MOODY'S RATINGS

CREDIT OPINION

2 September 2024

Update

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RATINGS

AEDAS Homes, S.A.

Domicile	Madrid, Spain
Long Term Rating	Ba2
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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AEDAS Homes, S.A.

Update to credit analysis

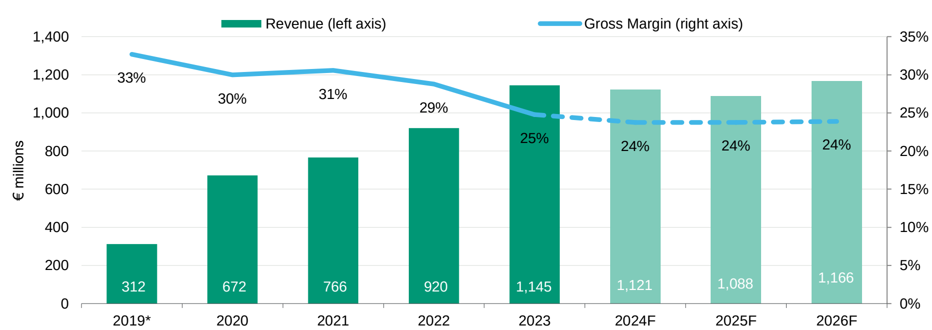
Summary

The Ba2 corporate family rating (CFR) of AEDAS Homes, S.A. is primarily supported by its leading market position. The resilient dynamics of the homebuilding market in Spain (Baa1, Positive), characterised by a structural undersupply and growing number of households in the regions where AEDAS operates, support its operations. Additionally, its land bank, which is largely fully permitted and ready to build and situated in economically dynamic Spanish regions, further strengthens its growth potential.

Concurrently, the rating remains weakly positioned, constrained by AEDAS' more aggressive financial stance than initially anticipated. This is illustrated by extraordinary shareholder distributions that have weakened its debt-to-capitalization ratio, potentially undermining the rating, particularly if the business environment deteriorates significantly because of the inherent cyclicality of the homebuilding industry, the lingering economic uncertainty and tighter credit conditions. This risk is partly offset by the company's commitment to maintain its net debt/EBITDA within 2x as of the fiscal year end March 2024. Other challenges include the company's small scale and limited operating track record, the risk of impairment of the owned land bank, and potential event risks from the market's fragmented nature.

Exhibit 1

AEDAS' revenue will grow towards €1 billion, with its gross margin between 24% and 25%



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. AEDAS' financial year ends on 31 March. *In 2019, AEDAS' financial year ended on 31 December. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

- Leading market position
- Balanced financial policy, including a publicly communicated financial target of maintaining net debt/EBITDA below 2x
- Resilient homebuilding market dynamics in Spain, with a structural undersupply and a growing number of households in the regions in which AEDAS operates
- Largely fully permitted and ready-to-build land bank, which is well located in economically dynamic Spanish regions

Credit challenges

- Cyclicality of the homebuilding industry, coupled with lingering economic uncertainty and tighter credit conditions weighing on housing affordability
- Higher-than-expected debt-to-capitalization ratio that could expose AEDAS' credit profile more significantly to higher interest costs over time
- Private equity-dominated ownership, which result in a more aggressive financial and business risk stance on the part of AEDAS
- Small scale and limited operating track record
- Risk of impairment of the owned land bank
- Event risk from the market's fragmented nature

Rating outlook

AEDAS' Ba2 CFR remains weakly positioned. However, the stable rating outlook reflects our expectation that the company will continue to successfully execute its business plan and maintain moderate leverage, such that its net debt/EBITDA does not exceed 2x by fiscal year ended March 2025, over the next 12-18 months, Our expectation also includes the maintenance of good liquidity, through a proactive approach in managing upcoming debt maturities, in particular the bond maturity in 2026, over the same period. At the same time, the weak positioning of the rating leaves the company with no capacity to underperform or engage in a more aggressive financial strategy.

Finally, the operating environment for the homebuilding sector in Spain will continue to be supportive because of the positive medium- to long-term growth fundamentals in the regions where AEDAS operates, illustrated by the company's solid level of pre-sales over the next two years. The mid to high-income profile of its customers further underscores the resilience of the company's sales volume and prices.

Factors that could lead to an upgrade

A rating upgrade is unlikely because of the weak positioning of the rating; however, we could upgrade the ratings if AEDAS is able to significantly increase its scale and strengthen its business profile with a solid track record of good operating results and strong credit metrics. Specifically, we could upgrade the company's rating if:

- its revenue grows above $2.5 billion while it maintains a gross margin of around 28%
- its debt/book capitalisation remains below 25%, with its net debt/EBITDA below 1.5x, on a sustained basis
- its EBIT interest coverage remains in the high-single digits in percentage terms on a sustained basis
- it maintains very good liquidity, including strong positive free cash flow
- the economic and homebuilding industry conditions in Spain remain stable

Factors that could lead to a downgrade

We could downgrade AEDAS' ratings if:

» it breaches its financial policy, resulting in its net debt/EBITDA exceeding 2.0x, or its debt/book capitalisation remains above 35% on a sustained basis

» its gross margin falls significantly below 24%

» it fails to demonstrate significant progress in shoring up liquidity and secure alternative refinancing options well ahead of the maturity of its backed senior secured notes

» its liquidity deteriorates, or it uses debt to fund substantial land purchases, acquisitions or shareholder distributions

» its EBIT interest coverage falls to levels below 3.5x on a sustained basis

» it fails to maintain a land bank covering four to five years of average sales

» the economic and homebuilding industry conditions deteriorate substantially, resulting in net losses and significant impairments

Key indicators

Exhibit 2
AEDAS Homes, S.A.

(in $ billions)	2019*	2020	2021	2022	2023	2024F	2025F	2026F
Revenue	0.3	0.8	0.9	1.0	1.2	1.2	1.2	1.3
Gross Margin %	32.7%	30.0%	30.6%	28.8%	24.8%	23.7%	23.8%	23.9%
EBIT / Interest Expense	2.6x	5.1x	6.0x	5.0x	4.5x	3.8x	4.3x	5.1x
Debt / Book Capitalization	25.1%	26.3%	32.1%	34.2%	37.5%	36.3%	36.4%	36.0%
Debt / EBITDA	5.6x	2.5x	3.0x	3.1x	2.9x	3.1x	3.1x	2.8x
EBITDA Margin %	17.8%	21.4%	20.0%	18.0%	16.9%	15.4%	15.9%	16.6%
EBITA / Interest Expense	2.7x	5.2x	6.1x	5.1x	4.6x	n/a	n/a	n/a
FCF / Debt	-37.1%	-15.7%	-19.8%	-25.5%	15.4%	n/a	n/a	n/a

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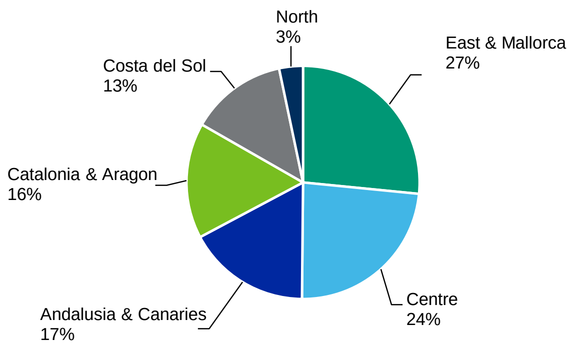
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

AEDAS Homes S.A. is a leading Spanish homebuilder. The company delivered 2,839 units in the fiscal year that ended 31 March 2024 (fiscal 23/24), reporting €1,145 million in revenue and €173 million in company-adjusted EBITDA. The company targets the delivery of 3,000 units per year on a run rate basis to reach €1 billion in revenue.

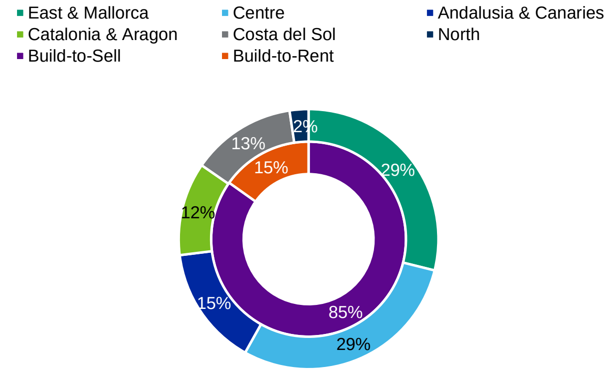
AEDAS began operations in 2016 as a wholly owned subsidiary of a portfolio company owned by funds managed by Castlelake, L.P. (the majority shareholder, with a 79% stake), which, in mid-2014, purchased the first large-scale land package from SAREB, the Spanish government's “bad” bank.[1] Castlelake contributed these land assets in kind before AEDAS' IPO and listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges in October 2017. AEDAS had a market capitalisation of around €1,042 million as of 19 August 2024.

Exhibit 3
On-the-market units per region (March 2024)



AEDAS Homes' financial year ends on 31 March.
Source: Company data

Exhibit 4
Order book per region (March 2024)



AEDAS Homes' financial year ends on 31 March.
Source: Company data

Detailed credit considerations

Leading market position in Spain, constrained by cost inflation weighing on the historically high levels of gross margins

AEDAS is among the leading homebuilders in Spain, with a gross asset value of around €1,895 million and a gross development value of €3,838 million as of 31 March 2024. The company delivered 2,839 units in fiscal 2023/2024, up 4% year over year, reporting €950 million in revenue from built-to-sell (BTS) and built-to-rent (BTR) units. It expects to maintain sales exposure of around 10% to institutional buyers but remains cautious about the impact of the higher interest rates on these types of buyers, mainly because of the rather low rental yields.

As of the end of June 2024, a sizeable order book valued at €1,460 million, including units in co-investments[2], comprised 2,827 BTS units at an average selling price (ASP) of €384,000 and 511 BTR units at an ASP of €173,000, offered solid revenue visibility into the next two years, particularly taking into consideration the solid levels of presales that the company reported, which were 84% for fiscal 24/25, 48% for fiscal 25/26, and 11% for fiscal 26/27.

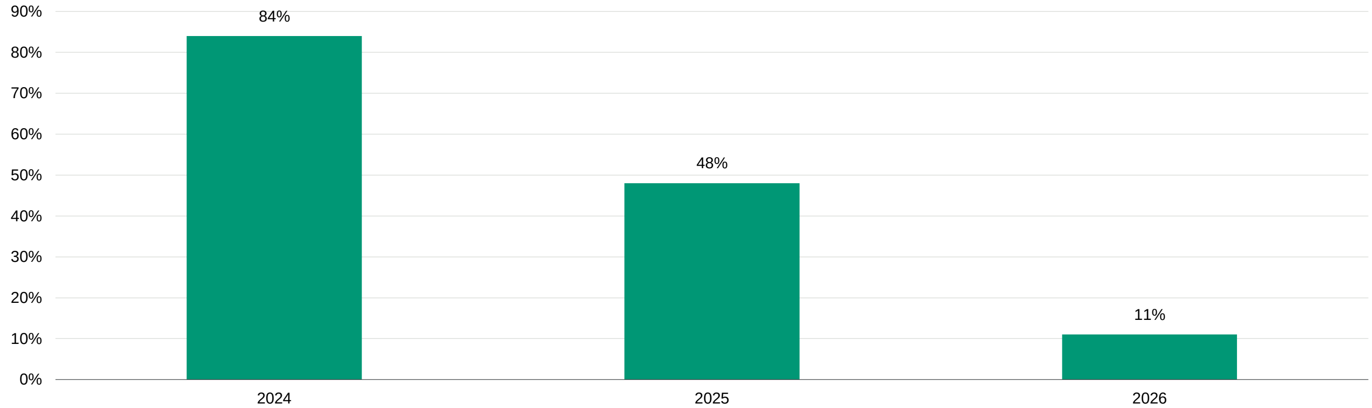
Usually, AEDAS mandates the presale of 30% of the units in any given development before breaking ground on a new development, and it always fully supervises the awarded construction projects to contractors, retaining control over cost management and quality standards. The company seeks to minimise financial and execution risks during the construction process, which typically spans two years from the start of development to the delivery of the home. For this purpose, it signs turnkey construction contracts, largely at fixed cost and with a well-established and granular contractor base, which also provide performance guarantees.

As of 30 June 2023, the company had 4,344 units under construction and 1,112 completed units to cover deliveries over the current year and the next three years.

Exhibit 5

High presales ratio provide good revenue visibility

AEDAS' presales ratio



Periods are financial year-end unless indicated. AEDAS Homes' financial year ends on 31 March.
Source: Company data

As of the end of June 2024, AEDAS' profitability remained below historically high levels of close to 29%, with a reported gross development margin of 24%. This figure is in line with the profitability reported as of the end of March 2024. Overall, the company's operating performance is in line with our expectation, on the back of a still-supportive operating environment. We expect a gradual moderate improvement in profitability as cost inflation has eased (but stabilised at higher levels) and prices continue to grow, although at a more moderate pace and thereby keeping AEDAS' gross profit margin below historically high levels over the next 12-24 months.

In general, to protect its margins, AEDAS locks in most of its costs under fixed prices and has signed framework agreements on critical supplies with its main construction material vendors to ensure sustained sourcing and preferred rates. As part of these agreements, AEDAS has established strict cost monitoring and periodic price revisions of some key raw materials such as steel, cement and ceramic. Other factors that help mitigate the impact of cost inflation on margins are a largely fully permitted land bank reserve that covers around five years of deliveries at a 3,000-unit run rate; a flexible cost base, with around €35 million-€40 million in overheads; and strict internal cost control and investment criteria for past and future land bank purchases, consistent with net development margins above 20%.

By year-end 2024, AEDAS estimates that construction costs will be 3.0% above 2023 levels; however, the company's profitability will remain supported by a sustained increase in prices for new homes, which as of the end of the first quarter of 2024 stood at 5.5% or 10% on an annualised basis, according to data released by the Instituto Nacional de Estadística.

The solid pricing dynamics year to date are also driven by the company's new-build activities that are focused on the economically dynamic regions in Spain (where supply of new housing stock lags demand), as well as primary, first move-up and, to a lesser extent, second-home markets, with housing products catering to middle- and high-income customers with a stronger home purchasing capacity than the national average. Out of these customers, 22% of the buyers in 2023 settled 100% in cash, while another 41% used relatively low levels of financing with an average 42% loan to value (LTV).

As of the end of June 2024, the 736 BTS units sold had an ASP of €407,000, up by 6% compared with the ASP of the BTS units sold in fiscal 23/24. Most of the company's customers are acquiring units as primary residences or buying as first move-up. Under its co-investment structure, AEDAS generated revenue of €72 million from the sale of 86 units, with an ASP of €837,000 as of end of June 2024, marking a 28% uptick from the level in fiscal 23/24. This rise in the ASP primarily reflects a shift in the product mix, with around half of the units sold being located in developments aimed at the second-home market within Costa del Sol and the Canary Islands.

We expect the high quality of AEDAS' residential units, the diversified regional mix of the company's order book, and the income characteristics of its customers to continue to support a resilient level of business activity over the next 12-18 months, broadly in line with company guidance. Further, we expect the cancellation rate of reservations secured in private contracts to remain limited to the low-single digits within the order book over the same period, in line with the historical low average.

These positive factors are offset by AEDAS' limited operating history of around five years and relatively small size. Although these could offer consolidation opportunities in a highly fragmented market, they expose the company to event risk. In this context, the company recently announced the acquisition of Inmobiliaria Espacio, which offered it access to a land bank of 800 units across Madrid, Levante and Andalucia, as well as a co-living project in Madrid and 100 affordable units in Valladolid. The consideration price was undisclosed; however, we expect the company to continue to undertake investments in line with its publicly communicated financial policy.

Over the next two fiscal years, the company expects total investment to reach, on average, around €160 million on an annual basis. These include, to some extent, the portion of deferred payments from previous acquisitions, some land purchases or bolt-on acquisitions, and the net amounts due under its co-investments.

A low net debt/EBITDA in line with AEDAS' financial policy; however, debt-to-capitalisation ratio remains higher than expected

AEDAS adheres to a publicly communicated and conservative financial policy that limits leverage to a maximum net LTV of 20% (corresponding to net financial debt/EBITDA of less than 2.0x). As of 31 March 2024, AEDAS reported net LTV of 16.3% and net financial debt/EBITDA of 1.8x, in line with our expectation for the current rating. The increase in net LTV to 23.3% in Q1 of fiscal 24/25 is indicative of the business seasonality of the company.

AEDAS' Moody's-adjusted debt/book capitalisation was, however, much higher than expected at around 37.5% as of the end of fiscal 23/24, driven by large shareholder distributions totalling around €147 million and including an extraordinary dividend. These have weakened the debt to capitalization ratio, notwithstanding the €70 million buyback by the company in April 2024 under its senior secured notes.

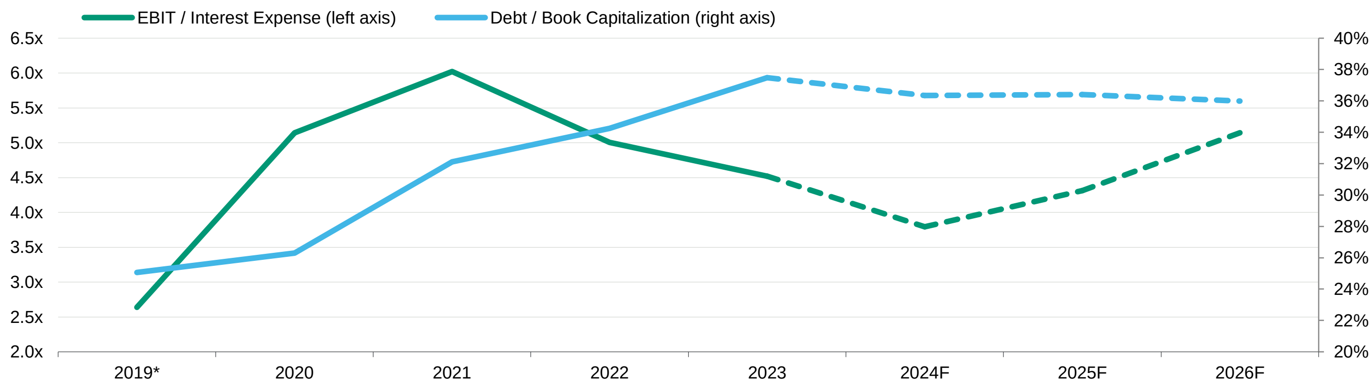
Over the next 12-18 months, we estimate that the company's debt/book capitalisation will remain around 36% because of consistently solid homebuilding activity that necessitates ongoing investments to replenish the land bank, and stable amounts being drawn under developer loans as the company undertakes its business plan. Over the same period, however, we expect net debt/EBITDA to remain below 2.0x. We forecast lower dividend distribution to shareholders than that in 2023 and no significant acquisitions that would exceed the levels of investment discussed above.

Despite rising interest rates, we expect AEDAS' Moody's-adjusted EBIT coverage of interest to remain solid between 3.8x and 4.3x over the next 12-18 months, supported by a debt structure, most of which is long term — 52% locked in at fixed rates and bearing an average cost of debt of 4.9% as of the end of fiscal 2024. Over time, AEDAS' credit profile will become increasingly exposed to higher interest costs, with 48% of its debt being subject to floating rates, and upon the expiration of the 2026 notes, which the company will need to refinance at higher interest rates. However, credit spreads on the company's notes have not widened significantly and remain broadly in line with the level of spreads at the time when the company issued its inaugural bond, which is credit positive.

AEDAS' ordinary dividend policy entails a 50% payout ratio of net profit and facilitates some retention of internally generated funds to be redeployed for land acquisitions. Distributions are required to remain in compliance with a maximum 20% net LTV ratio. Dividend payouts can be made in the form of cash or in kind by issuing shares held at treasury.

Exhibit 6

Leverage will remain below 35%, while interest coverage ratio will remain solid around 4x



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Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Off-balance-sheet obligations that we do not consider as financial debt included trade-related guarantees like sureties to customers totalling €106 million, surety insurance totalling €91 million and performance bonds of €47.9 million as of 31 March 2024.

Cyclicality of the homebuilding industry and tightening financial conditions are mitigated by supportive medium- to long-term fundamentals and a resilient Spanish economy

AEDAS' activities are cyclical in nature and therefore vulnerable to the overall economic environment. General demand for new homes will soften as economic growth slows, inflation uncertainty persists and higher interest rates bite. However, the economy in Spain is demonstrating resilience in a difficult environment, supported by strengthened fundamentals.

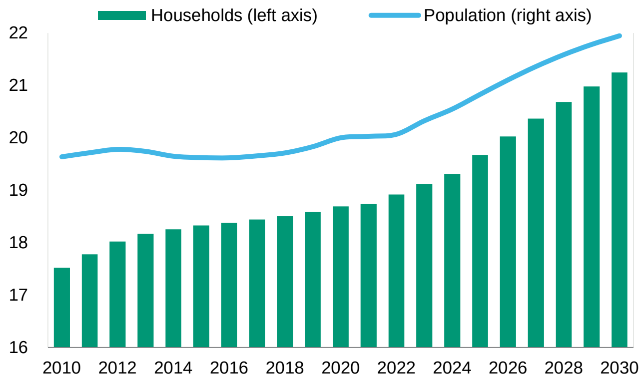
In addition, we expect AEDAS to continue to benefit from a resilient operating environment for Spanish homebuilders, particularly with its focus on catering to the demand from wealthier households in the country. Furthermore, the company will continue to benefit from the structural low supply and demographic trends underpinning house price growth in Spain. The construction of new-build homes fell significantly following the global financial crisis, driven by a lack of financing and the limited number of large institutional market participants in the homebuilding space. Particularly, supply lags demand in the most economically dynamic regions of Spain. The company's main regions of operations cover more than 50% of Spain's population; the population in these regions is likely to grow at a positive compound annual growth rate, well above the national average.

As of the end of December 2023, the pricing trend for new homes remained positive, with a 7.5% annual increase.

Exhibit 7

The number of households is projected to grow faster than the population in Spain, especially in AEDAS' regions of operation

In millions

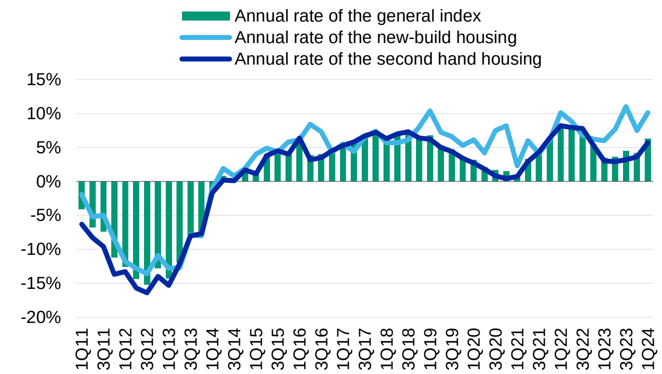


Sources: Company data and Instituto Nacional de Estadística

Exhibit 8

Increase in new-build house prices has been stronger than overall market prices because of a supply-demand mismatch

In constant prices, base 2015



Sources: Company data, Instituto Nacional de Estadística and Copernicus Real Estate Country Report

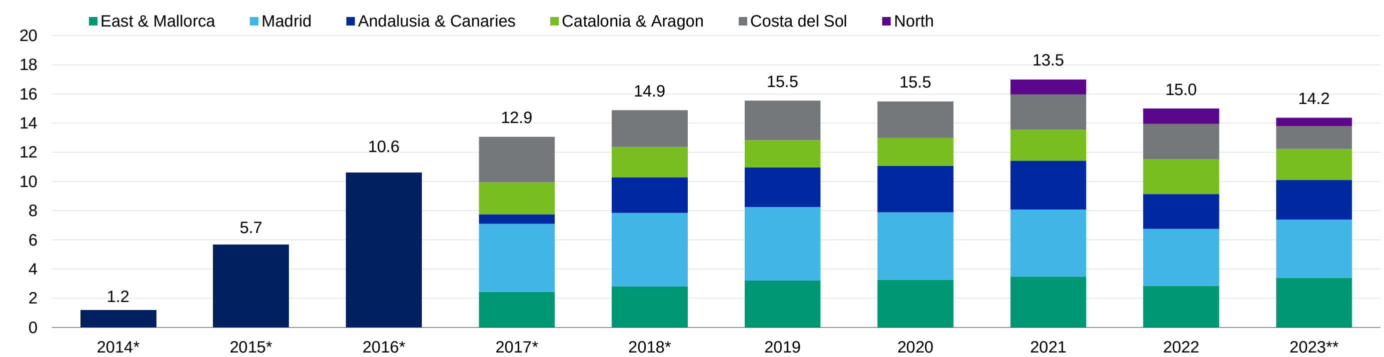
Sizeable land bank ensures medium-term revenue visibility, but has pricing risks

AEDAS owns land in more than 60 different municipalities in the most economically dynamic regions of Spain. Its current land bank is around 15,366 units, of which 880 units corresponded to the co-investment vehicles constituted in fiscal 2023/24. Inherent to its sizeable land bank, AEDAS is exposed to impairment risks in the event of a pronounced weakening of demand amid a cyclical downturn. However, these risks are balanced by the largely fully permitted and well-located nature of its land bank. As of 31 March 2024, there was a minimum impairment charge of €3.2 million. The company expects impairment risks to remain limited over the next 12-24 months.

Exhibit 9

Land bank evolution since the inception of AEDAS

In thousands



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*Up to 2018, AEDAS Homes' financial year ended on 31 December.

**In 2023, Valladolid and Madrid formed the Centre Regional Branch. Valladolid was reclassified from the North Regional Branch.

Source: Company data

The current land bank offers a five-year revenue visibility at a delivery rate of 3,000 units per year. Of AEDAS' land bank, 75% is active. So far, the company has demonstrated its ability to largely replenish its land bank with fully permitted and, therefore, mostly ready-to-build land plots at a cost consistent with net development margins of well above 20%. In fiscal 2024, the company successfully replenished its land bank, acquiring plots to build an additional 2,564 units with a total investment of €140 million. In addition, the company committed to an additional €220 million in investments, out of which €82 million constitute deferred payments.

The company follows very selective and financially disciplined criteria for land purchases, with 84% of deals “off-market” and therefore more insulated from inflated auction-based prices. It targets an average investment of €150 million-€200 million annually in new land acquisitions over the next two years. The company sources its land bank from a diversified seller base comprising private companies, public entities, financial institutions, private equity investors and individuals, among others.

AEDAS' co-investments expand sources of capital and earnings, but if excessively used, it could entail credit risks

To enlarge its long-term land bank optionality, diversify its sources of capital and expand the earnings from its real estate services division, AEDAS implemented its first co-investment with King Street Capital Management (KS) in fiscal 23/24. The total commitment of AEDAS and KS totalled €270 million, of which €150 million corresponded to investment in seven projects (682 BTS units) undertaken by the company, while the remainder to be allocated to ready-to-build land to be deployed over the next 18 months, with deliveries up to 42 months following acquisition. The net investment outflows to be covered by the company over the next 12-24 months are part of the investment volumes discussed above. The financing of the projects include the use of developer loans; however, this debt is non-recourse to AEDAS and there is no other debt at the JV Holdco. As is customary for development projects, outstanding guarantees are required to cover customer deposits; these are guaranteed by AEDAS but counter-guaranteed by KS in an amount covering each of its stake in the JV.

As its typical for JV partnerships, there are potential risks associated with it, such as contingent liabilities, operational challenges, and the potential for liquidity drain. To mitigate these risks, AEDAS targets as JV partners institutional investors that are large, reputable and regulated by financial authorities. These investors should have a proven market track record and readily available funds for new investments. Further, the company has established a governance framework for capital contributions, external debt incurrence and shareholder distributions. A board of directors approves such decisions, with those requiring consensus including capital increases or decreases and changes in strategy. In cases of conflict of interest, the conflicted shareholder must abstain from voting. In the event of additional equity needs, both parties are obliged to provide their pro rata cash contributions and customary shareholder protections are put in place in case of significant breaches of obligations by any shareholder.

An excessive use of JVs would increase complexity in the group structure, which could in turn reduce the transparency of business strategies, asset quality, operating performance and financial liabilities, a credit negative if this were to materialise.

ESG considerations

AEDAS Homes, S.A.'s ESG credit impact score is CIS-3

Exhibit 10
ESG credit impact score

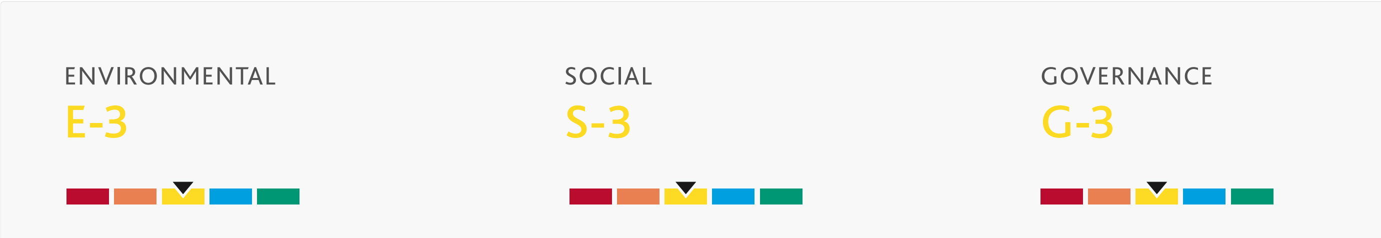
CIS-3

ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time.

Source: Moody's Ratings

AEDAS' ESG credit impact score of **CIS-3** indicates that ESG considerations have limited credit impact today but have the potential to pressure the company's ratings over time, mainly due to a private-equity concentrated ownership, which we deem to be more prone to an aggressive financial stance. However, our expectation is that the management's conservative operational and financial policies and procedures counterbalance those risks.

Exhibit 11
ESG issuer profile scores



Source: Moody's Ratings

Environmental

AEDAS' is exposed to moderate natural capital risk, inherent to the land sourcing needs of its homebuilding activities, and associated compliance costs related to land preservation. The concentration of its activities in Spain exposes the company to physical climate risk, especially water and heat stress, potential seismic activity in the Granada area and floods in eastern Spain could affect the integrity of its homebuilding activities.

Social

As a homebuilder AEDAS is exposed to risks arising from local requirements to provide subsidised housing; planning or urbanisation requirements; laws regarding land classification; building regulations, including functionality, safety, and habitability requirements for new developments; insurance regulations; labour or social security laws as well as human capital risk. The company is adhering to health, safety, and environmental best practices to partially mitigate these risks. Brand reputation and customer satisfaction risks are well mitigated by the high quality of delivered residential units.

Governance

Governance risks that we consider in AEDAS' credit profile are a concentrated ownership structure and voting rights, with a private-equity background, which we deem to be more prone to an aggressive financial stance. The current board composition with four independent members out of 7 partly balance those risks; but what distinguishes AEDAS from other private-equity dominated companies is a publicly communicated financial policy and is committed to preserving a long-term capital structure within a 20% net loan-to-value, consistent with a maximum net debt/EBITDA ratio of below 2.0x. The company also benefits from an experienced management team.

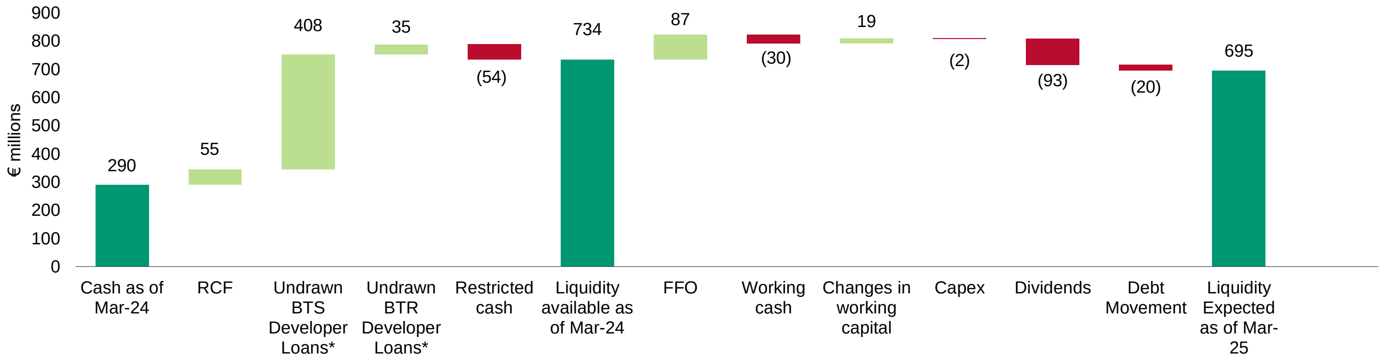
ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

AEDAS maintains good liquidity, underpinned by €236 million in available cash (excluding €54 million in restricted cash) and €55 million in a super senior revolving credit facility (RCF), as of 31 March 2024. In addition, the company has access to €485 million in undrawn BTS and BTR developer loans for its business development and €201 million in available commercial paper (with a limit set at €250 million). The next significant maturity is in August 2026, with the maturing of green bonds totalling €255 million.

Together with expected funds from operations of around €95 million over the next 12-18 months, the company can adequately cover its investments in land, working capital swings, capital spending and dividend distributions over the next 12-18 months.

Exhibit 12
We expect AEDAS to maintain good liquidity
Liquidity for the next 12 months



Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
*Undrawn BTS and BTR developer loans are available for development business.
Source: Moody's Ratings forecasts

The current asset-level financing comprises utilised developer loans with long maturity dates (around 25 years) and repayment executed from proceeds on delivery of the financed units to customers. AEDAS has a very granular and well-diversified development financing book that amounted to €157 million as of 31 March 2024 (including developer loans, land financing and BTR project financing).

Banks require the presale of an average 37% of the expected housing units in a development project before committing to granting a development loan to the homebuilder. AEDAS is typically able to draw on its loan for a project by presenting construction certificates to the lender as evidence of expenses and the state of progress of construction.

The company's financing strategy is based on its diversified funding sources (green bond, commercial paper, developer loans, land financing and BTR project financing), with 52% long-term fixed debt at an average cost of debt of 4.9%. More than 80% of its total debt matures only after June 2026.

Our liquidity assessment also takes into consideration the net secured LTV ratio springing covenant attached to the RCF, which is tested if the RCF is drawn by more than 40%.

Overall, AEDAS benefits from solid funding diversification across secured and unsecured borrowing by the end of fiscal 2024, and a long-dated maturity profile, with no significant debt maturities over the next three years.

Structural considerations

The backed senior secured notes are issued by AEDAS HOMES OPCO, S.L.U. and guaranteed by AEDAS, the top company of the restricted group. The senior debt instruments are secured by pledges over shares of guarantor entities and intragroup receivables of certain subsidiaries of the group. They are guaranteed by significant subsidiaries of the group representing at least 95% of consolidated EBITDA and/or aggregate gross assets. We assume a standard recovery rate of 50%, reflecting the covenant-lite nature of the debt documentation.

Consistent with our methodology and because of a potentially swiftly diminishing collateral value in a potential default scenario, we model operating liabilities (trade payables, short-term lease liabilities and pension obligations) in line with the backed senior secured notes.

In addition to the €255 million outstanding backed senior secured notes and €55 million in a super senior RCF, the company's capital structure also includes €177 million developer loans as of 31 March 2024. Developer loans are effectively more than fully secured by homebuilding projects, with a mortgage value that amounts to 122% of the outstanding development loans. Banks finance no more than 70% of the total construction costs, which is normally equivalent to up to 40%-45% of the total appraisal value, thus resulting in a strong level of asset collateralisation. At least 30% of the costs are incurred by AEDAS before the financing is available, and disbursements under each developer loan are contingent on the banks' supervision and validation of the construction progress. Thus, AEDAS' operating companies effectively put equity upfront to achieve construction milestones. There is no recourse to the top company of the restricted group nor a guarantee from any other subsidiary of the group.

Our Loss Given Default (LGD) model includes the super senior RCF, the backed senior secured notes, the developer loans with cross-default clauses, the utilised commercial paper programme (€48 million as of 31 March 2024) and operating liabilities. AEDAS had sureties to customers totalling €106 million, surety insurance totalling €91 million and performance bonds of €47.9 million as of 31 March 2024, which we do not include in our LGD assessment because it refers predominantly to non-cash and trade-related guarantees.

The Ba2 instrument rating of the backed senior secured notes, in line with the CFR, results from the above-mentioned considerations.

Methodology and scorecard

The principal rating methodology used to rate AEDAS was our Homebuilding and Property Development Industry rating methodology.

AEDAS' scorecard-indicated outcome is in line with the assigned rating under both our current and forward view.

Exhibit 13

Rating factors

AEDAS Homes, S.A.

Homebuilding And Property Development Industry Scorecard	Current FY Mar-24		Moody's 12-18 month forward view	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue ($ billions)	1.2	Caa	1.2 - 1.3	Caa
Factor 2 : Business Profile (30%)				
a) Market Position and Diversification	Ba	Ba	Ba	Ba
b) Business Strategy	Ba	Ba	Ba	Ba
c) Market Conditions	Ba	Ba	Ba	Ba
Factor 3 : Profitability and Efficiency (10%)				
a) Gross Margin	24.8%	B	23.7% - 23.9%	B
Factor 4 : Leverage and Coverage (30%)				
a) EBIT / Interest Expense	4.5x	Ba	3.8x - 5.1x	Ba
b) Debt / Book Capitalization	37.5%	Baa	36% - 36.4%	Baa
c) Debt / EBITDA	2.9x	Ba	2.8x - 3.1x	Ba
Factor 5 : Financial Policy (20%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Rating:				
a) Scorecard-Indicated Outcome		Ba2		Ba2
b) Actual Rating Assigned				Ba2

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Ratings

Exhibit 14

Category	Moody's Rating
AEDAS HOMES, S.A.	
Outlook	Stable
Corporate Family Rating	Ba2
AEDAS HOMES OPCO, S.L.U.	
Outlook	Stable
Bkd Senior Secured -Dom Curr	Ba2/LGD4

Source: Moody's Ratings

Endnotes

1 SAREB was established in 2013 to sell the nonperforming real estate assets of Spanish banks.

2 Order book 100% owned by AEDAS stands at €1,087.3 million.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454