality and controlling information: at AEDAS Homes we regard information as an intangible asset of great worth, and we therefore believe that it is fundamental to preserve and manage it confidentially, especially where inside information is concerned. We also guarantee the protection of any personal data to which we have access as a result of the links between private individuals and our own business activities, and we undertake not to divulge their data unless we have obtained their consent or are bound by some kind of legal obligation.
- True picture of financial information: at AEDAS Homes we have a control environment and specific procedures that ensure that our financial information is prepared in accordance with the applicable principles and rules governing valuation, in such a way that all of our transactions are clearly and accurately reflected in our accounts ledgers and records and in the preparation of the relevant financial information.
- Free competition: at AEDAS Homes we ensure the exercise of free competition through the application of ethical business practices and observance of the law. With a view to avoiding any unfair competition, we safeguard our own confidential information, along with that of our co-workers, suppliers, clients and any other third parties.
- Collaboration with official institutions and public bodies: at AEDAS Homes we work together with official institutions and public bodies, undertaking to provide any information that they may require, transparently and clearly.
- Respect for the environment and planning ordinances: we comply at all times with the regulations governing protection of the environment and respect for planning ordinances. Furthermore, AEDAS Homes goes beyond mere compliance with the law and is committed to the rational use of natural resources and the design and construction of sustainable and

energy-efficient building projects that respect the environment, AEDAS Homes develops only projects that have been granted the relevant licences, and it expressly prohibits the development of building projects in specially protected areas or construction in common planning zones.

The Compliance Committee is the body responsible for managing any complaints received in relation to breaches of the Code of Conduct, the Company's internal policy or the legislation in force. The Committee may act at the request of any complainant or on its own initiative, and it will take the necessary measures in respect of any complaints in the event that the circumstances in question are confirmed.

- **Whistle-blowing channel, which enables the reporting of irregularities of a financial and accounting nature to the Audit Committee, in addition to potential breaches of the code of conduct and irregular activities in the organisation, indicating whether these are confidential.**

AEDAS Homes has a complaints channel that can be used both by employees and by third parties who are unconnected with the Company to report any behaviour that contravenes the Code of Conduct, the Company's internal policy or the legislation in force, including financial and accounting irregularities. Any information received as a result of such complaints is treated by the Compliance Committee in the strictest confidence, and all of the Company's employees have been informed of this fact.

- **Training programmes and regular updates for the personnel involved in the preparation and revision of financial information and evaluation of the Internal Control over Financial Reporting (ICFR) System, which should at least cover accounting regulations, auditing, internal risk monitoring and management.**

The Corporate Resources Manager prepares, jointly with each of the areas which depend on Financial Management, training and authorisation programs for the different members who participate in the process of preparation and supervision of the financial information. Said plans include both general training programs focused on knowledge of the business and of the different interrelated departments that comprise the Company and specific programs whose objective is to train and update on regulatory developments in terms of preparation and supervision of the financial information.

Among the subject matter of the training received by the Financial Department in the three months ended March 31, 2020, the following are noteworthy:

- Accounting for developers according to GAAP.
- Course on safety, health, environment and quality.
- Course on the prevention of money laundering and the financing of terrorism.
- Code of Conduct.

F.2 Financial reporting risk assessment

Provide information on at least the following:

F.2.1. The main characteristics of the process for identifying risk, including risk of error or fraud, in respect of:

- **Whether the process exists and is documented.**

There is a risk identification process including risks such as mistakes and fraud documented in the General ICFR Policy of AEDAS Homes.

The scope of the ICFR allows for the identification of which accounts and breakdowns have a significant risk associated whose potential impact on the financial information may be material. To this end, Finance Department considers quantitative and qualitative factors:

a) Quantitative criteria

Quantitative criteria are established through the calculation of the materiality of the year, for which the forecast of the December closing of the Group's Financial Statements will be taken as reference.

The materiality of AEDAS Homes will be calculated based on the Group's situation in said year; the headings which comply with the following must be chosen:

- In the event that Group has normal benefits: those headings exceeding 5% of the results of ordinary or operating activities.

- In the event that Group has losses or is at the break-even point or below a low return level: those headings greater than the most representative 1% of the following:
 - Total net turnover.
 - Total assets.
 - Shareholders equity.
- Additionally, the headings meeting the qualitative factors will be included in the scope of the ICFR.

Once the material headings have been defined, it will be determined which processes or sub-processes they impact based on the activities that compose them.

With the closing Financial Statements, an update of the scope of the ICFR will be carried out each financial year to verify whether significant changes have occurred entailing the inclusion of any company process.

b) Qualitative criteria

To determine the processes to be included in the scope of the ICFR, the following qualitative aspects must also be considered:

- Size: distinguish the account compared to the materiality of "Material Error".
- Composition (volume and unit price): numeric volume of transactions in the financial year and unit price of each transaction.
- Automation of processes: automation vs manual nature of processes. The greater the automation, the less the risk.
- Standardisation of operations: assessment of the homogenisation of the operations recorded. The greater the homogeneity, the less the risk.
- Susceptibility to fraud or error: risk of unintended error or fraud. To be considered: segregation of duties, level of supervision/approval, rigour of review process.
- Accounting complexity: difficulty in the application of accounting processes due either to the interpretation of the standard or to the complexity of the associated calculations.
- Degree of estimation/judgement and valuations: consideration of the degree of estimation and/or judgement required for the recording of transactions.
- Risk of contingent losses or liabilities: asset associated with the account subject to potential losses of value. Potential of identification of contingent liabilities.
- Changes compared with the previous year: consideration of potential changes in accounting processes (e.g. new regulations, difficulty in obtaining the information required for the estimation of the account), changes in the economic context or in the process itself.
- Adjustments to audit/control weaknesses: consideration of the control adjustments/weaknesses identified by internal or external auditors with impact on this account in previous financial years.
- Criticality decision based on experience: consideration of experiences accumulated in each of the items in previous financial years.

As a result of this analysis, a total of seven processes have been identified with impact on the financial information; they cover both the operating and support activities.

For each of these processes, a flow diagram has been documented that facilitates understanding, along with a risk and controls matrix on which the inherent risks and the controls defined for their mitigation are identified.

- **Whether the process covers all financial reporting objectives (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

In each of the risk and control matrixes defined for each material process, among other control data, the financial information appear clearly identified:

- Existence and occurrence: transactions, events and other occurrences included in the financial information actually exist and were recorded in a timely manner.
- Integrity: the information reflects all the transactions, events and other occurrences in which the Company is partly involved.
- Valuation: transactions, events and other occurrences are recorded and valued in accordance with current legislation.
- Rights and obligations: the financial information reflects the rights and obligations through the corresponding assets and liabilities in accordance with current legislation.

- Operations cut-off: the transactions and events were recorded in the correct period.
- Presentation, breakdown and comparability: transactions, events and other occurrences are classified, presented and disclosed in the financial information in accordance with current legislation.

AEDAS Homes analyses each of the material processes in order to ensure that the risks are reasonably covered with the Internal Control System, and that this works efficiently. It will be updated when significant variations in the processes occur or as a result of the regular reviews carried out during the financial year.

- **The existence of a process for identifying the consolidation perimeter, considering, among other things, the potential existence of complex corporate structures, vehicle companies or special purpose entities.**

The Group incorporates all the entities that make up the consolidation perimeter.

The Group has a corporate structure that is formed from all its individual organisations and that forms the basis for the consolidation perimeter. The management and updating of the corporate structure is carried out by the Legal Department.

In the event of any change to the consolidation perimeter, the Legal Department informs the Finance Department, attaching support documentation (articles of association, acquisition of shares, sales, merges, divestitures, etc.).

- **Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) in the manner in which they affect the financial statements.**

Any potential risk identified through the ICFR Risk Template is taken into account when preparing the Company's Risk Map. This Map is updated on an annual basis by the Finance Department, with support from all areas of the organisation that are affected.

This way, the Company can take account of the impact that other types of risk relating to categories such as business operations, reputation, legal and regulatory issues, human resources, financial operations, information required for decision-making, technology and IT systems and corporate governance may have on the financial statements.

- **Which corporate governance body supervises the process.**

Pursuant to Article 14 of the Board of Directors Regulations, the Audit and Control Committee oversees the process for preparing and ensuring the integrity of the financial information. These duties include reviewing compliance with legal requirements, such as the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

F.3 Monitoring activities

Provide information on at least the following, describing their main characteristics:

- F.3.1. **Procedures for reviewing and authorising the financial information and the description of the ICFR to be disclosed to the markets, stating who is responsible in each case, along with the documentation describing the activities engaged in (including those relating to the risk of fraud) and the monitoring of the various types of transactions that could materially affect the financial statements, including account closure procedures and the specific revision of the relevant opinions, estimates, valuations and projections.**

Pursuant to the Board of Directors' Regulations, the Audit and Control Committee is responsible for reviewing the annual accounts and the periodic financial information that must be supplied by the Company to the markets and their supervisory authorities, at all times ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles in the preparation of the accounts.

The said Regulations also indicate that this Committee must meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. The Audit and Control Committee submits this information to the Board of Directors, which has ultimate responsibility for approving it before it is made public to the markets.

The Company has an Accounting Policy Manual approved by the Audit and Control Committee on 27 September 2018. This Manual was revised and approved by the Audit and Control Committee on 26 September 2019. Based on this Manual, the economic-financial information is prepared by the Finance Division.

Quarterly, in line with the schedule of publication in the stock markets, the information on the quarterly closes is overseen in accordance with the following procedure:

- Once the Accounting Officer has done and verified the quarterly close, it is sent to the Finance and Tax Manager, who is responsible for verifying it and then proceeds to prepare the Group's consolidated information in accordance with the International Financial Reporting Standard (IFRS).
- After the Finance Department's review and oversight, it is then presented to the Chief Executive Officer for his approval.
- After approval, it is sent to the Audit and Control Committee, which oversees the process of preparation, presentation and the integrity of the required financial information, compliance with legislative requirement, the correct delimitation of the consolidation perimeter, and the correct application of accounting principles. It also includes the report on the procedures agreed on the review of certain consolidated financial information of the Group prepared by the Group's external auditors. In closes coinciding with the end of a six-month period, the findings of the limited review carried out by the Group's external auditor are also included.

Similarly, the Audit and Control Committee is responsible for informing the Board of Directors, prior to the latter's approval of the relevant decisions on the financial information that, due to their status as listed, Company must regularly make it public.

- For the year-end, the Board of Directors, in plenary, approves of the preparation of the Annual Accounts, the Management Report and the proposal of applying the Company's results, as well as the consolidated annual accounts and report and its presentation to the Annual Shareholder Meeting. Additionally, for quarterly and twice-yearly ends, the competence for approving the financial information that the Company must regularly make public is reserved.
- Lastly, the information is published for the markets and other public bodies by the Director of Investor Relationship after review by Financial Management.

In preparing the accounts, estimates made by Group Management and subsequently ratified by Company Directors are used to value some of the assets, liabilities, revenues, expenses and commitments reported herein. Essentially, these estimates refer to:

- Potential impairment of stock, tangible and intangible assets.
- Useful life of property, plant and equipment.
- Fair value of derivative financial instruments.
- Hypotheses used in determining liabilities for commitments to staff.
- Assessment of lawsuits, provisions, commitments, assets and liabilities that are contingent at end.

Some of these accounting policies require the application of significant judgement by Management for the selection of appropriate assumptions for determining these estimates. These assumptions and estimates are based on their experience, the advice of expert consultants, forecasts and other circumstances and expectations at the end of the period in question. The assessment of Management is considered in relation a global economic situation in the sector where the Group operates, taking into account the future development of the business. By nature, these judgements are subject to a degree of uncertainty, and thus the actual results could differ materially from the estimates and assumptions used. In this case, the values of the assets and liabilities will be adjusted.

AEDAS Homes has documented all the processes that it believes involve material risk in the preparation of the financial information in the internal control model. Specifically, the main processes related to the generation of the economic information are: end and consolidation, investment and real estate stock, cash and cash equivalents, purchases and accounts payable, sales and accounts receivable and taxes and salaries.

Each ICFR process and sub-process has a responsible party assigned to it; they ensure the analysis and control of each of the risks associated with their area. Likewise, each identified control activity has two parties responsible for assessing the effectiveness who carry out the function of documentation and oversight in accordance with the systematic periodicity established.

These processes are represented through risk and control matrices, as well as flow diagrams which describe the relevant control activities that enable an appropriate response far enough in advance to the risks associated with the reliability and integrity of the financial information.

AEDAS Homes conducts periodic reviews with the support of the territorial branches to ensure that these descriptors are in line with the actual functioning of the processes.

ICFR is managed through SharePoint, where all the processes and risks are documented.

F.3.2. Policies and procedures for the internal monitoring of information systems (especially on safety and security of access, monitoring of changes, systems operation, operational continuity and separation of functions) that support the company's relevant processes relating to the preparation and publication of the financial report.

The Policy for Internal Controls over Financial Reporting (ICFR) establishes that safe access is defined on the basis of secure groups. The modification of any permit or role is organised through a system of written authorisations which is overseen by Financial Management, in order to provide recorded evidence in relation to any change to user permits.

The positions and groups of users with individual permits allow for the maintenance of a separation of duties in the process of approving the information flows described. Any changes that may be made on the platform are recorded in the application to provide evidence of the successive versions.

There is also a contingency plan to guarantee the operational continuity of the ICFR System.

F.3.3. Policies and internal control procedures aimed at supervising the management of activities outsourced to third parties, including matters relating to valuation, calculation or assessment entrusted to independent experts, which could materially affect the financial statements.

Generally speaking, AEDAS Homes does not outsource any activity considered relevant and/or significant that could materially affect the financial report.

During 2019, the activities in this area refer only to the valuation of the Group's real estate portfolio and to the preparation of the Transfer Prices Dossier which analyses and values the related transactions.

In all cases, outsourcing to third parties is done by the corresponding division manager, ensuring the competency, technical and legal training and the independence of the professionals.

The Company also has a Code of Conduct for Third parties that establishes the principles that must be fulfilled, and compliance with this code could be subject to audit by AEDAS Homes.

F.4 Information and communication

Provide information on at least the following, describing their main characteristics:

F.4.1. A specific office that is responsible for defining and maintaining accounting policies (accounting policies division or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies that is regularly updated and communicated to all the company's operating units

The Administrative and Tax Department that reports to the Finance Department is responsible for preparing, publishing, implementing and updating the Company's Accounting Standards Manual (described in section F.3.1).

The department analyses whether the new developments or changes in accounting matters have any effect on the Group's accounting policies, and the date of entry into force of each of the rules. When it is identified that the new regulations or the interpretation thereof affect the Group's account policies, they are added to the manual and they are reported to the parties responsible for preparing the Group's financial report by means of appropriate instructions.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The process for the consolidation and preparation of the consolidated financial statements is carried out centrally by the Administrative and Tax Department that reports to the Finance Department.

Preparation of the consolidated financial information begins with the aggregation of the individual financial statements for each of the companies included within the consolidation perimeter, for subsequent consolidation under the accounting regulations.

The financial information reported to the National Securities Markets Commission (CNMV) is prepared from the consolidated financial statements that result from this process, and from some

additional information that is reported by the Management Control Department and is required for the preparation of the annual and/or half-yearly report.

F.5 Monitoring the operation of the system

Provide information on at least the following, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee, and whether the company has an internal audit function whose powers include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Information will also be given on the scope of the ICFR system evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

The Audit and Control Committee, in compliance with its ICFR oversight duties in the 2019 financial year, has carried out the following activities:

- It has overseen the efficacy of both the Company's and the group's internal monitoring, internal audit and risk management systems, and discussed the state of the internal monitoring system of the financial information with the accounts auditor.
- It has overseen the process for the preparation and presentation of the regulatory financial information and present recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- It has overseen the mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities that they detect within the Company.
- It has provided prior information to the Board of Directors regarding all the matters required in Law, the Company's Bylaws and the Board of Directors' Regulations, with particular regard to the financial information that the Company is required to publish periodically and operations with related parties.
- It has monitored compliance with the Company's codes of conduct, its corporate governance rules and its corporate social responsibility policy.
- It has overseen internal auditing activities, including reviewing the efficacy of the internal system for monitoring the financial information (ICFR), included as one of the action lines by Internal Auditing in the 2019 Annual Internal Auditing Plan approved by the committee on 26 December 2018.
- It has overseen the actions carried out due to risk and compliance in respect of the main risks and contingencies of the Company, as well as the systems established for to identify, manage and control them. Among these actions, it has approved the 2019 Risks Plan and the 2019 Compliance Plan in the session held 26 December 2018.
- It has monitored the appearance of the accounts auditor before the Committee to report on the work carried out, accounting developments and the risks of the Company.
- It has overseen, prior to its presentation to the Board of Directors, the annual Corporate Governance Reports of 2018 and 2019.
- It has informed the Annual Shareholder Meeting held on 9 May 2019, of matters of its competence and, in particular, the results of the 2018 audit of accounts, explaining how the Group has contributed to the integrity of the financial information and the role that the Audit and Control Committee itself performed in this process during 2018

The Audit and Control Committee has delegated to the Internal Audit Department the oversight of the internal risk monitoring and management systems, including reviewing and assessing the reliability of the economic-financial information systems, as set out in AEDAS Homes's Internal Auditing Statute approved by the Audit and Control Committee.

In compliance with its duties, Internal Auditing has included in the 2019 Annual Internal Audit Plan the review of the effectiveness of the Internal Control over Financial Reporting of AEDAS Homes Group.

The results of the work and action plans have been reported to the Finance Department, the yearly audit report to the Finance Department, the Chief Executive Office and the Audit and Control Committee during the financial year, issuing the annual internal audit report for AEDAS Homes' Internal Control over Financial Reporting.

F.5.2. Whether the company has a discussion procedure whereby the accounts auditor (pursuant to TAS), the internal audit office and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments to the company's senior management and its Audit Committee or Board of Directors. State also whether the Company has an action plan to correct or mitigate any weaknesses found.

The Internal Auditing office reports any significant control weaknesses identified during its review processes to the Finance Department, the Chief Executive Officer and the Audit and Control Committee, along with the action plans proposed in order to mitigate such weaknesses, as well as compare with the accounts auditor weaknesses found during the audit; the proper implementation of any such actions plans introduced to resolve or mitigate these weaknesses will also be monitored.

F.6 Other relevant information

There is no further relevant information to report.

F.7 External auditor's report

State whether:

F.7.1. If the ICFRS information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Appendix. Otherwise, explain the reasons for the absence of this review.

The Group Management decided to submit for review by an external auditor the information relative to Internal Control over Financial Reporting, whose report is attached to this report on corporate governance for AEDAS Homes.

G COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the compliance of the company according to the recommendations of the Code of Good Governance of listed companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the company's behaviour. Explanations of a general nature will not be acceptable.

1. That the by-laws of listed companies do not limit the maximum number of votes that may be issued by a single shareholder, nor contain other restrictions that hinder the seizing of the company through the acquisition of its shares on the market.

Complies Explain

2. When the parent company and a subsidiary company are listed, both define publicly with precision:

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with the other group companies.
b) The mechanisms provided to resolve any conflicts of interest that may arise.

Complies Partially complies Explain Not applicable

3. That during an ordinary general meeting, as a complement to the dissemination in writing of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company and, in particular:

- a) On the changes that have occurred since the previous ordinary general meeting.
- b) On the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they should exist, the alternative rules that apply in that area.

Complies Partially complies Explain

4. That the company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisors that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position.

And that the company makes public this policy through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

Complies Partially complies Explain

5. That the board of directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible bonds excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

And when the board of directors approves any issue of shares or convertible bonds excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.

Complies Partially complies Explain

6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website sufficiently in advance of the ordinary general meeting, although their dissemination is not mandatory:

- a) Report on the auditor's independence.
- b) Performance reports of the audit and appointment and remuneration commissions.
- c) Report of the audit committee on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies Partially complies Explain

Partial compliance is due to the publication on the website of investors of the reports issued by the Audit and Control Committee in relation to the independence of the auditor and the related operations. These reports have been published on the website of the company well in advance of the Ordinary General Meeting held on May 9th, 2019.

7. That the company transmits live, through its website, the holding of general shareholders' meetings.

Complies Explain

8. That the audit committee ensure that the board of directors seeks to present the accounts to the general shareholders' meeting without limitations or qualifications in the audit report and that, in the unusual cases in which there are exceptions, both the chairman of the audit committee and the auditors must clearly explain to the shareholders the content and scope of said limitations or qualifications.

Complies Partially complies Explain

9. That the company make permanently public on its website the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of the right to vote.

And that such requirements and procedures favour the shareholders' assistance and exercise of their rights and are applied in a non-discriminatory manner.

Complies Partially complies Explain

10. That when a legitimate shareholder has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for agreement, the company:

- a) Immediately disseminates such complementary points and new proposals for agreement.
- b) Makes public the model of attendance card or form of delegation of vote or remote vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted according to the same terms as those proposed by the board of directors.
- c) Submits all those points or alternative proposals to a vote and apply the same voting rules to them as those formulated by the board of directors, including, in particular, presumptions or deductions regarding the direction of the vote.
- d) After the general shareholders' meeting, communicates the breakdown of the vote on such complementary points or alternative proposals.

Complies Partially complies Explain Not applicable

11. That, in the event that the company plans to pay attendance premiums to the general shareholders' meeting, it establishes, in advance, a general policy on such premiums and that said policy is stable.

Complies Partially complies Explain Not applicable

12. That the board of directors carries out its functions with unity of purpose and independence of judgement, dispenses the same treatment to all shareholders who are in the same position and is guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximisation of the economic value of the company.

And in the pursuit of social interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted good practices, try to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of other interest groups that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies Partially complies Explain

13. That the board of directors possess the precise dimension to achieve an efficient and participative operation. For this reason, it is advisable that it has between five and fifteen members.

Complies Explain

14. That the board of directors approve a policy for the selection of directors that:

- a) Is concrete and verifiable.
- b) Ensures that the proposals for appointment or re-election are based on a prior analysis of the needs of the board of directors.
- c) Favours the diversity of knowledge, experiences and gender.

That the result of the previous analysis of the needs of the board of directors is included in the justification report of the appointments committee which is published when the general shareholders' meeting is convened to which the ratification, appointment or re-election of each director is submitted.

And that the policy of selecting directors promotes the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the board of directors.

The appointment committee will annually verify compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Complies Partially complies Explain

15. That the proprietary and independent directors constitute a large majority of the board of directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company.

Complies Partially complies Explain

16. That the percentage of proprietary directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

- a) In companies with large capitalisation in which shareholdings that are legally considered significant are scarce.
- b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and have no links with each other.

Complies Explain

17. That the number of independent directors represents at least half of the total number of directors.

That, however, when the company is not highly capitalised or when, even if it is, it has a shareholder or several acting in concert, who controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Complies Explain

18. That the companies make public through their website, and keep updated, the following information about their directors:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they carry out, whatever their nature.
- c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.
- d) Date of their first appointment as a director in the company, as well as of subsequent re-elections.
- e) Shares of the company, and options on them, of which they are holders.

Complies Partially complies Explain

19. That in the annual corporate governance report, after verification by the appointments committee, the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital are explained; and the reasons why formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed will be outlined.

Complies Partially complies Explain Not applicable

20. That the proprietary directors present their resignation when the shareholder they represent transfers their shareholding in its entirety. And they also do so, in the corresponding number, when said shareholder reduces their shareholding to a level requiring the reduction of the number of its proprietary directors.

Complies Partially complies Explain Not applicable

21. That the board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she was appointed, except when there is a just cause, appreciated by the board of directors after a report from the appointments committee. In particular, it shall be understood that there is just cause when the director moves into new positions or obtains new obligations that prevent them from devoting the time necessary to carry out the duties of the position of director, breach the duties inherent to their position or incur in some of the circumstances that cause them to lose their status as independent, in accordance with the provisions of the applicable legislation.

Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criterion of proportionality indicated in recommendation 16.

Complies Explain

22. That the companies establish rules which oblige directors to inform and, if applicable, resign in those cases that may harm the credit and reputation of the company and, in particular, it obliges them to inform the board of directors of criminal cases in which they are accused, as well as their subsequent procedural happenings.

And that, if a counsellor is prosecuted or a trial is ordered to be opened for any of the crimes indicated in the corporate law, the board of directors will examine the case as soon as possible and, in view of its concrete circumstances, decide whether or not the director continues in their position. And that the board of directors explain this, in a reasonable manner, in the annual corporate governance report.

Complies Partially complies Explain

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. And, in particular, independent directors and other directors who are not affected by the potential conflict of interest, in the case of decisions that may harm shareholders not represented on the board of directors.

And when the board of directors adopts significant or repeated decisions on which the director has made serious reservations, the latter draws the appropriate conclusions and, if they opt to resign, must explain the reasons in the letter referred to in the following recommendation.

This recommendation also reaches the secretary of the board of directors, even if they do not have the status of a director.

Complies Partially complies Explain Not applicable

24. That when, by resignation or for another reason, a director leaves office before the end of their term, they must explain the reasons in a letter sent to all members of the board of directors. And that, notwithstanding the fact that said termination is reported as a relevant event, the reason for the termination is reported in the annual corporate governance report.

Complies Partially complies Explain Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the regulations of the board establish the maximum number of board of directors of which its directors can be a part.

Complies Partially complies Explain

26. That the board of directors meet with the necessary frequency to perform its functions effectively and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to propose individually other points of order of the day initially not foreseen.

Complies Partially complies Explain

The Company partially complies as the Board of Directors has met with the necessary frequency to effectively perform its duties during the first quarter of 2020. It met three times in this period object of the 2020 Annual Corporate Governance Report.

27. That any absences of the directors are reduced to indispensable cases and are quantified in the annual corporate governance report. And that, when they should occur, representation is granted with instructions.

Complies Partially complies Explain

28. That when the directors or the secretary express concern about any proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved in the board of directors, at the request of the person who expressed them, a record is left of them in the minutes.

Complies Partially complies Explain Not applicable

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Complies Partially complies Explain

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programmes when the circumstances warrant.

Complies Explain Not applicable

31. That the agenda of the sessions clearly indicates those points on which the board of directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally, on grounds of urgency, the chairman wishes to submit decisions or resolutions that are not included in the agenda for approval by the board of directors, the prior and express consent of the majority of the present directors must be obtained, which will be duly recorded in the minutes.

Complies Partially complies Explain

32. Directors shall be regularly informed of movements affecting shareholders, and opinions that significant shareholders, investors and rating agencies have on the Company and its group.

Compliant Partly complaint Explain

33. The chairman, as the person responsible for the effective operation of the Board, in addition to the duties legally and statutorily entrusted to them, must prepare and submit to the Board of Directors a program of dates and subjects to be discussed; to organise and coordinate the regular evaluation of the Board, as well as, where applicable, the Company's chief executive be responsible for managing the Board and the effectiveness of its operation; ensuring sufficient time is devoted to the discussion of strategic issues,

and agree on and review knowledge updating programs for each director when circumstances so advise.

Compliant Partly complaint Explain

34. When there is a Coordinating Director, the Bylaws or the Regulations of the Board of Directors, in addition to the powers legally conferred upon him/her, the following duties must be assigned to the Coordinating Director: to preside over the Board of Directors in the absence of the Chairman and Vice Chairmen, in case of exist; to echo the concerns of non-executive Directors; to maintain regular contact with investors and shareholders, and understand their points of view in order to form an opinion about their concerns, in particular in relation to the Company's corporate governance; and coordinate the Chairman's succession plan.

Compliant Partly complaint Explain Not applicable

35. The Secretary to the Board of Directors should exercise special care to ensure that the Board's actions and decisions take into account recommendations on good governance present in this Good Governance Code that are applicable to the Company.

Compliant Explain

36. The Board of Directors must evaluate once a year and adopt, where appropriate, an action plan to correct weaknesses detected with respect to:

- a) The quality and efficiency of the operation of the Board.
- b) The running and composition of its Committees.
- c) Diversity in the breakdown and competences of the Board of Directors.
- d) The performance of the Chairman of the Board and of the Company's chief executive.
- e) The performance and contribution of each director, paying special attention to the heads of the different Board Committees.

The assessment of the different Committees will be based on the report submitted by them to the Board of Directors, and for the latter, on the report submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted in the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

The business relationships that the consultant or any company in the group maintains with the Company or any company in the group should be broken down in the annual corporate governance report.

The process and areas evaluated will be described in the annual corporate governance report.

Compliant Partly complaint Explain

In the financial year for the three months ended March 31, 2020, a self-evaluation of the Board and of its Committees was not carried out.

37. When there is an Executive Committee, the participation structure of the different classification of directors shall be similar to the structure of the Board of Directors, and the Secretary will be the Secretary of the Board.

Compliant Partly complaint Explain Not applicable

38. The Board of Directors should always be aware of the matters dealt with and of the decisions adopted by the Executive Committee and all the Board members should receive a copy of the meeting minutes of the Executive Committee.

Compliant Partly complaint Explain Not applicable

39. Members of the Audit Committee and in particular the Chairman, should be appointed based on their knowledge and experience in the areas of accounting, auditing or risk management, and that the majority of these members be independent directors.

Compliant Partly complaint Explain

40. Under the supervision of the Audit Committee, a unit will run the internal audit function to ensure correct management of the information and internal control systems and its performance will depend on the non-executive Chairman of the Board or the Audit Committee.

Compliant Partly complaint Explain

41. The person in charge of the internal audit function should present an annual work plan to the Audit Committee, directly reporting any incidents that arise during its development and submit an activities report at the end of each year.

Compliant Partly complaint Explain Not applicable

42. In addition to the duties legally entrusted to them, the following responsibilities should correspond to the Audit Committee:

1. In relation to the information and internal control systems:

- a) To supervise the preparation process and the integrity of the financial information related to the Company and, as appropriate, the group, and to verify compliance with regulatory requirements, the appropriate boundaries and the correct application of accounting principles.
- b) Ensure the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; to propose a budget for such service; to approve orientation and work plans, making sure that its activity is mainly focused on the relevant risk of the Company; receive regular information on its activities, and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and monitor a mechanism whereby employees can report confidentially and, if necessary, anonymously any potentially significant irregularities, particularly financial and accounting irregularities, detected within the Company,

2. In relation to the external auditor:

- a) In the event of the resignation of the external auditor, the circumstances motivating this must be reviewed.
- b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.
- c) Ensure that the Company informs CNMV of a change of auditor as a significant event, accompanied by a statement on any disagreements that may have arisen with the outgoing auditor and their content.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them of work performed and evolution of the Company's accounting situation and risks.
- e) Ensure that the Company and the external auditor respect current regulations on the provision of services other than audit services, the limits on the concentration of the auditor's business, and, in general, other rules on the independence of auditors.

Compliant Partly complaint Explain

43. The Audit Committee may meet with any Company employee or manager, even ordering their appearance without the presence of any other manager.

Compliant Partly complaint Explain

44. The Audit Committee should be informed of any structural and corporate changes that the Company plans to carry out for its analysis prior to reporting it to the Board, on the Company's economic conditions and accounting impact and, especially, where applicable, on the proposed exchange ratio.

Compliant Partly complaint Explain Not applicable

45. That the risk control and management policy identify at least:

- a) The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational) faced by the Company, including financial or economic liabilities, contingent liabilities and other off-balance sheet risks.
- b) The levels of risk that the Company considers acceptable.
- c) The measures established to mitigate the impact of identified risks, should they actually materialise.
- d) The internal control and reporting systems that will be applied to oversee and manage these risks, including contingent liabilities or off-balance-sheet risks.

Compliant Partly complaint Explain

46. There be an internal risk control and management function under the direct supervision of the Audit Committee or, as the case may be, a specialised committee appointed by the Board of Directors, run by a unit or internal department of the company and assigned the following functions:

- a) Ensure the smooth functioning of the risk management and control systems and, in particular, identify, manage and quantify all important risks that affect the Company.
- b) Actively participate in the risk strategy development and in important decisions about its management.
- c) Ensure that the risk management and control systems mitigate risks adequately and within the policy framework defined by the Board.

Compliant Partly complaint Explain

47. Members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed based on their knowledge, skills and experience appropriate to the duties of their role and that the majority of these members be independent directors.

Compliant Partly complaint Explain

48. Companies with high capitalisation have a separate Appointments and Remuneration Committee.

Compliant Explain Not applicable

49. The Appointments Committee should consult the Chairman and the chief executive of the company, especially when dealing with matters concerning the executive Directors.

And that any Director may request the Appointments Committee to take into consideration, if deemed suitable, potential candidates to fill director vacancies.

Compliant Partly complaint Explain

50. The Remuneration Committee should exercise its duties independently and that, in addition to the duties legally entrusted to them, the following responsibilities should correspond:

- a) Propose to the Board the basic contract conditions for senior management.
- b) Monitor the observance of the remuneration policy established by the Company.
- c) Regularly review the remuneration policy applicable to directors and senior management, including the remuneration systems consisting of shares and their application, as well as ensuring that individual remuneration is proportionate to that paid to other company directors and senior executives.
- d) Ensure that any conflicts of interest do not prejudice the independence of external advice provided to the Committee.
- e) Verify remuneration information for directors and senior management contained within various corporate documents, including the annual report on the remuneration of directors.

Compliant Partly complaint Explain

51. The Remuneration Committee should consult the Company Chairman and the chief executive, especially when dealing with matters relating to executive directors and senior management.

Compliant Partly complaint Explain

52. The rules on the composition and running of the Supervision and Control Committees should appear in the Board of Directors regulations, and be consistent with the legally binding commissions in line with previous recommendations, including:

- a) That they be formed exclusively by non-executive directors, composed with a majority of independent directors.
- b) That the Committee Chairmen be independent directors.
- c) That the Board of Directors appoint committee members based on each director's knowledge, skills and experience and the tasks of each committee, to discuss their proposals and reports; taking into account the work carried out before the first plenary session of the Board of Directors subsequent to its meeting.
- d) That Committees may engage external advisors, whenever they see fit to perform their duties.
- e) That meeting minutes be prepared and made available to all directors.

Compliant Partly complaint Explain Not applicable

Partial compliance is due to the fact that the Board of Directors of AEDAS Homes is equipped with three Committees to which different supervision and control responsibilities are delegated.

Regarding the Committees constituted by legal requirements, corresponding to the Audit and Control Committee; and Appointments and Remuneration Committee, it should be noted that they comply with all the recommendations established in recommendation 52.

In terms of the Technology Committee, it presents partial compliance with recommendation 52, since it does not follow the indication that it is composed exclusively of non-executive directors and a majority of independent directors, following other CNMV recommendations. The reason for not following the recommendation referred to in this section is that, when considering the technological development of the company code to be able to reach future strategic objectives in the same way, it is of vital importance that the Chief Executive Officer participates in the committee to promote the implementation of the Company's key technological development plans.

53. The supervision of compliance with the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy be attributed to one or be distributed among several Board Committees including the Audit Committee, the Appointments or the Corporate Social Responsibility Committee, or a specialist Committee appointed by the Board of Directors for that purpose, to which specifically the following minimum duties apply:

- a) Supervise compliance with the internal code of conduct and the Company rules of corporate governance.
- b) Supervise communication strategy and relationship with shareholders and investors, including small and medium shareholders.
- c) Carry out regular evaluation of the adequacy of the company corporate governance system in order to promote social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) Review the company corporate responsibility policy, ensuring that it is directed towards the creation of value.
- e) Monitor the corporate social responsibility strategy and practices and assess their degree of compliance.
- f) Supervise and evaluate relationship processes with the different stakeholders.
- g) Evaluation of everything related to the non-financial risks of the company including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the process of reporting non-financial information and diversity, in accordance with applicable regulations and international reference standards.

Compliant Partly complaint Explain

54. The corporate social responsibility policy must include the principles or commitments that the company assumes voluntarily in its relationship with different stakeholders and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of support tools.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific issues on matters related to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conducts.
- d) Methods or systems for monitoring the application of results on the specific issues indicated in the previous point, the associated risks and their management.
- e) Monitoring mechanisms of non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Compliant Partly complaint Explain

55. Company reports on matters related to corporate social responsibility to be submitted in a separate document or in the management report, using some of the internationally accepted methodologies

Compliant Partly complaint Explain

56. Remuneration for directors is necessary to attract and retain directors of the required profile and to reward dedication, skill and responsibility that the position requires, but should not be so high as to compromise the independence of directors and non-executives.

Compliant Explain

57. Variable remuneration should be linked to both company and personal performance, as well as remuneration through the delivery of shares options or rights over shares or tools referenced to the value of the share and the savings systems, and be limited to the executive directors in the long term in the form of pension plans, retirement schemes or other social welfare systems.

The delivery of shares may be considered as remuneration for non-executive directors when it is a condition to keep them until they step down as directors. This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.

Compliant Partly complaint Explain

58. In the case of variable remuneration, the remuneration policies should incorporate limits and precise technical cautions to ensure that such remunerations are related to the professional performance of their beneficiaries and do not derive solely from the general evolution of the markets or the sector of activity of the company or other similar circumstances.

And, in particular, that the variable components of remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and that said criteria considers the risk assumed to obtain a result.
- b) Promote the sustainability of the Company and include non-financial criteria adequate for the creation of long-term value, such as compliance with the Company rules and internal procedures and its policies for the control and management of risks.
- c) Are configured on the basis of a balance between the fulfilment of short, medium and long-term objectives, rewarding performance and motivating to encourage a continuous performance over a sufficient period of time to appreciate staff contribution to the sustainable creation of value, so that the elements of performance measurement do not revolve solely around specific, occasional or extraordinary events.

Compliant Partly complaint Explain Not applicable

Partial compliance is due to the fact that the Company applies a variable remuneration model based on clear and precise metrics, although this recommendation is not fulfilled in its entirety since all the variables considered in the model are of a financial nature.

59. Payment of a relevant part of the variable components of remuneration be deferred for a sufficient period of time to verify that the previously established performance conditions have been met.

Compliant Partly complaint Explain Not applicable

60. Remuneration based on the Company results should take into account any reservations stated in the external auditor's report that may reduce said results.

Compliant Partly complaint Explain Not applicable

61. A significant percentage of the variable remuneration of executive directors be linked to the delivery of shares or financial tools referenced to their value.

Compliant Partly complaint Explain Not applicable

62. Once shares options or rights based on the remuneration systems have been attributed, directors cannot transfer ownership of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights for at least three years from their allocation.

This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.

Compliant Partly complaint Explain Not applicable

In this regard, it must be explained that under the Flexible Payment Plan, the CEO of AEDAS Homes will receive a block of shares in the third year of each plan cycle. Shares obtained under the Flexible Payment Plan must be kept for at least one year. This procedure is in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the CEO of AEDAS Homes.

63. Contractual agreements should include a clause that allows the Company to reclaim variable components of remuneration when payment was not adjusted to the performance conditions, or that was paid on the basis of data that was subsequently proved inaccurate.

Compliant Partly complaint Explain Not applicable

64. Payments for contract resolution must not exceed a fixed amount equivalent to two years of total annual remuneration and must not be paid until the Company has verified that the director has previously met the established performance criteria.

Compliant Partly complaint Explain Not applicable

In this regard, it must be explained that the Chief Executive Officer of AEDAS Homes, in case of unilateral resolution of contract by the Company, will be entitled to two years' fixed remuneration (with three months' notice), receiving a higher compensation than two full years if the Board decides to activate the non-competition clause in which the Chief Executive Officer would receive a fixed remuneration annuity. Additionally, in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the Chief Executive Officer of AEDAS Homes.

H OTHER INFORMATION OF INTEREST

- 1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company or companies in its group that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or its group, explain briefly.**
- 2. This section may include any other information, clarification or observation related to the above sections of this report, to the extent that they are relevant and do not repeat information already provided.**

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

- 3. The Company may also indicate whether it voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the code in question and the date of its adoption. In particular, state whether the company has signed up to the Good Tax Practices Code of 20 July 2010.**

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 20 May 2020.

Indicate whether any director abstained or voted against the approval of this Report.

Yes No

Personal or corporate name of board member that did not vote in favour of approving this report	Reasons (against, abstention, non-attendance)	Explain the reasons
-	-	-

**Auditor's Report on Information Relating to Internal Control Over
Financial Reporting (ICFR) of AEDAS HOMES, S.A.**

for three months ended March 31, 2020



AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

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

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

As requested by the Board of Directors of AEDAS HOMES, S.A. (hereinafter, the Company) and our proposal letter of May 06, 2020, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of AEDAS HOMES, S.A. for the three months ended March 31, 2020, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system, and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the product resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design or effective functioning in respect of the three months ended March 31, 2020 financial reporting disclosures, as described in the accompanying ICFR disclosures. As a result, had we performed additional procedures to those stipulated in the abovementioned C.N.M.V. report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by C.N.M.V. Circular nº 5/2013 of June 12, 2013 of the C.N.M.V., subsequently amended by C.N.M.V. Circular nº 7/2015 of December 22, 2015, and C.N.M.V. Circular 2/2018 of June 12 (hereinafter, the C.N.M.V. Circulars).
2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: a) Obtain an understanding of the process followed in its preparation; b) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; c) Obtain information on whether the control procedures described are implemented and in use by the Company.
3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit committee.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.
5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company, to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the C.N.M.V. circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(signed on the original version in Spanish)

Fernando González Cuervo

May 20, 2020