

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

D.^a Silvia López Jiménez, en nombre y representación de Neinor Homes, S.A., unipersonal (en adelante, la “**Sociedad**”), sociedad de nacionalidad española, con N.I.F. A-95786562, en su condición de Secretaria no miembro del Consejo de Administración, y debidamente apoderada a tal efecto, en relación con el Folleto Informativo completo correspondiente a la oferta de suscripción y venta y admisión a negociación de las acciones de la Sociedad en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia (el “**Folleto Informativo**”)

CERTIFICA

Que la versión en soporte informático del Folleto Informativo que se adjunta a la presente coincide con el Folleto Informativo registrado y autorizado por la Comisión Nacional del Mercado de Valores con fecha 16 de marzo de 2017.

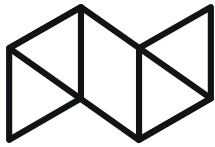
Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores para que haga público el mencionado Folleto Informativo en soporte informático en su página web.

Para que así conste, expido la presente certificación en Madrid, a 16 de marzo de 2017.

Neinor Homes, S.A.U.

P.p.

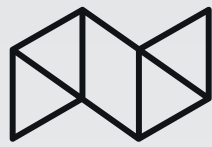
D.^a Silvia López Jiménez



Neinor

HOMES





Neinor

HOMES





NEINOR HOMES, S.A.U.

(A *sociedad anónima* incorporated under the laws of Spain)

Offering by the Company of 6,075,334 new shares, and sale by the Selling Shareholder of up to 37,018,320 shares of the Company, at a price of €16.46 per share

This is an initial offering (the “**Offering**”) of ordinary shares with a par value of €10 each in the capital of Neinor Homes, S.A.U. (“**Neinor Homes**” or the “**Company**”), a *sociedad anónima* incorporated under the laws of Spain, by Neinor Holdings, S.L.U. (the “**Selling Shareholder**”) and the Company to qualified investors inside and outside of Spain, including a placement in the United States to “qualified institutional buyers” or “QIBs” (as defined in Rule 144A (“**Rule 144A**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), in reliance on Rule 144A. The ordinary shares of the Company have not been and will not be registered under the Securities Act. The Offering outside the United States will be made in compliance with Regulation S (“**Regulation S**”) under the Securities Act.

The Company is offering 6,075,334 new shares at a price per share of €16.46 (the “**Offer Price**”) to obtain gross sale proceeds of c. €100 million in the Offering (the “**New Offer Shares**”), and the Selling Shareholder is selling up to 37,018,320 existing shares of the Company at the Offer Price in the Offering (the “**Existing Offer Shares**” and, together with the New Offer Shares, the “**Initial Offer Shares**”).

In addition, the Selling Shareholder will grant an option to the Joint Global Coordinators (defined below) to purchase a number of additional shares of the Company up to 10% of the Initial Offer Shares (the “**Additional Shares**”, and together with the Initial Offer Shares, the “**Shares**”) at the Offer Price (less agreed commissions) to cover over-allotments of Shares in the Offering, if any, and short positions resulting from stabilization transactions (the “**Over-allotment Option**”). The Over-allotment Option is exercisable, in whole or in part, by Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”) as stabilization manager for a period of 30 calendar days from the date on which the Company’s ordinary shares commence trading on the Spanish Stock Exchanges (as defined below).

Therefore, the Selling Shareholder will sell a maximum of 41,327,685 shares of the Company, equivalent to the sum of the maximum number of Existing Offer Shares 37,018,320 shares of the Company) and the Additional Shares (4,309,365 shares of the Company) assuming that the Over-allotment Option is exercised in full.

The Offering is strictly restricted to (a) institutional investors outside the United States (as defined in Regulation S under the Securities Act); (b) in the United States, QIBs (as defined in this Prospectus) that are acquiring securities for their own account or for the account of another QIB; (c) in the UK, Relevant Persons (as defined in this Prospectus); (d) in any member state of the EEA other than the UK, Qualified Investors. You are deemed to have represented to the Company, the Selling Shareholder and the Managers (as defined in this Prospectus) that (i) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale to Qualified Investors in any member state of the EEA which has implemented the Prospectus Directive; and (ii) if you are outside the US, UK and EEA you are a person into whose possession the document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located. No investor other than the above is allowed to participate in the Offering.

An investment in the Shares involves a high degree of risk. See “Risk Factors” beginning on page 20 for a discussion of certain matters that investors should consider prior to making an investment in the Shares.

The Company will apply to have its ordinary shares listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the “**Spanish Stock Exchanges**”) and to have its ordinary shares quoted on the Automated Quotation System or “*mercado continuo*” of the Spanish Stock Exchanges (the “**AQS**”). The Company expects that its ordinary shares (including the Shares offered hereby) will be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 29 March 2017 (“**Admission**”) under the symbol “HOME”.

The Initial Offer Shares are expected to be delivered through the book-entry facilities of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* and its participating entities (“**Iberclear**”) on or about 30 March 2017.

This document (the “**Prospectus**”) constitutes a prospectus relating to the Company and its subsidiaries (together, the “**Group**”) for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including by Directive 2010/73/EU, the “**Prospectus Directive**”) and has been prepared in accordance with, and including the information required by, Annexes I, III and XXII of Commission Regulation (EC) No. 809/2004 of 29 April and the amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012 (the “**Prospectus Rules**”). This Prospectus has been approved as a prospectus by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) in its capacity as competent authority under Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (“**LMV**”) and relevant implementing measures in Spain.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the Shares in any jurisdiction in which or to any person to whom it would be unlawful to make such an offer.

The Shares have not been and will not be registered under the Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions about eligible offerees and on transfer of the Shares, see “*Selling and Transfer Restrictions*”.

Joint Global Coordinators and Joint Bookrunners

Citigroup

Credit Suisse

Joint Bookrunners

Banco Santander

BNP PARIBAS

J.P. Morgan

Joint Lead Managers

Alantra

Banco Sabadell

Bankinter

**CaixaBank (in
collaboration with Banco
Português de
Investimento)**

Norbolsa

Agent Bank

Norbolsa

Independent Financial Advisor

Lazard

Prospectus dated 16 March 2017

ESSENTIAL INFORMATION ABOUT THIS PROSPECTUS

YOU SHOULD READ THE ENTIRE PROSPECTUS AND, IN PARTICULAR, “RISK FACTORS” BEGINNING ON PAGE 20 OF THIS PROSPECTUS WHEN CONSIDERING AN INVESTMENT IN THE SHARES.

None of Citigroup Global Markets Limited (“**Citigroup**”) or Credit Suisse (together, the “**Joint Global Coordinators**”), or Banco Santander, S.A., BNP PARIBAS and J.P. Morgan Securities plc (together with the Joint Global Coordinators, the “**Joint Bookrunners**”), or Alantra Capital Markets, S.V. S.A.U., Banco de Sabadell, S.A., Bankinter, S.A., CaixaBank, S.A. (in collaboration with Banco Portugués de Investimento, S.A., which itself is not a Manager) and Norbolsa Sociedad de Valores, S.A. (the “**Joint Lead Managers**”, and together with the Joint Bookrunners, the “**Managers**”), or any of their respective affiliates (or any entity through which the Managers may offer and sell the Shares) makes any representation or warranty, express or implied, nor accepts any responsibility whatsoever, with respect to the content of this document, including the accuracy or completeness of any of the information in it. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholder or the Managers (or any of their respective affiliates or any entity through which the Managers may offer and sell the Shares) that any recipient of this Prospectus should purchase the Shares. The contents of the website of the Company do not form any part of this Prospectus.

Apart from the responsibility and liabilities, if any, which may be mandatorily imposed on them by the regulatory regime in Spain, neither the Managers, the Company nor the Selling Shareholder accept any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or purported to be made by any of them or on their behalf in connection with the Company, the Selling Shareholder or the Shares. The Managers, the Company and the Selling Shareholder accordingly disclaim all and any liability whether arising in tort or that they might otherwise have in respect of this Prospectus or any such statement.

Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, as of the date of this Prospectus and to the best of the Company’s knowledge, in accordance with the facts and contains no material omission likely to affect its import. Every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when this Prospectus is approved and the time when trading on the Spanish Stock Exchanges of the ordinary shares begins, shall be mentioned in a supplement to this Prospectus to be approved and published in the same manner as this Prospectus but no obligation is assumed to publish additional information other than as required by the general rules for issuance of supplements to this Prospectus or relevant fact disclosures (“*hechos relevantes*”). The information contained in this Prospectus must be considered taking into account the risks described under the *Risk Factors* section (beginning on page 20), which forms an essential and integral part hereof. A potential update or adjustment in the information or statements contained in this Prospectus as a result of the occurrence of any of the described risk factors shall not be considered as a mistake or an inaccuracy thereof or make such information misleading.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorized by the Company, the Selling Shareholder or the Managers and none of them or the Company accept liability with respect to such information or representation.

The contents of this Prospectus are not to be construed as legal, financial or tax advice. You should consult your own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice. Therefore, this Prospectus is not intended to provide the basis of any credit or other valuation and shall not be considered as a recommendation by any of the Company, the Selling Shareholder, the Managers, or their advisors, that any recipient of this Prospectus should purchase the Shares. Each investor or purchaser of the Shares should analyze for itself the information contained in this document and base its investment or purchase of the Shares upon such investigation, as it deems necessary, including the assessment of risk involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such investor in connection with the purchase of the Shares.

The distribution of this Prospectus and the offer or sale of the Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those set out in the section “*Selling and Transfer Restrictions*”. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been or will be taken in any jurisdiction by the Company, the Selling Shareholder or the Managers that would permit a public offering of the Shares or possession or distribution of a Prospectus in any jurisdiction where action for that purpose would be

required. This Prospectus may not be used for, or in connection with, and does not constitute an offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required by the Company, the Selling Shareholder and the Managers to inform themselves about and to observe these restrictions. Neither we, nor the Selling Shareholder or any of the Managers accept any responsibility for any violation by any person, whether or not such a person is a prospective purchaser of the Shares, of any of these restrictions.

In connection with the Offering, each of the Managers and any of their respective affiliates acting as an investor for its own account, may take up Shares and in that capacity may retain, purchase or sell for its own account such Shares and any securities of the Company or related investments and may offer or sell such Shares, securities or other investments otherwise than in connection with the Offering. Accordingly, references in this document to the Shares being offered or placed should be read as including any offering or placement of such securities to the Managers and any relevant affiliate acting in such capacity. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers or their respective affiliates may from time to time acquire, hold or dispose of Shares. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

TABLE OF CONTENTS

PART I: SUMMARY	1
RISK FACTORS	20
PRESENTATION OF FINANCIAL AND OTHER INFORMATION.....	35
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS.....	39
IMPORTANT INFORMATION	40
BUSINESS	44
INDUSTRY OVERVIEW	82
REGULATION.....	99
REASONS FOR THE OFFERING	104
USE OF PROCEEDS	105
DIVIDENDS AND DIVIDEND POLICY	106
CAPITALIZATION AND INDEBTEDNESS	107
SELECTED FINANCIAL AND OPERATING INFORMATION	113
OPERATING AND FINANCIAL REVIEW	116
MANAGEMENT AND BOARD OF DIRECTORS	140
PRINCIPAL AND SELLING SHAREHOLDER	161
RELATED PARTY TRANSACTIONS.....	163
DESCRIPTION OF SHARE CAPITAL	164
MATERIAL CONTRACTS	175
TAXATION.....	178
MARKET INFORMATION.....	188
PLAN OF DISTRIBUTION	194
SELLING AND TRANSFER RESTRICTIONS.....	202
VALIDITY OF THE SHARES AND LEGAL MATTERS AND INDEPENDENT AUDITORS	208
ADDITIONAL INFORMATION.....	209
DOCUMENTS INCORPORATED BY REFERENCE.....	212
ANNEXES.....	213
Annex I – Savills valuation report regarding the property portfolio, as at 31 December 2016	
Annex II – Savills valuation report regarding the portfolio of properties across Spain – “Legacy Portfolio”, as at 31 December 2016	
Annex III – BDO’s valuation report regarding the second opinion valuation of a portfolio sample, as at 31 December 2016	
Annex IV – Spanish Translation of the Summary	
Annex V – Equivalence tables	

PART I: SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements to be included in a summary for this type of securities and company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the notation of “not applicable”.

Section A—Introduction and warnings		
A.1	Introduction:	<p>THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR, INCLUDING IN PARTICULAR THE RISK FACTORS.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Under Spanish law, civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p> <p>A potential update or adjustment in the information or statements contained in this Prospectus as a result of the occurrence of any of the described risk factors shall not be considered as a mistake or an inaccuracy thereof or make such information misleading.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries:	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.

Section B—Issuer		
B.1	Legal and commercial name:	The legal name of the issuer is Neinor Homes, S.A.U. (the “ Company ”) The commercial name of the issuer is “Neinor Homes”.
B.2	Domicile and legal form:	The Company is a public limited company (a <i>sociedad anónima</i> or S.A.) incorporated in Spain and subject to the laws of the Kingdom of Spain. It has its registered office at Calle Ercilla 24, 48011 Bilbao, Spain. The Company is incorporated for an unlimited term.

Section B—Issuer

<p>B.3</p>	<p>Key factors relating to the nature of the issuer’s current operations and its principal activities:</p>	<p>We are a residential home developer company that manages all the stages in the value chain of the residential development process, from the acquisition of land, management and design of the product, construction, commercialization and, finally, post-sales services.</p> <p>Our main product is multifamily homes targeted at the medium to medium-high end segments of the housing market (currently, with an average selling price of approximately €280,000 per unit). We are specialists in the residential industry, focusing on first and second homes and targeting areas where we believe that there is clear demand for new homes. In particular, our primary focus is the development of first homes (80% of our developments as of 31 December 2016). To a lesser extent, we also develop second homes (20% of our developments as of 31 December 2016).</p> <p>We have three business lines: (i) development, our residential development business, is our core business line, (ii) servicing, which deals with the servicing of Kutxabank’s portfolio under a 7-year agreement expiring in 2022 and (iii) legacy, management (mostly through sale) of certain assets that we acquired from Kutxabank.</p> <p><u>Key Strengths</u></p> <p>We believe our key strengths are:</p> <ul style="list-style-type: none"> • Our first mover advantage resulting in a strong market presence • A decision making model based on real demand • Our industrialized business model • Our land acquisition model • A scalable platform • A solid financial position • A disruptive market approach • A highly experienced management team with a proven track record, as well as a highly experienced Board • A best in class in terms of corporate governance, compliance, transparency, reporting, ethics and environmental awareness <p>We believe that we have a distinctive position in the Spanish residential development market as a well-capitalized company with an experienced management team, subject to robust business practices and controls. This enables us to successfully originate land for development and to design, construct and sell homes with a consistent and attractive profitability.</p> <p><u>Strategy</u></p> <p>The key elements of our business model are to:</p> <ul style="list-style-type: none"> • <u>Institutionalization</u>: We operate our business based on an institutionalized set of industrial processes and operating standards, in accordance with international business practices. We have designed our business model based on the implementation of high professional standards. • <u>Product</u>: Based on our clients’ needs and requests, we have identified the following key elements which we intend to include in our homes: (i) higher quality in design and construction; (ii) cost effectiveness and reduction in future maintenance costs; (iii) attractive façades and higher luminosity; (iv) customization as options which our customers can choose from. • <u>Client</u>: We have turned the client into the central point of the business by deeply understanding the demand and clients’ needs and implementing an innovative and differentiated marketing strategy and customer service.
-------------------	--	--

Section B—Issuer

Development business line

The development business line is focused on the residential development business and is our core business line. As of 31 December 2016, we owned 161 plots of Fully Permitted Land with a GAV of €1.12 billion, a GDV of €2.548 billion and a gross margin of €809 million pursuant to the Development Valuation Report, and a book value of €719 million and a target EBIT margin of 21% pursuant to the consolidated financial statements for the year ended 31 December 2016 and our estimates, respectively.

The referred 161 plots include 86 plots originally contributed to us upon our incorporation within the context of our acquisition by Lone Star and 75 plots we have acquired since then for an aggregate amount of c. €76.1 million GAV. The difference existing between the accumulated GAV of our plots (€1.12 billion) and their book value (€719 million) is due to the origin of the portfolio. Part of it was bought in the context of a corporate transaction (the portfolio coming from Kutxabank) and the other part before the reactivation of the real estate market, when there was no interest yet for the residential real estate.

As at 28 February 2017, we had 60 “active” developments where we expect to build c. 4,002 units. Of those 60 “active” developments, 10 were developments with a marketing plan in progress but not yet “launched” (i.e. immediately prior to the approval of the “1st go” – see below for further detail -), 20 of them were developments where the “1st go” had already been approved but construction had not started yet and 30 of them were developments already under construction. As of the date of this Prospectus, 1,394 of those 4,002 units that we expect to build in our “active” developments have been pre-sold and the revenues of such pre-sales represent €437 million.

Our business is based on a disciplined value chain implemented throughout the development process, starting from the land acquisition through to delivery of our homes and post-sale service, according to the following steps:

1. Land acquisition process

- a. Origination
- b. Viability analysis
- c. Negotiation and comprehensive due diligence
- d. Closing

2. Marketing plan

3. Feasibility study and development launch process (1st go)

After the 1st go, the following activities take place in parallel over a course of a very strict and detailed 32-week calendar:

- a. Design, planning and sustainability
- b. Commencement of sales process
- c. Customer financing
- d. Contractor selection
- e. Building permit

4. Approval of the construction start (2nd go)

After obtaining pre-sales of around 30% of the estimated pre-sales value of the units to be developed or of the estimated total gross sales of the development, along with the required financing and the required building permits and licenses, and having selected the corresponding contractors, we are in a position to start constructing (construction phase is internally known as “2nd go”).

- a. Construction

Section B—Issuer

b. Continuation of the sales process

c. Delivery

Although we have land and developments in other locations, we are primarily focused on the Basque Country (North), Catalonia, Castellón and the Balearic Islands (East), Madrid and Castile and León (Central) and Alicante, Huelva, Seville, Córdoba, Granada, Málaga and Almería (South). The key parameters of our land inventory as of 31 December 2016 are:

- **Expected permitted buildable units:** 9,086 units expected to be built.
- **Number of developments:** 161 launched and pending to be launched.
- **Gross Asset Value:** €1,120 million.
- **Average selling price per unit:** €280,000.

Servicing business line

This business line consists of our servicing of Kutxabank's real estate portfolio under a 7-year servicing agreement entered into on 14 May 2015 within the context of our acquisition by Lone Star. The Servicing Agreement will be automatically extended for additional one year periods unless otherwise stated by any of the parties with a prior notice of at least six months.

Pursuant to the Servicing Agreement we are the exclusive servicer of Kutxabank's portfolio. However, if over two successive years the degree of achievement of the annual sales target of a specific group of assets (land, new buildings, second-hand properties) is below 30% of the target provided for in the annual budget approved for each of those years, we will no longer have the right to exclusivity regarding the sale of the affected group of assets (not in relation with the others).

Under the Servicing Agreement we provide Kutxabank with valuation, due diligence, legal assistance, asset boarding, operational management and commercialization services over said portfolio in exchange of the following fees:

- **Management fee:** an annual fee based on the stock under management and varies according to the asset typology and stock evolution.
- **Success fee:** a fee related to assets' commercialization that includes a standard sales fee, a percentage over sales value, and a success fee if the sale price is higher than the one agreed with Kutxabank.
- **Additional minor fees:** include fees for asset boarding and specific services (e.g. valuation, ad-hoc due diligences, etc.).

This business line is highly complementary to our core development business as it provides us with market intelligence and with real time information on key demand indicators and pricing, whilst providing Kutxabank with access to an experienced real estate developer. The servicing business generated revenues of c. €28 million and EBITDA of c. €18 million in 2016.

Legacy business line

The legacy business line comprises a portfolio of real estate assets acquired from Kutxabank in 2015 following a careful and meticulous selection process on an asset by asset basis. This business line generates cash from the proceeds of the gradual sale of the assets in this portfolio, with the Group expecting to sell all assets in the second half of 2018.

As of 31 December 2016, the legacy portfolio was comprised of assets with a total GAV of c. €285 million pursuant to the Legacy Valuation Report and a total book value of €19 million pursuant to the consolidated financial statements for the year ended 31 December 2016.

Section B—Issuer

<p>B.4a</p>	<p>A description of the most significant recent trends affecting the issuer and the industries in which it operates:</p>	<p><i>Supply considerations</i></p> <p>The onset of the financial crisis in 2007 had a dramatic effect in the Spanish residential homebuilding sector. During the period of 2008 to 2011 Spain suffered a deep shock in domestic demand that was particularly severe in the residential property sector. Total number of home transactions declined from around 900k units per annum in 2006 to less than 500k units per annum from 2008 onwards, and sales of new homes declined from a high of c.381k in 2007 (Q1 2007 LTM) to c. 41k units per annum in 2016 (Q2 2016 LTM).</p> <p>Developers have further been held from increasing the new build supply due to a lack of scale and access to funding. Additionally, the lack of financing for new development projects limited the sector’s financial flexibility and, paired with an already weak demand, resulted in the disappearance of the major residential developers in Spain.</p> <p>These circumstances have led to a decline in new housing stocks during the last six years, resulting in a structural undersupply of new houses. Furthermore, a significant proportion of the current stock is primarily unsold housing built pre-crisis which has no demand due to location, quality or legal status (“off-market” stock makes up c. 22-28% of the current new housing unsold stock) intensifying the supply shortage existing in the Spanish residential market. (Source: CBRE).</p> <p>This challenging operating environment in Spain and, in particular, the difficulty that residential developers were facing when looking for bank financing alternatives, led to a significant decline in the number of land transactions over the past 10 years. This means that large proportions of land remain in hands of non-natural owners that have little interest in developing land and, therefore, this land should be available for sale as the market recovers. According to <i>Ministerio de Fomento</i>, the total supply of land ready for building or becoming Fully Permitted Land over the next 5 years is equivalent to approximately 2.3 million home units.</p>
		<p><i>Demand considerations</i></p> <p>Currently, the Spanish market shows positive dynamics on all the factors driving the demand for newly built residential property.</p> <ul style="list-style-type: none"> – <i>Macro environment:</i> existing macroeconomic conditions are supportive of a strong demand for housing properties, making specific reference to the overall GDP growth in the Spanish economy and the declining unemployment rates, fuelling a positive pattern in private consumption. – <i>Housing price affordability:</i> According to figures from Banco de España, house price as a share of average annual household income in Spain are currently at 6.6x (as of Q3 2016) compared with 8.5x in Q3 2008. – <i>Mortgage affordability and availability:</i> very low interest rate environment in the financing markets and in the consumer mortgage market, with a 1-year Euribor average rate of (0.0%) in 2016. – <i>Growth in Number of Households:</i> the Central Bank of Spain estimates annual net household creation in Spain for the period 2015-2029 to range between c. 63k and c. 238k homes per annum. <p>CBRE’s estimates potential new-build housing demand will stand at an average of 112-140k units per year between 2017 and 2019, reaching a longer-term average of c. 139-142k units per annum. These estimates are based on the assumption of increasing household formation, as well as on a relative persistence of the current market conditions in respect to the demand drivers explained above.</p> <p>Furthermore, signing of new residential mortgages, which have gained traction since 2013 (up by 21% and 14% YoY in 2015 and 2016, respectively), demonstrates a turning point in the residential market cycle in Spain (Source: INE).</p> <p>Housing sales were up 14% in Q2 2016 versus Q2 2015, the majority being sales involving already existing housing, which surged 16% in the same period given the considerable available stock of this housing type. This sharp increase in the existing housing market highlights the lack of available stock of new-builds in some areas (Source: Ministerio de Fomento).</p>

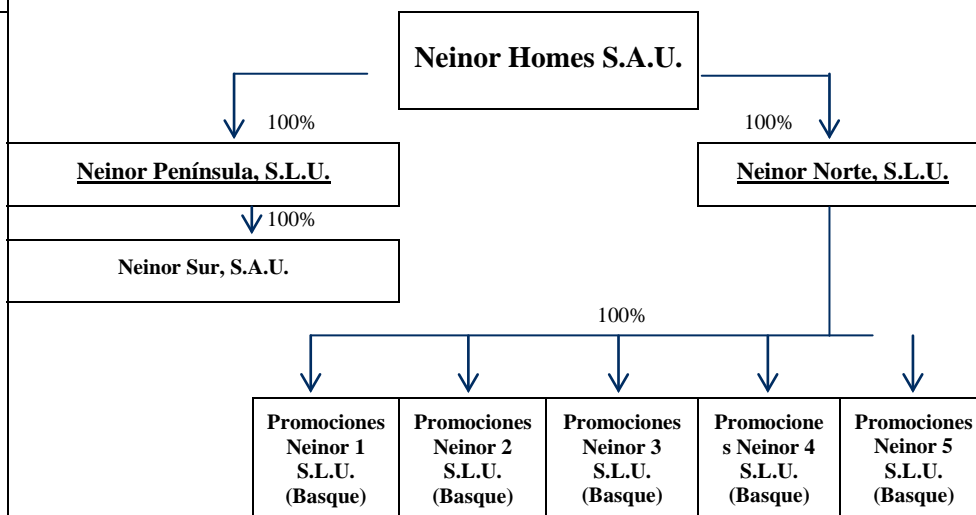
Section B—Issuer

Competition and Key Market Players

The Spanish market is today a very fragmented one, with the top 12 players accounting for only c. 8% market share. However, the first 3 players (Neinor Homes, Q-21 and AELCA) account for almost half (44%) of the units under construction, which equates to 5,898 units (Source: CBRE).

B.5

Group description:



B.6

Major shareholders:

As of the date of this Prospectus, Neinor Holdings, S.L.U. is the sole shareholder of the Company. Neinor Holdings, S.L.U. is a limited liability company (*sociedad limitada*), registered with the commercial registry of Bilbao (*Registro Mercantil de Bilbao*), under the company number BI-63722, having its registered office at calle Ercilla 24, 48011 Bilbao (Spain).

LSREF3 Lion Investments S.à r.l., a limited liability company (*société à responsabilité limitée*), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés Luxembourg*) under the company number B-188681, having its registered office at Atrium Business Park-Vitrum, 33, rue du Puits Romain, L-8070 Bertrange, Grand Duchy of Luxembourg (“LSREF3”), is the sole shareholder of Neinor Holdings, S.L.U.

Lone Star Capital Investments S.à r.l., a limited liability company (*société à responsabilité limitée*), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés Luxembourg*) under the company number B-91796, having its registered office at Atrium Business Park-Vitrum, 33, rue du Puits Romain, L-8070 Bertrange, Grand Duchy of Luxembourg (“LSCI”), is the sole shareholder of LSREF3.

LSCI is not controlled by any of its shareholders according to the definition of controlling entities set forth in Article 42 of the Spanish Code of Commerce. However, the indirect economic interest in the Company is ultimately held by Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P., together defined as “**Lone Star**”.

Lone Star has a large number of limited partner investors and no natural person has a direct economic ownership interest of ten percent (10%) or more in Lone Star, on a combined basis.

Lone Star is advised by Lone Star Global Acquisitions, Ltd., an investment adviser registered with the U.S. Securities and Exchange Commission.

The Selling Shareholder is subject to the lock-up obligations for a period of 180 days. Lone Star contemplates an investment horizon of up to 3 years from Admission although, as mentioned above, its decision regarding its interest in the Company will be taken as from the end of the lock-up period on the basis of the said factors. However, it must be noted that as a consequence of the obligations assumed under the Margin Loan

Section B—Issuer

	<p>Facility defined and described below, the Selling Shareholder may have to sell its remaining interest in the Company after Admission even before the expiration of the referred lock-up undertaking. Additionally, once that undertaking expires or is waived, the Selling Shareholder may decide to divest its interest in the Company as and when it considers appropriate having regard to factors such as the market performance of the Company's shares and Lone Star's general investment strategy as a fund.</p>
	<p><i>The Margin Loan Facility</i></p> <p>The Selling Shareholder has agreed to enter on or around Admission into a margin loan facility agreement with the Joint Global Coordinators and J.P. Morgan Securities plc (the "Margin Loan Facility"). The financed amount under the Margin Loan Facility will be a maximum of €290 million. The funds obtained by the Selling Shareholder from the Margin Loan Facility will be used for the Selling Shareholder's general corporate purposes (not affecting the Company), including payment of the Selling Shareholder's costs and expenses in connection with the Offering. Taking into account the financed amount under the Margin Loan Facility and the Offer Price, and assuming all the Existing Offer Shares are sold, the value of the financed amount in relation to the value of the Collateral Shares (as defined below) would represent a percentage in the region of 35%. The maturity date of the Margin Loan Facility will be 3 years from the date of the drawdown of the Margin Loan Facility.</p> <p>The Margin Loan Facility will be secured by a Shares-collateral constituted by all the Selling Shareholder's Shares of the Company, representing 100 per cent of the Selling Shareholder's remaining interest in the Company after Admission, with a carve-out for the Shares to be offered under the Management Incentive Plan ("Collateral Shares"). For more information, see section E.4 in this Summary ("<i>A description of any interest that is material to the issue/offer including conflicting interests</i>"). In addition, dividends on Collateral Shares will be deposited into a dividend account pledged by the Selling Shareholder in favor of the lenders under the Margin Loan Facility. The Collateral Shares, together with any collateral on cash accounts, are the only security granted by the Selling Shareholders under the Margin Loan Facility.</p> <p>Lenders under the Margin Loan Facility may make a collateral call (margin call) when the LTV (as defined below) exceeds a percentage in line with transactions of this nature. If the lenders of the Margin Loan Facility carry out a collateral call, the Selling Shareholder will have to transfer to the cash collateral account sufficient cash -which amount is also in line with market practice in margin loan transactions- to ensure that the agreed LTV is maintained. For these purposes, "LTV" is understood as the ratio of (i) the financed amount outstanding under the Margin Loan Facility plus any accrued interest less the aggregate of the cash collateral and dividend balances held in secured accounts, divided by (ii) the share price of our Shares multiplied by the number of Collateral Shares.</p> <p>The lenders under the Margin Loan Facility may direct the sale or other enforcement of the collateral at any time after the occurrence of events of default typical in financing agreements such as non-payment, breach of covenants or obligations by the Selling Shareholder, insolvency or material adverse changes.</p> <p>Furthermore, the Margin Loan Facility provides for a series of events under which the Selling Shareholder would have to proceed with the mandatory prepayment of the outstanding financed amount, if required by the lenders under the Margin Loan Facility. These events include:</p> <ul style="list-style-type: none"> • The official trading price of our Shares falls very significantly below its initial listing price; • The average daily trading volume of our Shares is materially below the usual trading volumes for companies with similar market capitalization and free float; • The percentage of total Shares outstanding as free float declines below the required listing threshold. <p>The Margin Loan Facility includes other general mandatory prepayment events such as the delisting of the Shares (unless immediately relisted in the same currency in the same</p>

Section B—Issuer

country with comparable liquidity); insolvency affecting the Company; tender offers or merger events in respect of the Shares; significant disruption in trading or Stock Exchange; or change of control of the borrower or the Company (in case of a third party acquiring control).

Subject to the lock-up obligations described herein and subject to the terms and conditions set out in the Margin Loan Facility, the Selling Shareholder shall have the right to sell the Collateral Shares in the market. In such a case, or in case of collateral enforcement, the effect of the Margin Loan Facility for the Selling Shareholder would be equivalent to having partially monetized the Collateral Shares or having received in advance a minimum price for them.

Finally, the Selling Shareholder may prepay the Margin Loan Facility in full or in part.

B.7 Historical key financial information:

Consolidated Balance Sheet

ASSETS	As at December 31, 2016 (Audited)	As at December 31, 2015 (Audited)	As at June 30, 2015 (Audited)
NON-CURRENT ASSETS:			
Intangible assets	754	93	64
Property, plant and equipment	1,553	1,422	1,035
Investment Property	12,893	11,010	13,334
Non-current financial assets	336	98	83
Total non-current assets	15,536	12,623	14,516
CURRENT ASSETS:			
Inventories	925,366	933,290	881,493
Trade and other receivables	20,553	35,702	14,221
Current financial assets	23	45	2,319
Tax receivables	9,050	34,460	14,910
Cash and cash equivalents	45,301	89,389	38,032
Total current assets	1,000,293	1,092,886	950,975
TOTAL ASSETS	1,015,829	1,105,509	965,491
EQUITY AND LIABILITIES			
	As at December 31, 2016 (Audited)	As at December 31, 2015 (Audited)	As at June 30, 2015 (Audited)
EQUITY:			
Share capital	729,297	939,878	939,878
Legal reserve	823	-	-
Reserves of the Parent	7,980	573	(60)
Reserves at fully consolidated companies	(108,145)	(28,971)	(27,106)
Consolidated profit / (loss) for the year	1,057	(70,866)	(11,248)
Total equity	631,012	840,614	901,464
NON-CURRENT LIABILITIES:			
Bank borrowings	26,623	-	-
Other non-current liabilities	34	65	67
Deferred tax liabilities	321	-	321
Total non-current liabilities	26,978	65	388
CURRENT LIABILITIES:			
Provisions	9,059	13,990	5,858
Bank borrowings	277,068	62,992	23,517
Other current financial liabilities	288	26	381
Payables to sole shareholders	3,071	99,080	-
Current trade and other payables	32,698	70,423	17,430
Tax payables	4,404	4,739	4,396
Other current liabilities	31,251	13,580	12,057
Total current liabilities	357,839	264,830	63,639
TOTAL EQUITY AND LIABILITIES	1,015,829	1,105,509	965,491

Section B—Issuer

Consolidated Income Statement Information

	Twelve months ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015	Combined Financial Information 2015
	(A)	(B)	(A+B)	
	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
NET REVENUES	228,565	134,688	121,976	256,664
Cost of sales	(205,360)	(104,871)	(107,476)	(212,347)
Employee benefits expenses	(11,677)	(4,808)	(3,000)	(7,808)
Depreciation and amortization charges	(608)	(270)	(57)	(327)
External services	(40,198)	(25,536)	(11,331)	(36,867)
Change in trade provisions	34,595	(69,618)	(11,579)	(81,197)
Other operating gains/(losses)	3,704	781	302	1,083
PROFIT/(LOSS) FROM OPERATIONS	9,021	(69,634)	(11,165)	(80,799)
Impairment and gain / (losses) on disposals of non-current assets	(2)	-	-	-
Other gains and losses	-	-	205	205
Finance revenue	108	27	16	43
Finance costs	(4,999)	(644)	(304)	(948)
PROFIT/(LOSS) BEFORE TAX	4,128	(70,251)	(11,248)	(81,499)
Income tax	(3,071)	(615)	-	(615)
PROFIT/(LOSS) FOR THE YEAR	1,057	(70,866)	(11,248)	(82,114)
Earnings/(losses) per share (Euros):				
Basic	0.001	(0.075)	(0.014)	
Diluted	0.001	(0.075)	(0.014)	

Consolidated Cash Flow Information

	Twelve month ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015	Combined Financial Information
	(A)	(B)	(A+B)	
	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Cash flows from/(used in) operating activities				
Profit/(loss) from operations	4,128	(70,251)	(11,248)	(81,499)
Adjustments-				
Depreciation and amortization	608	270	57	327
Change in provisions	12,377	76,412	14,179	90,591
Impairment and gains/(losses) on disposal of intangible and tangible assets	2	-	-	-
Finance cost	4,999	644	304	948
Finance revenue	(108)	(27)	(16)	(43)
Other proceeds / (payables)	(7,904)	-	-	-
Cash flows obtained from operations	14,102	7,048	3,276	10,324
Increase/(Decrease) in current assets and liabilities:				
Inventories	(3,108)	(109,027)	29,006	(80,021)
Trade and other receivables	40,618	(39,139)	(23,377)	(62,516)
Current trade and other payables	(37,739)	53,336	19,920	73,256
Other current and non-current assets and liabilities	17,640	1,202	8,183	9,385
Income tax paid	(790)	-	25	25
Total net cash flows from operating	30,723	(86,580)	37,033	(49,547)

Section B—Issuer

activities (I)						
		Cash flows from/(used in) investing activities:				
		Investments in intangible and tangible assets	(1,085)	(442)	(996)	(1,438)
		Investments in Group companies and associates	-	(4)	(2,300)	(2,304)
		Investments in non-current financial assets	(238)	(41)	-	(41)
		Interests collected	108	7	16	23
		Disposals of intangible and tangible assets	59	-	-	-
		Disposals of investment property	-	132	962	1,094
		Disposals of other current and non-current financial assets	22	-	-	-
		Total net cash flows from investing activities (II)	(1,134)	(348)	(2,318)	(2,666)
		Cash flows from/(used in) financing activities:				
		Proceeds from share capital increases	-	1,346	125,894	127,240
		Repayments from share capital reductions	(210,581)	-	-	-
		Proceeds from bank borrowings	298,648	51,408	12,750	64,158
		Proceeds from sole shareholder borrowings	-	105,000	-	105,000
		Repayment of bank borrowings	(53,974)	(11,983)	-	(11,983)
		Repayment of sole shareholders borrowings	(99,001)	(6,728)	(160,274)	(167,002)
		Interests paid	(9,000)	(401)	(374)	(775)
		Other proceeds/payments related to financing activities	231	(357)	-	(357)
		Total net cash flows from financing activities (III)	(73,677)	138,285	(22,004)	116,281
		Net increase/(decrease) in cash and cash equivalents (I+II+III)	(44,088)	51,357	12,711	64,068
		Cash and cash equivalents at beginning of the period	89,389	38,032	25,321	25,321
		Cash and cash equivalents at end of year	45,301	89,389	38,032	89,389
B.8	Selected key pro forma financial information:	Not applicable. This Prospectus does not contain pro forma financial information.				
B.9	Profit forecast:	Not applicable. This Prospectus does not contain profit forecasts or estimates.				
B.10	A description of the nature of any qualifications in the audit report on the historical financial information:	The audit reports corresponding to the Company's audited consolidated financial statements (i) as of and for the six month periods ended 30 June and 31 December 2015 and (ii) as of and for the year ended 31 December 2016, which have been audited by Deloitte, S.L., are unqualified.				
B.11	Qualified working capital:	<p>In the opinion of the Company, the working capital available to the Company (total current assets less total current liabilities), which as of 31 December 2016 amounted to €642.45 million, is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus. This will continue to be the case following completion of the Offering.</p> <p>The adjusted working capital of the Company (defined as inventories plus trade and other receivables, current financial assets, tax receivables, restricted cash and cash equivalents less provisions, other current financial liabilities, payables to shareholder, current trade and other payables (excluding deferred payment for land) tax payables and other current liabilities) as of 31 December 2016 amounted to €907 million.</p>				

Section C—Securities		
C.1	Type and class of security:	The ordinary shares have the ISIN code ES0105251005 allocated by the Spanish National Agency for the Codification of Securities (<i>Agencia Nacional de Codificación de Valores Mobiliarios</i>), an entity dependent upon the CNMV. It is expected that the ordinary shares will be traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the “ Spanish Stock Exchanges ”) and quoted on the Automated Quotation System or “ <i>mercado continuo</i> ” of the Spanish Stock Exchanges (the “ AQS ”) under the ticker symbol HOME.
C.2	Currency of the securities issue:	The Ordinary Shares will be denominated in euro.
C.3	The number of shares issued:	As at the date of this Prospectus, the Company’s issued share capital consists of €729,297,000 divided into a single class of 72,929,700 shares, with a nominal value of €10 each. Each ordinary share entitles its holder to one vote. All of our ordinary shares are fully subscribed and paid-up. On Admission, there will be 79,005,034 shares of €10 nominal value each in issue. All shares will be fully paid. The new 6,075,334 shares (the “ New Offer Shares ”) will represent 8.3 per cent of the pre-Offering share capital of the Company, and 7.7 per cent of the post-Offering share capital of the Company.
C.4	A description of the rights attached to the securities:	The shares rank <i>pari passu</i> in all respects with each other, including for voting purposes and in full for all dividends and distributions on shares declared, made or paid after their issue and for any distributions made on a winding-up of the Company. The shares grant their owners the rights set forth in the Company’s by-laws and in the <i>Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el Texto Refundido de la Ley de Sociedades de Capital</i> (as amended, the “ Spanish Companies Act ”), such as, among others: (i) the right to attend general shareholders’ meetings of the Company with the right to speak and vote; (ii) the right to dividends proportional to their paid-up shareholding in the Company; (iii) the pre-emptive right to subscribe for newly issued Shares in capital increases with cash contributions; and (iv) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.
C.5	Restrictions on the free transferability of the securities:	There are no restrictions on the free transferability of the Company’s ordinary shares.
C.6	Admission:	Application will be made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on the Spanish Stock Exchanges and quoted on the AQS. No application has been made or is currently intended to be made for the shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy:	<p>Holders of ordinary shares will be entitled to receive future dividends which are declared on the basis set out in the Company’s bylaws.</p> <p>In the near term, we intend to devote our generated cash flows to continue growing our business. We do not plan to distribute dividends until we reach our strategic run rate targets by 2020. Provided we reach such targets, and subject to the availability of sufficient cash resources and funding and that we meet the requirements set out for these purposes in our financing agreements (as described below), we intend to adopt a dividend policy consistent with those of our peers and with a pay-out ratio above 70% of the Group’s net income. The above notwithstanding, and subject to the same requirements described above, we might eventually distribute dividends off our 2019 results provided we reach our strategic run rate targets before 2020, but in this case with a lower pay-out ratio.</p> <p>In this regard, it must be highlighted that some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders’ equity of, at least, €420 million; and (ii) that we maintain a net financial debt-to-equity ratio (<i>ratio de deuda financiera neta/patrimonio neto contable</i>) lower than 1.6. In addition, some of our financing</p>

Section C—Securities

agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

Section D—Risks

D.1	<p>Key information on the key risks that are specific to the issuer or its industry:</p>	<p>The information contained in this Prospectus must be considered taking into account the risks listed below and described under the Risk Factors section (beginning on page 20), which forms an essential and integral part thereof.</p> <p>Prior to investing in the ordinary shares, prospective investors should consider the risks associated therewith. Any of the following risks and uncertainties could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects. In addition, the sequence or extension in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of the potential consequences on our business, financial condition or results of operations. The market price of our shares could decline due to any of these risks and uncertainties, and you could lose all or part of your investment.</p> <p style="text-align: center;">IMPORTANT NOTICE</p> <p>We wish to highlight to the investors in the Offering and to any future shareholders of the Company the following matters:</p> <p>— We face certain risks relating to our indebtedness.</p> <p>The indebtedness that we have incurred, or that we may incur in the future, even within the limits set forth in our business strategy, could reduce our financial flexibility. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, our borrowings and any hedging arrangements that we may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If we are required to repay borrowings early, we may be forced to sell assets when we would not otherwise choose to do so and below our expected prices in order to make the payments and we may be subject to prepayment penalties. We may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, our costs could increase.</p> <p>In addition, the use of leverage may increase our exposure to adverse economic factors such as rising interest rates (with a corresponding negative impact in our margins).</p> <p>Moreover, our obligations under our financing agreements are secured through certain security interests such as mortgages over assets (in particular, as of the date of this Prospectus land plots with an aggregate GAV of €64.3 million are mortgaged in connection with our loans), or a collateral assignment over our credit rights deriving from the servicing agreement that we entered into with Kutxabank, S.A. (“Kutxabank”) on 14 May 2015.</p> <p>In connection with the new borrowings arranged by the Group in 2016, we are subject to certain early repayment clauses associated with the loans and credit lines, including the following:</p> <ul style="list-style-type: none"> • Any change in the shareholding structure of the Company that gives rise to a change of control over it, “change of control” being any of the instances under Article 42 of the Spanish Commercial Code. • Reduction of our equity to below €425 million. • Obligation to achieve a firm and irrevocable loan-to-value (“LTV”) ratio, calculated as the ratio of net debt to the net value of our properties (in both cases capex financing are deducted), which must be below 45 to 50 per cent., depending on the bank. • Firm and irrevocable obligation for Lone Star to ensure that its indirect ownership interest in the share capital of the Company does not drop below 51
------------	--	--

Section D—Risks

per cent.

Notwithstanding the above, we have obtained a waiver/approval from the banks from which we have received any type of financing not to terminate such financing early as a consequence of the Offering or the Admission, although they reserve the right to terminate the financing early, in general, if at a time following the Admission a third party were to launch, or be in a key position, directly or indirectly, to launch a takeover bid.

— ***We may face restrictions over our ability to pay dividends and return capital through share capital reductions***

In the near term, we intend to devote our generated cash flows to continue growing our business. We do not plan to distribute dividends until we reach our strategic run rate targets by 2020. In addition, some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders' equity of, at least, €120 million; and (ii) that we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

— **Our growth and profitability depends upon our ability to identify and acquire fully permitted land plots suitable for our purposes.**

Our mid- and long-term growth depends upon our ability to successfully identify and acquire fully permitted land (as defined herein) plots for residential property development at commercially reasonable prices, in the appropriate geographic locations and with terms that meet our profitability targets. Our business model requires us to acquire land on an ongoing basis to replenish our land bank and maintain sufficient supply for medium term development.

Furthermore, in the future we may consider acquiring land plots that are not fully permitted and we may not be able to secure all the necessary permits on a timely basis or on economically viable terms, or at all.

— **Our business may be adversely affected if we fail to obtain, or if there are any material delays in obtaining, the required permits and approvals for our development projects.**

While we currently primarily purchase fully permitted land plots, to begin the construction of our development projects we must obtain separate building, urbanization and environmental permits, licenses and other approvals (together the "Permits") from relevant administrative authorities. Our ability to obtain the Permits required to build homes is dependent on our ability to meet the relevant regulatory and planning requirements. Furthermore, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of our units or even incompleteness of a particular development on the expected terms or at all, which could have a material adverse impact on our business, results of operations, financial condition or prospects.

— **We may achieve lower revenue in our development projects than our estimated gross development values ("GDVs") indicate.**

Estimating the future value of property is inherently subjective due to the individual nature of each property and is heavily affected by broader market conditions outside of our control. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes and interest and inflation rate fluctuations also contribute to the uncertainty and potential volatility of forward-looking valuations.

Section D—Risks

The estimated GDVs relating to our planned developments are estimates only and are ascertained on the basis of assumptions (including items such as demand for homes, average sales price, price increases and assumed number of units within developments), which may prove inaccurate. There is no assurance that the estimated GDVs relating to our land bank and our proposed developments will reflect the actual sales prices achieved of any developments built on the land. Any failure to sell as many residential units as anticipated, or for the sales prices expected, could result in us not achieving our estimated GDVs. There can be no assurance that our valuations of land in our financial statements or our GDV estimates for our land bank and proposed developments will reflect the actual sale prices achieved of either the land itself or any developments built thereon.

Any of the above factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

- **If we cannot obtain sufficient capital on acceptable terms, we may be unable to acquire land for our developments or may experience increased costs and delays in the completion of our development projects.**

The real estate development industry is capital-intensive and requires significant up-front expenditures to acquire land plots and carry out development activity. Although we use a portion of our own resources to acquire land plots, we additionally need borrowed funds, the availability of which, especially for land acquisition and development financing, may be constrained regionally or nationally.

- **Discontinuation of the Kutxabank Servicing Agreement may have a material adverse effect on our business, results of operations, financial condition or prospects.**

In 2015 we entered into an exclusive seven-year servicing contract with Kutxabank and another 23 companies from the Kutxabank and Cajasur groups (the “**Servicing Agreement Counterparties**”) to service the property portfolio owned by Kutxabank (the “**Servicing Agreement**”). In the year ended 31 December 2016, revenue from the Servicing Agreement was €27.7 million. If the Servicing Agreement were terminated for any reason, including due to our failure to meet certain performance requirements, or if the Servicing Agreement is not renewed once the current seven-year contract term comes to an end, our business, results of operations, financial condition or prospects may be adversely affected.

The Servicing Agreement can be terminated by the Servicing Agreement Counterparties if an event of default under the agreement occurs.

- **We may require more time to sell the Kutxabank Legacy Portfolio and it could have a lower value than estimated and/or could require additional investments to be marketable.**

As part of our strategy, we intend to complete the sale of the property assets acquired from Kutxabank in May 2015 (the “**Legacy Portfolio**”) in the second half of 2018. However, there can be no assurance that these assets will be sold during the anticipated timeframe (which could lead to our incurrence of additional costs) and/or at the prices we expect. Notwithstanding the intended sale of the Kutxabank Legacy Portfolio, we may have to record additional impairment charges (for example as a result of devaluation of the portfolio), which could have a material adverse effect on our business, results of operations, financial condition or prospects.

- **Our activity is geographically concentrated and our industry is cyclical in nature, so an economic slowdown or adverse changes in Spanish housing market conditions would adversely affect the demand for our homes.**

We are a Spanish homebuilding company whose assets and operations are located entirely in Spain, with a focus on Madrid, Barcelona, the Basque region, the Andalusian main cities and coast and the Balearic Islands. We are therefore dependent on the overall condition of the Spanish housing market and, in particular, on the condition of the housing market in the regions where we are focused. The housing market and the homebuilding industry are generally cyclical and are

Section D—Risks

affected by changes in general economic conditions.

OTHER RISKS RELATING TO OUR BUSINESS AND INDUSTRY

- Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales.
- Demand for our homes depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness or quality of our products.
- We may be unable to develop and sell our homes successfully or within the expected time frames.
- We depend upon our senior management team and on the expertise of our key personnel, and may be unable to attract and retain a highly skilled and experienced workforce.
- Adverse developments in general political and economic conditions in Spain, the EU or globally could have a material adverse effect on our business, results of operations, financial condition or prospects.
- Our pre-sales may not materialize on the terms agreed at the time the contract is signed, if at all.
- Significant unanticipated costs might arise in relation to the execution of our projects.
- We have a limited operating history.
- Our business depends upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers.
- We may incur a variety of costs to engage in future growth or expansion of our operations and the anticipated benefits may never be realized.
- Negative publicity could adversely affect our reputation as well as our business, financial results and stock price.
- We may suffer uninsured losses or suffer material losses in excess of insurance proceeds.
- We are dependent on information technology systems, which may fail, be inadequate to the tasks at hand or be subject to cyberattack.
- If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us.
- Our operating performance is subject to risks associated with the real estate and homebuilding industry generally.
- The Spanish homebuilding market could become increasingly competitive.
- Taxes are an important part of the cost of acquiring or owning a home, and a change in the national, regional or local tax regulations may have a material impact on demand for residential property.
- We are exposed to liability claims from third parties.
- The construction of new developments involves health, safety and environmental (“*HSE*”) risks.
- Land and real estate properties can be illiquid assets and can therefore be difficult to sell.
- Homebuilders are subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change.
- Real estate appraisals with respect to our developments included in this Prospectus may not reflect the current market values of our developments because determining such values is an inherently subjective process. In addition, an appraisal may not be

Section D—Risks		
		<p>directly comparable to those given in respect of similar portfolios held by other real estate developers in the Spanish market as a result of differing assumptions and methodologies.</p> <ul style="list-style-type: none"> — We use a number of estimates and assumptions in the preparation of our consolidated financial statements, which could prove to be incorrect. — Adverse developments in general political and economic conditions in Spain, the EU or globally could have a material adverse effect on our business, results of operations, financial condition or prospects.
D.3	Key information on the key risks that are specific to the securities:	<p><u>RISKS RELATING TO OUR SHARES AND THE OFFERING</u></p> <ul style="list-style-type: none"> — After the Offering, our controlling shareholder will continue to be able to exercise significant influence over us, our management and our operations. Immediately following the Offering, Neinor Holdings, S.L.U. will hold at least 45.45 per cent of our issued share capital if the Over-allotment Option is exercised not exercised (and if the Over-allotment Option is exercised, at least 40 per cent of our issued share capital). As a result, Neinor Holdings, S.L.U. will be able to exercise control over our management and operations and over our shareholders' meetings, such as in relation to the payment of dividends, mergers or other business combinations, the acquisition or disposal of substantial assets, the issuance of equity or other securities and the appointment of the majority of the directors to our board of directors. We cannot assure you that the interests of Neinor Holdings, S.L.U. will coincide with the interests of purchasers of the Shares. — Our controlling shareholder could cease to be a significant shareholder of the Company. The Selling Shareholder has agreed to enter on or around Admission into a margin loan facility agreement secured by all of its Shares in the Company (other than those sold in the Offering) with lenders which include the Joint Global Coordinators and J.P. Morgan Securities plc (the “Margin Loan Facility”). The enforcement of this security by the lenders under the Margin Loan Facility could have a significant impact on the Company’s shareholding structure as it may result in the Selling Shareholder ceasing to be a significant shareholder, even before the expiration of the lock-up undertakings assumed in connection with the offering. — There is no assurance that we will pay dividends or regarding the level of any such dividends. Moreover, some of our financing agreements include provisions that restrict the possibility of the Company paying dividends and returning capital through share capital reductions. — There is no established trading market for our ordinary shares. There is no guarantee that a liquid market for our ordinary shares will develop. — The trading price of the Shares may fluctuate in response to various factors, many of which are outside our control. — Substantial future sales of the Shares could impact the trading price of the Shares. — Overseas shareholders may have only limited ability to bring actions or enforce judgments against the Company or its directors. — If the Company were determined to be a passive foreign investment company, the determination would result in certain potentially adverse U.S. federal income tax consequences to U.S. holders of Shares. — Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings. Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future equity offerings.

Section E—Offer

E.1	The total net proceeds and an estimate of the total expenses of the issue:	<p>The Company is offering New Offer Shares and the Selling Shareholder is offering Existing Offer Shares in the Offering.</p> <p>The Company expects to raise gross proceeds of c. €100 million from the issue of the New Offer Shares in the Offering. The fees and expenses which will be payable by the Company in connection with the Offering are expected to be approximately €2 million. The Company intends to pay this out of the gross proceeds of the Offering. Accordingly, the Company expects to raise net proceeds of c. €98 million from the Offering. We will not receive any proceeds for the sale of the Existing Offer Shares by the Selling Shareholder in the Offering.</p> <p>The Selling Shareholder expects to raise gross proceeds of up to €609.3 million (assuming that the Existing Offer Shares are sold in full and no exercise of the Over-allotment Option) and up to €680.3 million (assuming that the Existing Offer Shares are sold in full and exercise of the Over-allotment Option in full) from the sale of Existing Offer Shares in the Offering. The Selling Shareholder will bear any commissions payable in respect of the Existing Offer Shares.</p>
E.2	Reasons for the issue, use of proceeds:	<p>We intend to use the net proceeds of the Offering to refinance our existing debt (approximately 50% over total net proceeds) and to invest in future growth opportunities (approximately 50% over total net proceeds). These percentages could be modified or adjusted but not significantly.</p> <p>The Selling Shareholder intends to use the net proceeds of the Offering for the full repayment of the outstanding amount due to Kutxabank as a result of the acquisition of the Company.</p> <p>Likewise, the Offering is also expected to widen our shareholder base, introducing institutional long-term investors and a diversified base of international shareholders, thus improving our access to public capital markets (including for debt instruments) that could make it easier for us to obtain financing to be used for our future growth.</p> <p>Finally, the Offering is expected to provide us with better brand recognition, increasing our overall corporate profile and enhancing our transparency and prestige as a result of us becoming a listed company.</p>
E.3	A description of the terms and conditions of the issue:	<p>The Company is offering 6,075,334 shares, as is required at the Offer Price of €16.46 to obtain gross sale proceeds of c. €100 million in the Offering (the “New Offer Shares”), and the Selling Shareholder is selling up to 37,018,320 existing shares of the Company in the Offering (the “Existing Offer Shares” and, together with the New Offer Shares, the “Initial Offer Shares”).</p> <p>In addition, the Selling Shareholder will grant an option to the Joint Global Coordinators (defined below) to purchase a number of additional shares of the Company up to 10% of the Initial Offer Shares (the “Additional Shares”, and together with the Initial Offer Shares, the “Shares”) at the Offer Price (less agreed commissions) to cover over-allotments of Shares in the Offering, if any, and short positions resulting from stabilization transactions (the “Over-allotment Option”). The Over-allotment Option is exercisable, in whole or in part, by Credit Suisse as stabilization manager for a period of 30 calendar days from the date on which the Company’s ordinary shares commence trading on the Spanish Stock Exchanges (as defined below).</p> <p>Therefore, the Selling Shareholder will sell a maximum of 41,327,685 shares of the Company, equivalent to the sum of the maximum number of Existing Offer Shares (37,018,320 shares of the Company) and the Additional Shares, assuming that the Selling Shareholder sells the maximum number of Existing Offer Shares, and the Over-allotment Option is exercised in full (4,309,365 shares of the Company).</p> <p>In particular, the transaction date of the Offering (<i>fecha de operación bursátil</i>) (the “Transaction Date”) is expected to be on or about 28 March 2017. Under Spanish law, on the Transaction Date, investors become unconditionally bound to pay for, and entitled to receive, the relevant Shares subscribed for or purchased in the Offering. In</p>

Section E—Offer

		<p>order to expedite the listing of the shares of the Company, it is expected that the Joint Global Coordinators, in their capacity as prefunding banks, will subscribe and pay for the New Offer Shares on the Transaction Date of the Offering, each acting in the name and on behalf of the Managers, and each Manager acting on behalf of the final investors. Payment for the New Offer Shares by the prefunding banks is expected to be made to the Company by 9:00 CET on the Transaction Date.</p> <p>Payment by the final investors for the Initial Offer Shares, including for the New Offer Shares subscribed and paid for on the Transaction Date by the Joint Global Coordinators as prefunding banks, will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Initial Offer Shares to final investors, which is expected to take place on or about 30 March 2017 (the “Settlement Date”). The Shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 29 March 2017, under the symbol “HOME”. Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the shares in their name on the Transaction Date.</p> <p>The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on 17 March 2017 and end on 27 March 2017 (both inclusive), the Managers will market the Initial Offer Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this Prospectus. Investors may make their purchase proposals during this period, indicating the number of Initial Offer Shares they would be interested to acquire.</p>
<p>E.4</p>	<p>A description of any interest that is material to the issue/offer including conflicting interests:</p>	<p>We and the Selling Shareholder have put in place a cash and shares incentive plan (“MIP”) with the objective of motivating and retaining several of our key officers (CEO and five other senior managers), as well as fostering our business plan and aligning the long-term interests of senior management with those of our shareholders.</p> <p>Cash and shares will be paid and distributed by the Selling Shareholder in an amount and with a value linked to (i) the Offer Price (with a 10% discount), with a €1,100 million floor (as our global value price), and (ii) our trading price performance during the 3 years following the Offering.</p> <p>The MIP has two components: (i) a fixed one (the “Base”), and (ii) a variable one calculated on the basis of the increase of our shares’ trading price (the “Variable”).</p> <p>The Base of the MIP will be determined for each beneficiary (the “Base Amount”) and will accrue upon Admission (€14.4 aggregated million Base Amount for all beneficiaries). In any case, the Base will be paid as follows</p> <ul style="list-style-type: none"> – A part of the Base Amount (€5.1 million aggregated amount for all beneficiaries, of which €3.3 million will be paid to the CEO) will be paid in cash within 85 days from the Admission. – The remaining part of the Base Amount (€9.3 million aggregated amount for all beneficiaries, of which €7.3 million corresponds to the CEO) will be paid with Shares. In this case, the reference price to calculate the amount of Shares to be delivered to each beneficiary of the MIP (the “Base Shares”) will be: (i) the Offer Price (with a 10% discount), with a €1,100 million floor (as our global value price) (the “Company Value”), divided into (ii) the number of Shares issued before Admission (the “Initial PPS”). <p>The maximum variable amount will be determined for each beneficiary “Maximum Variable Amount”) (€3 million aggregated amount for all beneficiaries, of which the CEO will receive a maximum of €10 million). Each beneficiary will be entitled to receive an amount of shares (the “Variable Shares”) determined in accordance with certain vesting rules, mainly related with the evolution of the market price of our shares.</p>

Section E—Offer

E.5	Name of the person or entity offering to sell the securities and details of any lock-up agreements:	<p>The Company will agree that during a period from the date on which the Underwriting Agreement is signed to and including 180 days from the Settlement Date, neither the Company nor any of its affiliates nor any person acting on its or their behalf (other than the Managers and the Selling Shareholder, as to whom the Company will give no undertaking) will, without the prior written consent of the Joint Global Coordinators and JP Morgan Securities plc, such consent not to be unreasonably withheld or delayed (A) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Ordinary Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Ordinary Shares or other shares of the Company or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or other shares of the Company; or (C) enter into any other transaction with the same economic effect (A) and (B) above, or agree to do or announce or otherwise publicize the intention to do any of the foregoing, whether any such transaction described in clause (A),(B) or (C) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise.</p> <p>The Selling Shareholder will agree to similar restrictions for the period commencing on the date of the signing of the Underwriting Agreement until 180 days after the Settlement Date.</p> <p>Each of the members of the senior management of the Company will also agree with the Managers to certain lock-up arrangements during the period from the date on which the Underwriting Agreement is signed to 360 days after the Settlement Date of the Offering.</p>
E.6	Dilution:	<p>6,075,334 New Offer Shares will be issued pursuant to the Offering and the Existing Offer Shares will represent, under these scenarios, 7.7 per cent of the total issued shares of the Company after the Offering.</p> <p>The dilution suffered by the Selling Shareholder as a result of the Offering will be maximized if the Over-allotment Option is exercised in full, in which case the Selling Shareholder’s stake in the Company after the Offering will be 40 per cent of the total share capital and voting rights assuming that the Existing Offer Shares are sold in full.</p> <p>To the contrary, the dilution suffered by the Selling Shareholder as a result of the Offering will be minimized if the Over-allotment Option is not exercised, in which case the Selling Shareholder’s stake in the Company after the Offering will be 45.45 per cent of the total share capital and voting rights, assuming that the Existing Offer Shares are sold in full.</p> <p>Once the Offering is completed, the beneficial ownership in the Company of Lone Star Capital Investments S.à r.l., controlling entity of the Selling Shareholder, will vary between (i) 40 per cent, assuming the Over-allotment Option is exercised in full and that the Existing Offer Shares are sold in full, and (ii) 45.45 per cent assuming the Over-allotment Option is not exercised and that the Existing Offer Shares are sold in full.</p>
E.7	Estimated expenses charged to the investor by the issuer:	<p>Purchasers of Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the Offer Price. In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Shares.</p>

RISK FACTORS

Investing in and holding the Shares involves significant financial risk. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future. You should consider carefully whether an investment in the Shares is suitable for you in light of the information in this Prospectus and your personal circumstances. If you are in any doubt about any action you should take, you should consult a competent independent professional adviser who specializes in advising on the acquisition of listed securities.

This document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks we face. Save as required by applicable law, we are not obliged to, and make no commitment to, release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus.

Risks related to the Group and its Business

1. We face certain risks relating to our indebtedness.

The indebtedness that we have incurred, or that we may incur in the future, even within the limits set forth in our business strategy, could reduce our financial flexibility. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, our borrowings and any hedging arrangements that we may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If we are required to repay borrowings early, we may be forced to sell assets when we would not otherwise choose to do so and below our expected prices in order to make the payments and we may be subject to prepayment penalties. We may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, our costs could increase.

In addition, the use of leverage may increase our exposure to adverse economic factors such as rising interest rates (with a corresponding negative impact in our margins). In FY 2016, an increase of 1 percentage point in the interest rate applicable to our current borrowings would have increased our finance costs by approximately €2 million. Other adverse economic factors that the use of leverage may increase our exposure to include downturns in the economy and deterioration in the condition of our investments and/or the Spanish real estate and banking sectors. All of these factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

Moreover, our obligations under our financing agreements are secured through certain security interests such as mortgages over assets (in particular, as of the date of this Prospectus land plots with an aggregate GAV of €664.3 million are mortgaged in connection with our loans), or a collateral assignment over our credit rights deriving from the servicing agreement that we entered into with Kutxabank, S.A. (“**Kutxabank**”) on 14 May 2015 (the “**Servicing Agreement**”, a detailed description of which is included in “*Material Contracts*”).

The new financings arranged by the Group in 2016 include certain early repayment clauses, including the following:

- Any change in our shareholding structure that gives rise to a change of control, where “control” is understood as any of the events set forth under Article 42 of the Spanish Commercial Code.
- A decrease of our equity below €425 million.
- An increase of our loan-to-value (“**LTV**”) ratio above 45 or 50 per cent. (depending on the facilities), such LTV being the ratio of net debt to the net value of our properties (without considering capex financing).
- A decrease of Lone Star’s stake in our share capital below 51 per cent.

Notwithstanding the above, we have obtained waivers from the banks of the above financings whereby they accept that Lone Star’s stake in our share capital following the Offering may decrease below 50 per cent and that would not trigger an early repayment event thereunder. However, if as a consequence of the Offering or afterwards any third party acquired control over our shareholding (or, for certain financings, if a third party launched or was in a position to launch a takeover bid over our shares) an early repayment event would be triggered.

2. We may face restrictions over our ability to pay dividends and return capital through share capital reductions.

In the near term, we intend to devote our generated cash flows to continue growing our business. We do not plan to distribute dividends until we reach our strategic run rate targets by 2020 (as described under section “*Business —Run rate operating targets and investment policy*”). The above notwithstanding, and subject to the same requirements described above, we might eventually distribute dividends off our 2019 results provided we reach our strategic run rate targets before 2020, but in this case with a lower pay-out ratio.

In addition, some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders’ equity of, at least, €420 million; and (ii) that we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

3. Our growth and profitability depends upon our ability to identify and acquire fully permitted land plots suitable for our purposes.

Our mid- and long-term growth depends upon our ability to successfully identify and acquire fully permitted land (as defined herein) plots for residential property development at commercially reasonable prices, in the appropriate geographic locations and with terms that meet our profitability targets. Our business model requires us to acquire land on an ongoing basis to replenish our land bank and maintain sufficient supply for medium term development. As of 31 December 2016 we owned 161 developments with 9,086 expected permitted buildable units and a gross asset value of €1,120 million according to the Development Valuation Report (as defined herein).

However, our ability to acquire fully permitted land plots in such conditions and with such features may be adversely affected by the willingness of land sellers to sell them at commercially viable prices, the availability of financing to acquire them, regulatory requirements including those in relation to zoning, housing density and the environment and other market conditions. In addition, a recovery in the real estate market in Spain and the emergence of competitors with a business model and strategy similar to ours may lead to increased demand among developers for fully permitted land, which may make it more difficult for us to acquire suitable plots at commercially viable prices or at all and could lead to an increase in our land acquisition costs. If the availability of fully permitted land plots that are suitable for our purposes becomes limited, our ability to grow could be significantly limited, the number of homes we may be able to develop and sell could be reduced, and our costs could be substantially increased, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

Furthermore, in the future we may consider acquiring land plots that are not fully permitted. We may not be able to secure all the necessary permits on a timely basis or on economically viable terms, or at all, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

4. Our business may be adversely affected if we fail to obtain, or if there are any material delays in obtaining, the required permits and approvals for our development projects or if the approved planning regulations and/or permits are subsequently challenged.

While we currently primarily purchase fully permitted land plots, to begin the construction of our development projects we must obtain separate building, urbanization and environmental permits, licenses and other approvals (together the “**Permits**”) from relevant administrative authorities. Our ability to obtain the Permits required to build homes is dependent on our ability to meet the relevant regulatory and planning requirements. Moreover, granting of Permits is regulated at a regional and municipal level and may be subject to the relevant authorities’ discretion. Given that we own land in 52 different municipalities, with different political parties in office, we may need to meet different requirements for each municipality and be subject to various authorities’ discretion in granting Permits. The timing to obtain the Permits also varies depending on the region or municipality. As at the date of this Prospectus, 7 out of the 25 construction licenses we requested in 2016 had not yet been granted. Any failure to obtain required Permits on favorable terms or at all or any material delays in obtaining such Permits could have a material adverse impact on our business, results of operations, financial condition or prospects.

Furthermore, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of our units or even incompleteness of a particular development on the expected terms or at all, which could have a material adverse impact on our business, results of operations, financial condition or

prospects.

5. We may achieve lower revenue in our development projects than our estimated gross development values (“GDVs”) indicate.

Estimating the future value of property is inherently subjective due to the individual nature of each property and is heavily affected by broader market conditions outside of our control. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes and interest and inflation rate fluctuations also contribute to the uncertainty and potential volatility of forward-looking valuations.

The estimated GDVs relating to our planned developments are estimates only and are ascertained on the basis of assumptions (including items such as demand for homes, average sales price, price increases and assumed number of units within developments), which may prove inaccurate. There is no assurance that the estimated GDVs relating to our land bank and our proposed developments will reflect the actual sales prices achieved of any developments built on the land. Any failure to sell as many residential units as anticipated, or for the sales prices expected, could result in us not achieving our estimated GDVs. There can be no assurance that our valuations of land in our financial statements or our GDV estimates for our land bank and proposed developments will reflect the actual sale prices achieved of either the land itself or any developments built thereon.

Any of the above factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

6. If we cannot obtain sufficient capital on acceptable terms, we may be unable to acquire land for our developments or may experience increased costs and delays in the completion of our development projects.

The real estate development industry is capital-intensive and requires significant up-front expenditures to acquire land plots and carry out development activity. Although we use a portion of our own resources to acquire land plots, we additionally need borrowed funds, the availability of which, especially for land acquisition and development financing, may be constrained regionally or nationally. Lenders may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans or higher interest rates. In addition, if we choose to seek additional financing to fund our operations through the capital markets, continued volatility in these markets may restrict our access to such financing. If we are not successful in obtaining sufficient funding for our planned capital and other expenditures, we may be unable to acquire additional land for development or to develop our existing land bank. Moreover, if we cannot obtain additional financing to fund the purchase of land under our purchase contracts, we may incur contractual penalties, fees and increased expenses from the write-off of due diligence and pre-acquisition costs. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, results of operations, financial condition or prospects.

7. Discontinuation of the Kutxabank Servicing Agreement may have a material adverse effect on our business, results of operations, financial condition or prospects.

In 2015 we entered into an exclusive seven-year servicing contract with Kutxabank and another 23 companies within the Kutxabank and Cajasur groups (the “**Servicing Agreement Counterparties**”) to service the property portfolio owned by Kutxabank from time to time (the “**Servicing Agreement**”). In the year ended 31 December 2016, revenue from the Servicing Agreement was €27.7 million. The Servicing Agreement can be terminated by the Servicing Agreement Counterparties due to our failure to meet certain performance requirements or if an event of default occurs. Events of default include fraud or repeated gross negligence, breach of anti-money laundering obligations and the occurrence of a “change of control” over our shareholding implying that such control is acquired either by a direct competitor of Kutxabank (a “direct competitor” is defined as a finance service provider with a market share of more than 3 per cent. in the Spanish financial market or 10 per cent. in the Basque Country financial market) or by a third party that is not compliant with the international requirements of commercial reputation for being included in any list of commercial sanctions of the European Union.

In addition, if over two successive years the degree of achievement of the annual target of sales of a specific group of assets (land, new builds, second-hand properties) were below 30% of the target provided for in the annual budget approved for each of those years, the right to exclusivity in relation to the sale of these assets (not in relation to the rest of assets under management) will be lost. Such clause will not apply if the reference prices used for the marketing of the

corresponding group are not in line with the market price for these kinds of assets or in case of adverse market circumstances (understanding such circumstances as those that coincide with a decrease of more than 10% in the amount of real estate transactions or in the prices for such assets, as per the information issued by the Ministry of Development (*Ministerio de Fomento*) or any other official real estate indices (Spanish Association of Registrars - *Colegio de Registradores de España*)).

If the Servicing Agreement were terminated for any reason or if the Servicing Agreement is not renewed once the current seven-year contract term comes to an end, our business, results of operations, financial condition or prospects may be adversely affected.

8. We may require more time to sell the Legacy Portfolio and it could have a lower value than estimated and/or could require additional investments to be marketable.

As part of our strategy, we intend to complete the sale of the property assets acquired from Kutxabank in May 2015 (the “**Legacy Portfolio**”) in the second half of 2018. However, there can be no assurance that these assets will be sold during the anticipated timeframe (which could lead to our incurrence of additional costs) and/or at the prices we expect. As of 28 February 2017, the Legacy Portfolio was made up of 2,365 assets. The assets are located in different municipalities and areas in Spain and are of a diverse and different nature between one another. The dynamics and particularities of each asset are different and not comparable and the competition and interests of potential purchasers of each asset are not foreseeable. A lower than expected amount of proceeds from the sale of these assets could result in a cash flow shortfall for our overall operations and may have a material adverse effect on our business, results of operations, financial condition or prospects.

Notwithstanding the intended sale of the Legacy Portfolio, we may have to record additional impairment charges (for example as a result of devaluation of the portfolio), which could have a material adverse effect on our business, results of operations, financial condition or prospects.

9. Our activity is geographically concentrated and our industry is cyclical in nature, so an economic slowdown or adverse changes in Spanish housing market conditions would adversely affect the demand for our homes.

We are a Spanish homebuilding company whose assets and operations are located entirely in Spain, with a focus on Madrid, Barcelona, the Basque region, the Andalusian main cities and coast and the Balearic Islands. We are therefore dependent on the overall condition of the Spanish housing market and, in particular, on the condition of the housing market in the regions where we are focused. The housing market and the homebuilding industry are generally cyclical and are affected by changes in general economic conditions.

The Spanish economy has experienced severe distress as a result of the global financial crisis that began in 2007. According to the Instituto Nacional de Estadística, Spanish GDP decreased by 14.9 per cent in nominal terms from its peak in the fourth quarter of 2007 to its trough in the first quarter of 2013 and the unemployment rate rose to 26.9 per cent in the first quarter of 2013 from 8.6 per cent in the fourth quarter of 2007. The Spanish housing market saw significant declines in both prices and sales volumes reflecting, among other things, uncertainty in the Spanish economy, lower levels of consumer confidence and decreased housing affordability. In addition, the restructuring of the Spanish banking sector and more stringent equity requirements for Spanish financial entities significantly affected both availability of financing for new housing developments and access to mortgage financing by homebuyers.

In recent years, the Spanish economy has been showing signs of recovery (GDP growth is expected to be 3.2 per cent in 2016 and 2.5 per cent in 2017, according to the Economist Intelligence Unit (the “**EIU**”)), as have the Spanish housing market conditions in general. For example, according to the Ministerio de Fomento, sales of residential property in Spain increased by 14 per cent in the second quarter of 2016 as compared to the same period of 2015, and according to Instituto Nacional de Estadística the price of new residential property increased by 4.8 per cent in 2015. However, there can be no assurance that the general recovery of the Spanish housing market will be sustained. Moreover, our geographic focus on Madrid, Barcelona, the Basque region, the Andalusian main cities and coast and the Balearic Islands may expose us to changing economic conditions in these specific regions. For example, our operations in the Andalusian main cities and coast and the Balearic Islands are more oriented to second homes for vacation or holiday use and demand in those regions tends to be from foreign, non-Spanish buyers, who have different drivers, behaviours and dynamics than customers in other regions where the demand is more for first homes and primary accommodation. In the event of another prolonged economic downturn affecting the Spanish housing market in general or the regions on which we focus, we could experience declines in demand for our properties, which could in turn lead to a decline in the average selling price of our units and in the value of our land bank. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition or prospects.

10. Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales.

The purchase of residential property in Spain is usually facilitated through mortgage lending, and our business therefore partly depends upon the ability of our customers to obtain such mortgage lending for the purchase of their homes. In the year ended 31 December 2016, 80 per cent of the customers of one of the two developments that were launched purchased units with the assistance of mortgage lending, and 78 per cent of the customers of the other development that was launched purchased units with the assistance of mortgage lending.

In the years of the global financial crisis since 2007, access to residential mortgage lending in Spain has been restricted due to a number of factors including (i) the exit of a number of mortgage providers from the Spanish market; (ii) more stringent equity requirements for Spanish financial entities; (iii) a more cautious approach to valuations of properties by surveyors (which in turn reduces the value of the mortgage loan that can be obtained on a given property); (iv) stricter underwriting standards by lenders that have resulted in more stringent mortgage application requirements for borrowers, including increased down payments; and (v) a desire by certain lenders to limit their lending exposure in relation to specific types of housing developments. Tighter loan qualifications make it more difficult for a borrower to finance the purchase of a new home or the purchase of an existing home from a potential “move-up” buyer who wishes to purchase one of our homes.

Mortgage lending rates in Spain are predominantly based on floating interest rates tied to EURIBOR. According to Banco de España, the average rate of the one-year EURIBOR was 0.0 per cent in 2016. The EURIBOR rate is market-determined and may rise or decline at any time. An increase in interest rates would increase mortgage loan costs and may negatively affect the availability or attractiveness of mortgage loans as a source of financing for the purchase of residential property and, accordingly, reduce demand for our homes. Prospective customers who could obtain a mortgage loan at current interest rates may be deterred by the possibility of increased interest rates in the future (and, in turn, higher monthly interest payments) and instead elect to remain in their current property. Customers who had been looking to invest in property could also be deterred by the possibility of increased interest rates, as higher interest rates could negatively affect their investment returns.

Limited availability of mortgage lending may constrain growth in sales volumes and prices in the Spanish homebuilding industry. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it more difficult for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. If our potential homebuyers or the buyers of our potential homebuyers' existing homes cannot obtain suitable financing for any of the above reasons, it will be more difficult for us to sell our products, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

11. Demand for our homes depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness or quality of our products.

Trends in customer preferences have an impact on demand for new residential properties, and any unanticipated changes in such trends, or our misunderstanding of such trends, could have a material adverse effect on our business, results of operations, financial condition or prospects. For example, over the past ten years in Spain the number of people living in rented accommodation as opposed to purchased accommodation has gradually increased, primarily driven by regulatory changes in taxation. According to Eurostat, the percentage of households in Spain living in rented accommodation as their primary residence is starting to move towards the Eurozone average of 33.2 per cent

In addition, events outside of our control may occur that shift customers' perceptions of the attractiveness or quality of our products, including: (i) preference for a specific neighborhood or location in a certain region (in particular, in a region in which we do not own land), (ii) macroeconomic or employment dynamics that concentrate demand in a specific area (such as the establishment of a large employer in the area) or (iii) preference for a specific home design typology (such as multifamily condominiums or detached houses). Any of the foregoing may have a material adverse effect on our business, results of operations, financial condition or prospects.

12. We may be unable to develop and sell our homes successfully or within the expected time frames.

Property developments typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows, if any, can be generated. It generally takes approximately 8 months from the time we launch a development to the time we have sold 30 per cent of the units of a development. See “*Business –Development*” for more details.

During the construction of development projects, we may encounter unexpected operational issues or other difficulties, including those related to technical engineering issues, regulatory changes, disputes with third-party contractors, sub-contractors and suppliers, accidents, bad weather, natural disasters (such as floods and fires) and changes in purchaser requirements that may require us to amend, delay or terminate a development project.

Any failure to meet deadlines could expose us to additional costs and result in termination of contracts or contractual penalties (or enforcement of bank guarantees by a purchaser) and could also affect our reputation, which could materially adversely affect our business, results of operations, financial condition or prospects.

Following development, we may be unable to sell all or some of the units of a development within the expected time frames due to reasons such as changes in economic or market conditions. In such cases, our inventory of completed but unsold units would increase, leading to additional costs, including property tax and community expenses (*gastos de comunidad*) corresponding to the unsold units. Alternatively, we may have to sell units at significantly lower margins or at a loss, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

13. We depend upon our senior management team and on the expertise of our key personnel, and may be unable to attract and retain a highly skilled and experienced workforce.

The success of our business depends upon the recruitment, retention and development of highly skilled, competent people at all levels of the organization.

In particular, we have a senior management team with significant experience in the Spanish housebuilding industry, which has developed a strong reputation and strong relationships both internally within the Group and externally with the business partners of the Group. Our success depends, to a significant degree, upon the continued contribution of our senior management, who are critical to the overall management of the Group as well as its culture, strategic direction and operating model. Our ability to retain our senior management or to attract suitable replacements is dependent upon competition in the labor market. The unexpected loss of the services of any member of senior management, a limitation in their availability or a failure by us to develop a succession plan for our senior management could have a material adverse effect on our business, results of operations, financial condition or prospects.

In addition, experienced employees in the homebuilding industry are fundamental to our ability to generate, obtain and manage business opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Our success may make our employees attractive hiring targets for competitors, and in order to retain key employees we may be required to keep pace with increases in remuneration in the market. Failure to attract and retain such personnel or to ensure that their experience and knowledge is retained within the Group even when they leave the Group, through retirement or otherwise, may materially adversely affect our business, results of operations, financial condition or prospects.

14. Our pre-sales may not materialize on the terms agreed at the time the contract is signed, if at all.

Although our pre-sale to sale conversion thus far in 2017 has been 96 per cent, our pre-sales revenue (the expected revenue that will be generated by homes that have been pre-sold) may be adjusted following withdrawal of buyers, new contracts, early cancellation of existing contracts or changes in the scope of projects in progress. Moreover, we may not be able to perform our obligations under our pre-sale contracts due to various reasons such as an increase in costs making the development not viable, not being able to obtain the construction license and not reaching the level of pre-sales necessary to launch the development. As a consequence, we may need to refund our customers for the funds that they had advanced or our customers may terminate their contracts or seek to renegotiate the terms of their contracts to obtain more favorable terms. The occurrence of any of these events could affect our pre-sales and eventual revenues and have a material adverse effect on our business, results of operations, financial condition or prospects.

15. Significant unanticipated costs might arise in relation to the execution of our projects.

We are subject to risks related to the cost of executing our projects. Unanticipated costs can arise due to a number of factors, including:

- increases in the acquisition costs in relation to new land plots;
- errors, omissions and other human factors (including those of senior management and key personnel);

- increases in costs of raw materials (such as concrete and steel);
- labor shortages or increases in costs of labor;
- events affecting our contractors, such as their insolvency;
- increases in costs of sub-contractors and professional services;
- unforeseen technical and ground conditions (for example, the presence of archaeological artefacts or unforeseen geological characteristics); or
- acquisition of not fully permitted land.

Before commencing a development, we estimate costs based on certain assumptions, estimates and judgments, which may ultimately prove to be inaccurate. In addition, if a contractor or supplier's cost estimates or quotes are incorrect, we may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays in our development projects if the estimate is incorrect by a large enough margin that the project is better served by finding an alternative contractor or supplier.

Any unanticipated costs arising during the execution of our development projects, or a failure to effectively manage them, may result in losses or lower profits than anticipated or cause material construction delays, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

16. We have a limited operating history.

We were incorporated in December 2014. Our operating history is therefore limited (despite our predecessor having almost 30 years of experience in the home development sector) and our financial track record and financial statements relate only to this limited operating period. See "*Operating and Financial Results – Basis of Presentation*". Therefore, we are providing only limited performance and financial data to assist in the evaluation of our prospects and the related merits of an investment in the Shares, including our ability to acquire desirable land plots, develop such land plots and market our products at the expected margin. This makes assessing our potential future operating results difficult, and will limit the comparability of our operating results from period to period until we have a longer, more established track record. In addition, we cannot assure you that our past experience will be sufficient to enable us to operate our business successfully or implement our operating policies and business strategies as described in this Prospectus. Any investment in the Shares is, therefore, subject to all of the risks and uncertainties associated with a recently formed business.

17. Our business depends upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers.

As part of our strategy to have a scalable model of operations, we rely on the services of third-party contractors (which, in turn, rely on the services of sub-contractors) to develop and monitor our projects, help sell our products and provide post-construction warranty service. These outsourced services include: architectural design, construction, project management (reporting to internal project directors) and, to some extent, sale of our units. As at 28 February 2017, we had 30 development sites under construction with 23 different contractors. If we are unable to hire qualified and reliable third-party contractors for any of our projects, our ability to successfully complete projects in time or with the required quality or to sell our units within the expected timeframes and price could be impaired.

Despite the contractor selection and monitoring processes that we have implemented, our contractors may fail to meet our standards and deadlines. In particular, although we attempt to verify the compliance of contractors with HSE regulations, labor laws and other applicable laws and regulations, any failure by contractors to so comply could render us liable in respect of these obligations.

In addition, such third-party contractors have been and may continue to be adversely affected by economic downturns or bad management decisions. We may hire a contractor that subsequently becomes insolvent, causing cost overruns and project delays and increasing the risk that we will be unable to recover costs in relation to any defective work performed by such contractor, to the extent such costs are not covered by insurance or other security provided by the contractor. The insolvency or other financial distress of one or more of our current contractors could have a material adverse impact on our business, results of operations, financial condition or prospects.

18. We may incur a variety of costs to engage in future growth or expansion of our operations and the anticipated benefits may never be realized.

We intend to grow our operations in existing markets, and we may expand into new markets or seek to acquire other homebuilders. We may be unable to achieve the anticipated benefits of any such growth or expansion (including through acquisition) or we may incur greater costs than expected in attempting to achieve the anticipated benefits. Growth or expansion could disrupt our ongoing operations and divert management resources that would otherwise focus on developing our existing business, in which case we may need to employ additional personnel or consultants that are knowledgeable of such markets. There can be no assurance that we will be able to employ or retain the necessary personnel, to successfully implement a disciplined management process and culture with local management, or that our expansion operations will be successful. Accordingly, any such expansion could expose us to significant risks, beyond those associated with operating our existing business, and may have a material adverse effect on our business, results of operations, financial condition or prospects.

19. Negative publicity could adversely affect our reputation as well as our business, financial results and stock price.

Favorable brand reputation is essential to us, and our business and growth strategy are dependent in part on the maintenance of the integrity of the Neinor Homes brand and its reputation for quality. Unfavorable media related to our industry, company, brands, marketing, personnel, operations, business performance, or prospects may affect the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity can be disseminated has increased dramatically with the capabilities of electronic communication, including social media outlets, websites, blogs or newsletters. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage our reputation, have a negative effect in our relationship with sellers of land and contractors and reduce the demand for our homes, which could materially adversely affect our business, results of operations, financial condition or prospects.

20. We may suffer uninsured losses or suffer material losses in excess of insurance proceeds.

While we maintain commercial insurance at a level we believe is appropriate against risks commonly insured in our industry, there is no guarantee that we will be able to obtain the desired levels of cover on acceptable terms in the future. Therefore, our properties or developments could suffer physical damage, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies. In addition, we could be liable to repair damage to a property or development or construction defects caused by uninsured risks out of our own funds. We would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition or prospects.

21. We are dependent on information technology systems, which may fail, be inadequate to the tasks at hand or be subject to cyberattack.

We are dependent on sophisticated information technology (“IT”) systems, including in relation to our internal reporting and the sale of our products. IT systems are vulnerable to a number of problems such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses. IT systems need regular upgrading; we may be unable to implement necessary upgrades on a timely basis or at all and upgrades may not function as anticipated. Furthermore, failure to protect the Group's operations from cyber-attacks could result in the loss of sensitive information, which could result in reputational damage, litigation and remediation costs. Threats to IT systems are increasingly sophisticated and there can be no assurance that we will be able to prevent all threats. Although we have a business continuity plan in place and we maintain back-up systems for our operations, we may also incur costs as a result of any failure of our IT systems. A major disruption to our IT systems could have a material adverse effect on our business, results of operations, financial condition or prospects.

22. If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. Furthermore, as

we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weakness or significant deficiency and management may not be able to remediate any such material weakness or significant deficiency in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements and cause us to fail to meet our reporting obligations, all of which could have a material adverse effect on our business, results of operations, financial condition or prospects.

Risks related to the Valuation Reports in the Prospectus and Estimates

23. Real estate appraisals with respect to our developments included in this Prospectus may not reflect the current market values of our developments because determining such values is an inherently subjective process. In addition, an appraisal may not be directly comparable to those given in respect of similar portfolios held by other real estate developers in the Spanish market as a result of differing assumptions and methodologies.

Savills Consultores Inmobiliarios, S.A. (“Savills”), an independent real estate appraiser, has prepared the Valuation Reports on the basis of certain valuation methodologies and assumptions regarding the Spanish real estate market and the developments in our portfolio (including one report on our development portfolio and another one on our Legacy Portfolio). Valuations of our developments have a significant effect on our financial standing on an ongoing basis and on our ability to obtain further financing.

The valuation of real estate, including those contained in the Valuation Reports, is inherently subjective and subject to uncertainty, in part because land and property valuations are made on the basis of assumptions which may not prove to be accurate, and in part because of the individual nature of each land and property. For example, the Valuation Reports include assumptions as at and prior to the date of the Valuation Reports as to project tenure and phasing, timing of payments for land and payments to be received from purchasers of units, rates of inflation and costs of borrowing over time and infrastructure and construction costs based in part on information provided by us and which may have varied if made as at the date of this Prospectus or which may not be realized in practice. Therefore, land and property valuations might not accurately reflect the market value of our developments at a given date.

The valuations contained in the Valuation Reports are stated as at 31 December 2016, and although we believe there has been no material change to the aggregate market value of our properties, there can be no assurance that these figures accurately reflect the market value of our properties as at any other date. The market value of our properties may decline significantly over time due to various factors. In addition, the values ascribed by Savills should not be taken as an indication of the amounts that could be obtained by us upon disposal of such properties, whether in the context of the sale of individual properties or the portfolio as a whole. Furthermore, the periods in which we complete our developments may not coincide with the actual recognition of revenues in relation to those developments in accordance with accounting standards as the recognition of sale occurs upon the transfer of the property to the buyer.

In addition, and although we consider that house prices will remain increasing in the short and medium term, we have requested Savills to perform a sensitivity analysis in relation to its valuation of the Company’s development portfolio considering a 5% / 10% fall in prices in the base scenario without subsequent price growth and the other variables remaining constant. In such an adverse scenarios, which are not considered likely at the moment, and according to Savills calculations, the valuation of the Company’s development portfolio would be reduced from a GAV of €1.12 billion and a GDV of €2.55 billion (market value as of 31 December 2016) to (i) a GAV of €1.02 billion and a GDV of €2.42 billion if the house sale prices were to fall by 5%, and (ii) a GAV of €0.92 billion and a GDV of €2.29 billion if the house sale prices were to fall by 10%.

24. We use a number of estimates and assumptions in the preparation of our consolidated financial statements, which could prove to be incorrect.

The preparation of our consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by management to be reasonable under the circumstances at the time. These estimates and assumptions form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources.

Risks Relating to the Real Estate and Homebuilding Industry and the Regulatory Environment

25. Our operating performance is subject to risks associated with the real estate and homebuilding industry generally.

Our principal activity is the development and sale of residential properties, which carries numerous inherent risks and is subject to fluctuations and cycles in value and demand, which are beyond our control.

Long-term demand for new residential property is directly related to, *inter alia*, population growth and the rate of new household formation. These trends, along with the general perception among consumers of the continuous increase in property prices over time, have, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. However, the financial crisis and its economic impact in Spain demonstrated that property prices and demand could fall rapidly. There is no assurance that the recent increase in demand will continue, or that any future recovery would result in a recovery of residential property prices and sales volumes to levels experienced in the past.

The Spanish real estate and homebuilding market may generally be adversely affected by, *inter alia*, the following factors:

- changes in short-term and long-term interest rates and the inflation rate;
- employment levels, cost of living and real income dynamics;
- decrease in residential property demand due to population decrease, lower levels of household formation and other demographic changes;
- foreign and intra-country immigration trends;
- availability and affordability of mortgage loans and other forms of credit for homebuyers, including private party and government mortgage loan programs and restrictive measures by banking authorities;
- consumer confidence generally and potential homebuyers confidence in particular;
- financial system and credit market stability;
- regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices;
- increases in personal income tax rates, decreases in the deduction of mortgage loan interest payments and increases in real estate taxes (such as VAT incurred in the acquisition of new residential property);
- supply and prices of available new or resale residential property and other housing alternatives, such as rental housing;
- general consumer interest in purchasing a home compared to choosing other housing alternatives;
- supply chain availability or cost increases;
- acquisition risks related to the land plots (including due to deficiencies in the due diligence process);
- changes in government and local authorities' regulation or policies, including infrastructure policies and planning and environmental regulations; and
- political uncertainties.

Any of these factors could reduce the funding available for our developments or decrease demand for our products, which could materially adversely affect our business, results of operations, financial condition or prospects.

26. The Spanish homebuilding market could become increasingly competitive.

The residential homebuilding market in Spain is currently fragmented. We currently compete mainly with local and regional residential homebuilders and traditional Spanish developers who, within the localities of our targeted sites,

compete for the acquisition of land, hiring of contractors and sale of residential properties. See “*Industry Overview – Competition and Key Market Players*”. The appearance of new players in the market backed by international funds with a business model similar to ours could lead to an increase in competition in the Spanish homebuilding market. Competition could also increase as a result of consolidation in the sector.

Increased competition could impede us from acquiring land, hiring contractors or selling our homes at the expected price and time, which could decrease our margins and materially adversely affect our business, results of operations, financial condition or prospects.

27. Taxes are an important part of the cost of acquiring or owning a home, and a change in the national, regional or local tax regulations may have a material impact on demand for residential property.

Given our business, we are regularly involved in the acquisition, exploitation and disposal of real estate assets in Spain. As a result, our real estate activity can be affected by direct and indirect taxation, in particular transfer taxes, stamp duties, real estate property taxes and Value Added Tax, which is subject to the interpretation and scrutiny of the corresponding Spanish tax authorities (whether national, regional, including those applicable in the historical regions (*comunidades o territorios forales*) of Spain, or local).

Although we believe that we are in material compliance with applicable tax laws (including in connection with our real estate and financing activities), we may be subject to a reassessment by the tax authorities and, in that event, it cannot be disregarded that the Spanish tax authorities’ interpretation of such laws may differ from ours. We cannot discard the possibility that such reassessments may materially affect our business, results of operations, financial condition or prospects.

We and some of our subsidiaries are subject to the tax legislation of Bizkaia (Basque Country), pursuant to the Economic Agreement with the Basque Country, approved by Law 12/2002, of 23 May, as (i) we have our tax domicile in the Basque Country and (ii) our revenues (*volumen de operaciones*) earned in the common territory of Spain do not exceed specific thresholds (i.e., less than 75 per cent of the total revenues for each entity). However, depending on the revenue generated by these entities in the Spanish common territory in subsequent years, it cannot be discarded that we and our subsidiaries may become subject to the Spanish Corporate Income Tax applicable in the common territory of Spain in subsequent tax years. In that event, although the laws applicable in Bizkaia and the common territory of Spain are similar, (i) there are some differences that may have an impact on the taxation of the companies, including, amongst others, the deductibility of the expenses estimated by us and our subsidiaries resident in the Basque Country (in particular, as to net financial expenses), and different tax rates, and (ii) the consolidated tax group existing as from 1 January 2017 with Neinor Homes as parent could be broken. Such consequences may affect our business, results of operations, financial condition or prospects.

28. We are exposed to liability claims from third parties.

The nature of our business exposes us to potential liability claims from third parties. We may face legal proceedings as a result of a wide range of events, including: (i) actual or alleged deficiencies in our homes (including due to the construction materials used); (ii) non-compliance with deadlines for units delivery; (iii) non-performance with obligations to sellers of land plots or third-party contractors; and (iv) conveyance of defective property title or property misrepresentation. In particular, real estate developers are liable for a ten-year period in respect of any damages arising from building deterioration, provided that such deterioration is caused by flaws or improper execution in the design or construction of the building.

The foregoing could result in civil or criminal liability towards third parties, as well as reputational harm, especially if public safety is impacted. These liabilities may not be insurable or may exceed our insurance limits, and we may eventually need to divert financial and management resources from the operation of our business and incur additional costs, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

29. The construction of new developments involves health, safety and environmental (“HSE”) risks.

Operating in the homebuilding industry poses certain HSE-related risks. A significant HSE incident at one of our developments could put our employees, contractors, sub-contractors or the general public at risk of injury or death and could lead to litigation, significant penalties or damage to our reputation (which could, in turn, have a negative impact on our ability to generate new business).

In addition, we may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances

located on, under or in a property currently or formerly owned by us, whether or not we caused or knew of the pollution. The costs of such removal, investigation or remediation or those incurred for our defense against HSE claims may be substantial, and they may not be covered by warranties and indemnities from the seller of the affected land or by our insurance policies. They may also cause substantially increased costs or delays in developments. The presence in our developments of non-HSE-compliant substances, or the failure to remove such substances, may also adversely affect our ability to sell the relevant developments' units. Furthermore, laws and regulations may impose liability for the release of certain materials into the air, water or earth and such release may form the basis for liability to third persons for personal injury or other damages as well as potential criminal liability.

Any breach of HSE compliance, including any delay in responding to changes in HSE regulations, particularly in light of evolving EU standards and potential new implementing legislation, may result in penalties for non-compliance with relevant regulatory requirements. Monitoring and ensuring HSE best practices may become increasingly expensive for us in the future, and HSE risks may become more acute as we undertake larger-scale projects, or during periods of intense activity. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition or prospects.

30. Land and real estate properties can be illiquid assets and can therefore be difficult to sell.

Land and real estate properties can be relatively illiquid, meaning that they may not be easily sold and converted into cash. Although we acquire land plots for development purposes in connection with our development business and generally expect to sell such assets in the form of residential units following development, we may not seek to, or be required to, sell entire land plots in certain circumstances, including due to changes in development plans, failure to obtain regulatory approvals, our decision not to proceed with the development, changes in economic or property market conditions or financial distress. Such illiquidity may affect our ability to value, or dispose of or liquidate part of, our land bank in a timely fashion and at satisfactory prices when required or desirable and we may incur additional costs until we sell the land. This could have a material adverse effect on our business, results of operations, financial condition or prospects.

31. Homebuilders are subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change.

As a homebuilding company, we are required to comply with national, local and other laws and substantial regulations and administrative requirements and policies which relate to, among other matters, planning, developing, building, land use, sales, fire, health and safety, environment, consumer protection and employment. These laws and regulations often provide broad discretion to the relevant authorities. Local, regional, national and European Union authorities may impose penalties for non-compliance with laws, regulations and requirements. A material change in relevant law, regulations or policies, or the interpretation thereof, or delays in such interpretation being delivered, may delay or increase the cost of our development activity or prevent us from selling residential units already developed. In particular, changes in (but not limited to) the following areas could have a significant adverse impact on our business and operating results: planning or urbanization requirements; law regarding land classification; building regulations; insurance regulations; labor or social security laws; health and safety regulations; tax regulations; or environmental and sustainability requirements. Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to General Political and Economic Conditions

32. Adverse developments in general political and economic conditions in Spain, the EU or globally could have a material adverse effect on our business, results of operations, financial condition or prospects.

Our operating and financial performance can be influenced significantly by political and economic conditions in Spain, the EU and globally. In particular, from mid-2008, the global economy and the Eurozone experienced a period of significant turbulence and uncertainty which were accompanied by recessionary conditions and trends in Spain and many economies around the world. The widespread deterioration in these economies adversely affected, among other things, consumer confidence, levels of employment, the state of the housing market, sales volumes and interest rates.

The Spanish economy experienced a period of improvement since the beginning of 2014, and GDP growth for 2016 (3.2 per cent) and 2017 (2.5 per cent) are expected to be higher than the average for major European economies (Source: EIU, Banco de España, Bank of England, Banca d'Italia, Banque de France and Bundesbank). However, there can be no assurance that this growth can be sustained in the uncertain political and economic environment. As at the date of this Prospectus, the Spanish economy faces challenges due to internal factors such as the uncertainty in relation to the new Spanish government formed in late 2016 after the December 2015 general elections that left no political party holding a

clear legislative majority (in particular, in relation to the new government's capacity to obtain enough legislative support to pass certain laws), as well as the uncertainty surrounding Catalonia's potential independence. Furthermore, external factors such as geopolitical uncertainties (including the exit of countries from the Eurozone and/or the European Union, the recent US elections and the result of the Italian referendum), volatility in commodity prices or a negative market reaction to central bank policies may affect the growth of the Spanish economy and, in particular, disposable income. Continued uncertainty will affect the pace and scale of economic recovery, both in Spain and globally, which may have a material adverse effect on our business, results of operations, financial condition or prospects.

Risks Relating to the Offering and the Shares

33. After the Offering, our controlling shareholder will continue to be able to exercise significant influence over us, our management and our operations.

As at the date of this Prospectus, our controlling shareholder Neinor Holdings, S.L.U. (of which the beneficial owner is Lone Star) holds 100 per cent of our issued share capital. Immediately following the Offering, Neinor Holdings, S.L.U. will hold at least 40.0 per cent of our issued share capital (provided that the Over-allotment Option is fully exercised). As a result, Neinor Holdings, S.L.U. will be able to exercise control over our management and operations and over our shareholders' meetings, such as in relation to the payment of dividends, mergers or other business combinations, the acquisition or disposal of substantial assets, the issuance of equity or other securities and the appointment of the majority of the directors to our board of directors. We cannot assure you that the interests of Neinor Holdings, S.L.U. will coincide with the interests of purchasers of the Shares.

Furthermore, Neinor Holdings, S.L.U.'s significant ownership may:

- delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company);
- deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and
- affect the liquidity of the Shares,

each of which could have a material adverse effect on the market price of the Shares.

34. Our controlling shareholder could cease to be a significant shareholder of the Company.

The Selling Shareholder has agreed to enter on or around Admission into a margin loan facility agreement secured by all of its Shares in the Company (other than those sold in the Offering) with lenders which include the Joint Global Coordinators and J.P. Morgan Securities plc (the "**Margin Loan Facility**"). The enforcement of this security by the lenders under the Margin Loan Facility could have a significant impact on the Company's shareholding structure as it may result in the Selling Shareholder ceasing to be a significant shareholder, even before the expiration of the lock-up undertakings assumed in connection with the offering (see "*Plan of Distribution – Lock-up*"), and may result in new significant shareholders of the Company.

On a separate note, it must be noted that as of the date of this Prospectus the Company's shares owned by the Selling Shareholder (other than the Existing Offer Shares and the Additional Shares) are pledged by virtue of certain share pledges further described in "*Business – History of the Group*" in favor of Kutxabank and certain of its group companies. However, we expect said share pledges to be fully cancelled and released shortly, since the Selling Shareholder has committed itself to promote the early repayment of the secured obligations under these share pledges as soon as possible and, in any case, within the seven business days following completion of the Offering.

35. There is not currently a public trading market for the Shares.

There is currently no public trading market for the Shares prior to the Offering, and Admission should not be taken as implying that there will be a liquid market for the Shares. There can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. The failure of an active trading market to develop may affect the liquidity of the Shares. The Shares may therefore be difficult to sell compared to the shares of companies with more liquid trading markets and the share price may be subject to greater fluctuation than might otherwise be the case. Following the Offering, the value of the Shares could fluctuate significantly and may result in investors being unable to sell Shares at or above the Offer Price or at all. Our previous performance as a listed entity is not indicative of how the

Shares may perform.

36. *The trading price of the Shares may fluctuate in response to various factors, many of which are outside our control.*

There is no assurance that the Offer Price will be indicative of the future price of the Shares. Following the Offering, the price of the Shares may not always accurately reflect the underlying value of our business. The price and value of the Shares may decrease as well as increase, and investors may realize less than the original sum invested. The value of the Shares may, in addition to being affected by the Company's actual or forecast operating results, fluctuate significantly as a result of a large number of factors, some specific to the Company and its operations and some, such as those which may affect homebuilding companies, which are outside the Company's control, including, among others:

- change in the financial performance of the Company, its peers or the industry;
- changes in law, rules and regulations applicable to the Company and its operations in Spain;
- the general economic, social and political environment in Spain; and
- fluctuations in the capital markets.

37. *There is no assurance that we will pay dividends or regarding the level of any such dividends.*

The Company is a holding company with no significant assets other than shares of its direct and indirect subsidiaries. The Company's ability to pay dividends depends on the continued payment to it of dividends and other income from its subsidiaries. The subsidiaries' ability to pay dividends will also depend on, amongst other things, achieving sufficient distributable profits. The Company also might not pay dividends if the directors believe this may result in any Group member being inadequately capitalized or if, for any other reason, the directors conclude it would not be in the best interests of the Company.

Moreover, some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders' equity of, at least, €120 million; and (ii) that we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

38. *Substantial future sales of the Shares could impact the trading price of the Shares.*

On completion of the Offering, Neinor Holdings, S.L.U. is expected to own approximately 45.45 per cent of the Shares (assuming no exercise of the Over-allotment Option) or approximately 40.0 per cent of the Shares (assuming the Over-allotment Option is fully exercised). These Shares will be subject to lock-up arrangements of 180 days, described in further detail in "*Plan of Distribution – Lock-up*". However, such lock-up arrangements provide an exception which would permit (i) the Selling Shareholder to enter into the Margin Loan Facility and related security documentation; and (ii) the lenders thereunder to appropriate or transfer all or part of the Shares provided as security for the Margin Loan Facility in connection with an enforcement following a default under the Margin Loan Facility. In the event the Selling Shareholder defaults in connection with the Margin Loan Facility, the subsequent enforcement by a lender of any security interest over Shares granted by such Selling Shareholder to such lender under the Margin Loan Facility would reduce the Selling Shareholder's shareholding, may have a material impact on the Company's shareholding and may have a negative impact on the market price of the Shares.

Additionally, sales of substantial amounts of Shares following the expiration of the applicable lock-up periods, or the perception that such sales were imminent, may adversely affect the prevailing trading price of the Shares.

39. *Overseas shareholders may have only limited ability to bring actions or enforce judgments against the Company or its directors.*

The ability of an overseas shareholder to bring an action against the Company may be limited under law. The Company is a *sociedad anónima unipersonal* incorporated in Spain and all its assets are located in Spain. The rights of holders of Shares are governed by Spanish law and by the Company's Memorandum and Articles of Association. These rights differ

in certain respects from the rights of shareholders in comparable US corporations and some other non-Spanish corporations. Many of the directors are residents of Spain and most of their assets are located in Spain. Consequently, it may not be possible for an overseas shareholder to effect service of process upon the Company or its directors and executive officers within the overseas shareholder's country of residence or to enforce against the Company or its directors or executive officers' judgments of courts of the overseas shareholder's country of residence based on civil liabilities under that country's securities laws. An overseas shareholder may not be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Spain against the directors or executive officers of the Company who are residents of Spain or countries other than those in which judgment is made. In addition, Spanish or other courts may not impose civil liability on the directors or executive officers in any original action based solely on foreign securities laws brought against the Company or its directors or executive officers in a court of competent jurisdiction in Spain or other countries.

40. If the Company were determined to be a passive foreign investment company, the determination would result in certain potentially adverse U.S. federal income tax consequences to U.S. holders of Shares.

Generally, a corporation organized or incorporated outside the United States is a passive foreign investment company (“PFIC”) in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (a) at least 75% of its gross income is classified as “passive income” or (b) at least 50% of the average quarterly value of its assets is attributable to assets that produce or are held for the production of passive income. Based on the present nature of its activities and the present composition of its assets and sources of income and the expected use of the proceeds from the Offering (as described under “Use of Proceeds”), the Company does not expect that it should be treated as a PFIC for the current taxable year or in the foreseeable future. However, the PFIC determination is made annually, and the Company’s status could change depending, among other things, upon changes in the composition and relative values of the Company’s assets and the market value of the Shares. In addition, the analysis depends, in part, on the application of complex U.S. federal income tax rules that are subject to differing interpretations. Accordingly, no assurances can be given that the Company will not be a PFIC in the current or any future taxable year. If the Company were a PFIC in any taxable year, U.S. Holders may suffer adverse tax consequences. For more information, see “Taxation — Certain U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Rules”.

41. Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.

Spanish corporate law provides for pre-emption rights to be granted to shareholders in the event of a share capital increase in the Company under certain circumstances. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future equity offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the US Securities Act of 1933, as amended (the “Securities Act”), or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable shareholders in the United States or other jurisdictions to exercise their pre-emption rights or, if available, that the Company will utilize any such exemption.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Prospectus, references to “we”, “us”, and “our” are to the Group (as defined above).

Financial Information

Financial Statements

We incorporate by reference in this Prospectus an English translation of the Company’s audited consolidated financial statements (i) as of and for the six month periods ended 30 June 2015 and 31 December 2015 and (ii) as of and for the year ended 31 December 2016, which have been audited by Deloitte, S.L., who have issued unqualified opinions for the three reports, in each case prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS-EU**”) (jointly, the “**Consolidated Financial Statements**”).

To assist prospective investors in comparing our historical financial performance, we have also combined the Company’s consolidated income statement and consolidated statement of cash flow for the six month period ended 30 June 2015 with the Company’s consolidated income statement and consolidated statement of cash flow for the six month period ended 31 December 2015 (hereinafter referred to as the “**Combined Financial Information 2015**”). The Combined Financial Information 2015 has not been audited and is not directly comparable to the consolidated financial statements for the year ended 31 December 2016. The Combined Financial Information 2015 has been derived from the audited consolidated financial statements for the six month periods ended 30 June 2015 and 31 December 2015 and is intended to represent the aggregate of the results of operations of the Company on a full year basis. In any comparison between the Combined Financial Information 2015 and the consolidated financial statements for the year ended 31 December 2016, the matters listed in “*Operating and Financial Review—Basis of Presentation*” should be considered.

In connection with the year ended 31 December 2014 and for the period of 27 days then accomplished since our incorporation on 4 December 2014, we prepared and approved abbreviated stand-alone financial statements which were not audited and which have not been incorporated into this Prospectus since they are not comparable with the Consolidated Financial Statements.

The Consolidated Financial Statements incorporated by reference into this prospectus are available on the Company’s website (www.neinorhomes.com > Shareholders and Investors > Financial Information) and on the CNMV’s website (www.cnmv.es).

Currency References

Unless otherwise indicated or otherwise required by the context, all references in this Prospectus to “euro,” “€” “EUR” or “eurocent” are to the lawful currency of the participating Member States, including Spain, in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time and all references to “U.S. dollars”, “dollars”, “U.S.\$”, “USD” or “\$” are to the lawful currency of the United States of America.

Rounding

Certain numerical figures included herein have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Further, certain percentages shown in the charts in this Prospectus reflect calculations based upon the underlying information prior to rounding off and, accordingly, may not conform exactly to the percentages that would result if the relevant calculation were based upon the rounded off figures. As used in this Prospectus, the term “billion” means one thousand million (1,000,000,000).

Alternative Performance Measures

This Prospectus contains certain management measures, which are used to evaluate our overall performance, such as: gross profit, EBITDA, adjusted EBITDA, borrowings, net financial debt, loan to value (LTV) and loan to cost (LTC). These management measures are not audited, reviewed nor subject to a pro forma review by our independent auditors and are not measurements required by, or presented in accordance with, IFRS-EU. These management measures are not measurements of our financial performance under IFRS-EU and should not be considered as alternatives to the information included in the Consolidated Financial Statements or to any performance measures prepared in accordance with IFRS-EU. Many of these management measures are based on our internal estimates, assumptions, calculations, and

expectations of future results and there can be no guarantee that these results will actually be achieved. Furthermore, these management measures, as the Company defines and calculates them, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such information in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of our profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Investors are advised to review them in conjunction with the Consolidated Financial Statements incorporated by reference in this Prospectus. Accordingly, investors are cautioned not to place undue reliance on these management measures.

The Company believes that the description of these management measures that constitute Alternative Performance Measures (“APMs”) follows and complies with the “European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM)” dated 5 October 2015.

Market and Industry Data

Certain of the market, market share, industry and certain other data contained in this Prospectus has been taken from, or based upon, industry reports and other sources named in the sections of this Prospectus entitled “Business” and “Industry”. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. The Company believes that these industry publications, surveys and forecasts are reliable but the Company has not independently verified them and cannot guarantee their accuracy or completeness and certain of this information, including market studies, are frequently based on information and assumptions which may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

Where information contained in this Prospectus has been sourced from a third party, the Company and the directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this Prospectus has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

This Prospectus also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Company based on third-party sources and our own internal estimates. While the Company believes that these estimates of our competitive position and market share are helpful in order to give investors a better understanding of our position within the industry in which we operate, in many cases there is no publicly available information supporting these estimates. Although the Company believes that our internal market observations are reliable, our own estimates are not reviewed or verified by any external sources. Accordingly, investors are cautioned not to place undue reliance on such estimates. Whilst the Company is not aware of any misstatements regarding the industry, market share or similar data presented in this Prospectus, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading “Risk Factors” in this Prospectus.

Valuation

At the Company’s request, Savills Consultores Inmobiliarios, S.A. (“Savills”), external independent real estate appraiser with business address in José Abascal, 45, 28003 Madrid, has prepared two valuation reports: one dated 21 February 2017 which valued the Company’s development portfolio at an aggregate amount of approximately €1,120 million as of 31 December 2016 (the “**Development Valuation Report**”) and another one dated 6 February 2017 which valued the Company’s Legacy Portfolio at an aggregate amount of approximately €285 million as of 31 December 2016 (the “**Legacy Valuation Report**”, and together with the Development Valuation Report, the “**Valuation Reports**”). Savills has authorized the inclusion of the Valuation Reports in this Prospectus and has accepted responsibility for their content *vis-à-vis* their addressees. Therefore, the Development Valuation Report and the Legacy Valuation Report are annexed to this Prospectus as **Annex I** and **Annex II**, respectively.

The valuations in the Valuation Reports are based on Savills’ estimate of the market prices that could be obtained for the Company’s assets at the date of the valuations. However, the valuation of property is inherently subjective due to the individual nature of each property. The Valuation Reports have been prepared by Savills on the basis of certain information provided by the Company which was not independently verified.

The value of the properties in the Valuation Reports has been assessed on the basis of market value as it is defined by the latest edition of the RICS Valuation Standards: “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Following its methodology, the key assumptions included by Savills in the Development Valuation Report for the valuation of the Company’s development portfolio are the discount rate and the sale price.

In the case of the discount rate, we have made a sensitivity analysis of +/- 100 basis points, based on the different economic scenarios forecast in the short and medium term, as well as the rate of return that would be required by other developers with different characteristics to the Group.

Based on these changes over discount rate, and assuming that the remaining variables remain constant, the valuation of the Company’s development portfolio included in the Development Valuation Report would be affected as follows:

Assumption	Thousands of Euro	
	Discount Rate	
	+1%	-1%
	Increase (Decrease)	
Change in appraised values	(25,412)	26,262
Change in carrying amount (*)	(1,085)	1,541

In addition, and although we consider that house prices will remain increasing in the short and medium term, we have requested Savills to perform a sensitivity analysis in relation to its valuation of the Company’s development portfolio considering a 5% / 10% fall in prices in the base scenario without subsequent price growth and the other variables remaining constant. In such adverse scenarios, which are not considered likely at the moment, and according to Savills calculations, the valuation of the Company’s development portfolio would be reduced from a GAV of €1.12 billion and a GDV of €2.55 billion (market value as of 31 December 2016) to (i) a GAV of €1.02 billion and a GDV of €2.42 billion if the house sale prices were to fall by 5%, and (ii) a GAV of €0.92 billion and a GDV of €2.29 billion if the house sale prices were to fall by 10%. This sensitivity analysis forms part of Annex I.

On the other hand, the key assumption included by Savills in the Legacy Valuation Report for the valuation of the Company’s legacy portfolio are the discount rate and the sale price. In this regard, we have performed a sensitivity analysis with respect to a 1% increase/fall in the discount rate and a 2% increase/fall in the sale price of our units. If these assumptions change and the remaining variables remain constant, the valuation of the Legacy Portfolio included in the Legacy Valuation Report would be affected as follows:

Assumption	Thousands of Euro			
	Discount Rate		Sale Price	
	+1%	-1%	+2%	-2%
	Increase (Decrease)			
Change in appraised values	2,632	(2,632)	5,264	(5,264)
Change in carrying amount (*)	1,413	(1,413)	2,810	(2,888)

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

As of the date of this Prospectus Savills is not a valuation company officially recognized by and registered with the Bank of Spain according to Royal Decree 775/1997, of 30 May. This notwithstanding, Savills is qualified as a Member of the Royal Institution of Chartered Surveyors (MRICS).

In addition to the valuation carried out by Savills, the Company has requested a selective confirmatory valuation (the “**Confirmatory Valuation Report**”) to a second independent real estate appraiser, BDO Auditores, S.L. (“**BDO**”) (through its real estate team which was formerly part of Knight Frank). BDO has authorized the inclusion of the Confirmatory Valuation Report in this Prospectus and has accepted responsibility for its content vis-à-vis its addressee. Therefore, the Confirmatory Valuation Report is annexed to this Prospectus as **Annex III**.

This second valuation has been made on the following basis as indicated in the Confirmatory Valuation Report:

- BDO has itself selected 50 assets which are identified in Annex III.
- BDO considers that this selection duly represents the total Company's portfolio both from a geographical and global valuation standpoints.
- The value of the properties has been assessed on the basis of the market value as defined by the RICS Valuation Standards. BDO considers that this methodology is sufficiently prudent, the most appropriate for the Company's properties and the one which best follows markets standards.
- BDO has visited all the properties subject of its valuation.

The conclusion of the Confirmatory Valuation Report is that the 50 assets selected by BDO have a total GAV of c. €543 million (as opposed to c. €32 million in the Development Valuation Report, which entails an increase in the valuation of 2.11%) and a total GDV of c. €1,165 million (as opposed to c. €1,126 million in the Development Valuation Report, which entails an increase in the valuation of 3.44%).

Company's Declaration

Since the date of the valuations included in the Valuation Reports (*i.e.* since 31 December 2016), there have been no material changes in the Company's assets which were the subject of such valuation, with the only exception of the sale of the Valle Romano Hotel, part of the Legacy Portfolio, which has been transferred by the Company to Natesa Investments, S.L. for an amount of €24.25 million (with an implied gain (at gross value) of €0.25 million) by means of an asset sale and purchase transaction executed on 18 January 2017.

Trademarks

We own or have rights to certain trademarks, trade names, service marks or applicable copyright notices which we use in connection with the operation of our business. We assert to the fullest extent under applicable law, our rights to our trademarks, trade names, service marks and applicable copyright notices. Solely for convenience, the trademarks, trade names, service marks or applicable copyright notices appearing in this Prospectus are listed without the applicable ®, © or ™ symbols.

Legislation

This Prospectus refers to various statutes, directives and other legislation and regulations. Unless specified to the contrary, all such references are to the laws of Spain.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected Timetable of Principal Events

Event	Date
Registration of this Prospectus with the CNMV	16 March 2017
Commencement of the book-building period in which proposals are made by Qualified Investors	17 March 2017
Finalization of book-building period	27 March 2017
Execution of Underwriting Agreement	27 March 2017
Publication of a relevant fact disclosure with the final size of the Offering	27 March 2017
Selection of offers to buy Initial Offer Shares	27 March 2017
Confirmation of offers to buy Initial Offer Shares	27 March 2017
Final allocation of Initial Offer Shares	28 March 2017
Prefunding of New Offer Shares by the Joint Global Coordinators	28 March 2017
Transaction date of the Offering and publication of relevant fact disclosure (“ Transaction Date ”) (on or about)	28 March 2017
Admission and commencement of Stabilization Period (on or about)	29 March 2017
Settlement Date (on or about)	30 March 2017
End of Stabilization Period	27 April 2017

Each of the dates in the above timetable is subject to change, without prior notice, in which case the Company will file a relevant fact disclosure (“*hecho relevante*”) with the CNMV.

Offering Statistics

Offer Price (per Share)	€16.46
New Offer Shares ⁽¹⁾	6,075,334
Existing Offer Shares	Up to 37,018,320
Initial Offer Shares	Up to 43,093,654
Additional Shares ⁽²⁾	Up to 4,309,365
Maximum number of Shares to be sold by the Selling Shareholder in the Offering ⁽³⁾ ...	Up to 41,327,685
Estimated gross proceeds of the New Offer Shares	€9,999,997.64
Estimated gross proceeds of the Existing Offer Shares	Up to €609,321,547.20
Estimated gross proceeds of the Initial Offer Shares	Up to €709,321,544.84
Estimated gross proceeds of the Additional Shares receivable by the Selling Shareholder ⁽⁴⁾⁽⁵⁾	€70,932,147.90
Estimated total fees and expenses of the Offering ⁽⁵⁾	c. €1 million
Estimated net proceeds of the New Offer Shares receivable by the Company ⁽⁶⁾	€7,999,997.64
Estimated net proceeds of the Existing Offer Shares plus the Additional Shares receivable by the Selling Shareholder ⁽⁴⁾⁽⁵⁾⁽⁷⁾	Up to €651,253,695.10
Expected market capitalization of the Company following the Offering	€1,300,422,859.64

- (1) The share capital increase resolution contemplates the possibility of incomplete subscription, in which case the number of New Offer Shares could be lower than 6,075,334.
- (2) Refers to the additional shares under the Over-allotment Option assuming the Over-allotment Option is exercised in full.
- (3) Includes the additional shares under the Over-allotment Option assuming the Over-allotment Option is exercised in full.
- (4) The Company will not receive any portion of the proceeds resulting from the sale of the Additional Shares, all of which will be paid to the Selling Shareholder or to such persons as the Selling Shareholder may direct.
- (5) Assumes the Over-allotment Option is exercised in full and sale of Existing Offer Shares in full.
- (6) Out of the total fees and expenses of the Offering the Company will assume payment of €2 million. The remaining fees and expenses of the Offering, including the Managers’ commissions, will be assumed in full by the Selling Shareholder
- (7) Assuming payment of the maximum amount of the Managers’ discretionary commission excluding VAT (payable by the Selling Shareholder). The fees of the Company’s other advisers will be payable by the Company.

IMPORTANT INFORMATION

Declaration of Responsibility

Mr. Juan Velayos Lluís, acting in the name and on behalf of the Company in his capacity as duly empowered member of the Board of Directors of the Company pursuant to the resolutions approved in its meeting held on 6 March 2017, and Mr. Juan José Pepa, acting in the name and on behalf of the Selling Shareholder in his capacity as duly empowered representative, accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is as of the date of this Prospectus, to the best of their knowledge, in accordance with the facts and contains no material omissions likely to affect its import.

Stabilization

In connection with the Offering, Credit Suisse, or any of its agents, as stabilizing manager (the “**Stabilizing Manager**”), acting on behalf of the Managers, may (but will be under no obligation to), to the extent permitted by applicable law, engage in transactions that stabilize, support, maintain or otherwise affect the price of the Company’s ordinary shares (including the Shares), as well as over-allot Shares or effect other transactions with a view to supporting the market price of the Company’s ordinary shares at a level higher than that which might otherwise prevail in an open market. Any stabilization transactions shall be undertaken in accordance with applicable laws and regulations, in particular, Regulation (EU) No 596/2014 of 16 April 2014 on market abuse (“**MAR**”) and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 on regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures (“**Regulation 2016/1052**”).

The stabilization transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of the Company’s ordinary shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilization period is expected to commence on 29 March 2017 and end on 27 April 2017 (the “**Stabilization Period**”).

For this purpose, the Stabilizing Manager may carry out an over-allotment of Shares in the Offering, which may be covered by the Managers pursuant to one or several loans granted by the Selling Shareholder. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on any securities market, or otherwise and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilizing Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice to the duty to give notice to the CNMV of the details of the transactions carried out under Regulation 2016/1052. In no event will measures be taken to stabilize the market price of the Company’s ordinary shares above the Offer Price. In accordance with Article 5.5 of MAR and Article 6.2 of Regulation 2016/1052, the details of all stabilization transactions will be notified by the Stabilizing Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with Article 6.3 of Regulation 2016/1052, the following information will be disclosed to the CNMV by the Stabilizing Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date at which stabilization transactions started; (iii) the date at which stabilization transactions last occurred; and (iv) the price range within which the stabilization transaction was carried out, for each of the dates during which stabilization transactions were carried out.

NOTICE TO INVESTORS IN THE UNITED STATES

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES FOR OFFER OR SALE AS PART OF THEIR DISTRIBUTION AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE

SECURITIES LAWS. THE SHARES OFFERED HEREBY ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS AS DEFINED IN, AND IN RELIANCE ON, REGULATION S. PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT ANY SELLER OF THE SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. SEE “*SELLING AND TRANSFER RESTRICTIONS*”.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

NOTICE TO INVESTORS IN THE EEA

This Prospectus has been prepared on the basis that all offers of the Shares will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Shares. Accordingly, any person making or intending to make any offer within the EEA of the Shares should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder, the Managers or any other person to produce a prospectus for such offer. The Company, the Selling Shareholder and the Managers have not authorized, nor do they authorize, the making of any offer of the Shares through any financial intermediary other than offers made by the Managers, which constitute the final placement of the Shares contemplated in this Prospectus.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any Shares which are the subject of the Offering contemplated by this Prospectus is not being made and will not be made to the public in that Relevant Member State, other than: (a) to any legal entity which is a “qualified investor” as defined in Article 2(1)(e) of the Prospectus Directive; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in any Relevant Member State; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Shares shall require the Company or the Selling Shareholder to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice to investors, the expression an “**offer of the Shares**” in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each purchaser of Shares in the Offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a qualified investor or in the case of Spain, that it is a qualified investor or that it acquires Shares under any of the remaining exceptions set forth under Article 35 of the LMV. The Company, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

For the purposes of this Prospectus, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in each Relevant Member State of the EEA and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is for distribution only to, and is directed only at, qualified investors who: (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons, including qualified investors, together being referred to as “**Relevant Persons**”).

In the United Kingdom, this Prospectus is directed only at Relevant Persons and must not be acted on or relied on by anyone who is not a Relevant Person. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

NOTICE TO PROSPECTIVE INVESTORS IN CERTAIN OTHER COUNTRIES

For information to investors in certain other countries, see “*Selling and Transfer Restrictions*”.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These forward-looking statements include matters that are not historical facts, including the statements under the headings “*Summary*”, “*Risk Factors*”, “*Business*”, “*Industry*”, “*Operating and Financial Review*” and elsewhere regarding future events or prospects. Statements containing the words “believe”, “expect”, “intend”, “anticipate”, “will”, “positioned”, “project”, “risk”, “plan”, “may”, “estimate” or, in each case, their negative and words of similar meaning are forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. According to article 1105 of the Spanish Civil Code, apart from those cases expressly mentioned in the law, and those in which the relevant obligation so declares it, no one shall be deemed liable for events which cannot be foreseen or which, being foreseen, are inevitable.

The various factors described under “*Risk Factors*” could impact, totally or partially, our ability to perform our obligations or to realize revenue in accordance with our expectations. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from those projected. Any forward-looking statements in this Prospectus reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. You should specifically consider the risks and other factors identified in this Prospectus, which could cause actual results to differ, before making an investment decision. Additional risks that the Company may currently deem immaterial or that are not presently known could also cause the forward-looking events discussed in this Prospectus not to occur. Readers should not place undue reliance on any forward-looking statements. An investment in the Shares involves the assumption of several risks (see “*Risk Factors*” for a discussion of certain matters that investors should consider prior to making an investment in the Shares) and obtaining a positive financial outcome or suffering a financial loss may depend significantly on several aspects which cannot be predicted.

These forward-looking statements speak only as of the date of this Prospectus. Subject to any continuing obligations under Spanish, U.S. federal and other applicable securities laws and regulations and imposed by applicable stock exchange regulations, the Company undertakes no obligation to publicly update or review any forward-looking statement contained in this Prospectus, whether as a result of new information, future developments or otherwise.

This Prospectus does not include profit forecasts or profit estimates or future results as defined in section 13 of Annex I of Regulation (EC) No. 809/2004.

AVAILABLE INFORMATION

For so long as any Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the Securities Act.

BUSINESS

You should read the following commentary together with the sections entitled “Risk Factors,” “Presentation of Financial and Other Information”, “Industry”, “Reasons for the Offering”, “Selected Financial and Operating Information”, “Operating and Financial Review” and the Consolidated Financial Statements and the related notes thereto included or incorporated by reference elsewhere in this Prospectus.

Introduction

We are one of the leading developers of residential homes in Spain. Our corporate domicile and headquarters are in Bilbao, and we have offices in Madrid, Barcelona and Córdoba and operations in selected markets nationally. Our objective is to lead the transformation in the Spanish home development sector and become the market reference for high quality and customer service. Although we were recently incorporated, our predecessor —a subsidiary of the Spanish based bank Kutxabank, S.A. (“**Kutxabank**”)— had almost 30 years of experience in the sector. We became an independent real estate company in May 2015 when we were indirectly acquired by Lone Star Capital Investments S.à r.l., a limited liability company (*société à responsabilité limitée*) of Luxemburgish nationality whose indirect economic interest is ultimately held by Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P., together defined as “**Lone Star**”.

We manage all the stages in the value chain of the residential development process, including the acquisition of land, management and design of the product, construction of the product, commercialization (marketing and sale of the product) and the provision of post-sales services. Unlike development companies active in Spain prior to the global financial crisis in 2007, we have adapted our business model to incorporate selected practices from the housebuilding sectors in the UK and the US, under which we focus on the management and control of the entire real estate process, outsourcing part of our activities, while implementing several processes that ensure the achievement of certain standards.

Our main product is multifamily homes targeted at the medium to medium-high end segments of the housing market (the average selling price of our homes currently being around €280,000 per unit). We are specialists in the residential industry, focusing on first and second homes and targeting areas where we believe that there is clear demand for new homes. In particular, our primary focus is the development of first homes (80% of our developments as of 31 December 2016). To a lesser extent, we also develop second homes (20% of our developments as of 31 December 2016).

We believe that we have a distinctive position in the Spanish residential development market as a well-capitalized company with an experienced management team and robust business practices and controls. This enables us to successfully originate land for development and to design, construct and sell homes with consistent and attractive profitability. We own one of the largest buildable land portfolios in Spain. As of 31 December 2016, we owned approximately 1,036,131 buildable square meters of land where we estimate it is possible to build over 9,086 units.

Lastly, we are a residential development company with a differentiated and innovative approach and focus on client satisfaction.

Our business model, which is explained in detail in this section, differs from those of the players that controlled the homebuilding market in Spain before the global financial crisis. It rests on three main pillars:

Institutionalization

We operate our business based on an institutionalized set of industrial processes and operating standards which have been designed in accordance with international business practices. This means that our company is not relying on or dependent on a single individual or a group of individuals. Furthermore, it ensures that we will be able to address different operating and strategic challenges in an efficient and timely manner.

We have designed our business model based on the implementation of high professional standards. To achieve this, we have organized our work force according to a matrix structure, which combines key central corporate areas with broader teams that provide valuable local insight. Given the constant interaction between our different central corporate areas, we have implemented a significant number of processes throughout the different phases of the value chain, including a rigorous and standardized supplier selection, efficiency, innovation, best-in-class dashboards, a rigorous corporate governance policy (including an Internal Audit Committee and an Ethics and Compliance department), sophisticated IT systems (including in relation to our internal reporting and the sale of our products), an outsourcing model and full transparency with clients.

Product

Based on our clients' needs and requests, we have identified certain key elements which we intend to include in our homes whenever possible and which we think differentiate us from our competitors:

- higher quality: our homes are designed and constructed according to a process intended to reduce potential construction defects;
- cost effectiveness: our homes are designed to reduce their future maintenance costs;
- functionality: our homes are designed to ensure that the use of space is optimized;
- attractive façades;
- higher luminosity: our homes are designed to maximize the use of natural light;
- acoustic comfort: our homes are designed to maximize their soundproofing;
- security: our homes are equipped with anti-intrusion and safety systems and most of them are designed with security considerations taken into account;
- sustainable developments: we carry out environmental feasibility studies for all our developments, most of which are granted the BREEAM (Building Research Establishment Environmental Assessment Methodology) certificate, the leading environmental assessment method for buildings; and
- customization: in most of our developments we provide a set of options for our homes (subject to our industrial processes and giving attention to current demand reports) which our customers can choose from.

In order to improve the quality of, and demand for, our homes we carry out continuous research on development processes. We have incorporated Neinor Lab to carry out such research. Neinor Lab meets regularly in order to discuss how our homes and business can be improved and may, from time to time, invite and retain external consultants and elicit advice from other key suppliers of the development business in order to carry out its mission.

“Neinor Lab” is a pragmatic vision of innovation linked to best international practices, attracting aspects of other industries, and trying to innovate in the real estate sector. The objective of “Neinor Lab” is to involve the entire staff in this creative and innovative spirit, which is divided in three groups (one for each pillar) and composed by six people combining territorial teams and general directions working during four-month periods. Each promotion starts from an internal kick-off where it is decided which are topics to be discussed in the following four months. After the elapse of the four months it is decided whether or not to incorporate the discussed matters into our value chain (sometimes the topics may be discussed for a longer period).

Currently the first promotion of “Neinor Lab” has completed its work having done six projects and incorporating into the value chain three of them (the “family day”, the “key day” and the “Neinor kitchen project”). The second promotion started in January, currently developing the projects chosen.

Furthermore, in order to standardize the quality, sustainability and design features of our homes we have been the first development company in Spain to create an internal “White Book” for our developments. This document is a detailed design and construction guide which needs to be followed by all our contractors (in particular the architects in charge of the design of our homes and the construction companies which construct them) and provides the features that our homes need to have. By ensuring that our “White Book” is followed we have better control over the work of our contractors and we can better ensure that all our homes meet our quality, sustainability and design criteria.

Client

Our commitment to our clients can be observed through our entire value chain. We have turned the client into the central point of the business by deeply understanding the demand and its needs and implementing an innovative and differentiated marketing strategy and customer service.

For such purposes, we have implemented several practices throughout our value chain. These include the “Neinor Experience”, a client relationship management department, responsible for assisting our clients and attending to client requests and queries throughout the whole development process, including by assisting them in the purchase process, listening to their design suggestions in the design phase, regularly informing them about the status of the development through newsletters, press releases, etc., punctually responding their queries and providing them with post-sale services. This department provides a telephone client service number and includes an online client service platform that enables us to establish a transparent, fluid and dynamic communication channel between us and our clients and allows us to be fully interconnected and aware of our client’s needs and requirements. We have also developed an application for smartphones that allows us to maintain continuous communication with our clients, who can monitor the construction process from their mobile devices.



History of the Group

We were incorporated on 4 December 2014 within the context of our acquisition by Lone Star. Our predecessor, incorporated under the name of Neinver Norte in 1988 (changed to Neinor – Nuevos Espacios Industriales del Norte in 1989, and subsequently to Neinor), was a Spanish real estate company which by the time we were acquired by Lone Star had accumulated 26 years of experience in its sector and c. 3,400 homes delivered (“**Old Neinor**”).

During its initial years, Old Neinor was specialized in the development of business activity parks and industrial projects with tailor-made design. However, its activity was mainly focused in the Basque Country and surrounding provinces of northern Spain.

After 1994, Old Neinor diversified its activities and began developing residential assets, consisting mainly of detached residential homes. After carrying out its first residential development, Old Neinor consolidated its presence in northern Spain by setting up subsidiaries in Cantabria, Guipúzcoa and Navarra.

After 2001, Old Neinor began to expand its geographic scope and established delegations in Madrid, Seville, Málaga and Murcia. Also, Old Neinor continued carrying out its core activity through the acquisition and development of land for residential and industrial purposes, reaching up to 20 developments per year during the 2001-2008 period.

Historically, Old Neinor was an independent real estate company that was partially and indirectly owned by a Spanish savings bank called Bilbao Bizkaia Kutxa (“**BBK**”). In 2008, BBK became the sole shareholder of Old Neinor after acquiring the rest of the shares of Old Neinor and Old Neinor became a multi-assets platform in charge of managing the bank’s real estate exposure. However, given the financial crisis, no further land was acquired and only selected assets were developed.

In 2010 BBK acquired CajaSur, including its real estate business. In 2011, and after a merger process with 2 other Basque savings banks, BBK was merged into Kutxabank and Old Neinor became the sole real estate company for the resulting bank, managing and marketing over 2,000 housing units each year.

Our acquisition by Lone Star

In December 2014, Lone Star and Kutxabank signed an agreement for the acquisition of the Company for a purchase price of €30 million (the “**Lone Star Acquisition**”). Approximately 30 per cent of the purchase price of

Neinor Homes was deferred at the time of the acquisition (€280 million, the “**Deferred Price**”) and was due to be repaid in full in May 2017.

The Lone Star Acquisition consisted of the purchase by Lone Star of Kutxabank’s real estate platform, including 80 employees and a c. €1.03 billion of gross asset value (“**GAV**”) real estate portfolio (out of which c. €25 million were finished real estate assets which became part of the Company’s Legacy Portfolio, c. €34 million were Fully Permitted Land which became part of the Company’s development portfolio and c. €71 million were “work in progress” developments corresponded to development plots) and an agreement with Kutxabank for a seven-year arrangement for the exclusive servicing of the real estate portfolio that continued to be owned by Kutxabank following the Loan Star Acquisition and including other real estate acquired by Kutxabank from time to time thereafter.

For the purposes of the acquisition, Kutxabank incorporated a new entity (the Company) which pooled indirectly (through its stakes in other subsidiaries) the acquired assets and was later acquired by Lone Star through a special purpose vehicle (currently Neinor Holdings, S.L.U.). The completion of the Lone Star Acquisition took place on 14 May 2015 after fulfilment of certain conditions precedent.

In 2015 we did not have leverage and, in order to accelerate our land acquisition program, our sole shareholder granted us a loan for an amount of up to €200 million.

In May 2016 we obtained new financing for an amount of c. €25 million through land and corporate facilities (the “**Recap Transaction**”) with several of the top Spanish banks. After the Recap Transaction, we released €385 million (including cash already in the Company) to our sole shareholder through (i) a capital reduction of €200 million; and (ii) repayment of the outstanding €185 million corresponding to the sole shareholder loan referred to in the previous paragraph.

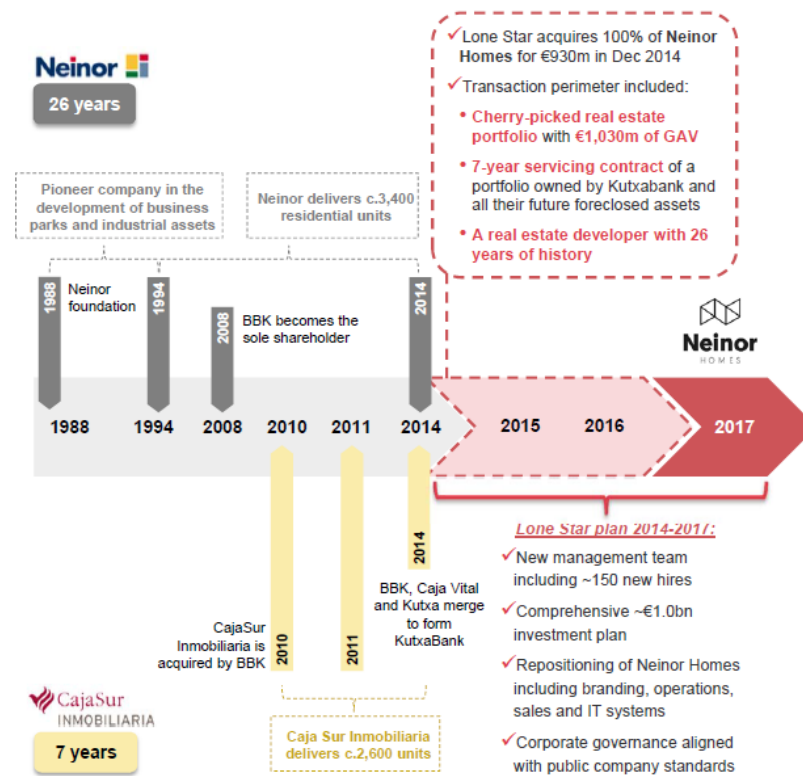
Furthermore, during 2016, our Sole Shareholder repaid 75% of the Deferred Price (c. €110 million), reducing the outstanding amount of the Deferred Price to c. €70 million.

Currently, the Company’s shares owned by the Selling Shareholder (other than the Existing Offer Shares and the Additional Shares) are pledged by virtue of (i) a first ranking share pledge agreement granted by the Selling Shareholder in favor of Kutxabank as security for the Deferred Price and the interests over the Deferred Price (the “**First Ranking Pledge**”) (currently c. €70 million), and (ii) a second ranking share pledge agreement granted in favor of Harri Hegoalde 2, S.A.U. (“**Harri Hegoalde**”, a Kutxabank’s group company) and Harri Iparra, S.A.U. (“**Harri Iparra**”, a Kutxabank’s group company) (also extended to Kutxabank) as a security for the deferred price under certain purchase agreements regarding the acquisition of land (the “**Second Ranking Pledge**”) (currently c. €10 million).

On 24 February 2017 the Selling Shareholder, Kutxabank, Harri Hegoalde and Harri Iparra reached the following agreements:

- (i) Kutxabank, Harri Hegoalde and Harri Iparra committed to partially release the First Ranking Pledge and the Second Ranking Pledge over the Existing Offer Shares and the Additional Shares upon requirement of the Selling Shareholder. Thus, the release of the First Ranking Pledge and the Second Ranking Pledge over the Existing Offer Shares and the Additional Shares was executed on 13 March 2017.
- (ii) Neinor Holdings committed to repay the outstanding Deferred Price as soon as possible and, in any case, within seven business days following Admission (and, for such purposes, it gave instructions to the agent bank under the Offering to retain sufficient funds from the proceeds to be obtained from the sale of the Existing Offer Shares and the Additional Shares).

The diagram below reflects the evolution of the Company from the incorporation of our predecessor, Old Neinor, to the date of this Prospectus:



Detailed Business Overview

We have three business lines: (i) development, which is responsible for our residential development business and is our core business line, (ii) servicing, which deals with the servicing of Kutxabank's portfolio under a 7-year agreement which expires in 2022 and (iii) legacy, which is in charge of managing (mostly through marketing and sale) certain of the assets that we acquired from Kutxabank.

Development

The development business line is focused on the residential development business and is our core business line. As of 31 December 2016, we owned 161 plots of Fully Permitted Land (as defined below) with a GAV of €1.12 billion, a GDV of €2.55 billion and a gross margin of €809 million pursuant to the Development Valuation Report, and a book value of €719 million and a target EBIT margin of 21% pursuant to the consolidated financial statements for the year ended December 31, 2016 and the Company's estimates, respectively.

The referred 161 plots include 86 plots originally contributed to us upon our incorporation within the context of the Lone Star Acquisition and 75 plots we have acquired since then for an aggregate amount of c. €676.1 million GAV. The difference existing between the accumulated GAV of our plots (€1.12 billion) and their book value (€719 million) is due to the origin of the portfolio. Part of it (the portfolio coming from Kutxabank) was bought in the context of a corporate transaction at competitive prices and the other part was bought before the reactivation of the real estate market in Spain, when land plot prices were lower than today.

As at 28 February 2017, we had 60 "active" developments where we expect to build c. 4,002 units. Of those 60 "active" developments, 10 were developments with a marketing plan in progress but not yet "launched" (i.e. immediately prior to the approval of the "1st go" – see below for further detail -), 20 of them were developments where the "1st go" had already been approved but construction had not started yet and 30 of them were developments already under construction. As of the date of this Prospectus, 1,394 of those 4,002 units that we expect to build in our "active" developments have been pre-sold and the revenues of such pre-sales represent €437 million.

Our 161 land plot developments as of 31 December 2016 are listed in the table below:

	Development	GAV⁽¹⁾ (€)	Date of acquisition
1.	ED SC-3 ZUMBACON, CÓRDOBA	10,413,000	Incorporation
2.	JOAQUIN LORENZO. MADRID.	28,190,000	Incorporation
3.	AY.ARBAIZENEA	9,517,000	Acq. 2015
4.	LEIOANDI P.2	2,805,000	Acq. 2015
5.	LEIOANDI P.3	2,693,000	Acq. 2015
6.	LEIOANDI P.4	3,107,000	Acq. 2015
7.	LEIOANDI P.5	2,696,000	Acq. 2015
8.	ARBAIZENEA II	-(²)	Acq. 2015
9.	VALLE ROMANO R1.12	268,000	Incorporation
10.	VALLE ROMANO R1.3	131,000	Incorporation
11.	P.P.Nº:8 MANZ.P8,6 EL SEMINARIO, HUELVA	905,000	Incorporation
12.	P.P. LA ALBORADA PAR. R-N-3-4, BENAHAVIS	3,223,000	Incorporation
13.	ITURRIBARRI GETXO P-2	3,360,000	Incorporation
14.	ARETXABAETA. PARCELAS OR.7	5,582,000	Incorporation
15.	ESTEPONA MALAGA SUP T5 FINCA 68139	4,008,000	Incorporation
16.	ESTEPONA MALAGA SUP T5 FINCA 68141	4,002,000	Incorporation
17.	GOIEGI HOMES	2,042,000	Acq. 2015
18.	VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE I	3,924,000	Acq. 2015
19.	VAGUADA-GOIEGI(1.16-1.22 LIBRES) FASE II	3,924,000	Acq. 2015
20.	VAGUADA-GOIEGI (1.10-1.15 VPP) FASE II	2,893,000	Acq. 2015
21.	LA CATALANA R-15	4,084,000	Incorporation
22.	BOLUETA (RE-2)- FASE I	7,843,000	Incorporation
23.	BOLUETA (RE-2)- FASE II	7,843,000	Incorporation
24.	BOLUETA (RE-2)- FASE III	8,153,000	Incorporation
25.	BOLUETA (RE-2)- FASE IV	11,483,000	Incorporation
26.	BOLUETA (RE-4A)	9,940,000	Incorporation
27.	ITURRIBARRI GETXO P-3B	4,968,000	Acq. 2015
28.	ITURRIBARRI-GETXO P-6	6,541,000	Incorporation
29.	ITURRIBARRI GETXO P-7	5,475,000	Acq. 2015
30.	LAMIAKO-TXOPOETA (PARC 4.1)	5,104,000	Incorporation
31.	LAMIAKO- TXOPOETA (PARC 4.2)	8,097,000	Incorporation
32.	LAMIAKO- TXOPOETA (PARC 4.3)	4,967,000	Incorporation
33.	CALA LLENYA. PARC.H2-B. IBIZA. FIGUERAL	9,331,000	Acq. 2015
34.	SOLAR GRAN CAPITAN, CÓRDOBA	21,010,000	Incorporation
35.	AVDA.DEL MEDITERRANEO Nº:72, MOJACAR	4,256,000	Incorporation
36.	MOSTOLES I+II+IV PAU-4	5,961,000	Incorporation
37.	PARLA ESTE A-3	2,395,000	Incorporation

	Development	GAV⁽¹⁾ (€)	Date of acquisition
38.	PARLA ESTE A-4 (LAS DALIAS)	2,472,000	Incorporation
39.	PARLA ESTE A-10	2,929,000	Incorporation
40.	MONFOCAR, C/BELCAIRE, CASTELLON	3,636,000	Incorporation
41.	EURORESIDENCIAL, PRIEGO DE CÓRDOBA	1,162,000	Incorporation
42.	"EL CASTILLON", SECTOR R-4, P.P.UR-5	337,000	Incorporation
43.	LAS SALINAS HOMES (SALINAS DE MAYMAR)	6,065,000	Incorporation
44.	BENALMADENA GOLF HOMES FASE 7	1,087,000	Incorporation
45.	BADAMES FASE 2 (VOTO-CANTABRIA)	816,000	Incorporation
46.	VALLE ROMANO R3.4	8,587,000	Incorporation
47.	PARCELA P-6 LAS MERCEDES MADRID	5,137,000	Incorporation
48.	P.P.R PARC.17 Y 18,MANZ.10-11,HUEVAR, AL	4,005,000	Incorporation
49.	P.P. AL-1 EL CAPRICO, ALCOLEA, CORDOBA	2,566,000	Incorporation
50.	SECT ESTUDIO DETALLE EL PANADERO, GELVES	555,000	Incorporation
51.	ASTRABUDUA (PARC R-2) VPO	1,403,000	Incorporation
52.	GORLIZ-ANDRA MARI AXPE	36,000	Incorporation
53.	TORRESOLO-VPO	15,000	Incorporation
54.	ASTRABUDUA HOMES	4,568,000	Incorporation
55.	ZIZUR MAYOR SUELO P.17 LIBRE	1,259,000	Incorporation
56.	EL REGATO SUELO	2,577,000	Incorporation
57.	VELEZ-MALAGA SUELO	6,416,000	Incorporation
58.	TORRESOLO HOMES	12,486,000	Incorporation
59.	Urduliz P.6	3,963,000	Incorporation
60.	Urduliz P-4-5	5,032,000	Incorporation
61.	Urduliz P-12-13	6,243,000	Incorporation
62.	Urduliz P-14-15	4,602,000	Incorporation
63.	Urduliz P-2	3,253,000	Incorporation
64.	ZIZUR MAYOR SUELO P.7	2,639,000	Incorporation
65.	ZIZUR MAYOR SUELO P.1	692,000	Incorporation
66.	ZIZUR MAYOR SUELO P.17 VPO	625,000	Incorporation
67.	ZIZUR MAYOR SUELO P.17 VPT	942,000	Incorporation
68.	ZIZUR MAYOR SUELO 26.1 y 26.2	1,649,000	Incorporation
69.	ZIZUR MAYOR SUELO P.8	367,000	Incorporation
70.	BADALONA PORT P-7	7,457,000	Incorporation
71.	LA CATALANA R-1	10,400,000	Incorporation
72.	LAMIAKO-TXOPOETA ACTUACION 2	2,684,000	Incorporation
73.	LANDAKO HOMES	7,855,000	Incorporation
74.	BURGOS-SECTOR 8.13 COPRASA	6,265,000	Incorporation

	Development	GAV⁽¹⁾ (€)	Date of acquisition
75.	OLARIZU HOMES	5,328,000	Incorporation
76.	ALDAIA-ZABALGANA S-5 (PARC RC 10.1)	890,000	Incorporation
77.	COPRASA. BURGOS	6,265,000	Incorporation
78.	VILLIMAR OESTE SECTOR S-4	2,832,000	Incorporation
79.	JARDINES DE ZABALGANA. BLOQUE II	48,000	Incorporation
80.	JARDINES DE ZABALGANA. SUELO FASE IV	1,961,000	Incorporation
81.	LA CATALANA R-10	10,180,000	Incorporation
82.	LA MARINA DE BADALONA P-9	30,391,000	Incorporation
83.	JARDINES DE ZABALGANA.BLOQUE III-FIC	779,000	Incorporation
84.	LAMIAKO FASE II	4,851,000	Incorporation
85.	URDULIZ HOMES (PARCELA 1)	2,738,000	Incorporation
86.	URDULIZ (CASA BARCO,ICOVISA) P.B	6,643,000	Acq. 2015
87.	LEKU EDER HOMES -MIRAMON- (PARC.3-4)	5,492,000	Incorporation
88.	SAN ROKE HOMES (PORTUGALETE)	15,491,000	Incorporation
89.	LA CATALANA R-4	12,016,000	Incorporation
90.	IKASLE HOMES	8,764,000	Acq. 2015
91.	MARBELLA- ARTOLA 3.2	260,000	Acq. 2015
92.	MAHON SOLAR	6,485,000	Acq. 2015
93.	URDULIZ HOMES (PARCELA D)	4,904,000	Acq. 2015
94.	IRUN HOMES	5,473,000	Acq. 2015
95.	URDULIZ (CASA BARCO, ICOVISA) P. G1	5,232,000	Acq. 2015
96.	URDULIZ (CASA BARCO, ICOVISA) P. E	4,868,000	Acq. 2015
97.	ESMALTACIONES PERI 11-VITORIA RC 3.1	5,485,000	Incorporation
98.	ESMALTACIONES PERI 11-VITORIA RC 3.2	4,855,000	Incorporation
99.	ESMALTACIONES PERI 11-VITORIA RC 6	4,602,000	Incorporation
100.	ESMALTACIONES PERI 11-VITORIA RC 7	4,731,000	Incorporation
101.	LA CATALANA R-9	6,295,000	Incorporation
102.	MARBELLA- ARTOLA 7.1	2,070,000	Acq. 2015
103.	MARBELLA- ARTOLA 8.2	5,740,000	Acq. 2015
104.	MARBELLA- ARTOLA 9.1	8,248,000	Acq. 2015
105.	URDULIZ (CASA BARCO, ICOVISA) P. H	4,636,000	Acq. 2015
106.	LAMIAKO-TXOPOETA (PARC 3)	1,763,000	Incorporation
107.	ALDAIA-ZABALGANA S-5 (PARC RC 10.2)	2,017,000	Incorporation
108.	SANTURTZI HOMES (CLH)	8,916,000	Acq. 2015
109.	PARQUE CENTRAL R-9 FUENGIMAR	3,320,000	Incorporation
110.	PARQUE CENTRAL R-13 FUENGIMAR	2,874,000	Incorporation
111.	TEATINOS, MARBELLA. PARC.MR.1.1.-MR.1.2.	10,195,000	Acq. 2016

	Development	GAV⁽¹⁾ (€)	Date of acquisition
112.	CAÑAVERAL PARC.M16B, MADRID -ALTAMIRA-	2,267,000	Acq. 2016
113.	CAÑAVERAL PARC.M12F, MADRID -ALTAMIRA-	4,156,000	Acq. 2016
114.	CAÑAVERAL PARC.M12C, MADRID -ALTAMIRA-	1,667,000	Acq. 2016
115.	CAÑAVERAL PARC. M13E, MADRID -F Y M.-	3,824,000	Acq. 2016
116.	4187 - CAÑAVERAL PARC.M4D, MADRID-SAREB-	3,625,000	Acq. 2016
117.	CAÑAVERAL PARC.T2B, MADRID -ECISA-	1,738,000	Acq. 2016
118.	CAÑAVERAL PARC.T2C, MADRID -ECISA-	1,738,000	Acq. 2016
119.	SANTA CLARA, MARBELLA, PARC. 2.1. Y 2.3.	27,854,000	Acq. 2016
120.	CORTIJO SUR, PARC.R-22, BOADILLA MONTE	1,399,000	Acq. 2016
121.	CORTIJO SUR, PARC.R-21, BOADILLA MONTE	1,526,000	Acq. 2016
122.	CORTIJO SUR, PARC.R-20, BOADILLA MONTE	1,397,000	Acq. 2016
123.	CORTIJO SUR, PARC.R-12, BOADILLA MONTE	10,447,000	Acq. 2016
124.	MAS LLUI, S.8B - SANT JUST DESVERN P.12	13,051,000	Acq. 2016
125.	FINCA MADRID RIO	14,889,000	Acq. 2015
126.	ESPINO DEL CUQUILLO 3.3	15,391,000	Acq. 2015
127.	ATRIA HOMES	32,107,000	Acq. 2015
128.	FUENTE LUCHA UP 33/A	15,133,000	Acq. 2015
129.	HOSPITALET DE LLOBREGAT, PZ EUROPA 14	11,807,000	Acq. 2015
130.	DEHESA HOMES (ANTES DEHESA VIEJA)	18,127,000	Acq. 2015
131.	SITGES, PPO.2, CALLEC, SOLAR M8	21,746,000	Acq. 2015
132.	SANT JUST HOMES, MAS LLUI P4	19,814,000	Acq. 2015
133.	AIGUADOLÇ HOMES	14,251,000	Acq. 2015
134.	CIUDAD JARDIN PONIENTE,CORDOBA PPO-1 P7B	6,963,000	Acq. 2015
135.	ALICANTE, PLAYA DE SAN JUAN NORTE	10,508,000	Acq. 2015
136.	DIAGONAL 119 HOMES (POBLE NOU)	11,765,000	Acq. 2015
137.	PLAÇA EUROPA 38 HOMES	16,025,000	Acq. 2015
138.	PLAZA HOMES, GETAFE	28,248,000	Acq. 2015
139.	LEGANES, AV.JUAN XXIII 11, SOLAGUA.	2,708,000	Acq. 2015
140.	MADRID HORTALEZA, LAS CARCAVAS R7-1	3,500,000	Acq. 2015
141.	PILAR DE ABAJO, SAN SEBASTIAN DE LOS REY	9,655,000	Acq. 2015
142.	DEHESA VIEJA PARC.69-A, S.S.REYES	14,569,000	Acq. 2015
143.	PALACIO HOMES	9,028,000	Acq. 2015
144.	SANT CUGAT, TURO DE CAN MATES, P.E.2.2	6,871,000	Acq. 2015
145.	VOLLPALLERES HOMES	15,589,000	Acq. 2015
146.	AVENIDA HOMES	7,196,000	Acq. 2015
147.	CAÑADA HOMES	8,496,000	Acq. 2016
148.	PINTOR ALSAMORA OBRA EN CURSO	5,699,000	Acq. 2015

	Development	GAV⁽¹⁾ (€)	Date of acquisition
149.	SANT CUGAT, VOLLPALLERES R15	9,610,000	Acq. 2016
150.	MAS LLUI, S.8B - SANT JUST DESVERN P.6	6,446,000	Acq. 2015
151.	MAS LLUI, S.8B - SANT JUST DESVERN P.7	15,544,000	Acq. 2015
152.	PILAR DE ABAJO, S.S. REYES P.4	9,655,000	Acq. 2015
153.	AIGUADOLÇ SITGES, PARC.B1-B2	8,525,000	Acq. 2015
154.	ESPINO DEL CUQUILLO 3.1	35,236,000	Acq. 2015
155.	CIUDAD JARDIN PONIENTE,CORDOBA PPO-1 P14	15,806,000	Acq. 2015
156.	CIUDAD JARDIN PONIENTE,CORDOBA PPO-1 P.6	8,706,000	Acq. 2015
157.	MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	17,303,000	Acq. 2015
158.	SANT CUGAT, TURO DE CAN MATES, P.F.1.1	7,666,000	Acq. 2015
159.	CAN MATES HOMES (P.B4.2)	11,020,000	Acq. 2015
160.	MOSTOLES III - LOS ALERCES (20+20)	6,877,000	Incorporation
161.	SOLAR SECTOR SR-2B V/PARCELAS, ATARFE	1,101,000	Incorporation
TOTAL		1,119,823,000	-

(1) According to the Development Valuation Report.

(2) For purposes of the Development Valuation Report all of our exposure in Arbaizenea has been accounted for in the Ay. Arbaizenea development (no. 3 in this table).

Out of the total GAV of our developments as per the table above, c. €443.7 million correspond to assets acquired from Kutxabank at the moment of our incorporation and c. €76.1 million correspond to land plots acquired since then.

Servicing

The servicing business line generates recurring fees through managing and disposing of all of Kutxabank's existing and future portfolio of foreclosed real estate assets on an exclusive basis until May 2022 as per the contract signed with Kutxabank in 2015 in the context of the Lone Star Acquisition. This business line is highly complementary to our core development business as it provides us with market intelligence and with real time information on key demand indicators and pricing, whilst providing Kutxabank with access to an experienced real estate developer. The servicing business generated revenues of c. €28 million and EBITDA of c. €18 million in 2016.

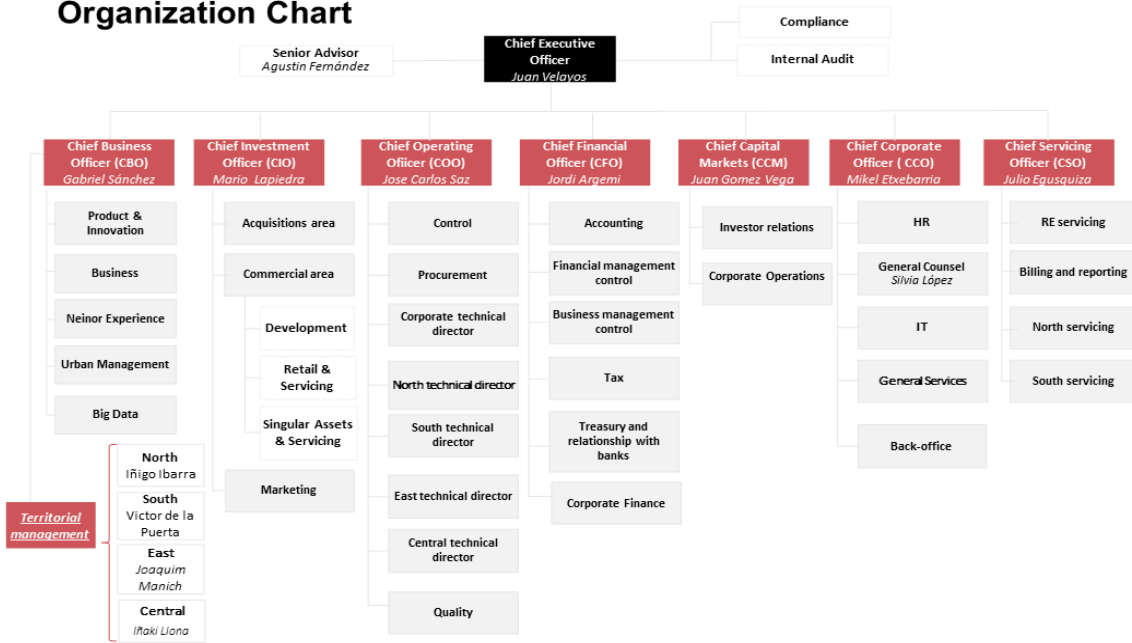
Legacy

The legacy business line comprises a portfolio of real estate assets acquired from Kutxabank in 2015 following a careful and meticulous selection process on an asset by asset basis. This business line generates cash from the proceeds of the gradual sale of the assets in this portfolio, with the Group expecting to sell all assets in the second half of 2018. In 2016 the legacy business line sold almost 1,700 units of the Legacy Portfolio for a sale value of approximately €164 million.

Organizational structure

The chart below reflects our current organizational structure. From an organizational perspective, our top management, financial, procurement and administrative functions are centralized, whereas our residential development activity is established in the areas where we are focused (i.e. Basque Country, Madrid, Barcelona and Andalusia) and targeting concrete areas of influence within our four regional divisions: the North, South, Centre and East of Spain. This focus on specific locations within our areas of influence, where our land bank stock is primarily located, is key for the success of our residential development business. This organizational structure enables us to maintain control over the quality and implementation of our industrialized business model within our structure, while keeping our residential development activities close to their roots so that we may obtain the local knowledge necessary for the success of our developments.

Organization Chart



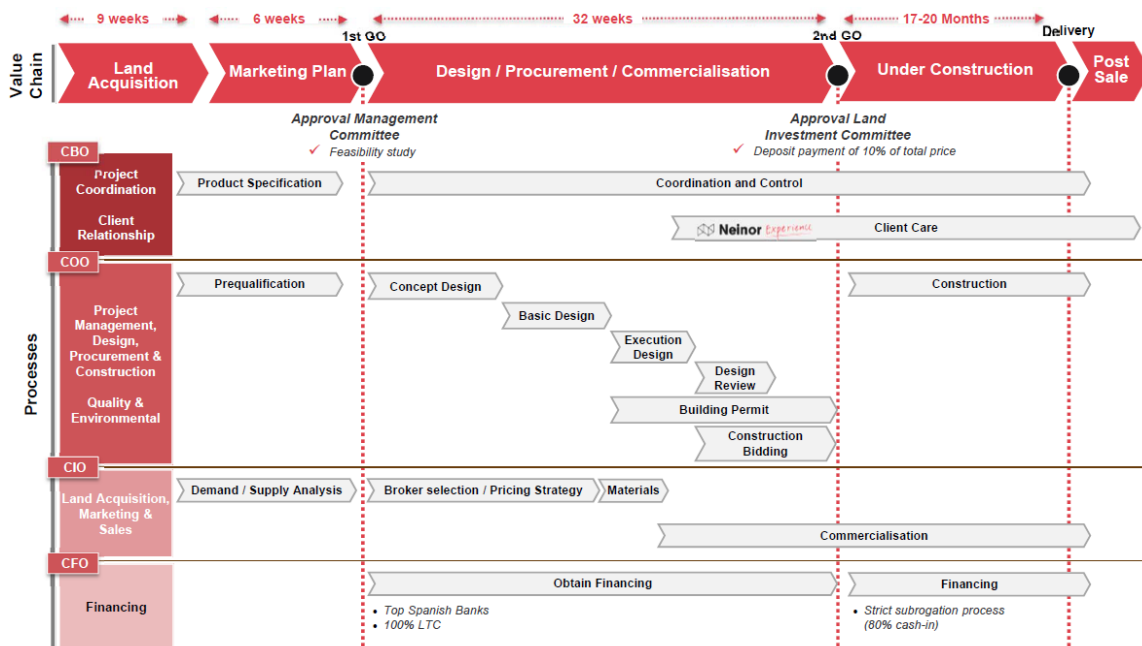
A more detailed description of each of our three business lines (development, servicing and legacy) is included below:

A. Development

Detailed Value Chain

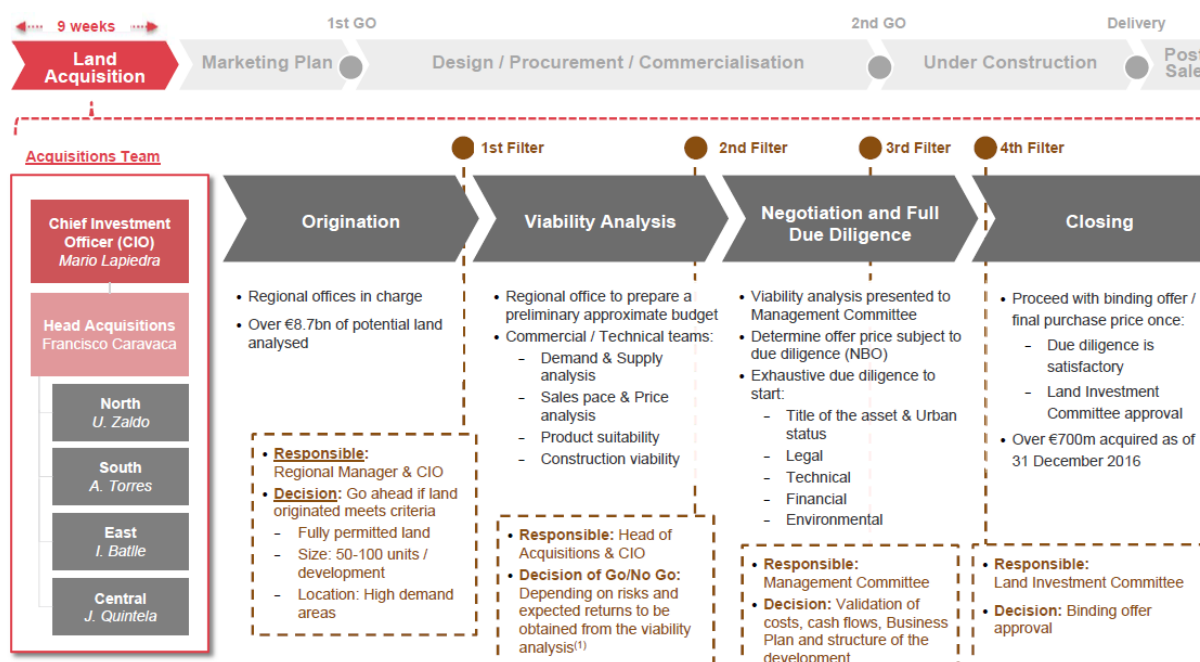
We have implemented a disciplined value chain throughout the development process, starting from the land acquisition through to delivery of our homes and post-sale service.

Below is the general overview of our value chain for the development business unit:



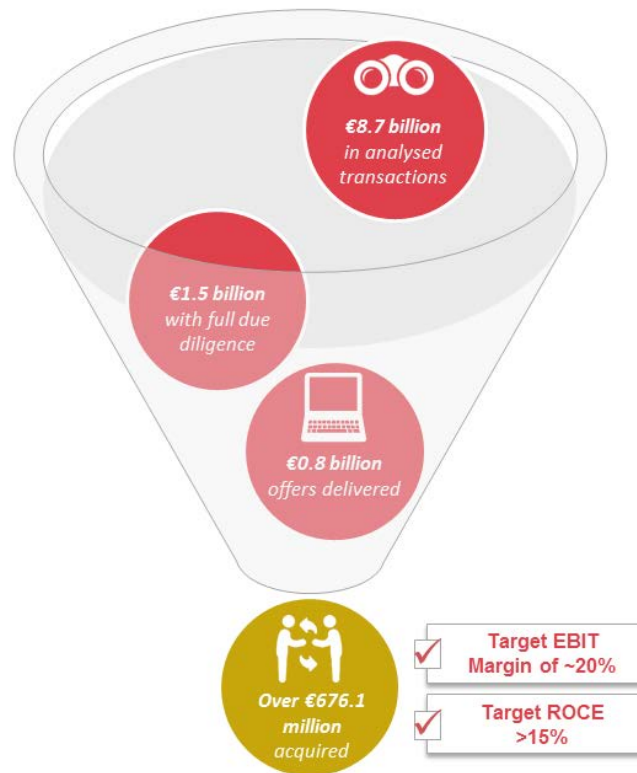
Land acquisition process

The graphic below shows a more detailed view of the land acquisition process in the context of our general value chain:



Origination

Land acquisition opportunities are typically originated by our regional offices, taking into account different criteria such as the suitability, size and location of the land plots. However, in certain cases, and particularly for strategic acquisitions, they are originated by members of our senior management team. In any case, land acquisition opportunities are mainly presented to us due to our size, solvency and execution capacity which is known in the market. As of the date of this Prospectus, we have identified and analyzed potential land acquisitions for a total transaction value of approximately €8.7 billion, which have resulted in acquisitions of c. €676.1 million GAV after the Lone Star Acquisition pursuant to a four stage approval process:



Following origination of land acquisition opportunities, we carry out an initial analysis and filter these opportunities based on their legal, commercial and financial viability in accordance with the following criteria:

- (a) **Plots:** we only acquire land suitable for development where specific zoning, the relevant planning execution instruments and the allotment project have been approved (“**Fully Permitted Land**”), thus reducing planning risk and gaining flexibility to launch our developments.
- (b) **Size:** our standard development size is of 50-100 units, although the size of the development may differ depending on its location (ranging from developments with an average of 36 units in the Basque Country to 70 units in Madrid). We only acquire land in locations where we can position ourselves in a more advantageous position than local developers (who typically focus on smaller developments) and that are viable from an economic perspective.
- (c) **Location:** we focus on areas where the main demand indicators are clear and known, avoiding acquiring land where there is insufficient demand to meet our underwriting standards. Specifically, we aim for areas with a positive population growth during the last decade, a higher than average exposure to the 18-40 years old age group and strong economic fundamentals (higher than average income per capita, lower than average unemployment, etc.).

Viability analysis

Once we have determined that a property meets the above criteria, we issue a proposed initial approximate budget for the future development of the plot which is used by the commercial and technical departments. Each of the commercial and technical departments analyses the following aspects:

- (a) **Commercial department:** demand and supply analysis, including an analysis of the sales of other companies in the area, product, sales pace, price range and housing stock.
- (b) **Technical department:** suitability of the product and viability of construction.

After completion of the initial filter, and once the viability analysis of the above aspects is made and the potential sales volumes, margins, cash flows and return ratios are analyzed, a conclusion is reached regarding the maximum acquisition price, which would allow us to obtain a minimum required return, and we determine whether or

not this price differs significantly from the selling price of the asset.

Negotiation and comprehensive due diligence

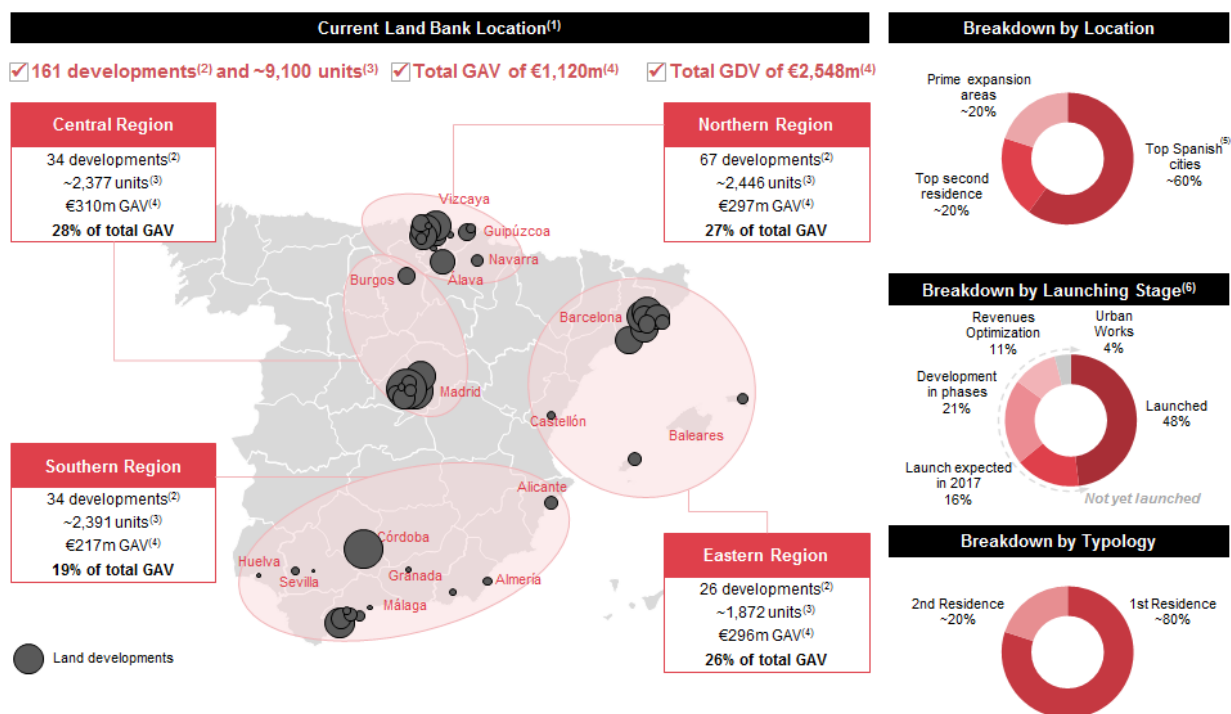
If we determine that there is a business opportunity in the acquisition of the analyzed land, the analysis of the commercial and technical departments is presented to an internal committee which includes our senior management team and our regional managers (the “**Management Committee**”), which determines the price to be offered for the asset. This is a key step in the land acquisition process and almost half of the acquisitions presented to the Management Committee are rejected at this stage. Once the price is set by the Management Committee, the negotiations with the relevant vendor will begin. Once the purchase price is agreed with the vendor, it is submitted to the Land Investment Committee (as defined herein) for final approval.

We then submit an offer for the asset subject to confirmatory due diligence to analyze title to the property and the urban situation of the asset, as well as other legal, technical and environmental aspects that could have a relevant impact over the development of the asset. The due diligence is also used to confirm the hypothesis used during the detailed viability analysis of the business opportunity made by the commercial and technical departments.

Closing

Finally, if the due diligence process is satisfactory and our offer is successful, we execute the transaction and acquire the asset.

As of 31 December 2016, and as a result of the above process, we possess a portfolio of land located in the areas described in the map below. We also include graphics regarding the breakdown of our portfolio by location (% over total units), launching stage (% over total GAV) and typology (% over total units).



- (1) As of December 2016.
- (2) Includes both developments already launched and not yet launched; counts Teatinos as one development, combines both Fuengimar and Costa Argia developments and splits Arbaizenea into two developments.
- (3) Expected permitted buildable units. Out of the total number of units, 131 units (divided into 6 different developments) qualify as social housing (*viviendas de protección oficial* or VPOs).
- (4) As per the Development Valuation Report. Out of the total €1,120 m GAV, (i) €932 m GAV (7,353 units expected to be built) correspond to licensed plots where the construction project has been presented for its approval, (ii) €128 m GAV (1,248 units expected to be built) correspond to plots where the urbanization works have already started, (iii) €21 m GAV (172 units expected to be built) refer to plots where an urbanization project has been approved, and (iv) €99 m GAV (313 units expected to be built) correspond to plots where a compensation project has been approved.

- (5) Prime expansion areas means cities or neighborhoods with high population density, strong residential demand and very well connected, that are close to the top Spanish cities and represents the future enlargement of those cities. Top Spanish cities means Madrid, Barcelona, Bilbao and Córdoba.
- (6) As of 28 February 2017.

Currently, our land bank breakdown by acquisition type (i.e. splitting it between that coming from the Legacy Portfolio and that acquired after the Lone Star Acquisition) and location is as follows:

	<u>From Kutxabank Porfolio</u>		<u>From new acquisition</u>	
	<u>(€m)</u>	<u>%</u>	<u>(€m)</u>	<u>%</u>
Álava	36.3	8%	-	0%
Barcelona	80.8	18%	195.4	29%
Córdoba	35.2	8%	57.8	9%
Madrid	54.0	12%	240.2	36%
Málaga	40.3	9%	62.9	9%
Vizcaya	152.9	34%	65.7	10%
Other	44.3	10%	54.1	8%
	443.7		676.1	

Marketing plan

Following acquisition of the land, the regional manager for the area where the land plot is located carries out an analysis, together with other internal departments, in order to determine the type of development to be built taking into account the demand and supply of such area. This analysis is based on detailed supply and demand reports produced internally. The supply report focuses on location, typology of residential units and bedrooms, common areas, quality and internal installations, price analysis, selling speed, target clients and financing conditions, among others. On the other hand, the demand report is focused on macro and micro economic elements, the output from call center questionnaires, size and typology preference, minimum and maximum budget and common areas requirements, among others. In order to gather all the information required to be obtained at this stage we launch an internal microsite for each development, which provides us with in depth information about potential clients and their needs.

The resulting marketing plan details development costs, our marketing and selling objectives for each development, the marketing materials and selling strategy that will be used and the estimated timing.

Feasibility study and development launch process (1st go)

Based on the marketing plan and the business plan, the Management Committee approves the budget for the development and a feasibility study is produced internally.

The feasibility study details the features that the development needs to have in order to be economically viable and is submitted to the Management Committee for its approval. Once it is approved by the Management Committee the relevant development is “launched” (a milestone in our development process internally known as “1st go”).

Together with the feasibility study, we analyze whether or not the development fits in our total development portfolio and whether it is appropriate to launch the specific development.

After the development is “launched” we initiate various activities which run in parallel over the course of a very strict and detailed 32-week calendar. These processes include (i) the complete design of the development by pre-qualified external architects, (ii) obtaining pre-sales of the homes to be built in the development (for a target of 30% of the estimated pre-sales value of the units to be developed or of the estimated total gross sales of the development, which threshold is determined on a case by case basis depending on the characteristics of each project), (iii) obtaining financing for the development, (iv) the selection of external construction companies, and (v) obtaining the necessary licenses to start construction.

Design, planning and sustainability

During this phase, the external architects who will design the development are appointed. For such purposes, several architecture studies are invited to submit their proposal after being previously selected in accordance with a prequalification system (based on experience, size, solvency, etc.). The final selection is agreed based on a scoring system that takes into account several variables such as design, solvency and experience in order to select the best option for the development. The selected external architect will receive our White Book with the objective of setting a clear target regarding the expected final design of the houses.

In order to ensure that the selected architects will comply with their deliveries on time and in compliance with the approved features set out in the White Book and the marketing plan, they are continuously monitored by us and meetings are carried out on a weekly basis with the operational team, the architects and rest of the teams involved. In addition, a specific review is carried out for each formal milestone of the design process, as the “**Draft Project**” (*Anteproyecto*), the “**Basic Project**” (*Proyecto Básico*) and the “**Execution Project**” (*Proyecto de Ejecución*) need to be formally approved.

The architects’ design will be based on “Building Information Modelling” or BIM, an innovative design system which allows us to reduce mistakes and have certainty regarding the final building surface of our developments.

Commencement of the sales process

At this stage, our Management Committee appoints one or several prequalified (prequalification depends on several factors such as their experience, size, solvency, etc.) external real estate brokers to provide input on the type of development to be built and start planning the commercialization strategy of such future development. The appointment is carried out after a formal process where the prequalified brokers need to submit their proposals detailing their analysis on the market, their proposed strategy, range prices, sales pace, etc. The brokers’ analyses allow us to increase significantly our knowledge in order to reduce the risk of our commercial strategy.

Once appointed, the real estate broker(s) begin(s) working with the product and the commercial arguments in order to guarantee that it is/they are familiar with us and our product by the time of the effective commercialization of the development. We have established a mystery shopping system that, together with regular monitoring, allows us to measure the performance of the real estate brokers based on several measures other than sales, such as quality of marketing materials, estate of the sales point, correct explanation of the project and product and client needs identification.

The delivery of the Basic Project is an internal important milestone, especially regarding the preparation of the marketing materials necessary to begin with the commercialization of the product, such as brochures, computer graphics, point of sale, etc. After the Basic Project is formally approved, the selected external real estate brokers, together with our internal teams, commence the sale process of the development. For such purposes, they prepare the relevant selling arguments and marketing materials.

Once the commercialization begins, the development will be included in the daily review of sales, allowing the measurement of the sales rate, the generation of visits and the effective visits that take place (either physically or online). At this stage, the sales process target is to achieve pre-sales for around 30% of the estimated pre-sales value of the units to be developed or of the estimated total gross sales of the development, which will be a key milestone in order to move on to the next stage. Following each pre-sale, the “Neinor Experience” team will set up the first communication channel with the relevant customer in order to strengthen the relationship, providing the customer with the necessary assistance in a timely manner. At this stage, buyers must deposit between €3,000 and €6,000. Once the deposit is made the relevant unit is considered to be pre-sold.

Customers are entitled to terminate the reserve contract under certain circumstances, which include the breach of its obligations by the Company. In this case, we must return to the customers the double of the amount paid by the latter as reserve. This notwithstanding, the reserve contract foresees that in the event that we decide not to launch the development within six months following the date of the reserve contract, it will return to the customers the amount paid as reserve plus legal interest.

As of 31 December 2016 we had pre-sold 231 units to be delivered in 2017 at an average selling price per unit of €254,000 (representing 88% of the target units to be delivered in 2017 pursuant to our business plan and a presold revenue of €59 million), 826 units to be delivered in 2018 at an average selling price per unit of €309,000 (representing 59% of the target units to be delivered in 2018 pursuant to our business plan and a presold revenue of €255 million), and 206 units to be delivered in 2019 at an average selling price per unit of €343,000 (representing 8% of the target units to be delivered in 2019 pursuant to our business plan and a presold revenue of €71 million).

Financing

We work with many of the main Spanish financing entities, which are present in the location of our developments, in order for them to provide financing to our homebuyers. The terms of the financing granted by these entities to our clients are generally favorable (with an interest rate of either EURIBOR plus between 75 and 150 bps, if variable, or between 220 and 270 bps, if fixed, and for a term of between 20 and 30 years). Around 15% of our units are bought by our clients entirely with equity and around 85% of our units are bought by our clients with financing. The average loan-to-value in connection with the units financed by our clients is around 65%.

Given that our business model is client focused, our external financing providers must assist training sessions in order to know us, our internal processes, our product, our commercial team, the specific development they are financing and the importance that we give to our clients' satisfaction. These training sessions enhance the exchange of information between us and them and enable to speed up the commercialization process.

Contractor selection

We have an advanced contractor selection system for our developments.

In order for contractors to bid for our developments, they need to be previously prequalified pursuant to our standards. Our prequalification process analyses several aspects such as the contractor's size, experience and financial solvency. Currently, we have more than 50 prequalified contractors. Our prequalification system is regularly updated with new contractors and prequalified contractors can end being "prequalified" if their performance in a development has been poor.

Several contractors are invited to the first bidding round and all of them must deliver their proposals in accordance with the terms of our White Book. Contractors are selected after several bidding rounds. Selection is not only based on the cheapest bidding price, but also on other matters, such as their experience in similar developments and delivery plan. Our selection process is designed to ensure that the selected contractors get a complete understanding of the development that needs to be executed and the cost deviation risk is minimized.

Our selected contractors are usually responsible for the construction of the full development. However, for specific sections of a development (such as the kitchen), we may hire a specific contractor. In turn, our contractors usually hire sub-contractors for all or certain parts of the development (but our contractors remain responsible for their due compliance). A number of 23 different contractors are working in our 30 development sites under construction as of 28 February 2017.

Building permit

After the Basic Project is formally approved by us, it is submitted to the relevant local authorities in order to obtain the required building permits before the construction of the development begins. The purpose of this early submission is to avoid time related costs.

As of 28 February 2017, our portfolio of launched developments is as follows, with an average pre-sales ratio of 6%:

Name	Autonomous Community	Province	Units	Expected Price Range € (GDV ⁽¹⁾ /Units)	Expected Delivery ⁽²⁾
GOIEGI HOMES	Basque Country	Guipúzcoa	33	245,000	2019
CAÑADA HOMES	Andalusia	Málaga	49	318,000	2018
URDULIZ (CASA BARCO, ICOVISA) P. E	Basque Country	Bizkaia	36	273,000	2019
FINCA MADRID RIO	Madrid	Madrid	52	537,000	2019
ITURRIBARRI GETXO P-7	Basque Country	Bizkaia	32	352,000	2019
SANT CUGAT, TURO DE CAN MATES, P.E.2.2	Catalonia	Barcelona	50	302,000	2019
AY.ARBAIZENEA	Basque Country	Guipúzcoa	48	573,000	2019
CORTIJO SUR, PARC.R-12, BOADILLA MONTE	Madrid	Madrid	70	367,000	2019
LA CATALANA R-9	Catalonia	Barcelona	54	254,000	2019
SANT CUGAT, VOLLPALLERES R15	Catalonia	Barcelona	48	374,000	2019

Name	Autonomous Community	Province	Units	Expected Price Range € (GDV ⁽¹⁾ /Units)	Expected Delivery ⁽²⁾
URDULIZ P-2	Basque Country	Bizkaia	30	246,000	2019
HOSPITALET DE LLOBREGAT, PZ EUROPA 14	Catalonia	Barcelona	78	322,000	2019
DEHESA VIEJA PARC.69-A, S.S.REYES	Madrid	Madrid	85	354,000	2019
SANTURTZI HOMES (CLH)	Basque Country	Bizkaia	107	222,000	2019
SANTA CLARA, MARBELLA, PARC. 2.1. Y 2.3.	Andalusia	Málaga	106	822,000	2019
MOSTOLES I+II+IV PAU-4	Madrid	Madrid	70	210,000	2019
P.P. LA ALBORADA PAR. R-N-3-4, BENAHAVIS	Andalusia	Málaga	46	262,000	2019
VAGUADA-GOIEGI (1.10-1.15 VPP) FASE II	Basque Country	Guipúzcoa	36	256,000	2019
MARBELLA- ARTOLA 9.1	Andalusia	Málaga	68	355,000	2019
TEATINOS, MARBELLA. PARC.MR.1.1.-MR.1.2.	Andalusia	Málaga	110	259,000	2019
TOTAL / AVERAGE	-	-	1,208	346,000	-

(1) According to the Development Valuation Report.

(2) Estimated delivery dates as of February 2017. Please note that estimated delivery dates, namely those corresponding to developments which delivery is foreseen in the last quarter of the corresponding year, may be postponed to the beginning of the following year due to certain circumstances, such as delay in the construction works, delay in the granting of the first occupation license by the Town Council, delay in the registering of the supplies, etc. As a result of that, it is likely that some deliveries are postponed to the following fiscal year affecting therefore the financial statements of that year without affecting the total income of the development.



Approval of the construction start (2nd go)

After obtaining pre-sales for around 30% of the estimated pre-sales value of the units to be developed or of the estimated total gross sales of the development along with the required financing and the required building permits and licenses, and having selected the corresponding contractors, we are in a position to start constructing the development. Commencement of the construction is formally approved by both the Management Committee and the Land Investment Committee. This approval is internally known as the “2nd go” and it entails the beginning of the construction process.

The budget approved by the Management Committee shortly before the 1st go is reviewed in order to verify that no deviations have occurred during the design, bidding or marketing phase and, if applicable is updated. The reviewed budget is submitted for the approval of the Management Committee and the Land Investment Committee.

Construction

Following our industrialized business model, our construction process is highly systematized and our contractors are bound by the requirements set out in our White Book and by an obligation to comply with the agreed

timetable. For this purpose, we enter into turnkey contracts with our contractors establishing guarantees and penalties to ensure the fulfilment of the established partial milestones and completion date.

We hire external project managers which are in charge of continuously supervising on site the construction of our developments in order to ensure that they meet with our quality criteria and the agreed calendar and that they do not deviate on costs. The project managers regularly meet with the contractors to closely monitorize the construction and they issue regular reports (on quality and cost compliance, etc.) to anticipate and correct any potential deviations.

The project managers together with our project directors (internal staff) will formally accept the final reception of the works after a detailed review to verify that all works have been properly carried out according to our standards and requirements.

During the construction process, our “Neinor Experience” department has a significant relevance. With the information obtained from our project managers, the “Neinor Experience” department keeps our clients punctually informed about the status of the development and about any deviations, offering them alternative solutions, where appropriate.

As of 28 February 2017, our developments under construction portfolio were as follows, with an average pre-sales ratio of 66%:

Name	Autonomous Community	Province	Units	Expected Price Range € (GDV ⁽¹⁾ /Units)	Expected Delivery ⁽²⁾
PLAÇA EUROPA 38 HOMES	Catalonia	Barcelona	92	320,000	2019
VOLLPALLERES HOMES	Catalonia	Barcelona	80	336,000	2019
MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	Andalusia	Córdoba	107	321,000	2019
ASTRABUDUA HOMES	Basque Country	Bizkaia	48	216,000	2018
SITGES, PPO.2, CALLEC, SOLAR M8	Catalonia	Barcelona	80	456,000	2019
LA CATALANA R-10	Catalonia	Barcelona	54	238,000	2017
LA MARINA DE BADALONA P-9	Catalonia	Barcelona	173	315,000	2018
LEKU EDER HOMES -MIRAMON- (PARC.3-4)	Basque Country	Guipúzcoa	16	400,000	2017
DEHESA HOMES (ANTES DEHESA VIEJA)	Madrid	Madrid	77	372,000	2017
URDULIZ HOMES (PARCELA 1)	Basque Country	Bizkaia	16	254,000	2017
SAN ROKE HOMES (PORTUGALETE)	Basque Country	Bizkaia	77	320,000	2018
LA CATALANA R-4	Catalonia	Barcelona	86	248,000	2018
LAS SALINAS HOMES (SALINAS DE MAYMAR)	Andalusia	Málaga	59	132,000	2017
PINTOR ALSAMORA OBRA EN CURSO	Catalonia	Barcelona	34	273,000	2018
LANDAKO HOMES	Basque Country	Bizkaia	51	282,000	2018
URDULIZ HOMES (PARCELA D)	Basque Country	Bizkaia	33	265,000	2018
JARDINES DE ZABALGANA. SUELO FASE IV	Basque Country	Alava	17	211,000	2018
PLAZA HOMES, GETAFE	Madrid	Madrid	215	257,000	2018
AVENIDA HOMES	Madrid	Madrid	54	259,000	2018
DIAGONAL 119 HOMES (POBLE NOU)	Catalonia	Barcelona	32	551,000	2018
IKASLE HOMES	Basque Country	Bizkaia	55	296,000	2018
SANT JUST HOMES, MAS LLUI P4	Catalonia	Barcelona	119	312,000	2018
TORRESOLO HOMES	Basque Country	Bizkaia	60	376,000	2018
PALACIO HOMES	Andalusia	Cordoba	40	394,000	2018
ATRIA HOMES	Madrid	Madrid	148	381,000	2018
CAN MATES HOMES (P.B4.2)	Catalonia	Barcelona	45	412,000	2018
IRUN HOMES	Basque Country	Guipúzcoa	38	267,000	2018
AIGUADOLÇ HOMES	Catalonia	Barcelona	48	482,000	2019
COSTA ESTRELLA	Andalusia	Málaga	26	0 ⁽³⁾	2017
PALACIO DE SANTA ISABEL,	Madrid	Madrid	25	0 ⁽³⁾	2017
TOTAL / AVERAGE	-	-	2,005	299,000	-

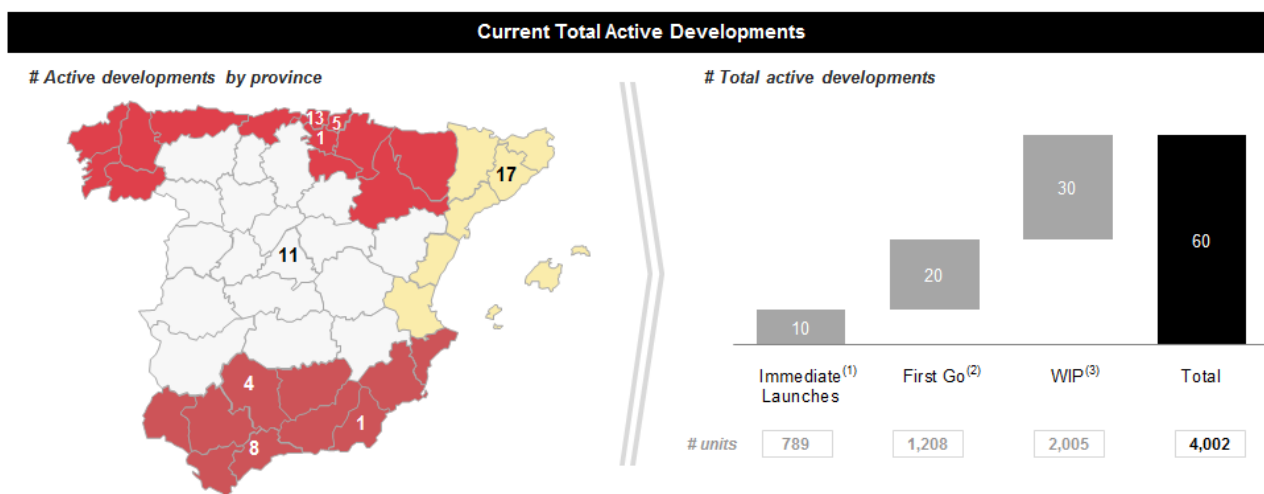
(1) According to the Development Valuation Report.

(2) Estimated delivery dates as of February 2017. Please note that estimated delivery dates, namely those corresponding to developments

which delivery is foreseen in the last quarter of the corresponding year, may be postponed to the beginning of the following year due to certain circumstances, such as delay in the construction works, delay in the granting of the first occupation license by the Town Council, delay in the registering of the supplies, etc. As a result of that, it is likely that some deliveries are postponed to the following fiscal year affecting therefore the financial statements of that year without affecting the total income of the development.

- (3) These developments were transferred to a third party in 2015, and we are responsible for the monitoring and technical management of the works in progress.

By way of summary, the graphic below shows our active developments as of 28 February 2017, differentiating those which are expected to be launched on an immediate basis, those under 1st go stage and those under 2nd go stage:



- (1) Immediate launches refers to developments with marketing plan in progress (previous product definition with specific demand/supply studies). These 10 developments, which jointly comprise 789 units are the following:

- Vélez – Málaga suelo (South, 106 units)
- Leganés, Av. Juan XXIII 11, Solagua (Center, 33 units)
- Av. del Mediterráneo 72, Mojácar (South, 115 units)
- Mas Llul, S.8b – Sant Just Desvern p. 6 (East, 50 units)
- Iturribarri – Getxo p.6 (North, 42 units)
- Aiguadolç Sitges, Parc. B1-B2 (East, 35 units)
- Solar Gran Capitán, Córdoba (South, 108 units)
- Urduliz P45 (North, 44 units)
- Espino del Cuquillo 3.1 (Center, 180 units)
- Ciudad Jardín Poniente, Córdoba (South, 76 units)

- (2) 1st Go refers to design, contractor procurement and commercialization start stages.

- (3) WIP refers to development under construction (2nd Go).

Continuation of the sales process

The commercialization process of our homes, which started immediately after the 1st go, continues after the 2nd go.

In this stage, in addition to the external real estate brokers, commercialization of our homes is also carried out through other sales channels, including our website, third party websites such as Idealista, internal call centers or on site sales points.

Throughout the whole commercialization process internal meetings are held on a weekly basis as well as meetings with our external real estate brokers to supervise and follow up on the progress of the commercialization

process. Our external brokers provide us with information about the sales process on a daily basis and the information about the commercialization process is regularly updated in our systems so that it can be shared internally.

Once we approve the launch of the development in 2nd go and the construction license has been obtained, appointments with customers are made in order to sign the corresponding sale and purchase private contracts. Upon signature of the contract, customers must pay 10% of the purchase price. The contract contains the payment calendar, which comprises several monthly installments to be paid until the finalization of the construction process up to a total amount of 10% of the price. Therefore, upon finalization of the construction, customers should have paid 20% of the price, including the amount of the deposit. The remaining 80% is paid upon granting the public deed of sale and purchased of the property.

Customers are entitled to terminate the sale and purchase agreements under certain circumstances, which include the breach of its obligations by the developer, including delay in the termination of the construction works which has not been cured within the six months following the term established in the contract. In this case, the developer will reimburse the amounts paid by customers (including VAT) plus the legal interest in accordance with the applicable laws.

We are entitled to terminate the reserve and the sale and purchase agreements in case of breach of their obligations by the customers (including breach of payment obligations). In this case, we may retain the whole amount paid by the customers until the date of termination of the contracts.

Delivery

After the construction process is completed, we proceed to deliver our homes to our clients. Coordination among our different departments is very important in order to ensure that the delivery process goes as smooth as possible. Our “Neinor Experience” department plays an important role in this process, as it is the one in charge of interacting directly with our clients (e.g. organizing with them the appointment with the relevant notary and carrying out a courtesy visit with them prior to the final delivery in order to identify any possible flaw or defect) and provides them with post sale assistance, in order to ensure that their degree of satisfaction meets their expectations.

As of the date of this Prospectus we have delivered the following units:

Development	Region	No. of units	Year of delivery
JARDINES DE ZABALGANA.BLOQUE III	North	17	2016
"EL CASTILLON", SECTOR R-4, P.P.UR-5	South	46	2015
MOSTOLES III - LOS ALERCES (20+20)	Center	40	2017
PARC. LAS MERCEDES	Center	102	2016
TORRESOLO-VPO	North	68	2015
JARDINES DE ZABALGANA. BLOQUE II	North	16	2015
BADAMES (VOTO-CANTABRIA)	North	40	2015
CASAS URBANIZACIÓN MAYORAZGO, 2ª FASE	South	43	2015
EURORESIDENCIAL, PRIEGO DE CÓRDOBA	South	35	2015
GORLIZ-ANDRA MARI AXPE	North	10	2015
TOTAL	-	417	-



Our regional markets

Although we also have developments in other Spanish locations, we are currently focused on the following regions:

- The Northern Region, which currently comprises the Basque Country (Bizkaia, Guipúzcoa and Álava) and Navarra.
- The Eastern Region, which currently comprises Catalonia (Barcelona), the Community of Valencia (Castellón) and the Balearic Islands.
- The Central Region, which currently comprises Castile and León (Burgos), Madrid and its surroundings.
- The Southern Region, which currently comprises the Community of Valencia (Alicante) and Andalusia (Huelva, Seville, Córdoba, Granada, Málaga and Almería).

The key parameters of our land inventory as of 31 December 2016 (as split among our regional markets) are described in the following table:

<u>Location</u>	<u>Northern Region</u>	<u>Eastern Region</u>	<u>Central Region</u>	<u>Southern Region</u>	<u>TOTAL / Average</u>
No. of units expected to be built ⁽¹⁾	2,446	1,872	2,377	2,391	9,086
No. of developments ⁽²⁾	67	26	34	34	161
GAV (€million) ⁽³⁾	297	296	310	217	1,120
GAV ⁽³⁾ / total GAV ⁽³⁾ (%)	27%	26%	28%	19%	100%
Buildable area (sqm. thousand)	270	194	278	294	1,036
GAV ⁽³⁾ / square meters (€)	1,099	1,524	1,113	741	1,081
Costs pending to complete (€million)	289	192	260	280	1,021
Construction costs per unit (€thousand)	118	102	110	117	112
Construction costs per square meter (€)	1,068	987	937	953	985
GDV (€million)	699	564	684	601	2,548
GDV ⁽³⁾ / total GDV ⁽³⁾ (%)	27%	22%	27%	24%	100%
Average price per square meter (€)	2,587	2,909	2,458	2,047	2,459

Average selling price per unit (€thousand)	286	302	288	251	280
---	-----	-----	-----	-----	-----

- (1) Expected permitted buildable units.
- (2) Includes both developments already launched and not yet launched; Counts Teatinos as one development, combines both Fuengimar and Costa Argia developments and splits Arbaizenea into two developments.
- (3) According to the Development Valuation Report.

The following terms used in the above table are defined as follows:

- “**Gross Development Value**” or “**GDV**” refers to the estimated revenue to be generated by our existing Fully Permitted Land as of 31 December 2016 pursuant to the Development Valuation Report.
- “**Development Margin**” refers to the estimated operating margin to be obtained from our existing Fully Permitted Land, as of 31 December 2016 pursuant to the Development Valuation Report.

Northern Region

As of 28 February 2017, we had 19 active developments in the Northern Region (where we expect to build c. 819 units), out of which 10 are under construction (c. 411 units), 7 are under the 1st go stage (c. 322 units) and 2 are immediate launches (c. 86 units).

The table below shows the key parameters of our main developments or lands by GAV in the Northern Region as of 31 December 2016 (current phase updated as of 28 February 2017):

Development	Location	GAV (€million) (1)	No. of units	GDV (€million) (1)	Current phase	Expected delivery
San Roke Homes	Portugalete (Bizkaia)	15	77	25	Construction	2018
Torresolo Homes	Leioa (Bizkaia)	12	60	23	Construction	2018
Bolueta (RE-2) Fase IV	Bilbao (Bizkaia)	11	82	31	Land	-
Bolueta (RE-4A)	Bilbao (Bizkaia)	10	92	28	Land	-
AY. Arbaizenea	San Sebastián (Guipúzcoa)	10	48	28	1 st go	2019
TOTAL	-	58	359	135	-	-
% of total region	-	20%	15%	19%	-	-

(1) According to the Development Valuation Report.

Eastern Region

As of 28 February 2017, we had 17 active developments in the Eastern Region (where we expect to build c. 1,158 units), out of which 11 are under construction (c. 843 units), 4 are under the 1st go stage (c. 230 units) and 2 are immediate launches (c. 85 units).

The table below shows the key parameters of our main developments or lands by GAV in the Eastern Region as of 31 December 2016 (current phase updated as of 28 February 2017):

Development	Location	GAV (€million) (1)	No. of units	GDV (€million) (1)	Current phase	Expected delivery
La Marina de Badalona	Badalona (Barcelona)	30	173	54	Construction	2018
Sitges, PPO.2	Sitges (Barcelona)	22	80	36	2 nd go	2019
Sant Just Homes	Sant Just Desvern (Barcelona)	20	119	37	Construction	2018
Plaza Europa	L'Hospitalet de Llobregat (Barcelona)	16	92	29	2 nd go	2019
Vollpalleres Homes	Sant Cugat del Valles (Barcelona)	16	80	27	2 nd go	2019
TOTAL	-	104	544	183	-	-
% of total region	-	35%	29%	33%	-	-

(1) According to the Development Valuation Report

Central Region

As of 28 February 2017, we had 11 active developments in the Central Region (where we expect to build c. 1,009 units), out of which 5 are under construction (c. 519 units), 4 are under the 1st go stage (c. 277 units) and 2 are immediate launches (c. 213 units).

The table below shows the key parameters of our main developments or lands by GAV in the Central Region as of 31 December 2016 (current phase updated as of 28 February 2017):

Development	Location	GAV (€million) (1)	No. of units	GDV (€million) (1)	Current phase	Expected delivery
Espino del Cuquillo 3.1	Alcobendas (Madrid)	35	180	70	Next launch	2020
Atria Homes	Alcobendas (Madrid)	32	148	56	Construction	2018
Plaza Homes	Getafe (Madrid)	28	215	55	Construction	2018
Joaquín Lorenzo	Madrid (Madrid)	28	170	68	Land	-
Dehesa Homes	San Sebastián de los Reyes (Madrid)	18	77	29	Construction	2017
TOTAL	-	141	790	278	-	-

Development	Location	GAV (€million) (1)	No. of units	GDV (€million) (1)	Current phase	Expected delivery
% of total region	-	46%	33%	41%	-	-

(1) According to the Development Valuation Report

Southern Region

As of 28 February 2017, we had 13 active developments in the Southern Region (where we expect to build c. 1,016 units), out of which 4 are under construction (c. 232 units), 5 are under the 1st go stage (c. 379 units) and 4 are immediate launches (c. 405 units).

The table below shows the key parameters of our main developments or lands by GAV in the Southern Region as of 31 December 2016 (current phase updated as of 28 February 2017):

Development	Location	GAV (€million) (1)	No. of units	GDV (€million) (1)	Current phase	Expected delivery
Santa Clara Golf	Marbella (Málaga)	28	106	87	1 st go	2019
Solar Gran Capitán	Córdoba (Córdoba)	21	108	44	Next launch	2020
Medina Homes	Córdoba (Córdoba)	17	107	34	2 nd go	2019
Ciudad Jardín P14	Córdoba (Córdoba)	16	141	44	Land	-
Alicante, Playa de San Juan Norte	Alicante (Alicante)	11	154	30	Land	-
TOTAL	-	92	616	238	-	-
% of total region	-	43%	26%	40%	-	-

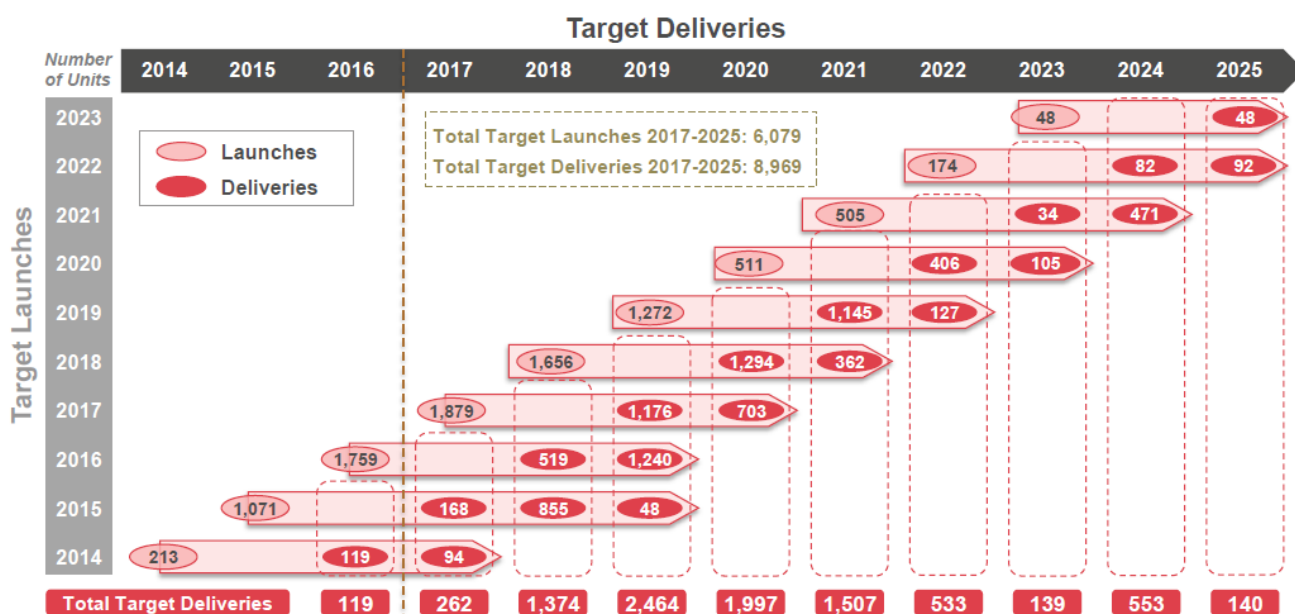
(1) According to the Development Valuation Report

Current target delivery plan

IMPORTANT NOTICE: the data in this section are not a forecast or estimate, but just the unit target launches and deliveries of our land bank as of 31 December 2016 pursuant to our current target delivery plan.

Our current unit target delivery plan is based on a detailed schedule of target launches for all our current developments. As of 31 December 2016 we owned 161 Fully Permitted Land plots with a maximum of 9,086 buildable units. Our current land bank represents 65% of the total units that we target to deliver in the next five years pursuant to our business plan.

The graphic below shows our target launch and delivery plan for the period 2017-2025 based on our existing land bank and the individual business plans of each of the 161 existing developments (this is, without taking into account future land acquisitions and developments):



Run rate operating targets and investment policy

IMPORTANT NOTICE: the data in this section are our targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of our expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in our shares. In addition, prior to making any investment decision, prospective investors should carefully consider the risk factors described in the “Risk Factors” section of this Prospectus.

Since our acquisition by Lone Star in May 2015 we have a new strategy in place. We are currently in the ramp-up phase of our business, targeting to reach a steady-state business by 2019 and our run rate stage by 2020.

We believe we are sized to be delivering approximately between 3,500 and 4,000 units per annum by 2020, with an average selling price of approximately €300,000 per unit. We expect to achieve this by recurrently devoting approximately a yearly average of between €300 and €350 million for new acquisitions of Fully Permitted Land, which will be equivalent to a buildable area of approximately 400,000 sqm (4000 units per 100 sqm/unit) of land that, on a recurrent basis, should provide us with sufficient land to build and deliver our annual unit sales targets.

We intend to maintain the investment policy that has been followed since our incorporation until the date of this Prospectus. In this context, our historical land acquisitions have been made targeting an average EBIT margin of approximately 21% and we plan to target similar levels in the future.

Therefore, based on our operating cost base and operating at maximum capacity, if we follow our investment policy as described above we would target an annual EBIT margin of approximately 20%, with a target annual return on capital employed in excess of 15% for the Group by 2020, target annual revenues of €1.1bn, target unlevered IRR of c.14% and target levered IRR (assuming no land financing but including other financing) above 19%. These operating targets assume a maximum LTC of less than 30%, a LTV of 21% and a net debt/equity ratio of 40%.

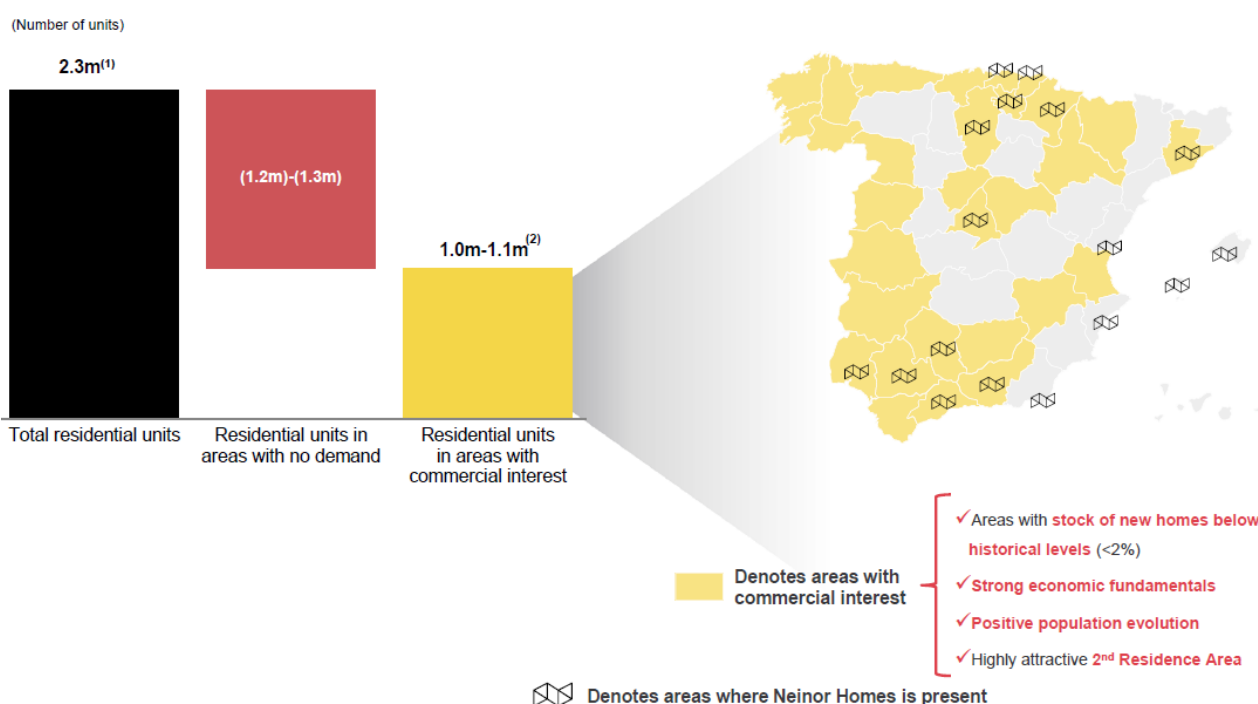
The following table summarizes the above information:

Run rate operating targets by 2020	
Home units sold per annum	3,500 – 4,000
Average selling price per unit	~ €300,000
Annual volume of land acquisitions (€)	~ €300 / €350 million
Annual volume of land acquisitions (sq. m.)	~ 400,000

Run rate operating targets by 2020	
EBIT margin	~ 20%
ROCE	≥ 15%
LTC	≤30%

Identified pipeline

According to the Spanish Ministerio de Fomento, the total existing available land bank in Spain with residential use comprises 2.3 million residential units, out of which we estimate that between 1 to 1.1 million units are located in areas with commercial interest for us (i.e. areas with a stock of new homes below historical levels, strong economic fundamentals, positive population evolution or constituting highly attractive second residence areas).



(1) Source: Ministerio de Fomento and CBRE.

(2) Management estimates.

Out of the 1 to 1.1 million maximum units located in areas with demand, we estimate that c. 310 thousand units are already Fully Permitted Land, and c. 210 thousand units will be Fully Permitted Land in the next three years. As of the date of this Prospectus we are closely monitoring a specific land acquisition pipeline of c. 100,000 units out of the identified 1 to 1.1. million residential units located in areas with commercial interest so as to be able to meet our delivery targets.

The table below shows the breakdown of our monitored pipeline by region and timing availability, indicating both the number of expected units and its estimated purchase price:

Region		< 12 months	12 – 24 months	> 24 months	Total
Northern Region	<i>No. of expected units</i>	1.7 thousand	1.5 thousand	1.3 thousand	4.5 thousand
	<i>Estimated purchase price</i>	€7 million	€40 million	€15 million	€32 million

Region		< 12 months	12 – 24 months	> 24 months	Total
Eastern Region	<i>No. of expected units</i>	7.1 thousand	6.8 thousand	19.4 thousand	33.3 thousand
	<i>Estimated purchase price</i>	€37 million	€36 million	€1,031 million	€1,905 million
Central region	<i>No. of expected units</i>	3.2 thousand	6.5 thousand	15.2 thousand	24.9 thousand
	<i>Estimated purchase price</i>	€25 million	€59 million	€68 million	€1,952 million
Southern Region	<i>No. of expected units</i>	18.0 thousand	8.1 thousand	11.5 thousand	37.7 thousand
	<i>Estimated purchase price</i>	€25 million	€16 million	€67 million	€1,809 million

Out of the c. 100,000 residential units, we estimate that currently 26% belong to real estate developers and the remaining 74% are in hands of natural real estate sellers such as Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (Sareb) (28%), bankrupt entities, (19%), private owners (17%) or financial institutions (10%).

As of 28 February 2017 we are analyzing the following land plots under either due diligence or exclusivity agreements for acquisition:

Asset	Location	Units	Estimated investment	Status
Project A	Madrid, Barcelona, and Málaga	1,055	c. €0 million	Offer
Project B	Barcelona	48	c. €10 million	Closed
Project C	Barcelona	75	c. €5 million	Closing
Project D	Madrid	95	c. €5 million	Closing
Project E (i)	Barcelona	30	c. €3 million	Closing
Project E (ii)	Barcelona	82	c. €6 million	Closed
Project F	Madrid	178	c. €10 million	Offer
Project G	Sevilla and Málaga	894	c. €48 million	Closing
Project H	Barcelona	36	c. €3 million	Offer
Project I	Barcelona	62	c. €4 million	Closing
Project J	Barcelona	80	c. €7 million	Offer
Project K	Madrid	136	c. €9 million	Offer
TOTAL	-	2,771	c. €200 million	-



B. Servicing

This business line consists of our servicing of Kutxabank's real estate portfolio under a 7-year servicing agreement that we entered into with them on 14 May 2015 within the context of our acquisition by Lone Star (the "**Servicing Agreement**"). The Servicing Agreement will be automatically extended for additional one year periods unless any of the parties notifies the contrary to the other at least six months in advance.

Pursuant to the Servicing Agreement we are the exclusive servicer of Kutxabank's portfolio. If over two successive years the degree of achievement of the annual target of sales of a specific group of assets (land, new builds, second-hand properties) were below 30% of the target provided for in the annual budget approved for each of those years, the right to exclusivity in relation to the sale of these assets (not in relation to the rest of assets under management) will be lost. Such clause will not apply if the reference prices used for the marketing of the corresponding group are not in line with the market price for these kinds of assets or in case of adverse market circumstances (understanding such circumstances as those that coincide with a decrease of more than 10% in the amount of real estate transactions or in the prices for such assets, as per the information issued by the Ministry of Development (*Ministerio de Fomento*) or any other official real estate indices (Spanish Association of Registrars - *Colegio de Registradores de España*)).

In accordance with our estimates, the market value of Kutxabank's portfolio as of 28 February 2017 amounted to €1.5 bn. Out of the referred €1.5 bn. portfolio, 60% are land plots, 7% developments under construction and 32% finished product. 65% of these assets are located in the Southern Region, 26% in the Northern Region, 8% in the Central Region and 1% in the Eastern Region.

Under the Servicing Agreement we provide Kutxabank with valuation, due diligence, legal assistance, asset boarding, operational management and commercialization services over said portfolio.

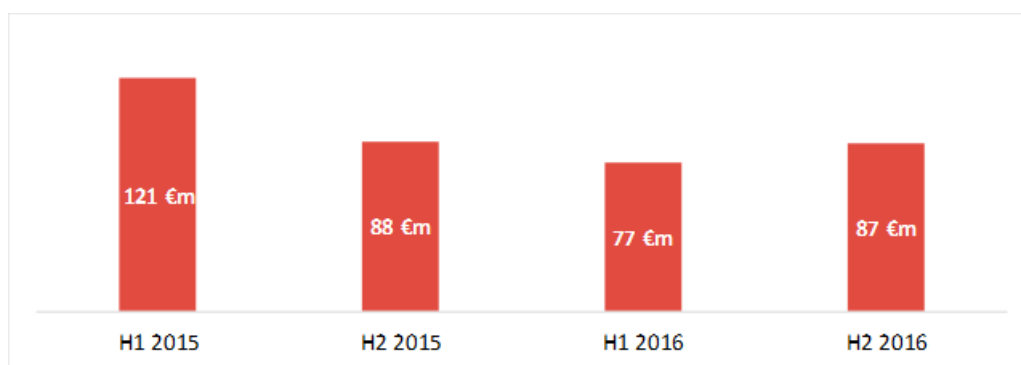
Under the Servicing Agreement we receive two main fees payable by Kutxabank: a management fee and a success fee. The management fee (€17.9 and €10.8 million of revenues in 2016 and 2015, respectively) is an annual fee calculated on stock under management and varies according to the asset typology and stock evolution. The success fee (€3.2 and €3.0 million of revenues in 2016 and 2015, respectively) is a fee related to assets' commercialization and includes a standard sales fee, a percentage on sales value, and a success fee if the sale price is higher than the one agreed with Kutxabank. Additional minor fees (€1.5 and €0.7 million of revenues in 2016 and 2015, respectively) include fees for asset boarding and specific services (e.g. valuation, ad-hoc due diligences, etc.).

This business line enables us to obtain market intelligence, information on demand trends, pricing indicators as well as optionality to acquire land plots of Kutxabank's portfolio. For more information on the terms and conditions of the Servicing Agreement, please see "*Material Contracts — Kutxabank Servicing Agreement*".

C. Legacy

This business line comprises a portfolio of real estate assets acquired from Kutxabank that we have been selling since our incorporation (the "**Legacy Portfolio**"). It generates cash from the proceeds of the gradual sale of the assets of said portfolio, with the Group expecting to sell all assets in the second half of 2018. The graphic below shows the

historical evolution of these sales:



H1 2015: Also includes income from leases and sales corresponding to previous shareholder KutxaBank for an amount of €3 million.

H2 2015, H1 2016 and H2 2016: Sales and gross margin exclude revenue from leases amounting to €0.8 million in H2 2015, €0.3 million in H1 2016 and €0.7 million in H2 2016.

The tables below include information on the evolution of our Legacy Portfolio's book value and of the margins obtained through the sale of legacy assets since our incorporation to 31 December 2016. In this regard, in the years 2015 and 2016 we registered impairments in connection with our Legacy Portfolio for an amount of c. €86 million and c. €16 million respectively, with the aim of adjusting its book value to the market trend in order to register a neutral EBITDA. Consequently, in 2015 and 2016 we have sold assets from our Legacy Portfolio for €372 million, obtaining an adjusted EBITDA (adjusted for impairments corresponding to our assets held in stock at year end) of (€) million in the second semester of 2015 and €8 million in 2016.

Period	2015	2016	TOTAL
Third Party Sales	208	164	372
Cost of Sales	-191	-178	-369
Change in trade provisions	-64	28	-36
Margin	-46	14	-33

	2014	2015	2016
Book Value (beginning of the period)	-	624	370
Cost of Sales	-	-191	-178
Change in trade provisions	-	-64	28
Book Value (end of the period)	624	370	219

Change in trade provisions includes the sum of "Change in trade provisions – Application of impairments for sold stocks" and "Change in trade provisions – Other" (see p. 129 of this Prospectus). The margin of -33 million includes the provisions (impairment) incurred during 2015 and 2016 for assets that are still in the balance sheets as of 31 December 2016.

As of 31 December 2016, the legacy portfolio was comprised of assets with a total GAV of c. €85 million pursuant to the Legacy Valuation Report and a total book value of €19 million pursuant to the consolidated financial statements for the year ended 31 December 2016. The most relevant legacy assets by GAV as of 31 December 2016 were the following:

Name	Location	GAV ⁽¹⁾	Description
Valle Romano Hotel ⁽²⁾	Estepona (Málaga)	€4 m	Apartments, 430 units (1, 2 and 3 bedrooms)
Valle Romano Residential	Estepona (Málaga)	€4.5 m	Residential development, 111 residential units, 22 retail units and 211 parkings
Interbarajas	Madrid (Madrid)	€10 m	Asset with partial ownership. Apartments.
Las Torres de Hércules	Algeciras (Cádiz)	€7.5 m	Asset with partial ownership. Office building.
Leganés	Leganés (Madrid)	€5 m	Industrial land plots, 28 units
Puerta de Mar	Manilva (Málaga)	€4 m	Residential complex with 5 residential units, 5 retail units, 7 storage units and 131 parkings
Duquesa de Manilva	Manilva (Málaga)	€3 m	Residential development with 25 residential units, 16 storage units and 27 parkings.
Vallveric	Mataró (Barcelona)	€3 m	Land plot
Jardines de Hércules	Seville (Seville)	€3 m	Residential complex with 8 retail units, 5 storage units and 118 parkings
Cerro del Romeral	Vélez (Málaga)	€2.5 m	Residential complex consisting of 22 detached houses

(1) As per Legacy Valuation Report.

(2) Asset already sold in January 2017.

We expect to sell the remaining legacy assets no later than the second half of 2018.

Strategic strengths

Our strategy is aimed at leading the residential development sector, targeting mid and mid-high income clients, which are less vulnerable to cyclical changes in the real estate sector and, therefore, less volatile. To achieve this, we are focused on developing first and second homes in areas with clear demand through a customer orientated and industrialized business model. Considering this, our strategy is defined by the following key strengths:

First mover advantage resulting in strong market presence

As a consequence of the global financial crisis that started in mid-2007, aggravated by the Spanish housing bubble, the Spanish homebuilding sector suffered a severe crisis. Since the start of the crisis, we believe that the activities of several of the then most prominent housebuilders have been severely affected by unsustainable capital structures, land banks in areas with no demand, limited access to financing and less professionalized business practices.

We believe we have been acquiring land ahead of most of our competitors, creating a known brand for carrying out developments in areas with demand and with low residential offering. We have invested in creating a strong reputation for quality and unmatched customer service. As a result, we believe that we can use the Neinor Homes brand to our advantage as we grow our business and expand into any potential new regions. We plan to continue investing in creating awareness of our brand and maintaining its association with quality, financial strength, solvency, ethical business practices and prestige.

With over 120 – 140 thousand new households expected to be created in Spain per year in the 2017-2019 period, according to “Spanish Housing Market Report” by CBRE, we believe that the housing market in the Basque Country, Madrid, Barcelona and generally, in the rest of Spain has been and will be significantly undersupplied. We believe that these and other factors have led to a structural imbalance between demand for and supply of housing in Spain and that there is an opportunity in the current market to establish a leading position in the housebuilding sector. We believe that our market knowledge, our industrialized business model and brand recognition by land sellers, contractors and customers provides us with a solid position to take advantage of this opportunity.

Key decision making based on real demand

For the period starting on 1 January 2016 and ending 31 December 2016 we pre-sold c. 1,000 units (with an average of approximately 100 units per month), which we believe reflects the quality of the land bank and the strong demand for new homes in the areas where our land bank is located.

We intend to continue our efforts to maintain our leadership position in Spain by growing in specific regions with an active demand, where our know-how, scale, experience, local knowledge and market reputation provide us with an edge over our competitors. We expect that the real estate sector in Spain will continue to grow, as the demand for affordable, high quality residences, particularly in urban areas, continues to increase according to “Spanish Housing Market Report” by CBRE.

To achieve this objective, we will continue to rely on our internal real demand analysis based on our local in-depth knowledge provided by our regional managers and the information gathered through our IT tools. Taking into account these analysis, we will focus on constructing residential developments targeted primarily at medium to upper-medium income housing market in our core regions and potentially in new areas once they meet our operating criteria, with a target of delivering between 3,500 and 4,000 units per annum by 2020.

Industrialized business model

Our integrated real estate development process allows us to manage and control all stages in the development and sales of a project. We manage and control land acquisition, project design, construction, quality control, sales and after-sales services. We have implemented best international practices in terms of (i) processes that ensure cost and quality control and disciplined decision making focused on margin protection throughout our value chain; (ii) scalability of our operations; and (iii) understanding the demand. We believe that our model provides us with the following advantages:

- increased control over our margins, execution costs, timing and certainty and over the quality of our products through all stages of the development process;
- standardized processes in relation to supplier selection (contractors, architects, consultants, etc.), our product design criteria (BIM, White Paper etc.) and our mix of external and internal teams for the control and supervision of our development activity;
- operational flexibility allowing us to tailor products quickly to market demand and adapt our schedules;
- strong local market and customer knowledge and understanding;
- increased speed and certainty of execution on land acquisition; and
- increased sharing of information within the Group.

Land acquisition model

We focus on Fully Permitted Land and in areas with active demand, resulting in a land bank where units can be developed and sold quickly, minimizing the hold period and improving asset efficiency. Our large Fully Permitted Land bank allows us the flexibility to develop land by ourselves.

As a result of our market reputation, we are often contacted with opportunities to acquire land, allowing us to analyse numerous acquisition opportunities each year and to gather what we consider to be good quality Fully Permitted Land bank in Spain.

We have established a disciplined and systemized land acquisition model which is described in detail under “*Land acquisition process*” above.

Scalable platform

Our business model includes the disciplined and systematized use of externalization, allowing us to scale upwards and downwards with relative ease, based on control mechanisms that enable us to supervise the external suppliers. We benefit from this platform by having the required flexibility to challenge the cyclical movements of the market, and by reducing our fixed costs. Our controlled externalized model allows us to work with best in class providers and to quickly adapt to changing market conditions, as well as to guarantee the quality of our products.

Solid financial position

We believe that our financial position is strong and that our cash investments, operating cash flows and borrowing capacity, along with the proceeds expected to be obtained from the Offering taken together, provide adequate resources to fund our ongoing operating requirements and future investments regarding the expansion of our business.

We intend to maintain a solid financial position after Admission and to fund the development and acquisition costs through cash flow rather than debt. Nevertheless, and although we intend to continue using debt conservatively, we expect to continue having access to external financing under favorable terms given the strength of our balance sheet and our cash flow generation capacity. We expect our well capitalized nature to be a particular strength when competing with smaller, worse capitalized competitors.

We intend to use debt conservatively in order to comply with our medium term LTC target being less than 30%. In the short to medium term, to the extent that bank finance is not put in place for a site, we expect to fund the acquisition and development costs in relation to sites using the net proceeds of the Offering until they can be financed through our cash flow from operations.

Disruptive market approach

We have an innovative market approach that differentiates us from our previous competitors in the real estate sector. The entire development process is based on a detailed marketing plan which includes an in-depth demand and supply analysis.

Our market approach strategy is supported by a strong information technology system and is mainly focused on the internet, including the launch of a microsite for each development. Our contacts with potential clients are mainly generated online (approximately, 70% of our contacts come from our website). Furthermore, we have implemented an internal call centre whose objective is trying to make potential clients visit our real estate brokers. Additionally, we rely on strong relations with our service providers such as Google in order to gather data.

To improve the quality of, and demand for, our homes we have incorporated the Neinor Lab department, which meets regularly in order to discuss how our homes can be improved.

Following our customer-oriented model we have incorporated the “Neinor Experience” department, a customer service department responsible for assisting our clients and attending their requests and queries throughout the whole development process. This innovative customer service department allows us to maintain a fluid communication with our clients. This department is composed of 10 members and provides a telephone attention service and includes an online attention platform.

Highly experienced management team with a proven track record, as well as a highly experienced Board

We have an experienced Senior Management team with significant breadth and depth of expertise in the whole residential development value chain. As we believe that local presence is fundamental to the origination of land acquisition opportunities, we also have an experienced regional management team, with our Regional Managers having an average of 25 years of experience within their local operating regions. In aggregate, our management team has managed in excess of 35 thousand units.

A number of members of our management team are also highly experienced in the housebuilding market and have long standing relationships with suppliers and sub-contractors to facilitate the smooth day-to-day running of individual sites. Members of our management team also have relationships with other potential candidates for middle

management roles within our Group, whom they know from their previous experience in the Spanish housebuilding industry, and, as such, our Group is well placed to scale up the Group's workforce as required.

Additionally, all of the members of our Board of Directors have been elected on the basis of their proven long-term experience in the real estate or financial sectors. Moreover, our Board of Directors, which is composed by a majority of non-proprietary members (4 out of 7, with 3 of them being independent), is strongly committed to carry out its duties following at all times best-in-class corporate governance principles, in line with the corporate governance recommendations included in the Spanish Corporate Governance Code and other good governance practices associated with the real estate sector.

Best in class in terms of corporate governance, compliance, transparency, reporting, ethics and environmental awareness

Our current shareholder, Lone Star, is a sophisticated investor which has implemented a strong culture in terms of corporate governance, compliance, transparency, reporting, ethics and environmental awareness.

In this regard, we have incorporated an audit and control committee and an appointments and remuneration committee and have separate internal audit and compliance teams. We also have strong risk management procedures, having implemented different tools such as an internal control over financial reporting, a corporate defense model for crime prevention, an anti-money laundering manual and data protection and cybersecurity models.

In addition, we have a strong environmental awareness, as we carry out environmental feasibility studies for all our developments, most of which are granted with the BREEAM (Building Research Establishment Environmental Assessment Methodology) certificate, the leading environmental assessment method for buildings.

Furthermore, we have implemented a Corporate Social Responsibility ("CSR") policy according to the international best practices, comprising:

- CSR Policy, which has been approved by the Board of Directors on 5 October 2016.
- CSR Master Plan, which will be closed and published in December 2016.
- CSR Report, which highlights the relevant achievements of the Company in this field during 2016.

We are committed to complying with prevailing legislation as well as approved internal policies and procedures, and to voluntarily accept any additional Good Governance obligations and recommendations, to thereby adopt them to best national and international practices.

Our governing body is committed to managing the Company in a diligent, integral, and transparent manner, while fostering the communication of its key general principles of conduct, ethics, and integrity to all its employees, customers, and suppliers, in order to prevent, detect, and eradicate potential bad practices. To this end, their conduct is based on:

- The Code of Conduct;
- CSR;
- Policies designed to prevent bribery and money laundering;
- Internal control measures designed for financial and non-financial information guarantee maximum transparency in managing the Company.

Our Board of Directors is the governing body in charge of approving the CSR policies. The CSR Strategic Plan specifies Neinor Homes' related goals, in compliance with these general policies. The Board also is in charge of evaluating internal compliance, as well as all of Neinor Homes' relationships with its interest groups.

The internal management of these general CSR Policies is ensured thanks to appropriate internal compliance, through the following:

- Periodically report to the Board on the degree of fulfillment of these general CSR Policies as well as other complementary internal regulations, including possible suggestions for improvement;
- Promote and communicate these and other complementary internal regulations to all Neinor Homes personnel;
- Handle consultations regarding the General CSR Policies as well as other complementary

The basic pillars of our CSR strategy are Client, Product, and Institutionalization. These pillars are based on the following factors which guide our business activity:

- Customers:
 - Customer focus
 - Experience
 - Decision-making
 - Communication
 - Social and economic contribution
- Product:
 - Product excellence
 - Innovation
- Institutionalization:
 - Governance and integrity
 - Investors and interest groups
 - Risks
 - Suppliers
 - Process efficiency

Other key business information

Employees

The tables below show our employees, divided by region, department and professional category, as of 31 December 2015 and 2016 and as of the date of this Prospectus:

Region	31 December 2015	31 December 2016	16 March 2017
Center	26	62	67
East	8	14	14
North	55	58	57

Region	31 December 2015	31 December 2016	16 March 2017
South	55	65	67
Total	135	198	205

Department	31 December 2015	31 December 2016	16 March 2017
Business	4	30	33
Investment	39	51	51
Operations	51	29	32
Finance	18	22	22
Corporate	21	53	53
Servicing	11	14	14
Total	135	198	205

Professional category	31 December 2015	31 December 2016	16 March 2017
Management team	11	11	12
Intermediate staff	23	34	37
Technical and Administrative	110	154	156
Total	135	198	205

In 2016 we had personnel annualized costs of €14 million. We aim to hire approximately 25 additional employees for our development area over the next 5 years and to have our personnel costs at run-rate at c. €18 million.

Information technology systems

Prinex is the key software used in our information and technology systems. We believe that this tool is the most suitable software because it is more flexible and more focused on the real estate sector than its main competitors, and it is a more specific software when it comes to asset management.

As of the date of this Prospectus, we have invested a total amount of €1.5 million adapting the system to our standards and value chain model. In particular, our IT tools enable us to deal with greater information regarding the market supply and demand, and finally delivering a more suitable product for each development.

Quality, Innovation, Health and Safety

The Group's approach to continually improving its health and safety performance is focused on hazard elimination, risk reduction, regular monitoring, individual behavior, training and auditing. The Group aims to promote a culture in which occupational health and safety is an integral part of every business discipline. During the year 2016 we have obtained the following quality management systems standards:

- ISO 9001 (Quality Management System)
- ISO 14001 (Environmental Management System)
- UNE166.002 (Research & Development Innovation)
- OSHAS 18001 (Health and Safety)

Litigation

As of the date of this Prospectus, the Company is not involved in any material litigation, other than the following:

At 31 December 2016 there are legal claims in relation with assets owned by the different companies of the Group for a total amount of €4.5 million, mainly referred to the return of retentions to suppliers, construction faults repairs and expropriation appraisals contestations, as well as a legal claim for an undetermined amount regarding the contestation of building licenses, which are possible to result in the negative impact for the Group but that, in any case, and according to the agreements arranged in the context of the Lone Star Acquisition, would be covered by Kutxabank.

As a consequence, we consider that the accounting provisions made are adequate to cover potential risks in connection with claims under way and that if these risks materialize for amounts higher than these provisions, the additional liabilities would not have a significant impact on our financial statements.

Insurance

We maintain insurance of the type and in amounts that we believe are commercially reasonable in line with business practice in our industry. In particular, we have insurance policies in place covering risks related to property damage, general and decennial liability, construction, directors and officers (D&O) liability, professional indemnity, life and cybersecurity.

Intellectual Property

The Company and its subsidiaries own or possess the trademarks "Neinor Homes" and "Houslet", the website "www.neinorhomes.com" and has the right to use the IT program Prinex and Microsoft Office in accordance to the contracts entered into with the corresponding suppliers.

Dividends and future dividend policy

In the near term, we intend to devote our generated cash flows to continue growing our business. We do not plan to distribute dividends until we reach our strategic run rate targets by 2020 (as described under section "*Business —Run rate operating targets and investment policy*"). Provided we reach such targets, and subject to the availability of sufficient cash resources and funding and that we meet the requirements set out for these purposes in our financing agreements (as described below), we intend to adopt a dividend policy consistent with those of our peers and with a pay-out ratio above 70% of the Group's net income. The above notwithstanding, and subject to the same requirements described above, we might eventually distribute dividends off our 2019 results provided we reach our strategic run rate targets before 2020, but in this case with a lower pay-out ratio.

In this regard, it must be highlighted that some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders' equity of, at least, €20 million; and (ii) that we maintain a net

financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

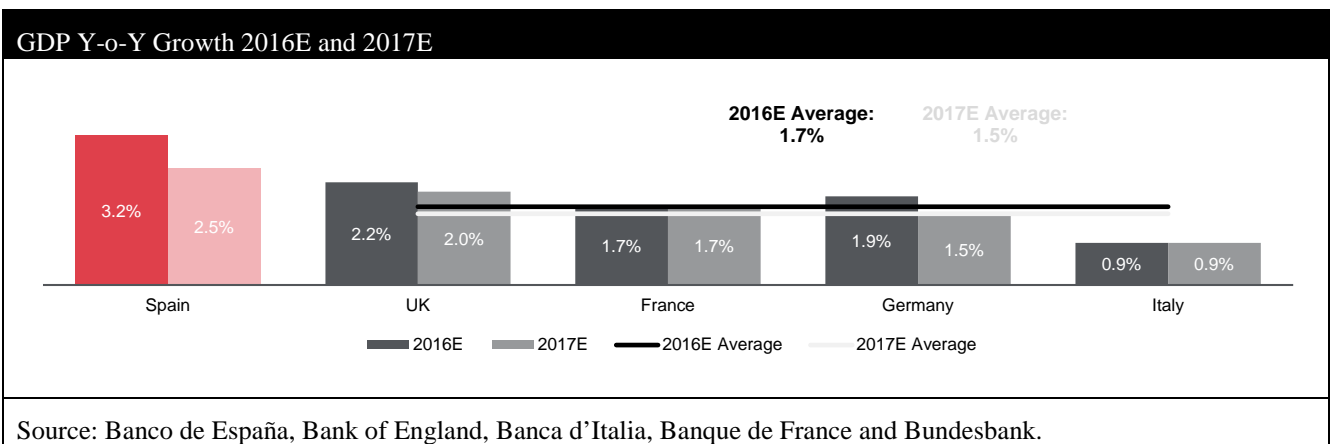
INDUSTRY OVERVIEW

Macroeconomic and Demographic Overview

Spanish Macroeconomic Environment

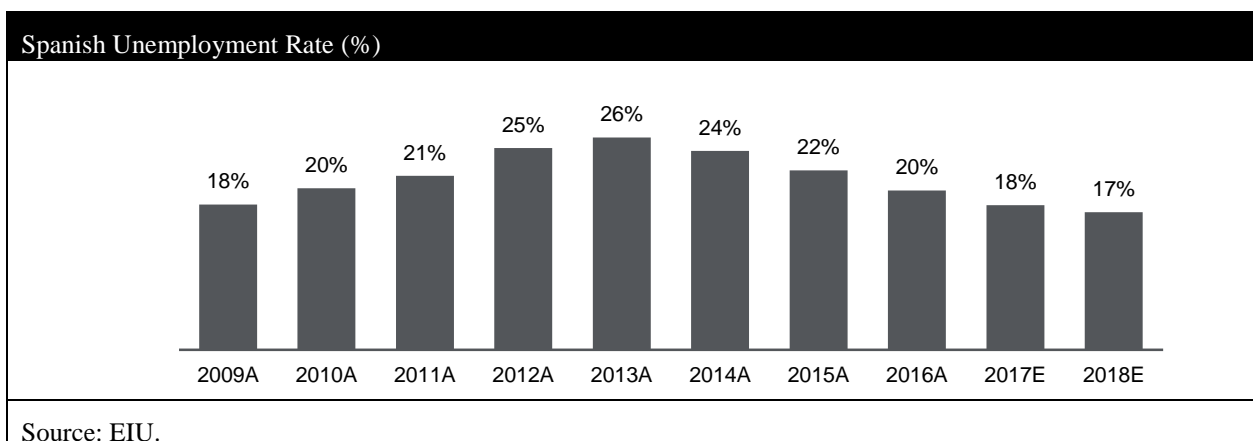
Spain has seen a relatively healthy macroeconomic environment in the last three years. Following a period of intensive structural reforms and adjustment of Government spending, as well as adjustments in the financial industry, Spain has emerged out of the sovereign crisis that affected the European Union in 2011-2013 as one of the countries with highest GDP growth rates in the area.

Spanish GDP has delivered positive growth every quarter since the beginning of 2014, and growth outlook for the years 2016 (+3.2%) and 2017 (+2.5%) is expected to be higher than the average for other major European economies (+1.7% and +1.5%, for 2016 and 2017, respectively; for UK, France, Germany and Italy). (Source: Banco de España, Bank of England, Banca d'Italia, Banque de France and Bundesbank).



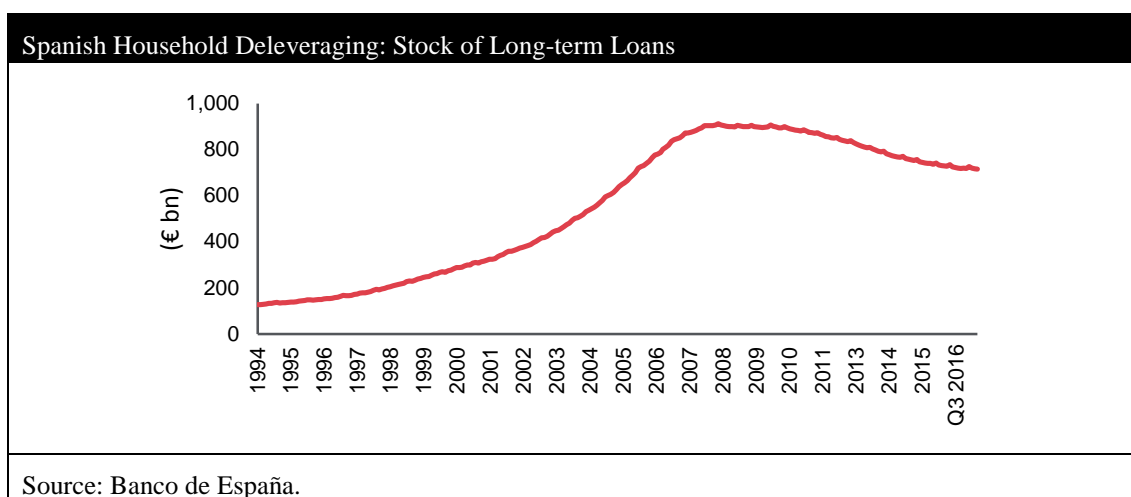
This positive trend in GDP is supported by internal domestic demand, where private consumption was up by 7.2% in 2016 compared to 2013 and is expected to grow by 4.0% on average per annum in 2016-2019 (Source EIU). Three main aspects should be highlighted as the basis for the sustainability of the strength in Spanish domestic demand:

1. A strong job market with solid momentum in new job creation. The Spanish unemployment rate stood at 20% in 2016, down from its peak level of 26% in year 2013. The expected unemployment rate for 2017 is 18%, with positive employment creation prospects of c. 1.3 million jobs between 2015 and 2018 (Source: EIU).



2. Relatively low inflation levels, which facilitates the capital formation process and investment decisions by corporates. Although inflation is trending upwards, it remained low at 0.5% in November 2016 (Source: INE).

3. Strong financial position of the Spanish household base. The Spanish households' net financial wealth stood at c. €1,219bn as of September 2016, compared with c. €643bn in March 2009, in a solid trend paired with an ongoing process of deleveraging in the Spanish economy. The positive impact is evidenced by the decline in mortgages representing approximately 33% of the Spanish household's income as of Q3 2016 compared to approximately 60% in 2008, and a decline in the household stock of long term loans by c. 18% from 2008 to 2016 (Source: Banco de España).



Additionally, the Spanish foreign trade sector is benefitting from buoyant export levels which have seen an increase of c. 34% since 2008 (as of November 2016 LTM). This positive dynamic is fundamentally supported by the Spanish tourism sector, where demand is showing a strong momentum driven by positive macro dynamics in the Spanish traditional touristic markets in the UK and central Europe, as well as geopolitical risks affecting the attractiveness of other competing destinations.

Spanish Demographic Overview

Demographic growth was a key factor in Spain's urban development during the first decade of this century. The large inflow of immigrants, combined with a continued growth in the population and the number of households were key growth drivers in the residential sector.

In the years of economic crisis that followed 2007, this trend was inverted and the Spanish population began a progressive decline, falling by 1.5% from its peak in 2012 to 46.5m as of 1 July 2016 (Source: INE). Future prospects point to this trend persisting in the near future, and according to INE population forecasts, Spain as a whole will lose one million inhabitants over the next 15 years, especially in inland areas.

However, this population decline will not be homogeneous throughout the country and meaningful increases are expected in some autonomous regions such as Madrid, Andalusia and the Balearic Islands.

Additionally, the number of households is expected to rise over the next few years, primarily due to a reduction in the average home size, brought on by the greater number of young people leaving home and the increasing number of non-traditional household structures, such as young couples or single-parent families.

An additional factor impacting the homebuilding industry from a demographical perspective is the cultural predisposition of the Spanish population towards home ownership compared to rental. Spain is a country with a strong home ownership culture that dates back to the early 1960s, with first-time buyers enjoying tax incentives, while in contrast, tenants have historically not had any.

However, in the last 10 years rented accommodation has progressively started to gain ground vs. owned housing. This has been primarily driven by a number of tax regulatory changes, like the end of tax incentives for first-

time buyers in 2013 and creation of rebates for rent for people under 30 years of age, as well as some behavioural factors, like the increasing need for workers to be on the move and hence more flexible when choosing a home. Additionally, the Spanish Government has actively pursued to promote the residential rental sector with a new rental regulation designed to improve landlords' protection against defaults on rent (2013's Law to Promote Property Leasings (Ley de Fomento de Alquiler) that allows landlords to reclaim their property for personal use if required and freely negotiate the price with the tenant).

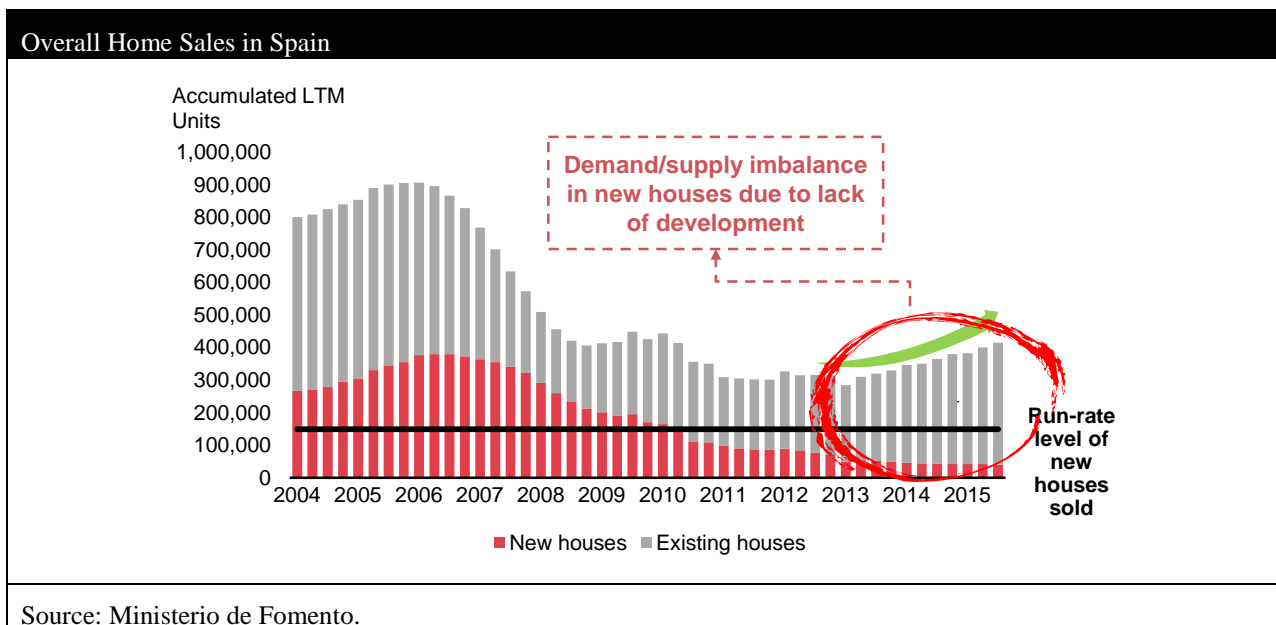
Consequently, the percentage of rented primary residences is starting to move towards the Eurozone average, which stands at 33.2% (Source: Eurostat). Market expansion, as well as the gradual professionalization of the private rental residential sector is leading to a larger stock of developments to let. According to CBRE, almost 15% of households now prefer to rent rather than buy their homes, a percentage which is rapidly rising among new households, particularly in dynamic markets such as Madrid and Barcelona (based on INE data). New regulations governing rental housing has expanded rental supply among small private owners, but has also enlarged the housing demand among small investors looking for a solid investment with healthy returns.

As a summary, although Spain is poised for a gradual rise in the rented housing rate, nearly four out of every five households still own their primary residence, resulting in Spain having the highest rate of home ownership in the EU.

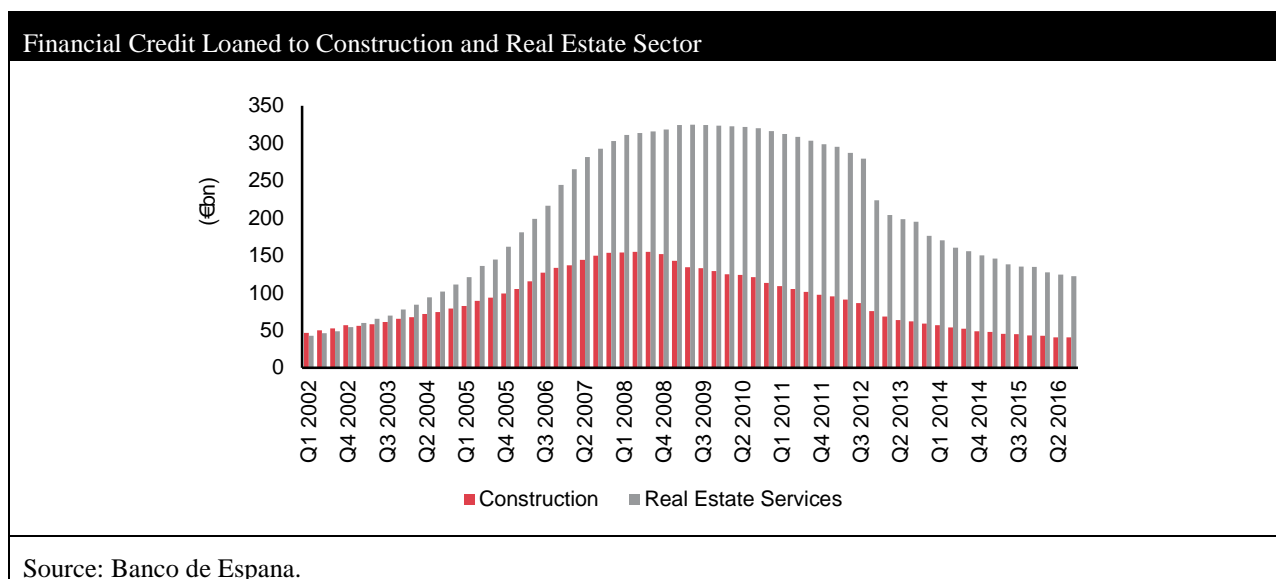
Residential Supply Considerations

Overall Supply Constraints

The onset of the financial crisis in 2007 had a dramatic effect in the Spanish residential homebuilding sector. During the period of 2008 to 2011 Spain suffered a deep shock in domestic demand that was particularly severe in the residential property sector. Total number of home transactions declined from around 900k units per annum in 2006 to less than 500k units per annum from 2008 onwards, and sales of new homes declined from a high of c.381k in 2007 (Q1 2007 LTM) to c. 41k units per annum in 2016 (Q2 2016 LTM). Whilst the overall level of transactions has remained relatively stable after 2008, the number of new homes sold has dwindled progressively over the last decade (Source: Ministerio de Fomento).



The main reason for the collapse of new home property sales after 2008 is due to the significant contraction in domestic demand, in the context of a recession in the Spanish economy. The number of housing transactions (both new and existing homes) overall declined, but also, and more importantly, there was a complete shut-down of financing from the Spanish banking sector, which was subject to a deep restructuring sponsored by the European Commission and coordinated by the Spanish Government. This had an immediate effect on both (i) mortgage costs and the appetite for new financing at the private client level (ultimately further hindering housing demand) and (ii) appetite and terms for financing any new development projects.



The lack of financing for new development projects limited the sector's financial flexibility and, paired with an already weak demand, resulted in the disappearance of the entire landscape of major residential developers in Spain. A significant portion of these players were either forced to file for bankruptcy or were restructured or liquidated, returning significant land banks and residential product in different stages of development back to their bank lenders' balance sheets and to Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (Sareb). Sareb is an entity created by the Spanish Government to hold the distressed assets of the Spanish banks.

Spanish Homebuilders Pre-Crisis

	2008	2016	% Decrease
Number of companies with more than 50 employees	144	51	(64.6%)
Number of companies with 1 to 49 employees	34,430	12,250	(64.4%)
Number of companies with no employees	71,801	58,145	(19.0%)
Total	106,375	70,446	(33.8%)

Source: INE.

Developers have further been hindered from increasing the new build supply by a lack of scale and access to funding. Most players of scale disappeared during the crisis and those that remained have poor quality balance sheets. The smaller players do not have the resources to expand rapidly, nor sizable access to funding as lenders burnt from the previous downturn exercise greater prudence.

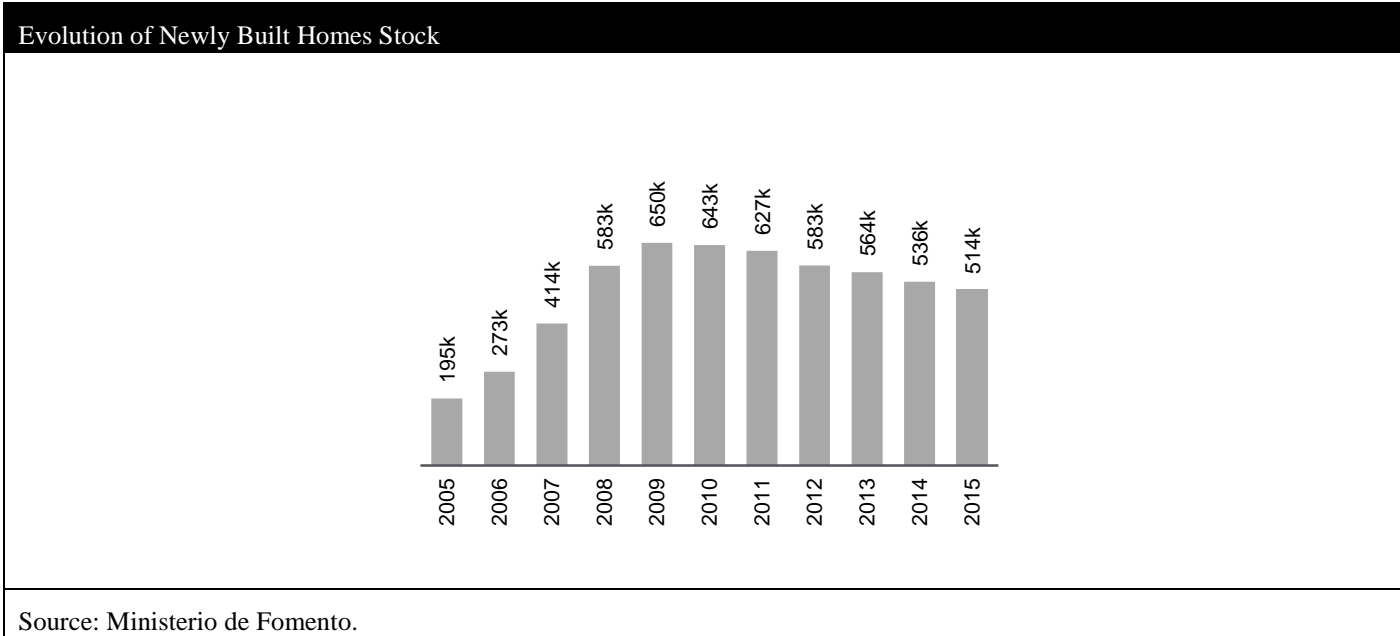
In summary, the main reason for the stagnant level of new homes delivered in the Spanish market over the last

10 years is the lack of developers. The landscape contracted as the majority of existing players left the market due to bankruptcy or scaled back operations due to balance sheet limitations, coupled with a prolonged period of structural demand shortfall, which failed to attract new entrants to the market.

Stock of New Homes

While in the near-term aftermath of the crisis, new housing stock remained elevated following a period of aggressive investing in the sector, stocks of new houses have been declining over the last six years leading to a structural undersupply. During the decade of the 1990s and in the period from 2000 to 2007, significant amounts of urban residential land were developed without thorough consideration for demand dynamics, creating an overhang of unattractive developments. These overstate the stock of new houses as they are effectively “off-market” with no commercial interest.

However, the stock of new houses in Spain has seen a progressive decline during the last six consecutive years. This trend is expected to continue in the coming years, as the supply shortage experienced in the Spanish housing market is not expected to abate.



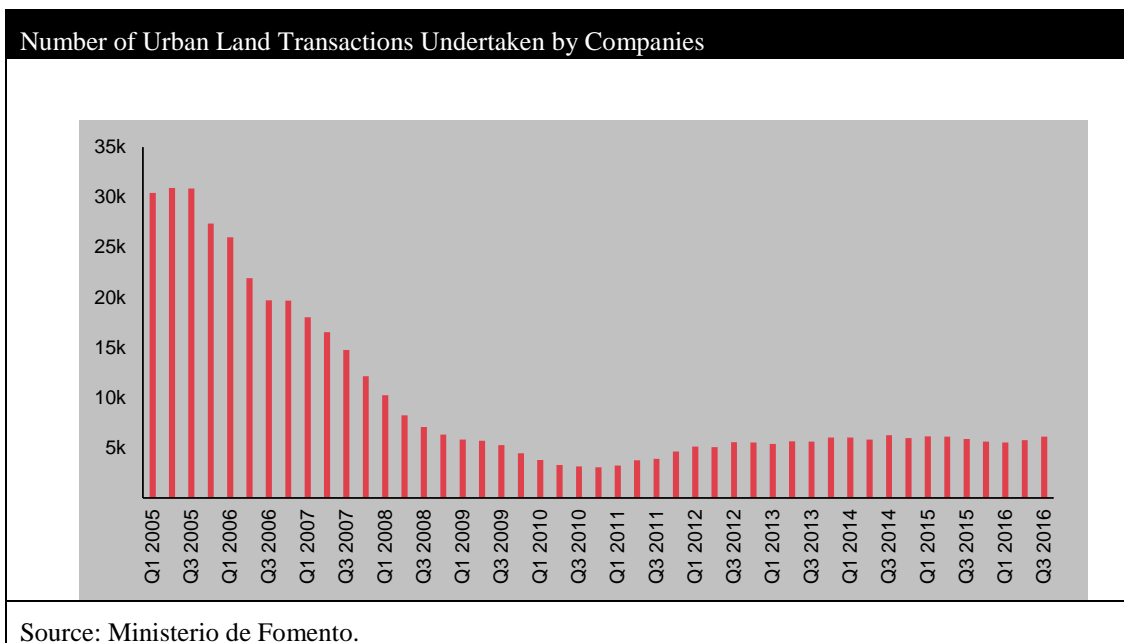
The lack of new build stock is further demonstrated by the sharp increase in the market for second hand homes, as buyers turn to existing homes given the proportionally larger supply of this housing type. Over the last 8 quarters, existing home transactions have accounted for 87% of effective sales, a far cry from the 52% at the peak of the cycle 2006-2008 (Source: CBRE).

A significant proportion of the current stock is primarily unsold housing built pre-crisis which has no demand due to location, quality or legal status. This “off-market” stock makes up c. 22-28% of the current new housing unsold stock, further intensifying the supply shortage existing in the Spanish residential market. (Source: CBRE).

Land Market Dynamics

As a result of the challenging operating environment for homebuilders in Spain since 2008, and in particular due to the difficulty that residential developers were facing when looking for bank financing alternatives, the Spanish land market has seen a significant decline in the number of transactions over the past 10 years.

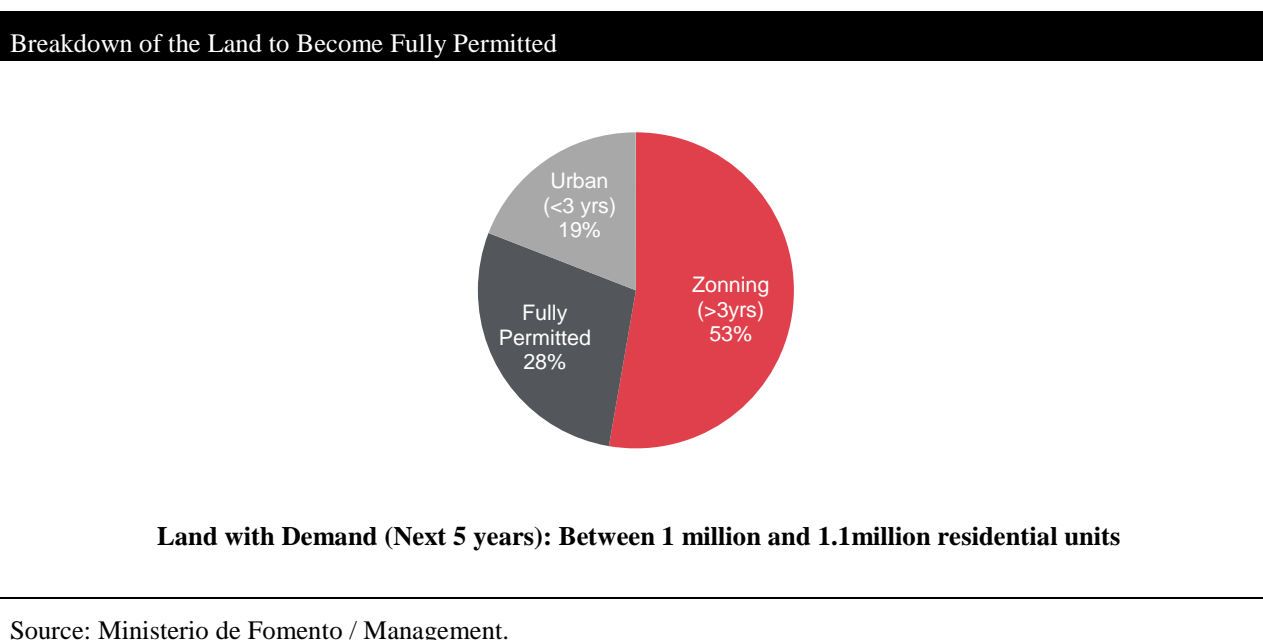
As illustrated in the chart below, transaction volumes in the Spanish land market amounted to c. 6.1k in Q3 2016, compared to more than 30k transactions in Q3 2005. Land transactions saw a marginal recovery in 2015, and land prices have slightly recovered since 2013, although both remain significantly below historical levels.



Source: Ministerio de Fomento.

The stagnation of land transaction activity is mainly due to a lack of residential developers able to convert land to housing and acting as net drivers of land demand, whereas land supply overall is ample. Large proportions of land remain in the hands of banks, Sareb and private owners as a result of insolvency proceedings, as well as opportunistic international buyers anticipating capital appreciation. Such non-natural owners have had little interest in developing the land, and the land would consequently be available for sale to developers as the market recovers.

According to Ministerio de Fomento, the total supply of land ready for building or becoming Fully Permitted Land over the next 5 years is equivalent to approximately 2.3 million home units. Out of this, land equivalent to approximately between 1 million and 1.1 million units have commercial interest and are expected to attain significant demand interest (source: Management).



Residential Demand Considerations

Residential Demand Drivers

As illustrated above, there are a number of factors driving demand for newly built residential properties. In the case of the Spanish market, one of the most relevant ones is the lack of supply over the last years, resulting in a stock of unattended demand that is looking to be serviced. Additionally, a number of drivers are also relevant as outlined below. The Spanish residential market shows positive dynamics in all of them.

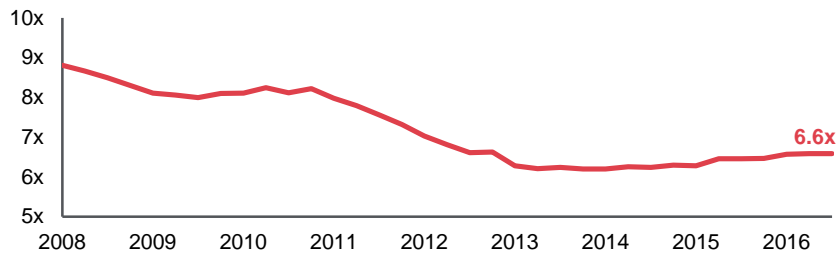
- *Macro Environment*

As explained above, the existing macroeconomic conditions are supportive of a strong demand for housing properties, making specific reference to the overall GDP growth in the Spanish economy and the declining unemployment rates that are fuelling a solid positive pattern in private consumption.

- *Housing Price Affordability*

According to figures from Banco de España, house price as a share of average annual household income in Spain is currently at 6.6x (as of Q3 2016) compared with 8.5x in Q3 2008, making housing more affordable than it has been in the past decade.

House Prices Affordability as a Multiple of Annual Household Income

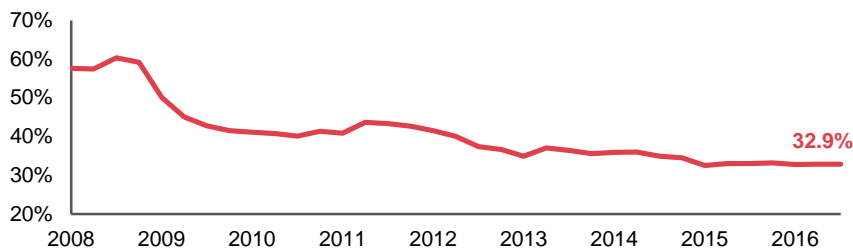


Source: Banco de España.

- *Mortgage Affordability and Availability.*

In addition to the favourable relationship between house prices and personal income, we are currently seeing a very low interest rate environment in the financing markets in general and in the consumer mortgage market in particular, with the 1-year Euribor having seen an average rate of (0.0%) in 2016, the lowest historical level. This is resulting in mortgage charges representing a very low level of the Spanish households' personal income. In that respect, mortgages today represent approximately 33% of the Spanish households' income (as of Q3 2016), compared to approximately 60% in 2008.

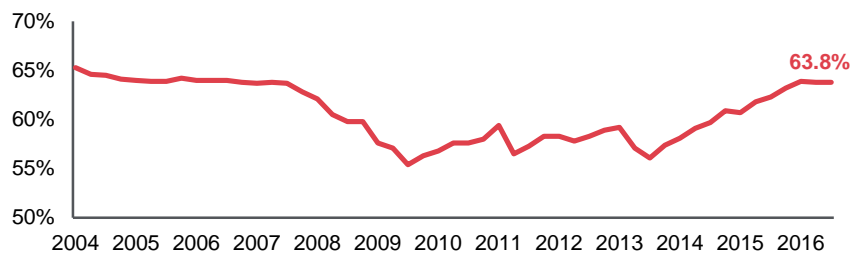
Residential Mortgage Affordability as a % of Annual Household Income



Source: Banco de España.

Additionally, Loan-to-Value of mortgages granted has increased in recent years, and as equity requirements decrease, mortgages and homeownership generally become available to a larger share of the population. In Q3 2016, Loan-to-Value of mortgages was at 63.8%, compared with 55.4% in Q3 2009, and close to its historical high in Q3 2004 of 64.5%.

Average Loan To Value in Residential Mortgages in Spain



Source: Banco de España.

- *Home Ownership rate*

As illustrated above, Spain is poised for a gradual rise in the rented housing rate. However, today most Spanish households live in properties they own, currently 77% (Source: CBRE). Changes in the ownership rate could be

a factor potentially affecting the nature and profile of residential demand in the future, albeit no material impact can be seen in the overall demand levels.

- *Growth in Number of Households*

As previously explained, in spite of the declining population trend, there is a general consensus that points towards a progressive increase in the number of households in Spain, mainly as a result of the reduction in the number of members per household and other socioeconomic factors. In that respect the Central Bank of Spain estimates annual net household creation in Spain for the period 2015-2029 to range between c. 63k and c. 238k homes per annum, as illustrated in the following table:

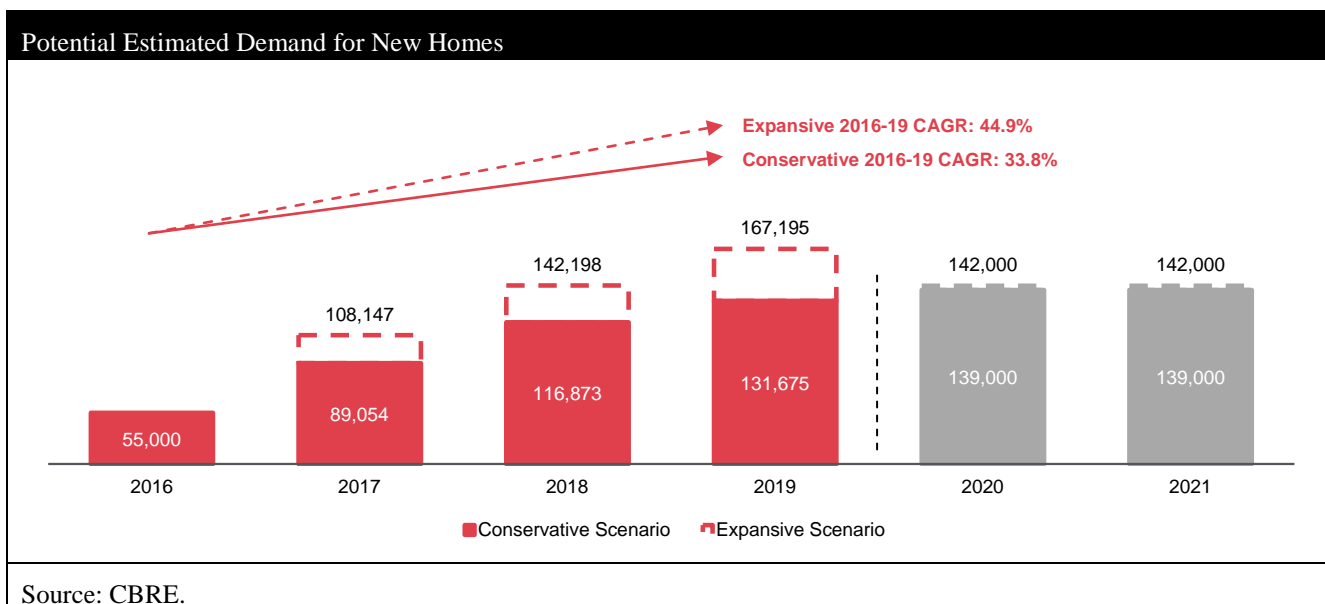
Estimated Net Annual Household Creation for 2015-2029		
Region	Base case	Bull case
Madrid	21,030	44,163
Andalusia	19,108	42,126
Balearic Islands	2,425	9,049
Catalonia	2,247	33,945
Basque Country	2,161	8,456
Valencia	1,283	21,958
Total Spain	62,777	237,591

Source: Banco de España.

Demand Analysis and Outlook

CBRE's estimates potential new-build housing demand will stand at an average of 112-140k units per year between 2017 and 2019, reaching a longer-term average of c. 139-142k units per annum.

These estimates are based on the assumption of increasing household formation, as well as on a relative persistence of the current market conditions in respect to the demand drivers explained above. As laid out previously, the stock of housing yet to be sold is largely formed of housing built pre-crisis, and approximately 22-28% of this is considered "off market".

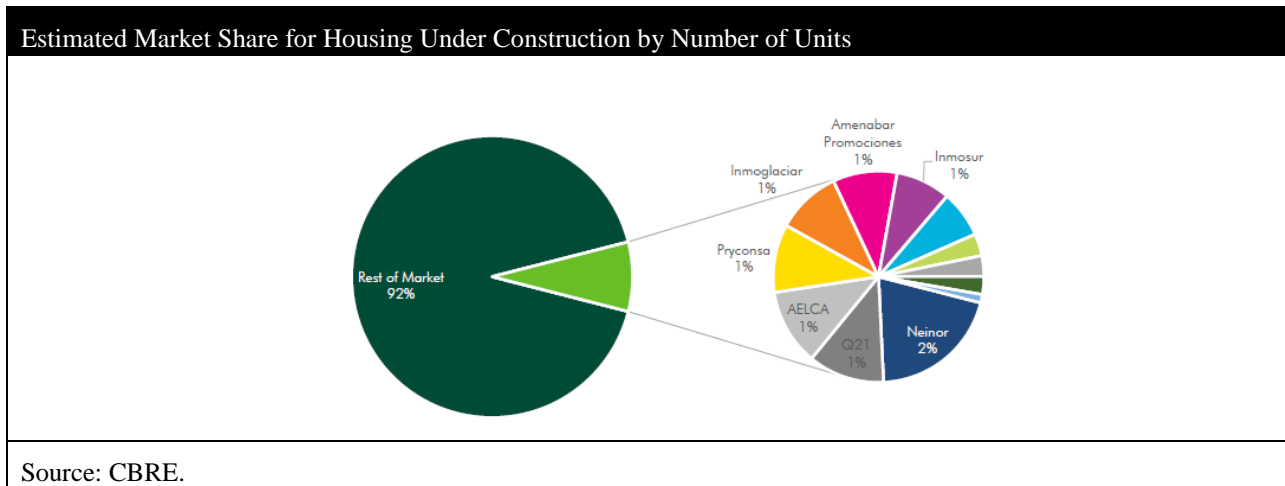


Competition and Key Market Players

After the economic crisis and the banking sector reorganization, a new and highly professionalised and specialised real estate sector started to emerge in Spain. With a large number of national players no longer in the picture, international funds have assumed a significant role in the market after injecting liquidity at a time when it was difficult for local players to access financing; now they are actively involved in the professionalization of the sector, heading up value-added projects.

During 2015 and at the beginning of 2016, developers first started to see banks lending to the sector again and financing terms and conditions gradually improved, although equity requirements have remained stringent (more selective credit scoring for developers and homebuyers), and lenders have avoided financing large percentages of land purchases.

The Spanish market is today a very fragmented one, with the top 12 players accounting for only c. 8% market share. However, the first 3 players (Neinor Homes, Q-21 and AELCA) account for almost half (44%) of the units under construction, which equates to 5,898 units (Source: CBRE).



Neinor Homes' key competitors in the market can be found in the following segments:

Local Spanish Players

Companies like Vía Célere, Llave de Oro, Amenábar, Núñez Navarro or Pryconsa. Players that have navigated through the crisis with relative success, have access to financing although limited financial capacity and are active players in selected local markets with an aggressive pricing strategy.

Homebuilders backed by International Financial Investors

Players like Dos Puntos (controlled by financial investor Värde Partners), Kronos (controlled by a family office), Aedas (backed by Castllake). These are professional players, with good access to bank financing and strong supporting shareholders. They have an appetite to invest for growth and are active buyers of new land. They compete effectively and are aggressive in pricing and margin assumptions when bidding for new land plots coming to the markets. In this regard, in late February 2017 it was made public that Värde Partners had reached an agreement with the owners of Vía Célere to acquire it through Dos Puntos.

Traditional Spanish Developers

Companies like Asentia (former residential development business of Colonial), Realia or Reyál Urbis are significant owners of land, but lack financial strength or capacity to develop and become active homebuilders.

Smaller local players

Cooperative management groups and small family-owned companies are generally very competitive in prices and margins and have selective access to financing, but lack the requisite scale and resources to become relevant players at a nationwide level or in the most relevant local markets, like Madrid or Barcelona.

Servicing Platforms

Companies like Altamira, Haya Real Estate, Servihabitat, Solvia and Aliseda, which are the largest servicers in Spain. The first four have signed sales agreements with Sareb, in order to help it speed up the administration and sale of its loan and property portfolio.

The servicers were created by the large banks during the crisis years to speed up the sale of the large number of assets that had built up on their balance sheets. Some of them have opened retail units to sell not only assets contained within their portfolio, but also assets acquired from third parties, in exactly the same way as traditional real estate agents.

Their core business is not development but liquidation so they are not positioned to be key competitors of Neinor Homes in the long term. However, some of them are actively developing residential land and can compete effectively in the short-medium term.

Sareb

In spite of not being a residential operator per se, Sareb remains a relevant market player with a stock of c. 100,000 homes as of 2015. The entity has had to restructure itself in order to deal with changes in the accounting framework, and has also transferred the sale of its best assets (the remaining stock may be difficult to sell) to the servicers.

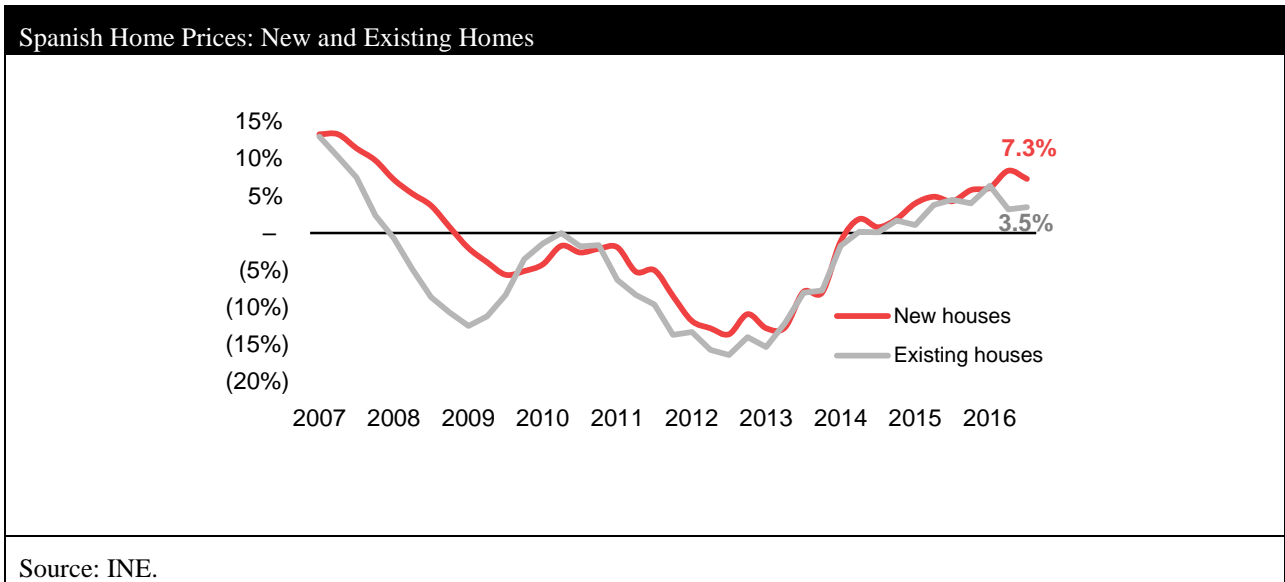
Although not a competitor as such, it is a relevant player in the market that is able to drive prices and supply dynamics in specific areas.

Current Momentum in the Spanish Residential Sector

After a decade of stagnation, the Spanish residential market has been recovering recently and is currently seeing a growing level of activity and increasing house prices.

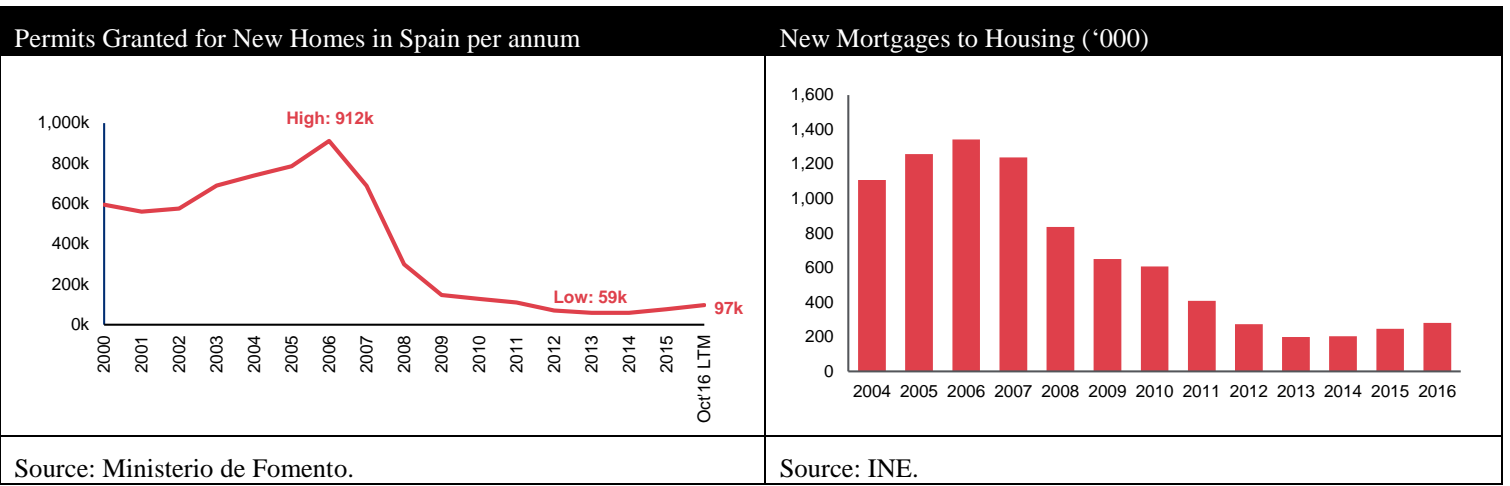
Housing sales were up 14% in Q2 2016 versus Q2 2015, the majority being sales involving already existing housing, which surged 16% in the same period given the considerable available stock of this housing type. This sharp increase in the existing housing market highlights the lack of available stock of new-builds in some areas (Source: Ministerio de Fomento).

Over the past few years, new house prices have shown a solid growth trend, out-performing existing house prices. The shortage of newbuild supply and low levels of newbuild stock have put upward pressure on house prices. The price of Spanish newbuilds have grown by 4.8% in 2015, and 7.3% YoY in the third quarter of 2016, representing the 10th consecutive quarter of new build price growth.



Permits granted are a leading indicator for the homebuilding industry, due to the time lag between the authorisation of a building project, its execution and registration. Approval of residential building permits has gradually increased from 59k per annum in 2013 to 97k for LTM October 2016.

This trend, paired with signing of new residential mortgages, which have gained traction since 2013 (up by 21% and 14% YoY in 2015 and 2016, respectively), demonstrates a turning point in the residential market cycle in Spain (Source: INE).



Neinor Homes' Key Regional Markets

Madrid

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	Sqm prices of new homes (€/sqm) ⁽¹⁾	2,292	2,436	2,451
2	Sale and purchase transactions of new homes (#)	4,901	5,244	4,132
3	New-build house permits granted (#)	7,775	11,210	12,973
4	Mortgage loans granted (#)	35,444	43,394	35,608
5	Land acquisition transactions (#)	1,072	1,232	1,490
6	Value of land acquisition transactions (€m)	483	745	657
7	Sqm prices of urban land (€/sqm)	283	332	304
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE				
Note: (1) Average for the period.				

The average price for newly built housing stands at approximately €2,500 per sqm (Source: Ministerio de Fomento) in Madrid, although prices vary considerably depending on the districts. The average price in the Tetuán and Ciudad Lineal districts stands at around €2,500 per sqm (Source: CBRE), while the average price in the Salamanca district reaches €6,800 per sqm (Source: CBRE). The lack of plots of land and properties to refurbish in this district results in price of new-build residential developments reaching up to €10,000 per sqm (Source: CBRE). In contrast, in the expansion areas to the south and southeast of the city, prices do not exceed €2,000 per sqm (Source: CBRE).

Central Madrid is the most active market in Spain, where the scarcity of available serviced development land means that all developers are bidding for the same plots of land in the most sought after areas. This is evident from the interest being shown at most recent auctions.

The highest number of developments under construction is currently located in the Valdebebas area, located in the northeast of the city. Arroyo del Fresno and Peña Grande have become a new hotspot of activity, alongside other more consolidated areas, such as Montecarmelo and Las Tablas, also in the north of Madrid, where the amount of serviced development land is now running out. There is also some development work in the Tetuán district.

In the Salamanca and Chamberí districts and some locations in the Central District, there is significant demand for luxury housing, which is causing a shortage of product on the market. The vast majority of projects in this area are refurbishments, given the lack of serviced development land in these locations.

The current affordability of financing, the limited amount of new construction stock and the existence of solvent demand that in recent years has been unable to find a suitable housing option, have contributed to maintaining a positive trend in this autonomous community.

Barcelona

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	New build house prices (€/sqm) ⁽¹⁾	2,267	2,273	2,337
2	New-build houses transactions (#)	3,325	3,148	2,159
3	New-build house permits granted (#)	2,523	4,035	4,454
4	Mortgages granted (#)	21,956	28,040	25,460
5	Land transactions (#)	1,224	1,319	1,176
6	Value of land transactions (€m)	270	259	222
7	Urban land prices (€/sqm)	235	234	230
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE Note: (1) Average for the period.				

The lack of serviced development land in the city center of Barcelona has meant that newly build properties are primarily refurbishment projects. Districts such as Ciutat Vella, Eixample and Gràcia frequently have projects where properties have their use changed to residential, such as Gran Vía de les Corts Catalanas (Source: CBRE).

In secondary and out-of-town areas (primarily Hospitalet and Badalona) there has been an increase in demand for serviced development land. The lack of land for construction has had a direct knock-on effect on prices, as demonstrated by the recent increase in new home prices in Barcelona (Source: CBRE).

The price upturn is primarily due to strong demand in coastal areas, where overseas buyers were particularly active in search of a high-quality second home.

Basque Country

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	New build house prices (€/sqm) ⁽¹⁾	2,715	2,702	2,723
2	New-build houses transactions (#)	2,411	2,365	1,629
3	New-build house permits granted (#)	3,240	4,713	3,042
4	Mortgages granted (#)	11,469	14,283	11,894

5	Land transactions (#)	229	260	154
6	Value of land transactions (€m)	74	109	43
7	Urban land prices (€/sqm)	239	230	200
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE Note: (1) Average for the period.				

The Basque Country is the most dynamic area in the northern region of Spain in terms of supply and demand. The levels of activity are being noted primarily in large cities and the adjacent municipalities, especially in Guipúzcoa and Biscay. Vitoria has also shown significant dynamism, but also had larger levels of unsold stock, so its activity is more moderate than in Bilbao and San Sebastián.

In general, all the main markets are currently able to absorb new real estate developments. The indicators for production and sales are expected to increase, and prices should rise slightly. Inland areas have less activity since they depend on local demand, which is much smaller.

Andalusia

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	New build house prices (€/sqm) ⁽¹⁾	1,387	1,363	1,376
2	New-build houses transactions (#)	8,947	8,238	4,750
3	New-build house permits granted (#)	4,802	7,515	7,070
4	Mortgages granted (#)	38,177	46,313	40,486
5	Land transactions (#)	3,498	3,726	2,823
6	Value of land transactions (€m)	551	488	453
7	Urban land prices (€/sqm)	155	147	148
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE Note: (1) Average for the period.				

Indicators show a clear recovery in Andalusia, that is particularly driven by the evolution in the cities with largest populations (Seville, Málaga and Córdoba) and by the Costa del Sol market, especially on the western side. In the three aforementioned cities, as well as in residential areas of Seville's suburbs, the land market has started to reactivate, including through the launch of construction projects carried out by investors, financial entities or local developers.

The holiday housing market in the area between Torremolinos and Estepona is showing similar activity. The foreign buyer profile remains the same, although the effects of Brexit may be noted in the near future. The market is reacting more subtly in cities such as Cádiz, Jaén and Granada.

In Malaga, the Teatinos, Parque Litoral and the western areas head up the recovery (Source: CBRE), with new developments springing up and available new-build stock beginning to run out. Tourist apartments in the city center are driving the market, where there continues to be limited numbers of primary residences. There is an emerging interest in many good locations on the coast of Granada (Motril, Almuñécar) and Almeria (Mojácar) to develop second-home projects, many of them targeting foreign buyers.

Competition in this market is significant, driving growth in land prices and suggesting stronger developer

activity in the region in the near term.

Balearic Islands

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	New build house prices (€/sqm) ⁽¹⁾	2,281	2,325	2,405
2	New-build houses transactions (#)	1,399	1,336	987
3	New-build house permits granted (#)	845	1,769	1,073
4	Mortgages granted (#)	5,871	8,334	7,201
5	Land transactions (#)	522	504	442
6	Value of land transactions (€m)	149	125	92
7	Urban land prices (€/sqm)	237	262	242
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE Note: (1) Average for the period.				

The Balearic Islands is one of the markets with the strongest levels of activity and growth in Spain, due to a number of foreign investments involving large transactions. Aside from individual buyers, transactions are also being carried out by major investors.

The islands have two different markets: the first involves locals, with lower average transaction amounts due to limited investment capabilities and greater dynamism; and the second, which has shown significant activity since 2015, involves foreigners and is based primarily on holiday homes.

In terms of housing sales prices, approximately 50% of transactions in the Balearic Islands were above €150,000, while on a national level less than 30% were over €150,000 (Source: CBRE). This trend continues: Ibiza is spearheading the results, although Majorca island is showing significantly higher levels of activity. In general, the land market is also very active.

There continues to be a lack of existing properties for refurbishment in Palma in order to be able to construct good quality homes. For this reason, the improved economic outlook and financing terms and conditions are helping to spark more interest in the land market.

Valencia Community

Key Performance Indicators		2014	2015	Q1 – Q3 2016
1	New build house prices (€/sqm) ⁽¹⁾	1,374	1,409	1,421
2	New-build houses transactions (#)	6,369	6,760	4,972
3	New-build house permits granted (#)	3,146	5,081	5,107
4	Mortgages granted (#)	21,717	25,390	21,871

5	Land transactions (#)	1,216	1,214	1,267
6	Value of land transactions (€m)	212	195	168
7	Urban land prices (€/sqm)	158	155	139
Sources: 1, 2, 3, 5, 6 and 7 Ministerio de Fomento; 4 Instituto Nacional de Estadística INE Note: (1) Average for the period.				

As in other autonomous communities, the increase in market activity is particularly evident in the city of Valencia and its metropolitan area, where there is a significant investor presence.

The areas with the highest demand are in the city center, where buyers look for larger, higher quality homes (mainly 4 bedroom-apartments of over 150 sqm), and in newly developed areas where most buyers look for residential complexes with a swimming pool, gardens and some sports facilities.

REGULATION

Set forth below is a summary discussion of the current Spanish regulatory environment relating to the construction market. This discussion is intended to provide a very general outline of the most relevant applicable regulations in Spain and is not intended as a comprehensive discussion of such regulations. You should consider the regulatory environment discussion below as it could have a material impact on our business and results of operations in the future.

The development of residential properties is subject to a number of legal requirements. In particular, this section intends to be an introduction to the Spanish legal regime regarding (a) the planning and zoning procedures regarding the implementation of residential developments; (b) residences licensing requirements; and (c) specific requirements resulting from specific housing regulations

It is important to note that, despite this seemingly centralized nature of the Spanish nation, from an Administrative standpoint, the Spanish territory is divided in seventeen Autonomous Regions (*Comunidades Autónomas*), two autonomous cities in Northern Africa and more than eight thousand municipalities. There are three different levels of government: municipal (*local entities*), Autonomous Regions and the central government. These three territorial Administrations have their own autonomous political bodies and have decision-making powers in various areas including planning, tourism, housing, retail, and environmental protection.

According to the above, the legal framework regarding residential developments is far from being uniform. It will be affected and conditioned by different regulations which will depend on the Autonomous Region and municipality hosting the residential developments.

Urban Planning

Residential developments and land zoning

Residential developments entail a specific and relevant use of the territory. Thus, the possibility and terms according to which these projects can be developed will closely depend on the urban planning regime of the land on which are to be developed.

In this respect the urban planning regime of the land is not uniform throughout Spain. According to our constitutional framework of distribution of subject-matter competencies, the Autonomous Regions are the territorial Administrations with subject-matter competencies to legislate on planning matters. Accordingly, the urban regime of the land within the national territory would be primarily defined by the different planning Laws enacted by the different Autonomous Regions and also, in basic aspects, by the state regulations on land (Royal Legislative Decree 7/2015, of 30 October approving the consolidated text of Urban Refurbishment and State Land Act, the “**TRLS 7/2015**”), as the State has subject-matter competencies to establish the basic conditions guaranteeing the equal exercise of rights and fulfilment of constitutional duties regarding the land.

The urban regime of the land is linked to its specific urban classification (*clasificación urbanística*). The urban classification of the whole municipal territory is made by the local general plan of the relevant municipality (normally a General Plan —*Plan General*—) which, although it is drafted and prepared by the relevant City Council, it is finally approved by the Autonomous Region.

In general terms (differences might exist depending on the Autonomous Region), the land within a municipality is to be divided by the General Plan in three different categories:

- (a) Rural land (*suelo rústico o suelo no urbanizable*). The ordinary use of these plots is agricultural, farming, livestock, forest activities, etc.
- (b) Urban land (*suelo urbano*) (which can be either consolidated or non-consolidated). Refers to those plots already included in the city structure that enjoy all the necessary services and road access, public services, etc.
- (c) Land suitable for development (*suelo urbanizable*) (which can be either divided or not in planned units). Includes those plots that, according to the General Plan, are to be transformed in urban land upon completion of the urban development process to satisfy the growth needs of the municipality.

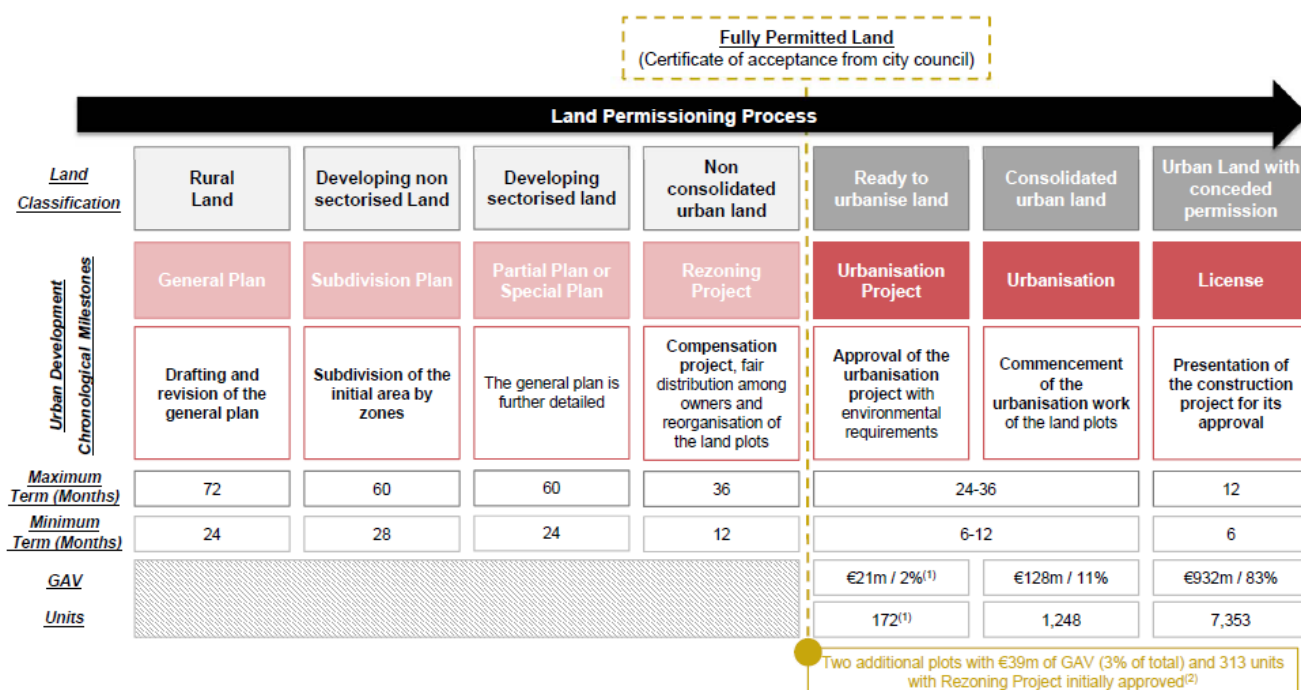
Construction will not be allowed until more detailed planning instruments are approved and the full planning execution process is completed.

Residential developments will be developed on land classified by the General Plan of the relevant municipality as urban or suitable for development zoned for residential uses.

In respect of those residential developments projected in land suitable for development, since the urban development process has not been completed, their construction and operation will require the prior fulfilment of a number of legal obligations inherent to the legal regime of this category of land. Thus, it will be required, among others, the approval of a specific and detailed zoning plans (Special Plan, Partial Plan, Detail Survey) normally approved by the City Councils containing the specific planning parameters governing the plots included in a development unit (footprint, detail uses, set-back requirements, etc.); the assignment to the City Council for no consideration of the land destined to public roads, parks, etc., fair distribution among owners of the rights and obligations (*equidistribución*), execution of the public infrastructures of the development unit, etc..

In general terms, applicable regulations require the completion of the public infrastructure works (roads, sewage, water and electricity supply, etc.) prior to initiating any building works. Accordingly, in general terms, in urban land the developer will be entitled to directly apply for the relevant licenses. In respect of land suitable for development, the developer will not be entitled to apply and obtain the relevant licenses to build the project until the land has been transformed into urban land (completion of the public infrastructure works). As an exception to this general rule, developers will be allowed to start the construction of their project, (even if the urbanization works have not been concluded) in the event that they undertake not to use the construction until the urbanization works are fully terminated by the Administration or entity responsible for their execution and to include this undertaking in the contracts that might be entered into to transfer the ownership of the plot, and, finally they deliver a guarantee in order to guarantee full termination of the infrastructure works.

Below is a chart including the key milestones in the land transformation process, indicating our internal standards for land acquisition:



- (1) Rezoning project of the Arbaizena plots foreseen to be approved by the town council in March 2017. Urbanization project already approved.
- (2) Internal Refurbishment Plan (PERI) approved and rezoning Project pending.

Municipal licenses required for the development of residences

Once the urban development of a site has occurred, the construction and effective use of the relevant buildings is possible, although always subject to the granting of a number of licenses and permits by the relevant authorities, since in

this way the authorities may control that the constructions and the activities carried out in these new constructions are in compliance with the planning and environmental regulations.

The detailed rules regarding “licenses” are normally established in local regulations, and may be, and mostly are, different in each municipality. This notwithstanding, the following rules that are applicable everywhere in Spain:

- (a) Licenses must be applied for by the developer of the project (article 9.2.c) of the Law 38/1999 of 5 November Regulating Construction).
- (b) Licenses applications must include the technical documentation (projects) allowing Local Authorities to assess whether the intended construction complies with the relevant planning regulations.
- (c) Local Authorities are obliged to grant the licenses applications whenever they comply with the applicable planning regulations.
- (d) Regional and local regulations set out a maximum deadline for Local Authorities to issue the licenses (normally three months from the date the license application is filed). Failure to issue the license within the deadline entails the tacit rejection of the license (article 11.4 of TRLS 7/2015).
- (e) Liability for failure to obtain these licenses may range from the imposition of a fine, the demolition of the works (if cannot be and/or are not legalized) and closure of the premises.

The specific permits required for the construction and use of buildings, and their names depend on the local regulations, but they mainly include the construction license and the first occupancy license (licenses related to the construction works) and the activity and opening licenses (licenses related to the activities). Some regional and local regulations have substituted the need of licenses by sworn statements or mere notifications to the City Councils. Further, some Autonomous Regions (e.g., Catalonia or Balearic Islands) requires certain habitability certificates (*cédulas de habitabilidad*) to prove that the residences comply with the minimum habitability requirements. These certificates should exist in order to sell the residences.

Construction licenses

- (a) Works licenses (*licencias de obras*)

Works licenses must be obtained prior to starting any construction works. These permits cannot be granted unless the premises are to be built in accordance with the applicable planning regulations.

- (b) First occupancy licenses (*licencias de primera ocupación*)

These licenses must be obtained once the building works have been concluded and provided the works license has been granted. These licenses are closely linked to the works licenses described above. By granting the first occupancy license, Local Authorities authorized the use of the building constructed once it has checked that the works authorized by the works license have been carried out in accordance with the provisions thereto and other applicable regulations, and that the works have been duly completed.

Activity licenses

- (a) Activity licenses (*licencias de actividad*)

Depending on the relevant local regulations, a specific activity license might be required in connection with the residences' associated parking lot. By means of these licenses, Local Authorities verifies matters such as compliance with environment, health, safety and fire prevention regulations.

- (b) Operating licenses (*licencias de funcionamiento o apertura*)

These licenses are closely linked to the activity licenses. These licenses are granted after construction has been finalized. The purpose of these licenses is to verify that the premises have been executed according to the activity licenses and that the corrective measures imposed in the activity licenses have been fulfilled.

Recording the residential development in the land registry requires, among others, the granting of the first

occupancy license.

Residential developments and housing regulations

In addition to zoning regulations, both at a State and a Regional level there are a wide number of regulations on housing matters.

Article 149.1.13 of Spanish Constitution grants exclusive competence in setting the basis and coordination of the general planning of the economic activity to the State. This constitutional competence allows the State to enact legislation on housing. Article 148.1.3 of the Spanish Constitution acknowledges competency on housing matters to the Autonomous Regions.

At a State level, it should be highlighted in particular Act 38/1999 of 5 November Regulating Construction (*Ley de Ordenación de la Edificación* or “**LOE**”). This piece of legislation establish the relevant regulations governing the building process (complementing the legal configuration of the agents/participants intervening in the building process and their liabilities) as well as the general framework to guarantee the quality of the buildings (it defines the basic requirements of the construction, further specified in the technical construction code approve by Royal Decree 314/2006, of 17 March) and guarantees in favor of users in the event of building damages. The main contents of the Law could be summarized below:

- It defines the duties and liabilities of all the agents/participants intervening in the building construction process.
- Residential developers would be obliged to underwrite a ten-year insurance policy covering the material damages that could be caused to the building affecting the structural stability and security. The excess of the insurance cannot exceed 1% of the insured amount.
- Developers would be obliged to deliver to the final building users the project, the works acceptance certificates, detail of all the agents intervening in the building constructive process, instruction for the use and maintenance of the building and its installations (all this documentation would integrate the so-called “Book of the Building”).
- It establishes certain requirements if developers receive from purchasers payments on account for the construction of the building. In particular, the developer would be obliged to (i) guarantee the reimbursement of the payments made plus interests; (ii) receive the payments through financial entities where they would have to be deposited in special accounts and from which withdrawals could only be made to attend constructions costs.

See “Risk Factors” for more information in respect to the liability regime contemplated in the Spanish LOE

Another piece of relevant State legislation on housing would be Royal Decree 515/1989, of 21 April, regarding protection of consumers in respect of the information that would have to be delivered upon sale and lease of residences. This piece of legislation would apply to the offer, promotion and publicity that could be carried out by persons in the framework of its entrepreneur or professional activity for selling and leasing residences to consumers. Royal Decree 515/1989 identifies some information and documentation (maps of the residence, description of the residence and its installations, copy of the permits and authorizations, planning information, structure of the community of owners, supply and service contracts, contractual information for the acquisition of the residence, etc.) that would have to be made available to the public and the relevant authorities. It is expressly required that purchase contracts are drafted with clarity and simplicity.

At a regional level, the Autonomous Communities in Spain have profusely enacted regulations on housing according to their constitutional competencies (although in some cases they have enacted regulations that go beyond their competencies giving rise to appeals from the Spanish Government before the Spanish Constitutional Court). These housing Acts are aimed at defining at a regional level the different housing policies and, in particular, to make citizens’ right to a decent housing a reality. These regulations include also provisions to guarantee the quality of the residences and the protection of prospective purchasers.

Some Autonomous Communities (e.g., Basque Country, Catalonia or Andalucía) have enacted regulations containing specific measures to avoid the existence of empty housings (creating new taxes for empty residences, increasing the real estate tax of empty residences, mandatory leases and even the possibility of imposing fines or of

expropriating the residence – the efficacy of some of these provisions is currently suspended as their conformity with the Spanish Constitution has been challenged by the Spanish Government before the Spanish Constitutional Court).

It is important to note that, according to Spanish law, recording buildings in the land registry would not be in principle mandatory. This notwithstanding, due to the publicity and protection given by the land registry and the fact that mortgages would only exist upon their registration in the land registry, such registration has become in practice mandatory. These last years, Spanish planning, housing and land registry legislation have been coordinated to make sure that residential buildings would only be recorded in the land registry if it is evidenced that the required licenses have been granted and the legal requirements to deliver the residences to the purchasers have been complied with. Accordingly, as a general rule, in order to register a residential building it should be evidenced in the notarized description of the new building (*declaración de obra nueva*) that the works and first occupancy licenses have been granted, that the Building Book has been handed over to the final users and that the ten-year insurance policy has been underwritten (article 28 of TRLS 7/2015).

REASONS FOR THE OFFERING

We expect to raise gross proceeds of c. €100 million from the issue of the New Offer Shares in the Offering. The fees and expenses which will be payable by us in connection with the Offering are expected to be €2 million (see details in “*Expected Timetable of Principal Events and Offer Statistics*”). We intend to pay this out of the gross proceeds of the Offering. Accordingly, we expect to raise net proceeds of c. €98 million from the Offering.

Likewise, the Offering will also provide an opportunity for the Selling Shareholder to monetise its previous equity investment in the Company. In particular, the Selling Shareholder expects to raise maximum gross proceeds of between €609,321,547.20 (assuming no exercise of the Over-allotment Option) and €680,253,695.10 million (assuming exercise of the Over-allotment Option in full) from the sale of Existing Offer Shares and the Additional Shares in the Offering.

As a consequence of the foregoing, the Offering is also expected to widen our shareholder base, introducing institutional long-term investors and a diversified base of international shareholders, thus improving our access to public capital markets (including for debt instruments) that could make it easier for us to obtain financing to be used for our future growth.

In this regard, we believe that the Offering will enable us to expand our shareholder base so as to reach a free float of between 54.55% (assuming that the Existing Offer Shares are sold in full and no exercise of the Over-allotment Option) and 60.0% (assuming that the Existing Offer Shares are sold in full and the Over-allotment Option is exercised in full) of our total issued share capital upon Admission, higher than the minimum threshold of distribution of our ordinary shares required for their admission to trading on the Spanish Stock Exchanges and on the AQS (which, in accordance with Spanish Royal Decree 1310/2005, of 4 November, and subject to certain exceptions, involves reaching a free float of at least 25% of the shares admitted to trading).

Finally, the Offering is expected to provide us with better brand recognition, increasing our overall corporate profile and enhancing our transparency and prestige as a result of us becoming a listed company.

USE OF PROCEEDS

We intend to use the net proceeds of the Offering (expected to be of c. €8 million as indicated in “*Reasons for the Offering*”) to refinance our existing debt (approximately 50% over total net proceeds, see “*Operating and Financial Review—Liquidity and Capital Resources—Liquidity and Borrowings*”) and to invest in future growth opportunities (approximately 50% over total net proceeds). These percentages could be modified or adjusted but not significantly.

The Selling Shareholder expects to raise gross proceeds of between €609,321,547.20 (assuming that the Existing Offer Shares are sold in full and no exercise of the Over-allotment Option) and €680,253,695.10 million (assuming that the Existing Offer Shares are sold in full and the exercise of the Over-allotment Option in full) from the sale of Existing Offer Shares in the Offering, to be partially used for the full repayment of the Deferred Price due to Kutxabank under the Lone Star Acquisition (see “*Business – History of the Group*”). The Selling Shareholder will bear any commissions payable in respect of the Existing Offer Shares.

DIVIDENDS AND DIVIDEND POLICY

Dividends and Dividend Policy

Holders of ordinary shares will be entitled to receive future dividends which are declared on the basis set out in our bylaws.

In any event, our ability to pay dividends in the future will also depend on the performance and prospects of our business, our capital structure and financing needs, general and capital market conditions, and other factors that our Board of Directors and shareholders may deem relevant at the time, as well as the applicable legal restrictions and restrictions contained in our financing agreements, as described below.

Our expectations in relation to dividends, distributable reserves, business performance and market conditions are subject to numerous assumptions, risks and uncertainties, which may be beyond our control. For a discussion of risks faced by our business, see “*Risk Factors*”.

In the near term, we intend to devote our generated cash flows to continue growing our business. We do not plan to distribute dividends until we reach our strategic run rate targets by 2020 (as described under section “*Business —Run rate operating targets and investment policy*”). Provided we reach such targets, and subject to the availability of sufficient cash resources and funding and that we meet the requirements set out for these purposes in our financing agreements (as described below), we intend to adopt a dividend policy consistent with those of our peers and with a pay-out ratio above 70% of the Group’s net income. The above notwithstanding, and subject to the same requirements described above, we might eventually distribute dividends off our 2019 results provided we reach our strategic run rate targets before 2020, but in this case with a lower pay-out ratio.

In this regard, it must be highlighted that some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders’ equity of, at least, €20 million; and (ii) that we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

Taxation on dividends under Spanish law

Under current tax legislation, any distributions made in the future will be subject to tax under Spanish law. See “*Taxation*” for a discussion of certain aspects of taxation of dividends.

CAPITALIZATION AND INDEBTEDNESS

The table below sets out our capitalization and indebtedness as of the dates indicated below. The capitalization information has been extracted from the consolidated financial statements for the year ended December 31, 2016 and for the six-month period ended December 31, 2015.

Capitalization and Indebtedness

	As of 31 December 2016	As of 31 December 2015
	<i>(audited)</i>	
	<i>(€ thousands)</i>	
CAPITALIZATION		
Share capital	729,297	939,878
Legal reserve	823	-
Reserves of the parent	7,980	573
Reserves at fully consolidated companies	(108,145)	(28,971)
Consolidated Profit / (Loss) for the year	1,057	(70,866)
Total	631,012	840,614
INDEBTEDNESS		
Long term bank borrowings:		
Credit lines ⁽¹⁾	26,623	-
Short term financial liabilities with sole shareholder:		
Interest payable	-	193
Other accounts payable	3,071	98,887
Short term bank borrowings:		
Interest payable	190	74
Mortgage loans ⁽¹⁾	201,569	10,143
Credit lines ⁽¹⁾	68,416	20,249
Other loans ⁽¹⁾	6,893	32,526
Other liabilities.....	288	26
Total	307,050	162,098
Scheduled maturities:		
2016.....	-	152,855
2017 ⁽²⁾	38,338	9,243
2018.....	7,343	-
2019.....	249,792	-
2020.....	396	-
2021 and following	11,181	-

Total unmatured borrowings.....

307,050

162,098

- (1) Borrowings are presented at amortized cost, net of the debt arrangement expenses incurred in 2016 amounting to €2.2 million, of which €1.1 million were charged to finance costs for FY 2016.
- (2) There is €17.5 million relating to credit facilities linked to developments, for which the maturity may be extended to 2019.

In 2015 we did not have leverage and, in order to accelerate our land acquisition program, our sole shareholder granted us a loan for an amount up to €200 million.

In May 2016 we obtained new financing for an amount c. €25 million through land and corporate facilities (“**Recap Transaction**”) with several of the top Spanish banks. The purpose of the Recap Transaction was releasing €385 million (including cash already in the company) to our sole shareholder through (i) a capital reduction of €200 million; and (ii) repayment of the outstanding €185 million corresponding to the sole shareholder loan referred to in the previous paragraph. For more information, see “*Business – History of the Group*”.

As of 31 December 2016, we had €304 million of total debt with financial institutions which included, in addition to various facilities and revolving credit agreements, the following:

Long-term bank borrowings

Long-term bank borrowings include a credit line aimed at providing the Group with additional liquidity for its ordinary operations not directly associated with land purchases. The credit line has a limit of €30 million and an applicable interest rate of Euribor + 2.5%, maturing in 2019. It has been drawn down in full and the remainder is recognized under short-term bank borrowings. A collateral assignment of the contract rights of the Servicing Agreement has been provided as a guarantee for this loan.

Mortgage loans

In FY 2016 the Group arranged 69 new mortgage loans with a nominal value of €195.7 million, which were recognized net of the related debt arrangement expenses of €2.9 million.

The Group also arranged five additional loans in FY 2016 with a nominal value of €37.9 million, against which no amount had been drawn down as of 31 December 2016. These loans have been secured for purposes of financing the acquisition of land.

The aforementioned mortgages are associated with the following developments:

Associated developments – GAV⁽¹⁾				
Getafe Crossover (€8.2 million)	Sitges Aiguadolç (€22.8 million)	Zizur P-7 (€2.6 million)	P 6 PP02 (€8.7 million)	Lamiako 2.1 (€2.7 million)
Joaquín Lorenzo (€8.2 million)	Atria Homes (€32.1 million)	Arbaizenea I y II (€5.5 million)	Olarizu (€3.3 million)	Lamiako 4.1 and 4.2 (€13.2 million)
Madrid Rio (€14.9 million)	Dehesa Vieja II (€14.6 million)	Artola (€5.7 million)	Getxo Ituribarri P6 (€6.5 million)	Llanos del Pretorio (€9.0 million)
Cañaveral Ecisa 1 (€1.7 million)	Espino del Cuquillo 3.3 (€15.4 million)	Bolueta I (€7.8 million)	Getxo P7 (€5.5 million)	Móstoles (€6.0 million)
Cañaveral Ecisa 2 (€1.7 million)	Mas Lluhi P4 (€19.8 million)	Bolueta II (€7.8 million)	Córdoba Gran Capitán (€21.0 million)	Pintor Alsamora (€5.7 million)
Catalana R-10 (€10.2 million)	Sitges Horse (€21.7 million)	Bolueta III (€8.2 million)	Ikasle Homes (€8.8 million)	Sant Cugat F.1.1 (€7.7 million)

Associated developments – GAV ⁽¹⁾				
Urduliz Casa Barco (€6.6 million)	Turó Can Mates (€1.0 million)	Bolueta IV (€1.5 million)	Zabalgana IV (€2.0 million)	Sant Cugat E.2.2 (€6.9 million)
Urduliz P 4-5 (€5.0 million)	Zabalgana P RC 10.1 (€0.9 million)	P 5 PP01 (€7.3 million)	Esmaltaciones 3.1 (€5.5 million)	Torresolo (€2.5 million)
Urduliz P E (€4.9 million)	Zabalgana P RC 10.2 (€2.0 million)	Badalona (€30.4 million)	Catalana R-4 (€2.0 million)	Portugalete - San Roke (€15.5 million)
Urduliz P 2 (€3.3 million)	Zizur 26.1 y 26.2 (€1.6 million)	Miramón (€5.5 million)	Mikeldi Durango (€5.5 million)	Móstoles - Los Alerces (€6.9 million)
P 1 Urduliz (€2.7 million)	Córdoba P14 (€15.8 million)	Vollpelleres R22 (€15.6 million)	Plaza Europa (€6.0 million)	Zabalgana III (€0.8 million)
Fuente Lucha (€5.1 million)	La Catalana R9 (€6.3 million)	Dehesa Homes (€8.1 million)	Cortijo Sur R-12 (€0.4 million)	Diagonal Homes (€1.8 million)
Avenida Homes (€7.2 million)	Burgos Coprasa (€2.5 million)	Cañaveral Altamira (€1.9 million)		
TOTAL VALUE				€664.3 million

(1) GAV as calculated in the Valuation Reports as of 31 December 2016.

As of 31 December 2015, the Company only had one mortgage loan amounting to €0.1 million, which was still outstanding as of 31 December 2016 following the repayment of €1.4 million in 2016.

Credit lines and other loans

In FY 2016 the Group arranged seven new credit lines with a limit of €47.7 million, against which €47.2 million have been drawn down. The purpose of these credit lines is to finance the acquisition of land and to provide funds for the Recap Transaction, and they will mature in 2019.

On 15 June 2015, the Group arranged a credit line with a limit of €30 million for the acquisition of land. The maturity of this credit line was extended to 21 January 2019 and its limit increased to €50.00 million.

Other loans include the balance drawn down on loans received by the Group in order to finance input VAT in certain land purchase transactions. These loans mature in 2017 and earn interest at the market rate. The limit on these loans amounts to €15 million, of which €6.9 million has been disposed of as of 31 December 2016.

Early termination clauses and covenants

Certain contracts shall be cancelled and all amounts outstanding under the contracts shall become immediately due and payable upon the occurrence of any the following situations:

- Change of control: our financing agreements may include one of the following change of control provisions:
 - Change of control regarding Neinor Homes: understood as the situation in which (i) any person, individually or acting in concert, other than the Selling Shareholder, becomes the owner of more

than 50% of the issued voting share capital of the Company or is able to appoint more than half of our directors; or (ii) for certain contracts, when the Selling Shareholder's direct or indirect share in our share capital falls below 51%.

As of the date of this Prospectus, we have obtained waivers from the banks of the above financings whereby they accept that Lone Star's stake in our share capital following the Offering may decrease below 50 per cent and that would not trigger an early repayment event thereunder. However, if as a consequence of the Offering or afterwards any third party acquired control over our shareholding (or, for certain financings, if a third party launched or was in a position to launch a takeover bid over our shares) an early repayment event would be triggered.

- Change of control regarding a subsidiary: understood as the situation in which our direct or indirect share in our financed subsidiary's share capital falls below 50% or 75%, depending on the specific contract.
- Breach of the LTV Ratio: understood as the situation in which the LTV Ratio of the Group (Group's net liabilities divided by the Group's assets net value) surpasses the agreed LTV Ratio which, depending on the financial entity, will be between 45% and 50%.
- Reduction of the shareholders' equity: understood as the situation in which the shareholders' equity (*patrimonio neto*) of the Company falls below €420 or €425 million, depending on the contract.

Furthermore, several financing contracts include provisions that restrict the possibility of paying dividends and returning capital through share capital reductions. In most of the contracts, dividend payments and capital returns through share capital reductions are subject to the following:

- That we maintain a shareholders' equity of, at least, €420 million; and
- That we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6.

Finally, certain contracts include cash sweep provisions under which we are obliged to use the cash flow deriving from our developments to pay down the outstanding debt of the financing agreements linked to those developments.

Average cost of the borrowings

The average cost of the borrowings calculated for the financial years 2016 and 2015 is approximately 2.37% and 2.04%, respectively.

Post-Offering Capitalization and Indebtedness

The table below sets out our expected capitalization and indebtedness after completion of the Offering.

	As of 31 December 2016 (audited)	Post-Offering
	<i>(€ thousands)</i>	
CAPITALIZATION		
Share capital	729,297	790,050
Premium	0	39,247
Legal reserve	823	823
Reserves of the parent	7,980	7,980
Reserves at fully consolidated companies	(108,145)	(108,145)
Consolidated Profit / (Loss) for the year	1,057	1,057
Total.....	631,012	731,012

INDEBTEDNESS

Long term bank borrowings:

Credit lines(1)	26,623	26,623
Short term financial liabilities with sole shareholder:		
Interest payable	-	-
Other accounts payable	3,071	3,071
Short term bank borrowings:		
Interest payable	190	190
Mortgage loans(1).....	201,569	201,569
Credit lines(1)	68,416	18,416
Other loans(1)	6,893	6,893
Other liabilities	288	288
Total.....	307,050	257,050

- (1) Borrowings are presented at amortized cost, net of the debt arrangement expenses incurred in 2016 amounting to €5.2 million, of which €1.1 million were charged to finance costs for FY 2016.

Out of the gross proceeds obtained from the sale of the New Offer Shares (c. €100 million), the Company intends to pay its corresponding expenses in connection with the Offering, refinance its existing debt (approximately 50% of over total net proceeds) and to invest in future growth opportunities (approximately 50% over total net proceeds). These percentages could be modified or adjusted but not significantly. For more information see “Use of Proceeds”.

The allocation of the funds obtained from the Offering that will be used to repay existing debt will depend on the outcome of the conversations and negotiations which are currently being undertaken with several of our lenders. However, in principle the Company’s intention is to use a significant amount of the funds obtained from the Offering to repay the existing credit lines.

In 2017 we intend to subscribe new development facilities (*financiación de tipo promotor*) for an expected amount of €247 million, in similar terms to the ones subscribed during 2016 and with the same pool of financial entities.

Net financial debt

We calculate net financial debt by adding bank borrowings (current and non-current liabilities), deferred payment for the purchase of land recognised under “trade and other payables” under both non-current and current liabilities and cash and cash equivalents (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the corresponding development). The following table sets out our calculation of net financial debt as of 31 December 2016, the six months ended 31 December 2015 and the six months ended 30 June 2015:

	Year ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015
		<i>(€ thousands)</i>	
Non-current liabilities – bank borrowings	26,623	0	0
Current liabilities – bank borrowings	277,068	62,992	23,517
Current trade and other payables – deferred payment for land ⁽¹⁾	11,875	53,527	8,500
Cash and cash equivalents – available cash	(23,928)	(82,924)	(38,032)
Net financial debt	291,638⁽²⁾	33,595⁽³⁾	(6,015)

- (1) Includes deferred land payments, which are considered a debt-like item by the Company.

- (2) This amount does not include financial liabilities with the Company’s sole shareholder for an amount of €3,071 thousand.

- (3) This amount does not include financial liabilities with the Company’s sole shareholder for an amount of €9,080 thousand.

We consider net financial debt to be an alternative performance measure because it is a financial indicator that measures a company's net debt position. It is also an indicator that is widely used by investors when valuing the net financial leverage of companies, and by rating agencies and creditors to assess the level of net borrowings.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables present the selected consolidated financial information of the Company as of and for the six-month periods ended 30 June 2015 and 31 December 2015 and as of and for the year ended 31 December 2016, included elsewhere in this Prospectus, which were prepared in accordance with IFRS-EU.

In addition, the selected financial and unaudited operating information set out below is a summary only. **It may not contain all the information that is important to prospective investors and, accordingly, should be read in conjunction with “Presentation of Financial and Other Information”, “Capitalization and Indebtedness”, “Operating and Financial Review”, “Risk Factors” and the Consolidated Financial Statements incorporated by reference in this Prospectus.**

Consolidated Balance Sheets as at 30 June and 31 December 2015 and 31 December 2016

ASSETS	As at December 31, 2016 (Audited)	As at December 31, 2015 (Audited)	As at June 30, 2015 (Audited)
<i>(Thousands)</i>			
NON-CURRENT ASSETS:			
Intangible assets	754	93	64
Property, plant and equipment	1,553	1,422	1,035
Investment Property	12,893	11,010	13,334
Non-current financial assets	336	98	83
Total non-current assets	15,536	12,623	14,516
CURRENT ASSETS:			
Inventories	925,366	933,290	881,493
Trade and other receivables	20,553	35,702	14,221
Current financial assets	23	45	2,319
Tax receivables	9,050	34,460	14,910
Cash and cash equivalents	45,301	89,389	38,032
Total current assets	1,000,293	1,092,886	950,975
TOTAL ASSETS	1,015,829	1,105,509	965,491
EQUITY AND LIABILITIES	As at December 31, 2016 (Audited)	As at December 31, 2015 (Audited)	As at June 30, 2015 (Audited)
<i>(Thousands)</i>			
EQUITY:			
Share capital	729,297	939,878	939,878
Legal reserve	823	-	-
Reserves of the Parent	7,980	573	(60)
Reserves at fully consolidated companies	(108,145)	(28,971)	(27,106)
Consolidated profit / (loss) for the year	1,057	(70,866)	(11,248)
Total equity	631,012	840,614	901,464
NON-CURRENT LIABILITIES:			
Bank borrowings	26,623	-	-
Other non-current liabilities	34	65	67

Deferred tax liabilities	321	-	321
Total non-current liabilities	26,978	65	388
CURRENT LIABILITIES:			
Provisions	9,059	13,990	5,858
Bank borrowings	277,068	62,992	23,517
Other current financial liabilities	288	26	381
Payables to sole shareholders	3,071	99,080	-
Current trade and other payables	32,698	70,423	17,430
Tax payables	4,404	4,739	4,396
Other current liabilities	31,251	13,580	12,057
Total current liabilities	357,839	264,830	63,639
TOTAL EQUITY AND LIABILITIES	1,015,829	1,105,509	965,491

Consolidated Income Statements for the six months period ended 31 December and 30 June 2015 and for the twelve-month period ended December 2016

	Twelve months ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015	Combined Financial Information 2015
	(Audited)	(A) (Audited)	(B) (Audited)	(A+B) (Unaudited)
	<i>(Thousands)</i>			
NET REVENUES	228,565	134,688	121,976	256,664
Cost of sales	(205,360)	(104,871)	(107,476)	(212,347)
Employee benefits expenses	(11,677)	(4,808)	(3,000)	(7,808)
Depreciation and amortization charges	(608)	(270)	(57)	(327)
External services	(40,198)	(25,536)	(11,331)	(36,867)
Change in trade provisions	34,595	(69,618)	(11,579)	(81,197)
Other operating gains/(losses)	3,704	781	302	1,083
PROFIT/(LOSS) FROM OPERATIONS	9,021	(69,634)	(11,165)	(80,799)
Impairment and gain/(losses) on disposals of non-current assets	(2)	-	-	-
Other gains and losses	-	-	205	205
Finance revenue	108	27	16	43
Finance costs	(4,999)	(644)	(304)	(948)
PROFIT/(LOSS) BEFORE TAX	4,128	(70,251)	(11,248)	(81,499)
Income tax	(3,071)	(615)	-	(615)
PROFIT/(LOSS) FOR THE YEAR	1,057	(70,866)	(11,248)	(82,114)
Earnings/(losses) per share (Euros):				
Basic	0,001	(0,075)		
Diluted	0,001	(0,075)		

Consolidated Statements of Cash Flows for the six months period ended 31 December and 30 June 2015 and for the twelve-month period ended 31 December 2016

	Twelve month ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015	Combined Financial Information
--	-------------------------------------	-----------------------------------	-------------------------------	--------------------------------

	(A)	(B)	(A+B)	
	(Audited)	(Audited)	(Unaudited)	
	<i>(Thousands)</i>			
Cash flows from/(used in) operating activities				
Profit/(loss) from operations	4,128	(70,251)	(11,248)	(81,499)
Adjustments-				
Depreciation and amortization	608	270	57	327
Change in provisions	12,377	76,412	14,179	90,591
Impairment and gains/(losses) on disposal of intangible and tangible assets	2	-	-	-
Finance cost	4,999	644	304	948
Finance revenue	(108)	(27)	(16)	(43)
Other proceeds / (payables)	(7,904)	-	-	-
Cash flows obtained from operations	14,102	7,048	3,276	10,324
Increase/(Decrease) in current assets and liabilities:				
Inventories	(3,108)	(109,027)	29,006	(80,021)
Trade and other receivables	40,618	(39,139)	(23,377)	(62,516)
Current trade and other payables	(37,739)	53,336	19,920	73,256
Other current and non-current assets and liabilities	17,640	1,202	8,183	9,385
Income tax paid	(790)	-	25	25
Total net cash flows from operating activities (I)	30,723	(86,580)	37,033	(49,547)
Cash flows from/(used in) investing activities:				
Investments in intangible and tangible assets	(1,085)	(442)	(996)	(1,438)
Investments in Group companies and associates	-	(4)	(2,300)	(2,304)
Investments in non-current financial assets	(238)	(41)	-	(41)
Interests collected	108	7	16	23
Disposals of intangible and tangible assets	59	-	-	-
Disposals of investment property	-	132	962	1,094
Disposals of other current and non-current financial assets	22	-	-	-
Total net cash flows from investing activities (II)	(1,134)	(348)	(2,318)	(2,666)
Cash flows from/(used in) financing activities:				
Proceeds from share capital increases	-	1,346	125,894	127,240
Repayments from share capital reductions	(210,581)	-	-	-
Proceeds from bank borrowings	298,648	51,408	12,750	64,158
Proceeds from sole shareholder borrowings	-	105,000	-	105,000
Repayment of bank borrowings	(53,974)	(11,983)	-	(11,983)
Repayment of sole shareholders borrowings	(99,001)	(6,728)	(160,274)	(167,002)
Interests paid	(9,000)	(401)	(374)	(775)
Other proceeds/payments related to financing activities	231	(357)	-	(357)
Total net cash flows from financing activities (III)	(73,677)	138,285	(22,004)	116,281
Net increase/(decrease) in cash and cash equivalents (I+II+III)				
	(44,088)	51,357	12,711	64,068
Cash and cash equivalents at beginning of the period	89,389	38,032	25,321	25,321
Cash and cash equivalents at end of year	45,301	89,389	38,032	89,389

OPERATING AND FINANCIAL REVIEW

This “Operating and Financial Review” should be read in conjunction with our audited Consolidated Financial Statements incorporated by reference into the Prospectus and available on the Company’s website (www.neinorhomes.com > Shareholders and Investors > Financial Information) and on the CNMV’s website (www.cnmv.es), as well as the “Presentation of Financial and Other Information”, “Business” and “Industry” sections included elsewhere in the Prospectus. Prospective investors should read the entire Prospectus and the information incorporated by reference herein and not just rely on the summary information set out below.

The following discussion of our results of operations and financial condition contains forward-looking statements. Our actual results could differ materially from those that we discuss in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in the Prospectus, particularly under “Important Information—Forward-looking Statements” and “Risk Factors”.

Overview

We are one of the leading developers of residential homes in Spain. Our corporate domicile and headquarters are in Bilbao, and we have offices in Madrid, Barcelona and Córdoba with operations in selected markets nationally. Our objective is to lead the transformation in the Spanish home development sector and become the market reference for high quality and customer service. Although we were recently incorporated, our predecessor – a subsidiary of the Spain-based bank, Kutxabank – has almost 30 years of experience in the sector. We became an independent real estate company when we were acquired by Lone Star in May 2015.

We have three business lines: legacy, servicing and development. Our development business line is our core business and our legacy and servicing business lines are our ancillary businesses.

Our legacy business line comprises a portfolio of real estate assets acquired from Kutxabank in 2015 following a careful and meticulous selection process on an asset-by-asset basis. This business line generates cash from the proceeds of the sale over time of the assets in this portfolio. The legacy business sold assets with sales value of €64.3 million during 2016, resulting in an adjusted EBITDA of €7.8 million. As of 31 December 2016, there was €219 million of legacy assets (measured by book value) left on our balance sheet. We currently expect to sell all remaining legacy assets by the end of 2018.

Our servicing business line generates recurring fees through management and disposal of all of Kutxabank’s existing and future portfolios of foreclosed real estate assets on an exclusive basis until May 2022 under the Servicing Agreement. This business line is highly complementary to our core development business as it provides us with market intelligence and real-time information on key demand indicators and pricing. The servicing business generated revenues of €27.7 million and EBITDA of €17.6 million in 2016.

Our development business line is our residential development business and core business line. As of 31 December 2016, we owned 161 developments with 9,086 expected permitted buildable units and a gross asset value of €1,120 million according to the Development Valuation Report. As of 28 February 2017, we had 60 “active” developments where we expect to build approximately 4,002 units. As of the date of this Prospectus 1,394 of those 4,002 units have been pre-sold.

Basis of Presentation

The Company was incorporated on 4 December 2014 within the context of the Lone Star Acquisition under the corporate name Lion Assets Holding Company, S.L.U., by Kutxabank as sole shareholder. The Company was incorporated in the context of a memorandum of understanding entered into at that time between Kutxabank and Lone Star Funds, through its investee Intertax Business, S.L.U. (now Neinor Holdings, S.L.U. (“**Neinor Holdings**”)), for the sale and purchase of a portion of Kutxabank Group’s property assets.

On 14 May 2015, the Company changed its corporate name to Neinor Homes, S.L.U (“**Neinor Homes**” or the “**Company**”) and the Lone Star Acquisition was completed through the transfer by Kutxabank to Neinor Holdings of all of the shares of Neinor Homes. Approximately 30 per cent of the purchase price of Neinor Homes (totalling €30 million) was deferred at the time of the acquisition and was due to be repaid in full in May 2017. During 2016, and

following the Recap Transaction (please see “*Business - Our acquisition by Lone Star*”) our Sole Shareholder repaid 75% of the Deferred Price (c. €210 million), reducing the outstanding amount of the Deferred Price to c. €70 million.

In addition, as part of the Lone Star Acquisition, on 14 May 2015, an asset administration and management services agreement was entered into between various companies of Kutxabank and its subsidiaries (the “**Kutxabank Group**”) and Neinor Homes in relation to certain property assets of various Kutxabank Group companies. This agreement has an initial seven-year term (with an automatic extension of the contract for a further one year, unless either of the parties terminate the contract with at least six months’ notice).

The Company therefore formed part of the Kutxabank Group until 14 May 2015, on which date Neinor Holdings became the sole shareholder of the Company. The sole shareholder of Neinor Holdings is LSREF3 Lion Investments, S.à.r.l., which is a wholly owned subsidiary of Lone Star Capital Investments S.à r.l., a limited liability company (*société à responsabilité limitée*) of Luxemburgish nationality whose indirect economic interest is ultimately held by Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P., together defined as “**Lone Star**”.

Lone Star has a large number of limited partner investors and no natural person has a direct economic ownership interest of ten percent (10%) or more in Lone Star, on a combined basis.

Lone Star is advised by Lone Star Global Acquisitions, Ltd., an investment adviser registered with the U.S. Securities and Exchange Commission.

The Consolidated Financial Statements incorporated by reference into the Prospectus have been prepared in accordance with IFRS-EU and audited by Deloitte, S.L. In December 2015, the Company changed its fiscal reporting period (which previously began 1 July and ended 30 June), to begin 1 January and end 31 December, in order to align its fiscal year more closely with other companies in Spain. Accordingly, the Consolidated Financial Statements incorporated by reference into the Prospectus reflect the six month periods ended and as of 30 June 2015 and 31 December 2015 and the period for the year ended and as of 31 December 2016.

To assist prospective investors in comparing our historical financial performance, we have also combined the Company’s consolidated income statement and consolidated statement of cash flow for the six month period ended 30 June 2015 with the Company’s consolidated income statement and consolidated statement of cash flow for the six month period ended 31 December 2015 (the “**Combined Financial Information 2015**”). The Combined Financial Information 2015 have not been audited and have been derived from the audited consolidated financial statements for the six month periods ended 30 June 2015 and 31 December 2015, each prepared in accordance with IFRS-EU. The Combined Financial Information 2015 are intended to represent the aggregate of the results of operations of the Company on a full year basis.

The Company was recently formed and consequently has a limited track record. Furthermore, the Combined Financial Information 2015 are not directly comparable to the consolidated financial statements for the year ended 31 December 2016 due to the following factors:

- The Company formed part of and was managed by the Kutxabank Group until the Lone Star Acquisition on 14 May 2015, at which date Neinor Holdings became the sole shareholder of the Company.
- Development business line: Prior to the Lone Star Acquisition on 14 May 2015, there was no active development business. The launch of developments with our own product standard began in the second half of 2015 and, accordingly, costs such as research and development and marketing were incurred from this time. However, the majority of revenue from our development business line will only be recognised from 2018 and onwards given the time period required for the design and construction of developments.
- Servicing business line: Our service agreement with Kutxabank commenced on 14 May 2015 as part of the transaction. Accordingly, our servicing business line reflects only approximately 7.5 months of operating results during the Combined Financial Information 2015 period (all billed and recorded in the six months ended 31 December 2015) versus a full year of operating results for the period represented by the Consolidated Financial Statements for the year ended 31 December 2016.

These matters should be taken into consideration in any comparison made of the information relating to the

Combined Financial Information 2015 with that relating to the consolidated financial statements for the year ended 31 December 2016. For further information on the preparation of the financial information included in this Prospectus, see “*Presentation of Financial and Other Information*”.

Key Factors Affecting Our Business and Results of Operations

The following factors have, and are expected to continue to affect, our business, results of operations, financial condition and prospects.

General market conditions

Our business is dependent upon the overall condition of the Spanish housing market, which is significantly impacted by macroeconomic and political conditions in Spain, which is in turn influenced by the macroeconomic and political conditions in Europe and the global economy, and as such has been cyclical.

The financial crisis in 2007 had a dramatic effect on the Spanish residential homebuilding sector. From 2008 to 2011, there was a significant decrease in domestic demand in the Spanish residential property sector due to the Spanish economy being in recession and the restructuring of the Spanish banking sector, which significantly affected both availability of financing for new housing developments and access to mortgage financing for home buyers.

As a result, the total number of home transactions in Spain declined from close to 900,000 units per annum in 2006 to less than 500,000 units per annum after 2008. (Source: Ministerio de Fomento). Sales of new homes decreased from a high of approximately 381,000 units in 2007 (Q1 2007 LTM) to approximately 41,000 units in 2016 (Q2 2016 LTM). (Source: Ministerio de Fomento).

While in the near-term aftermath of the financial crisis new housing stock remained high in Spain following a period of aggressive investing in the sector prior to the financial crisis, stocks of new houses have been declining over the last six years, leading to a structural undersupply. According to the CBRE, approximately 22 to 28 per cent of the existing stock of new homes is estimated to have no commercial interest for potential homebuyers as they were developed prior to the financial crisis and without a thorough consideration for demand dynamics, thus creating an overhang of unattractive developments and overstating the stock of new homes. According to the CBRE, these dynamics have created a structural undersupply of new homes in certain areas of Spain.

The Spanish economy has experienced a period of improvement since the beginning of 2014, and GDP growth for 2016 (3.2 per cent) and 2017 (2.5 per cent) are expected to be higher than the average for major European economies (Source: EIU, Banco de España, Bank of England, Banca d'Italia, Banque de France and Bundesbank). The unemployment rate in Spain stood at 20 per cent in 2016, down from its peak levels of 26 per cent in 2013 and is forecast to decrease to approximately 18 per cent in 2017. (Source: EIU). The Spanish residential market has in turn recovered and is showing a growing level of activity. The price of new homes in Spain increased by 4.8 per cent in 2015 and 7.3 per cent in the third quarter of 2016, representing the 10th consecutive quarter of new build price growth. House prices as a share of average annual household income in Spain has decreased from 8.5x as of the third quarter of 2008 to 6.6x as of the third quarter of 2016, making Spanish housing more affordable.

CBRE estimates that new-build residential property demand in Spain will stand at an average of 112,000 to 140,000 units per year between 2017 and 2019, reaching a longer-term average of approximately 139,000 to 142,000 units per annum.

The Spanish economy continues, however, to face challenges due to uncertainty in relation to the new Spanish government formed in late 2016 and external factors such as geopolitical conflicts (including uncertainty around the exit of countries from the Eurozone and/or the European Union), volatility in commodity prices or a negative market reaction to central bank policies, all of which may adversely affect the Spanish residential property market as a whole. We have concentrated our home development business in more economically resilient regions where we believe there is greater demand for new homes and a structural undersupply, such as specific areas within the regions of Madrid, the Basque Country, Barcelona, the Balearic Islands, Valencia, Córdoba, Seville, Málaga, Burgos and Alicante. We believe that this should help to mitigate our risk through the market cycle.

In addition, we have operational levers that we can employ to help mitigate market cycle risk, including our outsourcing model and relatively low fixed cost structure. We outsource services such as architectural design, construction, project management and, to some extent, sale of our units, which gives us flexibility to scale up to 3,500 to 4,000 units per year without incurring further operational expenditure. Our fixed costs represent only approximately 10

per cent of our total operational expenditure, which provides us with flexibility to adjust our variable costs if and when necessary. In addition to such operational levers, we have financial levers to help mitigate market cycle risk. For example, our servicing business line has generated sufficient EBITDA to offset our fixed costs.

Availability and cost of financing in Spain

Our ability to sell residential property in Spain depends in part on the availability and cost of mortgage financing for our customers. In 2016, the majority of our homes were purchased by customers with the assistance of mortgage financing.

Since the global financial crisis, access to residential mortgage financing in Spain has been restricted, particularly at higher loan-to-value ratios. However, Spanish banks have generally decreased their equity requirements in recent years, with the average loan-to-value of mortgages granted in the third quarter of 2016 being 63.8 per cent compared to 55.4 per cent in the third quarter of 2009. (Source: Banco de España).

We are currently in a low interest rate environment for mortgage financing. According to Banco de España, the average rate of the one-year EURIBOR was 0.0 per cent in 2016. Mortgage payments represented approximately 33 per cent of the Spanish household income in the third quarter of 2016, compared to approximately 60 per cent in 2008.

If the European Central Bank increases the EURIBOR base rate, this could negatively impact the Spanish property market because interest rates charged on mortgages would increase, thereby making it more expensive for prospective buyers to purchase residential property. This may, in turn, negatively affect our ability to sell residential property in Spain.

In order to optimise our return on equity, we also seek bank financing for the execution of our developments. We have been able to obtain bank financing on an individual site basis of typically between 30 per cent and 50 per cent of the acquisition costs of a site (excluding fees and expenses and depending upon the planning status of the site) and typically up to 100 per cent of the capital to develop the site. Our costs of and thus access to capital may be affected by changes in the EURIBOR base rate. In addition, for our financed developments, we generally transfer to the homebuyer the portion of the financing allocated to the relevant home. If financing obtained by the Company is not on attractive terms, we may have difficulty in selling homes with those financing conditions attached.

Our policy is for our loan-to-cost ratio not to exceed approximately 30 per cent by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum. We believe that our well capitalised financial structure provides us with a competitive advantage when obtaining financing from the market.

Legacy Portfolio

The Legacy Portfolio comprises residential property assets selected by Neinor Holdings after being transferred by Kutxabank as part of the Lone Star Acquisition, which closed in May 2015 for €930 million. The original Legacy Portfolio of (GAV €1,030 million) included (i) finished residential property assets with a GAV of approximately €625 million (of which 81% were multi-family residential assets); (ii) €334 million of land (zoned and ready for development); and (iii) €71 million of work in progress. Approximately 30 per cent of the purchase price of the portfolio was deferred at the time of the acquisition (€280 million). See “*Business – History of the Group*”.

We have sold approximately €250 million in book value, net of impairment (aggregate book value: approximately €316 million) of our Kutxabank Legacy Portfolio to date and intend to sell the remainder by the end of 2018. If we cannot sell the remaining legacy assets at the prices that we expect, this timeline may be delayed. However, in FY 2016 we sold specific assets and residential complexes at prices that were on average approximately 15 per cent above the expected prices, giving us some flexibility to be more aggressive with the pricing of our other legacy assets. We sold legacy assets for a sale value of €64.3 million at a gross margin of 18.3 per cent in 2016, compared to a sale value of €7 million at a gross margin of 16.0 per cent in the second half of 2015. Our intention was to sell these assets at approximately their book value. We expect that the Legacy Portfolio should contribute with neutral EBITDA over the next two years, and that it will generate cash that would be used to partially finance our land acquisition over the next two years.

As of 31 December 2016, the remaining book value, net of impairment and GAV (according to the Legacy Valuation Report) of the Legacy Portfolio was €219 million and €285 million, respectively. The following table shows a breakdown of the remaining book value of the Legacy Portfolio by region and type of asset as of 31 December 2016.

Region	Book value	GAV
	<i>(€ millions)</i>	
South	140	179
North	51	70
Central	21	28
East	6	8
Total	219	285

Type of asset	Book value	GAV
	<i>(€ millions)</i>	
Residential	142	189
Hotel	34	34
Retail & Industrial	20	26
Land	24	35
Total	219	285

Servicing Platform

We have entered into an agreement with Kutxabank to manage all of its existing and future portfolios of foreclosed real estate assets on an exclusive basis until May 2022 (with an automatic extension of the contract for a further one year, unless either of the parties terminate the contract with at least six months' notice) by providing valuation, due diligence, legal assistance, asset boarding, operational management, commercialisation and post-sale services. Our servicing platform has generated recurrent, stable cash flow with management fees (which are fixed fees) representing approximately 64 per cent of total servicing fees. In FY 2016, our servicing platform generated revenues of €27.7 million and EBITDA of €17.6 million, resulting in an EBITDA margin of 63.5 per cent, as compared to revenues of €14.5 million and EBITDA of €0.3 million in the Combined Financial Information 2015, resulting in an EBITDA margin of 71.0 per cent

As of 28 February 2017, total assets under management in the servicing platform amounted to GAV of €1.5 million. Total GAV is the sum of several valuations performed by Servatas, Tinsa, Tecnitasa, Ibertasa, Krata, Gesvalt and ultimately approved by Kutxabank. The following table shows a breakdown of the assets under management in the servicing business line by region and type of asset as of 31 December 2016.

Region	Percentage of total	Type of asset	Percentage of total
South	65%	Land	60%
North	26%	Work In Progress ⁽¹⁾	7%
Central	8%	Finished Product	32%
East	1%		
Total	100%	Total	100%

Note:

(1) Refers to developments under construction.

Asset boarding allows a constant supply of assets to be brought into our servicing platform. In FY 2016, assets valued at GAV of €233 million were boarded, representing 18 per cent of the total assets under management.

Land bank for development business line

Our business and financial returns are highly dependent on acquiring land that is suitable for development on appropriate commercial terms. Our land bank is comprised of only Fully Permitted Land, which allows us to minimise planning risk and cyclical risk by having flexibility to launch more quickly in response to demand.

The following table presents details of our land bank as of 31 December 2016.

Region	No. of developments⁽¹⁾	No. of units⁽²⁾	GAV⁽³⁾ (€millions)	Percentage of total GAV (%)
North	67	2,446	297	27
South	34	2,391	217	19
Central	34	2,377	310	28
East	26	1,872	296	26
Total	161	9,086	1,120	100

Notes:

(1) Includes active developments and developments on which construction has not yet begun. Considers Teatinos as one development, Fuengimar and Costa Argia as one development and Arbaizenea as two developments.

(2) Expected permitted buildable units.

(3) GAV figures are from the Development Valuation Report.

As of 31 December 2016, approximately 60 per cent of our land bank was located in Madrid, Barcelona, Bilbao and Córdoba and approximately 20 per cent was located in prime expansion areas within Spain such as Madrid, Barcelona, Bilbao and Córdoba.

We are aiming to have three years of stock inventory by the end of 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum, which translates into a target of acquiring approximately €380 million of land from 2017 to 2018 (€200 million in 2017 and €180 million in 2018) and €250 million of land in 2019. We are focused on optimising the number of years of our stock inventory, as any additional year could have a negative effect on the return on capital employed. We estimate that, of the approximately 310,000 units in the Spanish housing market that are in Fully Permitted areas with demand, our target of 3,500 to 4,000 unit deliveries per annum would represent approximately 1.3 per cent

Number of development sites, sale price and cost

Our profitability is influenced significantly by the number of housing units we construct and sell and the margin we earn on those units.

The total number of housing units that we construct is influenced by the number of active sites from which we operate. While our development sites portfolio is largely within our control, it is also impacted by external factors, in particular the availability of planning approvals and government policy and regulation with respect to housing or homebuilding, such as zoning and environmental regulation, and other factors such as the availability of land on the sites that are commercially viable and suitable for our purposes.

The following table shows our active sites portfolio by region as of 28 February 2017.

	Immediate Launches⁽¹⁾	First Go⁽²⁾	Work In Progress⁽³⁾	Total
North				
No. of active developments	2	7	10	19
No. of units	86	322	411	819
East				
No. of active developments	2	4	11	17

No. of units	85	230	843	1,158
Central				
No. of active developments	2	4	5	11
No. of units	213	277	519	1,009
South				
No. of active developments	4	5	4	13
No. of units	405	379	232	1,016
Total				
No. of active developments	10	20	30	60
No. of units	789	1,208	2,005	4,002

Note:

(1) Refers to developments with a marketing plan in progress.

(2) Refers to design and contractor procurement stages.

(3) Refers to developments under construction.

We have a detailed schedule of launches and deliveries for our development portfolio. Our target is to deliver 3,500 to 4,000 units per annum, and this target is expected to be reached in 2020 under our current delivery plan. As of 31 December 2016, we owned sufficient land for approximately 65 per cent of the total number of units that we expect to deliver from 2017 to 2021. For further information, see “*Business – Investment policy and run rate operating targets*”.

The margins that we earn on unit sales depend on various factors including price, cost of land and construction, operational expenditure and overhead.

We have good visibility on our development sales in part due to our pre-sales of units. 20 per cent of the sales price of a pre-sold unit is received in advance from the customer during the construction phase, and the remaining 80 per cent is received upon delivery of the unit. The following table shows our pre-sales data as of 31 December 2016.

Expected delivery of units	2017	2018	2019	Total / Average
No. of units pre-sold	231	826	206	1,263
No. of units targeted to be delivered	262	1,374	2,464	4,100
Percentage of units targeted to be delivered that are pre-sold	88%	60%	8%	31%
Price per unit (€ thousands)	254	309	343	304
Revenue equivalent of pre-sales ⁽¹⁾ (€ millions)	59	255	71	385

Note:

(1) The amounts received from customers on account of future sales of land and/or buildings are recognised as advances received under "Customer Advances" under current liabilities in the consolidated balance sheet.

We anticipate that our blended home price appreciation (“**HPA**”) (measured as the average HPA of all of our developments, each of which has its own HPA given the location, project, quality, etc.) will be 3.8 per cent per annum in the period from 2017 to 2021.

Our two main cost drivers are cost of land and construction. The following table provides detail on cost of land in relation to our existing inventory as of 31 December 2016. Different regions have different costs of land, with the Central and East regions having the highest costs. Our costs of land have been relatively stable as a percentage of revenue.

Region	Cost of land ⁽¹⁾ (€k/unit)	€m ²	% of revenue	Acquisition year	Cost of land ⁽¹⁾ (€k/unit)	€m ²	% of revenue
North	70	616	24	2014 ⁽²⁾	63	565	25
Central	81	663	26	2015	91	767	26
East	87	821	27	2016	82	598	25
South	68	558	24				
Blended	76⁽³⁾	651⁽⁴⁾	25⁽⁵⁾	Blended	76⁽³⁾	651⁽⁴⁾	25⁽⁵⁾

Note:

(1) The total cost of land was €82 million.

(2) Kutxabank portfolio.

(3) Measured as the total cost of land divided by the total number of units (the total number of units being 9,086).

(4) Measured as the total cost of land divided by the total area in square metres (the total area being 1,058 square kilometres).

(5) Measured as the total cost of land divided by the total revenue, expressed as a percentage (the total revenue being €2,718 million).

Our target cost of land by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum, is approximately 27 per cent of total sales.

The following table provides detail on cost of construction in relation to our existing inventory as of 31 December 2016.

Region	Cost of construction (€k/unit)	€/m ²	Acquisition year	Cost of construction (€k/unit)	€/m ²
North	141	1.2	2014 ⁽¹⁾	122	1.1
Central	134	1.1	2015	148	1.2
East	141	1.3	2016	154	1.1
South	128	1.0			
Blended	136⁽²⁾	1.2⁽³⁾	Blended	136⁽²⁾	1.2⁽³⁾

Note:

(1) Kutxabank portfolio.

(2) Measured as the total cost of construction divided by the total number of units.

(3) Measured as the total cost of construction divided by the total area in square metres.

A significant portion of construction costs are building contractor costs. We do not expect that our costs related to building contractors will increase significantly in the next few years. We mainly hire medium-sized building contractors and due to the fact that there is an oversupply of medium-sized building contractors in the market (for example, for our 30 developments under construction, we are working with 23 different contractors) we can mitigate cost increases. Furthermore, according to Instituto Nacional de Estadística, the unemployment rate in Spain rose to 26.9 per cent in the first quarter of 2013 from 8.6 per cent in the fourth quarter of 2007. Given the relatively high unemployment rate, it is not anticipated that there will be a shortage of building contractors and a resulting increase in costs related to building contractors in the next few years.

Our target cost of construction by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum, is approximately 46 per cent of total sales.

Our operating expenditure is expenditure that is directly associated with specific developments and mainly consists of broker fees, local tax on the increase of value of urban land (Impuesto sobre el Incremento de Valor de los Terrenos de Naturaleza Urbana, or “TIVUL”), marketing fees (excluding corporate marketing fees) and property tax. Approximately 90 per cent of our total operating expenditure is variable costs, allowing us flexibility and scalability. Our operating expenditure is not capitalised, and approximately 60 per cent is incurred at the delivery and sales stages of developments. Our target operating expenditure (excluding overheads and personnel) for our development business by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum, is 5 per cent of total sales.

In the ordinary course of our business, we pay fees to external real estate brokers to market our homes. As indicated immediately above, in our Consolidated Financial Statements these fees are treated as operating expenditures and are not capitalized, applying a conservative assumption that all commercial costs related to pre-sales are non-refundable. The Group will continuously analyze, in light of its contractual agreements with real estate agents, the proper accounting treatment to follow under IFRS. When there is a contractual right to have fees refunded by the broker in the event that the related sale is cancelled, IFRS require us to consider the fees paid as an upfront payment if certain conditions are met, which involves deferring the charge for such commercial costs in the income statement until such time as the sale is finally recorded. Therefore, the accounting treatment of this part of our operating expenses in future periods may differ from the treatment in prior periods depending on the nature of the agreements. Any such change would affect our income statement, though it is expected to be neutral from a cash flow perspective.

Our overhead costs are costs that cannot be linked to a specific development and mainly consist of costs related to personnel, IT, corporate marketing and rentals. They also have a structure that allows us flexibility and scalability, with approximately 40 per cent being variable costs. Our target overhead costs by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum, is €25 million, or 3 per cent of total sales.

As a result of the analysis of pre-sales, price per unit and cost and expenditure structure, we are targeting an EBIT margin of 20 per cent by 2020, when we expect to reach our target of delivering 3,500 to 4,000 units per annum.

Description of Key Line Items

Set out below is a brief description of key line items in our financial statements.

Balance Sheet Key Line Items

Cash and cash equivalents

Cash and cash equivalents includes the Group’s cash on hand and in short-term bank deposits with an initial maturity of three months or less. The carrying amount of these assets is similar to their fair value. There is no restriction for the availability of the cash and cash equivalents of the Group as of 31 December 2016, except for the fact that advances received and associated with a development are deposited in a special account, separate from any other class of funds belonging to the Group, and are only drawn against in connection with the construction of the developments.

Trade and other receivables

Trade and other receivables include trade receivables and notes receivables, other receivables – down payments, other receivables – provision of services and impairment. Trade notes receivable mainly includes the amount receivable relating to the Servicing Agreement. Other receivables include mainly the amounts receivable from third parties for services rendered and amounts paid in advance by the Group to service providers. Trade receivables do not generate interest, in general terms and there are no doubtful assets for which impairment losses additional to those already recognised at year-end must be recognised.

Investment property

Investment property reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation. These assets are recognised initially at acquisition price or production cost and are subsequently decreased by the corresponding accumulated depreciation and any impairment losses.

There is a transfer between inventories and investment property when there is a change in the use of a property evidenced

by the commencement of a lease agreement in relation to it, in which case it would be transferred from inventories to investment property, or when a real estate development in relation to the property in question commences with a view to subsequent sale, in which case it would be transferred from investment property to inventories. When the Group decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is disposed of. On the other hand, if the Group decides to redevelop a property for subsequent lease, the property remains an investment property during the redevelopment.

Investment property upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. The Group depreciates these assets by the straight-line method at annual rates based on the years of estimated useful life of the assets.

Property, plant and equipment

Property, plant and equipment assets are recognised initially at acquisition/contribution or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised as an increase in the cost of corresponding assets. Maintenance and repair costs that do not lead to a lengthening of the useful lives of the assets are charged to the income statement for the period in which they are incurred. Interest and other financial charges incurred during the period of construction of property, plant and equipment are recognised as an increase in the cost of the construction in progress.

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

Income Statement Key Line Items

Net revenues

Net revenues consist of legacy sales, development sales, sales, rentals, services providing and servicing contracts.

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

Property development sales are recognised when the properties are handed over and title thereto has been transferred. For these purposes, the sale of a residential finished product is understood to have occurred when the keys are handed over, which coincides with the execution of the public deed and final collection of the price.

Land sales are recognised when the risks and rewards of ownership have been transferred, which is generally the date the deed of sale is executed, as long as a substantial part has been disbursed (nearly 50 per cent) or the unrealized gain has been granted against the compensation contractually settled. Otherwise, the sell will not be considered as recognized for accounting purposes.

Revenue associated with transactions involving rendering of services is recognised by reference to the stage of completion of the transaction as of the end of the reporting period, provided the outcome of the transaction can be estimated reliably. Revenue from the Group's services are those associated with the contract for the administration and management of real estate assets entered into with Kutxabank.

Cost of sales

Cost of sales consists of costs that are directly attributable to the production and sale of units, including land costs, planning and design costs, the cost of construction incurred in connection with development sites (including materials and costs of contractors).

Employee benefits expenses

Employee benefits expenses consist of wages, salaries and similar expenses, termination benefits, social security costs and other employee benefit costs.

Depreciation and amortisation charges

Depreciation and amortisation charges include depreciation and amortisation of tangible and intangible assets. Tangible assets include furniture, data processing equipment and other items of property, plant and equipment and investment property. Intangible assets include computer software and industrial property.

External services

External services consist of leases and royalties, maintenance, independent professional services, insurance premiums, advertising and marketing, supplies, other external services and levies. Independent professional services include mainly the fees incurred during the period by investment property agents and other intermediaries involved in sales, as well as any additional retailing costs.

Change in trade provisions

Change in trade provisions consist of impairment losses of inventories and investment properties, provision for contingencies and charges, provision for bad debts and other provisions.

Other operating gains/(losses)

Other operating gains or losses mainly include gains or losses on sales of investment property.

Finance revenue

Finance revenue consists of interest received on cash and cash equivalents.

Finance costs

Finance costs consist of interest paid on our borrowings.

Income tax

Income tax is calculated on the basis of taxable profit for the year. The taxable profit differs from the net profit reported in the income statement because it excludes revenue and expense items which are taxable or deductible in different years and items that will never be taxable or deductible.

Current Trading and Prospects

We remain on track to achieve the targets set out in “*Business*” in line with our expectations. We also remain confident in the outlook for our longer-term prospects.

Balance Sheet and Results of Operations

Comparison of the Balance Sheet as of 31 December 2016 and 31 December 2015

The following table and subsequent discussion summarises key items in our balance sheet as of 31 December 2016 and 31 December 2015.

	<u>As of</u> <u>31 December 2016</u>	<u>As of</u> <u>31 December 2015</u>	<u>Var. (%)</u>
	<i>(audited)</i>		
	<i>(€ thousands)</i>		
NON-CURRENT ASSETS:			
Intangible assets.....	754	93	711%
Property, plant and equipment	1,553	1,422	9%

Investment property	12,893	11,010	17%
Non-current financial assets.....	336	98	243%
Total non-current assets.....	15,536	12,623	23%
CURRENT ASSETS:			
Inventories	925,366	933,290	-1%
Trade and other receivables	20,553	35,702	-42%
Current financial assets.....	23	45	-49%
Tax receivables	9,050	34,460	-74%
Cash and cash equivalents	45,301	89,389	-49%
Total current assets.....	1,000,293	1,092,886	-8%
TOTAL ASSETS	1,015,829	1,105,509	-8%
EQUITY:			
Share capital	729,297	939,878	-22%
Legal reserve.....	823	-	N/A
Reserves of the Parent.....	7,980	573	1,293%
Reserves at fully consolidated companies	(108,145)	(28,971)	-273%
Consolidated profit/(loss) for the year	1,057	(70,866)	N/A
Total equity.....	631,012	840,614	-25%
NON-CURRENT LIABILITIES:			
Bank borrowings.....	26,623	-	N/A
Other non-current liabilities.....	34	65	-48%
Deferred tax liabilities	321	-	N/A
Total non-current liabilities	26,978	65	41,405%
CURRENT LIABILITIES:			
Provisions	9,059	13,990	-35%
Bank borrowings.....	277,068	62,992	340%
Other current financial liabilities	288	26	1,008%
Payables to sole shareholders	3,071	99,080	-97%
Current trade and other payables	32,698	70,423	-54%
Tax payables	4,404	4,739	-7%
Other current liabilities	31,251	13,580	130%
Total current liabilities	357,839	264,830	35%
TOTAL EQUITY AND LIABILITIES	1,015,829	1,105,509	-8%

Investment property increased by €1.9 million, or 17.3 per cent, to €12.9 million as of 31 December 2016 from €11.0 million as of 31 December 2015, primarily due to a transfer from inventories to investment property of a net value of €6.4 million, partially offset by a transfer from investment property to stocks of a net value of €3 million.

Property, plant and equipment increased by €0.1 million, or 9.2 per cent, to €1.6 million as of 31 December 2016 from

€1.4 million as of 31 December 2015, primarily due to works and furniture purchases in the Group's new offices.

Cash and cash equivalents decreased by €44.1 million, or 49.3 per cent, to €45.3 million as of 31 December 2016 from €89.4 million as of 31 December 2015, primarily due to repayment of a loan from the sole shareholder and repayment of bank borrowings. See "Liquidity and Capital Resources—Cash Flows—Cash flows from financing activities".

Trade and other receivables decreased by €5.1 million, or 42.4 per cent, to €20.6 million as of 31 December 2016 from €35.7 million as of 31 December 2015, primarily due to deferred sale of legacy singular assets amounting to €13.7 million that were collected in FY 2016.

Comparison of Results of Operations for the Years Ended 31 December 2016 and the Combined Financial Information 2015

The following table and subsequent discussion summarises our financial performance and certain operating results for the year ended 31 December 2016, the six months ended 31 December 2015, the six months ended 30 June 2015 and the Combined Financial Information 2015.

	Year ended 31 December 2016	Six months ended 31 December 2015 (A)	Six months ended 30 June 2015 (B)	Combined Financial Information 2015 (A+B)
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>(€ thousands)</i>			
Net revenues	228,565	134,688	121,976	256,664
Cost of sales	(205,360)	(104,871)	(107,476)	(212,347)
Employee benefits expenses.....	(11,677)	(4,808)	(3,000)	(7,808)
Depreciation and amortisation charges	(608)	(270)	(57)	(327)
External services	(40,198)	(25,536)	(11,331)	(36,867)
Change in trade provisions.....	34,595	(69,618)	(11,579)	(81,197)
Other operating gains/(losses).....	3,704	781	302	1,083
Profit/loss from operations.....	9,021	(69,634)	(11,165)	(80,799)
Impairment and gains/(losses) on disposals of non-current assets	(2)	-	-	-
Other gains and losses.....	-	-	205	205
Finance revenue	108	27	16	43
Finance costs.....	(4,999)	(644)	(304)	(948)
Profit/loss before tax.....	4,128	(70,251)	(11,248)	(81,499)
Income tax.....	(3,071)	(615)	-	(615)
Profit/loss for the year	1,057	(70,866)	(11,248)	(82,114)

The following table sets forth certain financial information per business line segment for the year ended 31 December 2016, the six months ended 31 December 2015, the six months ended 30 June 2015 and the Combined Financial Information 2015.

	Legacy				Development				Assets management – Servicing				Others/Corporate				Total			
	FY 2016	H2 2015 (A)	H1 2015 (B)	H1 2015 + H2 2015 (A+B)	FY 2016	H2 2015 (A)	H1 2015 (B)	H1 2015 + H2 2015 (A+B)	FY 2016	H2 2015 (A)	H1 2015 (B)	H1 2015 + H2 2015 (A+B)	FY 2016	H2 2015 (A)	H1 2015 (B)	H1 2015 + H2 2015 (A+B)	FY 2016	H2 2015 (A)	H1 2015 (B)	H1 2015 + H2 2015 (A+B)
	(audited)	(audited)	(audited)	(un- audited)	(audited)	(audited)	(audited)	(un- audited)	(audited)	(audited)	(audited)	(un- audited)	(audited)	(audited)	(audited)	(un- audited)	(audited)	(audited)	(audited)	(un- audited)
(€ thousands)																				
Income																				
Third party sales	164,293	87,246	120,885	208,131	36,611	31,974	-	31,974	27,661	14,452	-	14,452	-	1,016	1,091	2,107	228,565	134,688	121,976	256,664
Cost of sales	(178,322)	(83,317)	(107,476)	(190,793)	(27,038)	(21,554)	-	(21,554)	-	-	-	-	-	-	-	-	(205,360)	(104,871)	(107,476)	(212,347)
Change in trade provisions – Application of impairments for sold stocks	44,077	9,987	11,544	21,531	-	-	-	-	-	-	-	-	-	-	-	-	44,077	9,987	11,544	21,531
Gross margin	30,048	13,916	24,953	38,869	9,573	10,420	-	10,420	27,661	14,452	-	14,452	-	1,016	1,091	2,107	67,282	39,804	26,044	65,848
Employee benefits expenses	(2,746)	(1,247)	(1,717)	(2,964)	(6,095)	(1,958)	(1,283)	(3,241)	(2,836)	(1,603)	-	(1,603)	-	-	-	-	(11,677)	(4,808)	(3,000)	(7,808)
External services	(23,218)	(15,827)	(11,331)	(27,158)	(9,766)	(7,159)	-	(7,159)	(7,214)	(2,550)	-	(2,550)	-	-	-	-	(40,198)	(25,536)	(11,331)	(36,867)
Change in trade provisions – Other	(16,286)	(62,237)	(23,123)	(85,360)	6,804	(17,368)	-	(17,368)	-	-	-	-	-	-	-	-	(9,482)	(79,605)	(23,123)	(102,728)
Other operating gains/(losses)	3,704	501	3	504	-	46	299	345	-	-	-	-	-	234	-	234	3,704	781	302	1,083
EBITDA	(8,498)	(64,894)	(11,215)	(76,109)	516	(16,019)	(984)	(17,003)	17,611	10,299	-	10,299	-	1,250	1,091	2,341	9,629	(69,364)	(11,108)	(80,472)
Net interest expense and others	-	-	-	-	(4,893)	(617)	-	(617)	-	-	-	-	-	-	-	-	(4,893)	(617)	(83)	(617)
Depreciation and amortization	(376)	(244)	-	(244)	-	-	-	-	-	-	-	-	(232)	(26)	-	(26)	(608)	(270)	(57)	(327)
Profit/(loss) before tax	(8,874)	(65,138)	(11,215)	(76,353)	(4,377)	(16,636)	(984)	(17,620)	17,611	10,299	-	10,299	(232)	1,224	1,091	2,315	(4,128)	(70,251)	(11,248)	(81,499)
Change in trade provisions – Other	16,286	62,237	23,123	85,360	(6,804)	17,368	-	17,368	-	-	-	-	-	-	-	-	9,482	79,605	23,123	102,728
Net interest expense and others	-	-	-	-	4,893	617	-	617	-	-	-	-	-	-	-	-	4,893	617	83	700
Depreciation and amortization	376	244	-	244	-	-	-	-	-	-	-	-	232	26	-	26	608	270	57	327
Adjusted EBITDA⁽¹⁾	7,788	(2,657)	11,908	9,251	(6,288)	1,349	(984)	365	17,611	10,299	-	10,299	-	1,250	1,091	2,341	19,111	10,241	12,015	22,256

Note:

(1) Adjusted EBITDA is a financial measure used by Group management which does not take into consideration the impairment losses on the Group's investment properties and inventories, mainly. Segmental information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the Board.

Net revenues

Total net revenues decreased by €28.1 million, or 10.9 per cent, to €228.6 million in FY 2016 from €256.7 million in the Combined Financial Information 2015, primarily due to the decrease in legacy sales net revenues.

Legacy third party sales decreased by €43.8 million, or 21.0 per cent, to €64.3 million in FY 2016 from €108.1 million in the Combined Financial Information 2015, primarily reflecting sales amounting to €63.5 million in relation to approximately 1,700 units located mainly in southern Spain. During the first half of 2015, the most significant legacy sales were San Lazaro (amounting to €12 million), Hotel Madrid (€1.5 million), Santa Isabel (€1 million) and Nueva Andalucia (€4.5 million).

Development third party sales increased by €4.6 million, or 14.4 per cent, to €36.6 million in FY 2016 from €32.0 million in the Combined Financial Information 2015, primarily reflecting the delivery of the Las Mercedes and Jardines Zabalgana Phase III developments in FY 2016. With regard to our development business, the EBITDA was negative in the Combined Financial Information 2015 due to the fact that there were no unit deliveries in 2015, while costs such as personnel costs in relation to recruitment and marketing and broker fees in relation to pre-sales were incurred.

Servicing contracts net revenues increased by €13.2 million, or 91.0 per cent, to €27.7 million in FY 2016 from €14.5 million in the Combined Financial Information 2015. Management fees comprised 64 per cent, success fees 30 per cent and boarding and other fees 6 per cent of the servicing revenue in FY 2016.

In the Combined Financial Information 2015, there were Others/Corporate third party sales of €2.1 million in relation to a servicing contract (different from the Servicing Agreement).

Cost of sales

Cost of sales decreased by €6.9 million, or 3.3 per cent, to €205.4 million in FY 2016 from €212.3 million in the Combined Financial Information 2015. The cost of sites and land was €34.3 million in FY 2016 compared to €28.7 million in the Combined Financial Information 2015. The cost of construction work in progress and completed buildings was €171.1 million in FY 2016 compared to €183.6 million in the Combined Financial Information 2015.

Employee benefits expenses

Employee benefits expenses increased by €3.9 million, or 50.0 per cent, to €1.7 million in FY 2016 from €7.8 million in the Combined Financial Information 2015, primarily due to an increase in wages, salaries and similar expenses. Wages, salaries and similar expenses increased by €3.1 million, or 48.4 per cent, to €9.5 million in FY 2016 from €6.4 million in the Combined Financial Information 2015, primarily due to an increase in headcount to 170 in 2016 from 119 in 2015. For the same reason, social security costs increased by €0.6 million, or 50.0 per cent, to €1.8 million in FY 2016 from €1.2 million in the Combined Financial Information 2015.

Depreciation and amortisation charges

Depreciation and amortisation charges increased by €0.3 million, or 100 per cent, to €0.6 million in FY 2016 from €0.3 million in the Combined Financial Information 2015, primarily due to amortisation of investment property assets amounting to €0.4 million in FY 2016.

External services

External services increased by €3.3 million, or 8.9 per cent, to €40.2 million in FY 2016 from €36.9 million in the Combined Financial Information 2015. Independent professional services comprised the largest proportion of external services, amounting to €20.6 million in FY 2016 and €14.6 million in the Combined Financial Information 2015, and mainly included fees accrued in relation to investment property agents and other intermediaries involved in sales. External services includes the fees payable to property agents in connection with units pre-sold and to be delivered in the following years.

Change in trade provisions

Change in trade provisions was €34.6 million in FY 2016 compared to negative €81.2 million in the Combined Financial Information 2015. This change was primarily due to the removal from the balance sheet in FY 2016 of €44 million of impairment of those inventories that were sold. Impairment losses of inventories and investment properties decreased by €7.6 million, or 87.7 per cent, to €9.5 million in FY 2016 from €87.0 million in the Combined Financial Information 2015, primarily reflecting adjustments in the accounting value of inventories and investment property to its fair value.

Other operating gains/(losses)

Other operating gains increased by €2.6 million to €3.7 million in FY 2016 from €1.1 million in the Combined Financial Information 2015, primarily due to gains on sales of investment property amounting to €1.4 million.

Finance costs

Finance costs increased to €5.0 million in FY 2016 from €0.9 million in the Combined Financial Information 2015, primarily due to our recapitalization, through which we increased bank borrowings. See “—Basis of Preparation” above.

Income tax

Income tax was €3.1 million in FY 2016 compared to €0.6 million in the Combined Financial Information 2015.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are mortgage loans to finance land purchases, credit lines for ordinary operations not directly associated with land purchases and other loans to finance input VAT in certain land purchase transactions. We calculate our cash needs using a 12-month cash flow budget and arrange credit facilities and hold short-term financial investments to meet the forecast needs. Our available cash position as of 31 December 2016 was €45.3 million, of which €21.4 million may only be drawn down in connection with the construction of developments.

In the opinion of the Company, the working capital available to the Company (total current assets less total current liabilities), which as of 31 December 2016 amounted to €642.45 million, is sufficient for the Company’s present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus. This will continue to be the case following completion of the Offering.

The adjusted working capital of the Company (defined as inventories plus trade and other receivables, current financial assets, tax receivables, restricted cash and cash equivalents less provisions, other current financial liabilities, payables to shareholder, current trade and other payables (excluding deferred payment for land) tax payables and other current liabilities) as of 31 December 2016 amounted to €07 million.

Cash Flows

The following table and subsequent discussion summarises our cash flows for the year ended 31 December 2016, the six months ended 31 December 2015, the six months ended 30 June 2015 and the Combined Financial Information 2015.

	Year ended 31 December 2016	Six months ended 31 December 2015 (A)	Six months ended 30 June 2015 (B)	Combined Financial Information 2015 (A+B)
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>(€ thousands)</i>			
Cash flows from/(used in) operating activities				
Profit/(loss) from operations	4,128	(70,251)	(11,248)	(81,499)
Adjustments:				
Depreciation and amortisation	608	270	57	327
Change in provisions	12,377	76,412	14,179	90,591

Impairment and gains/(losses) on disposal of intangible and tangible assets	2	-	-	-
Finance costs	4,999	644	304	948
Finance revenue	(108)	(27)	(16)	(43)
Other proceeds/(payables).....	(7,904)	-	-	-
Cash flows obtained from operations	14,102	7,048	3,276	10,324
Increase/(Decrease) in current assets and liabilities:				
Inventories.....	(3,108)	(109,027)	29,006	(80,021)
Trade and other receivables.....	40,618	(39,139)	(23,377)	(62,516)
Current trade and other payables.....	(37,739)	53,336	19,920	73,256
Other current and non-current assets and liabilities	17,640	1,202	8,183	9,385
Income tax paid	(790)	-	25	25
Total net cash flows from operating activities (I)	30,723	(86,580)	37,033	(49,547)
Cash flows from/(used in) investing activities				
Investments in intangible and tangible assets....	(1,085)	(442)	(996)	(1,438)
Investments in Group companies and associates	-	(4)	(2,300)	(2,304)
Investments in non-current financial assets.....	(238)	(41)	-	(41)
Interests collected.....	108	7	16	23
Disposals of intangible and tangible assets	59	-	-	-
Disposals of investment property	-	132	962	1,094
Disposals of other current and non-current financial assets.....	22	-	-	-
Total net cash flows from investing activities (II).....	(1,134)	(348)	(2,318)	(2,666)
Cash flows from/(used in) financing activities				
Proceeds from share capital increases	-	1,346	125,894	127,240
Repayments from share capital reductions.....	(210,581)	-	-	-
Proceeds from bank borrowings.....	298,648	51,408	12,750	64,158
Proceeds from sole shareholder borrowings	-	105,000	-	105,000
Repayment of bank borrowings	(53,974)	(11,983)	-	(11,983)
Repayment of sole shareholder borrowings	(99,001)	(6,728)	(160,274)	(167,002)
Interests paid	(9,000)	(401)	(374)	(775)
Other proceeds/payments related to financing activities.....	231	(357)	-	(357)
Total net cash flows from financing activities (III)	(73,677)	138,285	(22,004)	116,281
Net increase/(decrease) in cash and cash equivalents (I + II + III).....	(44,088)	51,357	12,711	64,068
Cash and cash equivalents at beginning of the period	89,389	38,032	25,321	25,321
Cash and cash equivalents at end of year	45,301	89,389	38,032	89,389

Cash flows from operating activities

Net cash flows from operating activities were €30.7 million in FY 2016 compared to net cash flows used in operating activities of €49.5 million in the Combined Financial Information 2015. This change in FY 2016 was primarily attributable to profit from operations of €4.1 million, change in provisions of €12.4 million, finance costs of €5.0 million and an increase in current assets and liabilities of €16.6 million. The increase in current assets and liabilities was partially due to: (i) a decrease in deferred payment of the price of land purchased to €2 million in FY 2016 from €3 million in the Combined Financial Information 2015 and (ii) a decrease in VAT receivable to €8 million in FY 2016 from €34 million in the Combined Financial Information 2015.

Cash flows from investing activities

Net cash flows used in investing activities decreased by €1.6 million, or 59.3 per cent, to €1.1 million in FY 2016 from €2.7 million in the Combined Financial Information 2015. This was primarily due to the fact that in the first half of 2015, Neinor Homes, S.L.U. and its subsidiaries granted a loan amounting to €2.3 million to Global Endurance, S.L.U. (of which Neinor Holdings, S.L. was the sole shareholder) to finance the purchase of land.

Cash flows from financing activities

Net cash flows used in financing activities were €73.7 million in FY 2016 compared to net cash flows from financing activities of €116.3 million in the Combined Financial Information 2015. This change in FY 2016 was primarily due to three capital reductions amounting to €199 million, €6 million and €5 million, repayment of a loan from the sole shareholder amounting to €99.0 million (the remainder of a €105.0 million loan, €6.7 million of which was repaid in November 2015) and repayment of bank borrowings amounting to €54.0 million, partially offset by €298.6 million in proceeds from new bank borrowings.

Cash flows for a standard development

For a standard development, 20 per cent of the sales price of a pre-sold unit is received in advance from the customer during the construction phase, and the remaining 80 per cent is received upon delivery of the unit. It is our target that cash outflow for land acquisition for a standard development (approximately 30 per cent. of which will be financed, but only during the period leading up to 2020) will amount to approximately 25 per cent. of this cash inflow, and cash outflow for capital expenditure for a standard development, which will be spread out over the construction period, will amount to approximately 46 per cent. of this cash inflow. 100 per cent. of the unlevered cash flow during the construction period will be financed both during and after the period leading up to 2020. Moreover, our target is that operating expenditure for a standard development will amount to 5 per cent. of cash inflow (2 per cent. during the design, procurement and commercialisation period and 3 per cent. during the delivery period).

Indebtedness

At the time of our incorporation, financing mainly came from group companies and associates. Since incorporation, our debt has increased as our business has grown. In particular, mortgage loans have increased in order to finance the purchase of land and credit lines (both short-term and long-term) have increased in order to finance business operations.

Our net debt, calculated as current and non-current bank borrowings, plus deferred payments for land registered under current trade and other payables, less available cash and cash equivalents, was €292 million as of 31 December 2016.

The following table provides an overview of our bank borrowings and other financial liabilities as of 31 December 2016, 31 December 2015 and 30 June 2015. See also “*Capitalization and Indebtedness*”.

	As of 31 December 2016	As of 31 December 2015	As of 30 June 2015
		<i>(audited)</i>	
		<i>(€ thousands)</i>	
Long term bank borrowings:			
Credit lines ⁽¹⁾	26,623	-	-

Short term financial liabilities with sole shareholder:

Interest payable	-	193	-
Other accounts payable	3,071	98,887	-

Short term bank borrowings:

Interest payable	190	74	24
Mortgage loans ⁽¹⁾	201,569	10,143	10,743
Credit lines ⁽¹⁾	68,416	20,249	-
Other loans ⁽¹⁾	6,893	32,526	12,750

Other liabilities.....	288	26	381
Total.....	307,050	162,098	23,898

Scheduled maturities:

2015.....	-	-	1,005
2016.....	-	152,855	13,959
2017 ⁽²⁾	38,338	9,243	8,943
2018.....	7,343	-	-
2019.....	249,792	-	-
2020.....	396	-	-
2021 and following	11,181	-	-

Total unmaturing borrowings.....	307,050	162,098	23,898
---	----------------	----------------	---------------

Note:

(1) Borrowings are presented at amortised cost, net of the debt arrangement expenses incurred in 2016 amounting to €5.2 million, of which €1.1 million were charged to finance costs for FY 2016.

(2) There is €7.5 million relating to credit facilities linked to developments, for which the maturity may be extended to 2019.

Long-term bank borrowings

Long-term bank borrowings include a credit line aimed at providing the Group with additional liquidity for its ordinary operations not directly associated with land purchases. The credit line has a limit of €30 million and matures in 2019. It has been drawn down in full and the remainder is recognised under short-term bank borrowings.

In addition, we have assigned, as a performance guarantee to secure the full repayment of the credit line, the collection rights consisting of the payments under the Servicing Agreement.

Other accounts payable

The balance of this line item as of 31 December 2016 relates to the account payable to the Parent's sole shareholder in relation to income tax under the consolidated tax regime, amounting to €3.1 million (€0.6 million as of 31 December 2015).

As of 31 December 2015, this line item included the outstanding balance of a loan from Neinor Holdings, S.L.U., of an initial amount of €105 million received on 23 October 2015. This loan was partially repaid (approximately €6.7 million) on 30 November 2015, and the remainder was repaid in full in 2016, together with the related interest payable as of 31 December 2015 and the interest incurred in 2016, for an aggregate amount of €0.7 million.

Mortgage loans

In FY 2016 the Group arranged 69 new mortgage loans with a nominal value of €195.7 million, which were recognised net of the related debt arrangement expenses of €2.9 million. The Group also arranged five additional loans in FY 2016 with a nominal value of €37.9 million, against which no amount had been drawn down as of 31 December 2016.

As of 31 December 2015, the Company only had one mortgage loan amounting to €0.1 million, which was still outstanding as of 31 December 2016 following the repayment of €1.4 million in 2016.

Credit lines and other loans

In FY 2016 the Group arranged seven new credit lines with a limit of €47.7 million, against which €47.2 million have been drawn down.

Other loans includes the balance drawn down on loans received by the Group in order to finance input VAT in certain land purchase transactions. These loans mature in 2017 and earn interest at the market rate. The limit on these loans amounts to €15 million, of which €6.9 million has been disposed of as of 31 December 2016.

Inventories

Our inventories consist of sites and land, construction work in progress, completed buildings, advances to suppliers and impairment losses. The following table sets out inventory balances as of 31 December 2016, 31 December 2015 and 30 June 2015.

	As of 31 December 2016	As of 31 December 2015	As of 30 June 2015
		<i>(audited)</i>	
		<i>(€ thousands)</i>	
Sites and land.....	582,585	594,500	426,111
Construction work in progress.....	172,121	44,629	35,160
Completed buildings.....	271,966	430,580	492,915
Advances to suppliers.....	11	2,400	-
Less: Impairment losses.....	(101,317)	(138,819)	(72,693)
	925,366	933,290	881,493

Impairment losses increased by €66.1 million, or 91.0 per cent, to €138.8 million in the second half of 2015 from €72.7 million in the first half of 2015, primarily due to an adjustment of the marketing schedules and prices of our assets in the second half of 2015 following an analysis of each asset's specific peculiarities. Impairment losses decreased by €37.5 million, or 27.0 per cent, to €101.3 million in FY 2016 from €138.8 million in the second half of 2015. This was primarily due to the application of impairment for sold inventories.

As of 31 December 2016, the inventory balance of our development business was €118.9 million and that of our legacy business was €206.5 million, as compared to €77.4 million and €355.9 million, respectively, as of 31 December 2015.

Contingent and other Off-Balance Sheet Liabilities

At of 31 December 2016, the Group had provided guarantees to third parties for a total amount of €43.4 million (€22.4 million as of 31 December 2015). Of this amount, €15.7 million (€15.4 million as of 31 December 2015) was related mainly to guarantees provided to different local authorities to secure the development of properties and €27.8 million (€6.6 million as of 31 December 2015) was related to guarantees provided to secure payments in advance received from customers.

Additionally, as of 31 December 2016 the Group had received from different suppliers and contractors guarantees in an amount of €8.4 million (€0.4 million as of 31 December 2015) to secure the completion of corresponding construction works.

Tax

Corporate tax rates are 25 per cent in Spain and 28 per cent under the foral regime in the Basque region. Based on the current geographic split of our land bank, our blended corporate tax rate is 26 per cent

We carry deferred tax assets of €6 million, which we hold off-balance sheet. The use of deferred tax assets is limited to 25 per cent of the taxable base in Spain (although this is not applicable under the foral regime). Therefore we expect to use our deferred tax assets by the end of 2021.

Financial Risk Management

Liquidity Risk

Liquidity risk is the risk that we may not be able to meet payments to which we are already committed and/or commitments arising from new investments. We calculate our cash needs using a 12-month cash flow budget. Our liquidity management policy is to arrange firm credit facilities and hold short-term financial investments that are sufficient to meet our forecast needs. As of 31 December 2016, our undrawn credit facilities and loans amounted to €9.7 million and our available cash position was €45.3 million, of which €21.4 is restricted and may only be drawn down in connection with the construction of developments.

Market Risk

Interest rate risk

Interest rate risk is the risk of impacts that any rise in interest rates may have on finance costs in the income statement. Interest rate fluctuations affect the fair value of fixed-rate assets and liabilities and the future cash flows from floating-rate assets and liabilities. We are exposed to the risk of interest rate volatility. In FY 2016, if the interest rate applicable to the Group's current borrowings had increased or decreased by 1 per cent, the Group's finance costs would have changed by approximately +/- €2 million.

Credit risk

Credit risk is the risk of impacts that defaults on receivables may have on the income statement. We do not have a significant credit risk exposure to third parties arising from our own property activities since we collect substantially all of our sales revenue when the sales are executed in a public deed. The credit risk arising from deferred payments on land or building sales is offset through the securing of collateral and the setting of conditions subsequent in the event of non-payment. Such conditions would give rise to recovery of ownership of the asset and collection of compensation.

Critical Accounting Policies

Except as otherwise indicated, our financial information included in this Prospectus has been prepared and presented in accordance with IFRS-EU. See “*Presentation of Financial and Other Information*” and the notes to the Consolidated Financial Statements contained in this Prospectus. In particular, see note 2.

The preparation of financial statements requires our management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within our financial statements represent good faith assessments of our future performance for which our management believes there is a reasonable basis.

These estimates and assumptions represent our view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause our actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Alternative Performance Measures

We use certain alternative performance measures (“APM”s) to provide additional information which facilitates the comparability of our financial information. The most significant APMs that we use are as follows:

Gross Profit

We calculate gross profit by adding external sales, cost of sales and change in operating provisions, allowances and write-downs. The segmental information table in “*Results of Operations – Comparison of Results of Operations for the Years Ended 31 December 2016 and the Combined Financial Information 2015*” presents our calculation of gross profit as of the dates indicated.

We consider gross profit to be a performance measure because it provides information on gross profit, which is

calculated on the basis of external sales less the cost incurred to complete those sales. The impairment losses derecognised in connection with real estate assets sold during the year were also taken into consideration for this calculation

EBITDA

We calculate EBITDA by adding gross profit, staff costs, outside services, change in operating provisions, allowances and write-downs and other operating income. The segmental information table in “*Results of Operations – Comparison of Results of Operations for the Years Ended 31 December 2016 and the Combined Financial Information 2015*” presents our calculation of EBITDA as of the dates indicated.

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

Adjusted EBITDA

We calculate adjusted EBITDA by adding profit or loss before tax, change in operating provisions, allowances and write-downs, net financial profit or loss and other income and expenses and depreciation and amortisation charge. The segmental information table in “*Results of Operations – Comparison of Results of Operations for the Years Ended 31 December 2016 and the Combined Financial Information 2015*” presents our calculation of adjusted EBITDA as of the dates indicated.

We consider adjusted EBITDA to be a performance measure because it provides an analysis of the operating results, excluding the non-cash depreciation and amortisation charge, inventory write-downs, investment property and doubtful debts considered to be non-recurring.

Borrowings

We calculate borrowings by adding bank borrowings recognised under non-current liabilities and bank borrowings recognised under current liabilities.

The following table sets out our calculation of borrowings as of 31 December 2016 and for the six months ended 31 December 2015 and the six months ended 30 June 2015:

	Year ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015
		<i>(€ thousands)</i>	
Non-current liabilities – bank borrowings	26,623	0	0
Current liabilities – bank borrowings	277,068	62,992	23,517
Borrowings	303,691	62,992	23,517

We consider borrowings to be a performance measure because it is a financial indicator that measures the company’s debt position. It is also an indicator that is widely used by investors when valuing the financial leverage of companies, and by rating agencies and creditors to assess the level of borrowings.

Net financial debt

We calculate net financial debt by adding bank borrowings (current and non-current liabilities), deferred payment for the

purchase of land recognised under “trade and other payables” under both non-current and current liabilities and cash and cash equivalents (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the property developments). The following table sets out our calculation of net financial debt as of 31 December 2016 and for the six months ended 31 December 2015 and the six months ended 30 June 2015:

	Year ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015
	<i>(€ thousands)</i>		
Non-current liabilities – bank borrowings	26,623	0	0
Current liabilities – bank borrowings	277,068	62,992	23,517
Current trade and other payables – deferred payment for land ⁽¹⁾	11,875	53,527	8,500
Cash and cash equivalents – available cash	(23,928)	(82,924)	(38,032)
Net financial debt	291,638⁽²⁾	33,595⁽³⁾	(6,015)

(1) Includes deferred land payments, which are considered a debt-like item by the Company.

(2) This amount does not include financial liabilities with the Company’s sole shareholder for an amount of €3,071 thousand.

(3) This amount does not include financial liabilities with the Company’s sole shareholder for an amount of €9,080 thousand.

We consider net financial debt to be a performance measure because it is a financial indicator that measures a company’s net debt position. It is also an indicator that is widely used by investors when valuing the net financial leverage of companies, and by rating agencies and creditors to assess the level of net borrowings.

Loan to Value (LTV)

We calculate LTV by dividing net financial debt by assets market value. The following table sets out our calculation of LTV as of 31 December 2016 and for the six months ended 31 December 2015 and the six months ended 30 June 2015:

	Year ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015
	<i>(€ thousands)</i>		
Net financial debt	292	34	(6)
Assets market value	1,404	N.A. ⁽¹⁾	N.A. ⁽¹⁾
LTV	21%	N.A.⁽¹⁾	N.A.⁽¹⁾

(1) In 2015, the Company did not perform an external valuation for the all assets. In any case, given the net financial debt, the LTV should be either 0 in June 2015 or immaterial in December 2015.

We consider LTV to be a performance measure because it is an indicator that measures the company’s indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Loan to Cost (LTC)

We calculate LTC by dividing net financial debt by the sum of inventories and investment property. The following table sets out our calculation of LTC as of 31 December 2016 and for the six months ended 31 December 2015 and the six months ended 30 June 2015:

	Year ended 31 December 2016	Six months ended 31 December 2015	Six months ended 30 June 2015
	<i>(€ thousands)</i>		
Net financial debt	292	34	(6)
Inventories	925	933	881
Investment property	13	11	13
LTC (%)	31%	3%	0%

We consider LTC to be a performance measure because it is an indicator that measures the company's indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

MANAGEMENT AND BOARD OF DIRECTORS

Spanish corporate law is mainly regulated by Royal Legislative Decree 1/2010 approving the restated text of the Spanish Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “**Spanish Companies Act**”), which is the principal legislation under which the Company operates. In order to adapt the Company to the recent amendments to the Spanish Companies Act, to the corporate good governance requirements and to practices of listed companies, the Company’s board of directors (the “**Board of Directors**”), at its meeting held on 6 March 2017, approved the regulations that govern the Company’s Board of Directors (the “**Board of Directors Regulations**”) and approved the Internal Code of Conduct in Securities Markets, which will become effective upon Admission. Similarly, on 27 February 2017 the sole shareholder of the Company amended the Company’s bylaws and approved a new restated text thereof and, on 6 March 2017, approved the regulations that govern the general shareholders’ meeting (the “**General Shareholders’ Meeting Regulations**”). Likewise, on 8 March 2017 the sole shareholder of the Company acknowledged the approval of the Board of Directors Regulations, as well as the Internal Code of Conduct in Securities Markets approved by the Board of Directors.

Board of Directors

Spanish corporate law provides that a Spanish incorporated company’s board of directors is responsible for the management, administration and representation of the company in all matters concerning its business, subject to the provisions of such company’s bylaws (*estatutos*), except for those matters expressly reserved for the general shareholders’ meetings.

The Company’s bylaws and Board of Directors Regulations provide for a Board of Directors that consists of between 5 and 15 members. The Board of Directors currently consists of 7 members in accordance with the resolution passed by Company’s sole shareholder on 8 March 2017. According to the bylaws and the Board of Directors Regulations, the Company’s directors are elected by the general shareholders’ meeting (shareholders have the right to appoint a number of directors in proportion to their shareholding in the Company provided that vacancies exist) to serve for a maximum term of 3 years and may be re-elected to serve for an unlimited number of terms of the same duration (save that no independent director can serve for more than 12 years and still be considered as independent). If a director does not serve out his or her term, the Board of Directors may fill the vacancy by appointing a replacement director to serve until the next general shareholders’ meeting. If the vacancy occurs once the general shareholders’ meeting has been convened and before the meeting has been held, the Board of Directors may appoint a director to serve until the next general shareholders’ meeting. Any natural or legal person may serve on the Company’s Board of Directors, except for persons specifically prohibited by applicable law, the Company’s bylaws or the Company’s Board of Directors Regulations. A director may be removed from office by the shareholders at a general shareholders’ meeting, even if such removal is not included on the agenda for that general shareholders’ meeting.

The Company’s Board of Directors is responsible for the Company’s management and establishes, among other things, the Company’s strategic, accounting, organizational and financing policies. In addition, and further to any other matters as may be provided by law, the Company’s bylaws or the Board of Directors’ Regulations, the following matters cannot be delegated under any circumstances by the Board of Directors: a) supervising the effective operation of any committees established or the performance of any delegated bodies or managers it may have nominated; b) determining the Company’s general policies and strategies; c) authorizing or allocating the obligations arising from the duty of loyalty in accordance with the provisions of article 230 of the Spanish Companies Act; d) its own organization and functioning; e) drafting the financial statements and presenting them to the general shareholders’ meeting; f) drafting any type of report required from the board by law, assuming that the operation to which the report refers cannot be delegated; g) nominating or removing managers who report directly to the board or to any of its members, as well as establishing the basic conditions of their contracts, including remuneration; i) decisions relating to directors’ remuneration, within the statutory framework and, when relevant, to the remuneration policy approved by the general meeting; j) calling the shareholders’ general meeting and preparing the agenda and resolutions proposals; k) the policy relating to treasury stock; l) any powers that the general meeting has vested to the board of directors, unless the board has explicitly authorized that they may be sub-delegated.

In addition, listed companies’ boards of directors cannot delegate the decision on the following specific matters: a) approval of the strategic or business plan, annual management objectives and budget, investment and finance policies, corporate liability policy and the dividends policy; b) establishment of the risk control and management policy, including financial and the supervision of the internal information and control systems; c) establishment of the company and group’s corporate governance policy, its organization and functioning and, in particular, the approval and amendment of

its own regulations; d) approval of the financial information that, pursuant to its listed nature, the company must periodically make public; e) definition of the structure of the group of companies of which the company is the parent entity; f) approval of all types of investments and transactions that, due to their high quantity or special characteristics, are of a strategic nature or have special tax risk, unless their approval falls under the general shareholders' meeting's authority; g) approval of the creation or acquisition of shares in special purpose entities or registered in countries or territories considered tax havens, in addition to any other transaction or operation of a similar nature that, due to its complexity, may undermine the transparency of the company and its group; h) approval, prior to any report from the audit committee, of any operations the company or companies in the group perform with directors, pursuant to articles 229 and 230 of the Spanish Companies Act, or with significant shareholders, either individually or jointly with others, of a significant share, including shareholders represented by proxy in the board of directors of the company or other companies that form part of the same group, or with persons related to them —directors affected, who represent, or who are related to shareholders affected, must abstain from participating in the deliberations and voting on the relevant resolutions. Transactions may only be exempt from this approval if they have all three of the following characteristics: (i) they are performed under contracts whose conditions are standardized and applied *en masse* to a large number of clients, (ii) they are performed at prices or rates generally established by the supplier of the relevant goods or services and, (iii) their quantity does not exceed one percent of the company's annual income—; and i) establishing the company's tax strategy. Under urgent and duly justified circumstances, decisions relating to the previous matters may be adopted by the delegated bodies or persons, which must be ratified in the first board of directors' meeting held after the adoption of the decision.

According to Spanish law, the Board of Directors Regulations and the Company's bylaws, the Chairman of the Board of Directors and, where appropriate, the Vice-Chairman, who acts as Chairman in the event of the Chairman's absence or incapacity, shall be elected from among the members of the Board of Directors. Pursuant to Article 529 septies of the Spanish Companies Act, applicable upon Admission, and to the Board of Directors Regulations, if the Chairman is an executive director, a coordinating director shall be appointed from among the independent directors. For the avoidance of doubt, the Chairman of the Board of Directors of the Company is Mr. Ricardo Martí Fluxá, an independent director, so no coordinating directors needs to be appointed by the Company. The coordinating director shall have the power to request the call of the meetings of the Board of Directors and include new items on the agenda of the meetings, to coordinate non-executive directors and to lead, if necessary, the regular evaluation of the Chairman of the Board of Directors. The Secretary and, where appropriate, the Vice-Secretary of the Board of Directors do not need to be directors, in which case they will have right to voice their views but not the right to vote decisions.

The Company's bylaws and Board of Directors Regulations provide that the Chairman of the Board of Directors may call a meeting whenever he or she considers such a meeting necessary or suitable. The Chairman of the Board of Directors is also required to call a meeting at the request of at least 3 of the members of the Board of Directors or, if this number is higher than one-third of the directors, when so requested by at least one-third of the directors or, where applicable, at the request of the coordinating independent director. According to the Company's bylaws and the Board of Directors Regulations, the Board of Directors shall meet at least quarterly, in compliance with the Spanish Companies Act; this notwithstanding, the Board of Directors of the Company could meet more frequently and up to 8 times for year or more, in line with the recommendations of the Corporate Governance Code (*Código de Buen Gobierno*), approved by the CNMV in February 2015 (the "**Corporate Governance Code**"). The Company's bylaws and the Board of Director Regulations provide that the majority (half plus one) of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) shall be present or represented in order to constitute a quorum. Except as otherwise provided by law or specified in the Company's bylaws, resolutions of the Board of Directors are passed by an absolute majority of the directors attending a meeting whether personally or by proxy. In case of a tie, the Chairman shall not have a casting vote. The Company's bylaws and the Board of Directors Regulations do not contain any special majorities to pass any resolution different from those that are established by the legislation in force as of the date of this Prospectus.

According to the Spanish Companies Act, directors may contest resolutions passed by the board of directors or by any other management body, within thirty days of their adoption. Similarly, such agreements may be contested by any shareholder or shareholders who, in the case of listed companies, represent 0.1% of the share capital, within thirty days of becoming aware of said resolutions and provided not more than one year has elapsed since their adoption. The causes, processing and effects of these challenges shall be subject to the same as established for challenges to general shareholders' meeting resolutions (see *Description of Share Capital - Shareholders' Meetings and Voting Rights*), with the special provision that, in this case, they shall also be processed for breach of the board of directors' regulations.

Directors

The table below shows the composition of the Company's Board of Directors as of the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Member of Board of Directors since</u>	<u>Terms Expires</u>	<u>Shareholder represented</u>	<u>Category/status</u>
Juan Velayos Lluís	43	Director and CEO	26/05/2015	28/02/2020	N/A	Executive
Ricardo Martí Fluxá	67	Director and Chairman	08/03/2017	08/03/2020	N/A	Independent
Anna-Maria Birulés Bertrán	62	Director	08/03/2017	08/03/2020	N/A	Independent
Alfonso Rodés Vilà	56	Director	08/03/2017	08/03/2020	N/A	Independent
Juan José Pepa	39	Director	26/05/2015	28/02/2020	Lone Star Capital Investments S.à r.l.	Proprietary
Dominique Jean Marie Cressot	57	Director	08/03/2017	08/03/2020	Lone Star Capital Investments S.à r.l.	Proprietary
Felipe Morenés Botín-Sanz de Sautuola	31	Director	26/05/2015	28/02/2020	Lone Star Capital Investments S.à r.l.	Proprietary

The non-Director Secretary of the Board of Directors is Silvia López Jiménez.

All members of the Board of Directors designate the Company's registered address as their professional address for the purpose of this Prospectus.

Biographical information for each of the current members of the Company's Board of Directors, including a brief description of each director's business experience and education, is presented below.

Juan Velayos Lluís

Juan started his career at Uría Menéndez Abogados, where he became partner at 31 in the M&A, Capital Markets and Real Estate practice. Afterwards, from June 2007 until the late 2011, Juan was CEO for the Real Estate companies Mixta Africa, leading the entry of financial partners, and Renta Corporación, leading the restructuring process (€800 million in debt) and managing more than €1,000 million in assets. Then, at 38, he became Head of Real Estate at PWC, setting up the portfolio advisory team and working on selected Private Equity and Spanish takeover transactions. In December 2014, Juan joined Neinor Homes as its CEO.

Juan holds a Law Degree from Abat Oliba University and an MBA from IESE Business School.

Ricardo Martí Fluxá

Mr. Fluxa is the Chairman of the Spanish Association of Real Estate Consulting Companies (ACI) and serves as Chairman of Industria de Turbo Propulsores, SA (ITP), a wholly owned subsidiary of Roll Royce. Mr. Fluxa is a former secretary of State for Security from 1996 to 2000 and prior to that he was a member of the Spanish Diplomatic Career, serving among other positions as responsible of activities and protocol of His Majesty The King of Spain. Within the private sector, he was in the past President of Marco Polo Investments, Director of Grupo Tomás Pascual, Member of the Advisory Board of Arcano Capital (Investment Bank), Director of Ibersecurities, Member of the Board of Grupo La Información (Media), Member of the Board of IKUSI (Technology) and a Member of Executive Committee and Chairman of the Staff and Remuneration Committee of Caja de Ahorros y Monte de Piedad de Navarra. In addition he currently chairs the Tomás Pascual Institute for Nutrition and Health. Mr. Fluxa is Trustee of the Guggenheim Museum (Bilbao), Trustee of The Prado Museum Friends Foundation and Member of the Governing Committee of the Foundation of the Spanish Royal Academy.

Anna-Maria Birulés Bertrán

Ms. Birulés is former Minister of Science and Technology of the Spanish Government and Former General Secretary of the Board of Banco Sabadell. She began her professional activity in the Department of Industry and Energy

of the Generalitat of Catalonia, eventually becoming General Director of the Information and Business Development Center (CIDEM) and President of the Consortium for the Commercial Promotion of Catalonia (COPCA). She was CEO of Retevisión (now part of Grupo Abertis and of Vodafone Group), from which she led the expansion process of the telecommunications operator, through its subsidiaries. She is member of the Circle of Entrepreneurs and the Barcelona Business Circle Board. She is closely related to the leading Business Schools, IESE, where she chairs Finaves, the international center to fostering initiatives through seed capital, and Esade, where she is member of its Professional Advisory Board.

Alfonso Rodés Vilà

Mr. Rodés is the CEO of Havas Media Group and Deputy CEO of Havas Worldwide, a French / Spanish multinational media company with a EUR3.4bn market cap. Mr Rodes served as the Head of MPG Worldwide at Havas Sports & Entertainment SA and as Chief Executive Officer of Worldwide operations at Media Planning Group, S.A (“MPG”). MPG, a company controlled by the Rodes family, merged with Havas in 1999. Mr Rodes joined MPG in 1996 as Head of Corporate Development after a period in merchant banking. Mr. Rodes has been an Executive Director at Havas SA since June 19, 2012. In addition he holds a number of positions at investment entities controlled by his family.

Juan José Pepa

Juan José Pepa serves as Managing Director & Head of Investments in Spain and Portugal for L Star Portugal Acquisitions S.A., an affiliate of the General Partner of Lone Star Funds. At Lone Star has been responsible for sourcing, real estate underwriting, structuring, and ongoing supervision of over EUR10bn of European Commercial Real Estate equity and debt investments. Since 2008 he has been involved in investments across a diverse pool of asset classes (office, retail, hotels, clinics, residential and industrial assets) and countries (Germany, UK, Netherlands, France, Belgium, Switzerland, and focused recently on Spain and Portugal).

Prior to joining Lone Star, Juan José Pepa worked at the Real Estate Special Situations Team for Citigroup. He holds an MBA from Babson College.

Dominique Jean Marie Cressot

Dominique Cressot is acting as Director Asset Management of Hudson Advisors and has more than 30 years of experience in Real Estate Management all over the world.

Dominique Cressot had a first successful experience with Hudson Advisors between 2004 and 2008 as General Manager for the “redevelopment of the Rue de La République in Marseille”.

Besides this experience Dominique Cressot worked for various Companies (Centuria Capital as Project Manager – McDonald’s France as Construction Engineer – Groupe Pierre 1er as Program Manager), and also as a freelance worker.

Mr Cressot was called again in early 2015 by Hudson Advisors Spain to ensure the operational interface between Lone Star and Neinor Homes in Spain.

Dominique Cressot graduated from a works manager program at the Eyrolles Paris School of Civil Engineering.

Felipe Morenés Botín-Sanz de Sautuola

Felipe Morenés Botín-Sanz de Sautuola serves as a director for Lone Star Spain Acquisitions S.L.U., an affiliate of the General Partner of Lone Star, whereby he focuses on the analysis and underwriting of European investment opportunities. At Lone Star has been responsible for underwriting, structuring and monitoring of various European Commercial Real Estate equity and debt investments. Since 2013 he has been involved in investments across a diverse pool of asset classes and countries. Prior to joining Lone Star in 2013, Mr. Morenes served for 5 years as a UK M&A Associate Director at UBS Investment Bank and in the same role at the Credit Structuring Desk within UBS's Fixed Income group in London. During his time at UBS he advised in M&A and capital raising transactions and structured financings for clients including banks and hedge funds.

Mr. Morenés holds a Bachelor’s Degree in Political Economy from Georgetown University.

Directors’ managerial positions and shareholdings

The table below sets out all entities (except Group companies, those family-owned asset-holding companies not relevant for the Company or other merely instrumental non-operative companies not relevant for the Company and non-significant stakes in listed companies) in which the members of the Board of Directors have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the

five year period preceding the date of this document, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

Director	Company	Position/Title	Sector	In office
Juan Velayos Lluís	Mixta Africa	CEO	Construction	No
	Renta Corporación	CEO	Property	No
Ricardo Martí Fluxá	Asociación Española de Empresas de Consultoría Inmobiliaria	Chairman	Property	Yes
	Industria de Turbo Propulsores	Chairman	Aeronautical engineering	Yes
	Instituto Tomás Pascual Sanz	Chairman	Food	Yes
	Liteyca	Director	Telecommunications	Yes
	Arcano Capital	Member of the advisory board	Banking	Yes
	Proa Capital	Member of the advisory board	Hedge fund	Yes
	Grupo La Información	Director	Press	No
	Caja de Ahorros de Navarra	Director	Banking	No
	Anna-Maria Birulés Bertrán	Grupo Pelayo	Independent director	Insurance
Banco Mediolanum		Independent director	Banking	Yes
Idom Consulting		Independent director	Architecture	Yes
Grupo Tres60		Chairwoman and independent director	Audiovisual services	No
Laborsalus Gestión		Proprietary director	Labor risks	No
Alfonso Rodés Vilà	Havas Media Group	CEO	Media and communication	Yes
	Havas Worldwide	Deputy CEO	Media and communication	Yes
	Havas Media Group	Shareholder (33,000 shares)	Media and communication	N/A
Juan José Pepa	Vilamoura World, SGPS, S.A.	Chairman of the board	Property	Yes
	Vilamoura Lusotur, S.A.	Chairman of the board	Property	Yes
	Vilamoura Alconru, S.A.	Chairman of the board	Property	Yes
	Vilamoura i.p.p. Sete UM, S.A.	Chairman of the board	Property	Yes
	Vilamoura Urbisvulgo, S.A.	Chairman of the board	Property	Yes
	Vilamoura Fazenda, S.A.	Chairman of the board	Property	Yes
	Vilamouraténis, S.A.	Chairman of the board	Property	Yes
	Marina De Vilamoura, S.A.	Chairman of the board	Property	Yes
	Vilamoura Lusotur II Imóveis, S.A.	Chairman of the board	Property	Yes

	Vilamoura Socidomus, S.A.	Chairman of the board	Property	Yes
	Espanholita-SGPS, S.A.	Member of the Board	Property	Yes
Dominique Jean Marie Cressot	ISARIA Wohnbau AG	Member of the supervisory board	Property	Yes
	Vilamoura World, SGPS, S.A.	Member of the board	Property	Yes
	Vilamoura Lusotur, S.A.	Member of the board	Property	Yes
	Vilamoura Alconru, S.A.	Member of the board	Property	Yes
	Vilamoura i.p.p. Sete UM, S.A.	Member of the board	Property	Yes
	Vilamoura Urbisvulgo, S.A.	Member of the board	Property	Yes
	Vilamoura Fazenda, S.A.	Member of the board	Property	Yes
	Vilamouraténis, S.A.	Member of the board	Property	Yes
	Marina De Vilamoura, S.A.	Member of the board	Property	Yes
	Vilamoura Lusotur II Imóveis, S.A.	Member of the board	Property	Yes
	Vilamoura Socidomus, S.A.	Member of the board	Property	Yes

Independent Directors

In accordance with the resolution adopted by the general shareholders' meeting of the Company on 8 March 2017 and as reflected in this section, the Company's Board of Directors is comprised of 7 directors, 3 of whom are independent directors.

Board Committees

In compliance with the Company's bylaws and Board of Directors Regulations, the Company's Board of Directors has an audit and control committee (the "**Audit and Control Committee**"), an Appointments and Remuneration Committee (the "**Appointments and Remuneration Committee**") and a land investment committee (the "**Land Investment Committee**") which are governed by the Company's bylaws, the Board of Directors Regulations and their respective charters. The following is a brief description of the principal characteristics of the committees of the Company's Board of Directors, which conforms to their respective charters, the Company's Board of Directors Regulations and the Company's bylaws. Decisions of these Committees will be adopted by a majority of the votes.

Appointments and Remuneration Committee

The Company's Board of Directors has established an Appointments and Remuneration Committee. The members of the Appointments and Remuneration Committee are elected by the Board of Directors among its members. The Appointments and Remuneration Committee consists of between 3 and 5 members, all of whom must be external directors and the majority of whom must be independent directors. The chairman of the Appointments and Remuneration Committee must be selected by the Board of Directors from among its independent members for a maximum term of three years, and may only be re-elected as chairman at least one year after his or her removal, without prejudice to his or her continuation as member of the Appointments and Remuneration Committee. The secretary of the committee shall also be appointed by the Board of Directors.

The members of the Appointments and Remuneration Committee following Admission will be as follows:

Name	Category	Title
Ricardo Martí Fluxá	Independent	Chairman
Alfonso Rodés Vilà	Independent	Member
Felipe Morenés Botín-Sanz de Sautuola	Proprietary	Member

The non-Director Secretary of the Appointments and Remuneration Committee is Silvia López Jiménez.

The composition, responsibilities and rules of the Appointments and Remuneration Committee are to be governed by the Company's bylaws, the Board of Directors Regulations and the Committee's charter. The primary purpose of this committee is to assist, inform and formulate proposals to the Company's Board of Directors in relation to the matters assigned to it from time to time by the aforementioned documents. In particular, the Appointments and Remuneration Committee will be responsible for the following matters (together with any others that may be attributed to the Appointments and Remuneration Committee by law, the bylaws, the Board of Directors Regulations or the Committee's charters):

- assessing the competencies, knowledge and experience required on the Board of Directors. For this purpose, it shall define the functions and aptitudes required of candidates for each vacancy and shall assess the time and commitment required of them in order to be able to perform their duties effectively.
- setting a target for the representation of the gender that is less well represented on the Board of Directors and develop guidelines on how to achieve that target.
- Making recommendations to the Board of Directors for the appointment of independent directors, whether through co-option by the Board or for submission to the general meeting of shareholders, and for the re-election or removal of such directors by the General Meeting of shareholders.
- reporting on proposals for the appointment of the other directors, whether through co-option by the Board or for submission to the general meeting of shareholders, and on proposals for the re-election or removal of such other directors by the General Shareholders Meeting.
- reporting on proposals for the appointment or removal of managerial employees and the basic terms of their contracts.
- examining and organizing the succession of the Chairman of the Board of Directors and the chief executive and general manager of the Company and, as the case may be, making recommendations to the Board of Directors to enable such succession to occur in an orderly and planned manner;
- making proposals to the Board of Directors for the policy on the remuneration of directors and executive directors, or managerial employees who report directly to the Board, an executive committee or a managing director, as well as the individual remuneration and other contractual terms of executive directors, ensuring and monitoring compliance;
- advising the Board of Directors on the most appropriate organization of the Board and its committees as regards Board size and the balance of the different types of director at any given time;
- reporting on and reviewing the criteria to be followed in deciding the composition of the Board of Directors and selecting candidates, watching that whenever a vacancy arises or a new director is appointed, the selection procedures are free of implicit biases that might entail discrimination, especially any that might prevent the selection of women directors, while also setting a target for the representation of women on the Board and preparing guidance on how to achieve that target;
- reporting on and formulating proposals for the appointment or removal of the members of Board committees and of the Chairman of the Board of Directors;
- reporting on proposals by the Chairman of the Board regarding the appointment or removal of the chief executive officer;
- establishing and supervising an annual program for the assessment and continuous review of directors' qualifications, training and, where applicable, independence and their continued compliance with the conditions for serving as a director or as a member of a particular committee, and propose to the Board of Directors any measures considered appropriate in this respect;
- reporting on proposals by the Chairman of the Board of Directors or the chief executive regarding the appointment or removal of senior managers;

- periodically reviewing the remuneration policy of the top executives, including share-based compensation systems and their application, and proposing amendments and updates to the Board of Directors;

The Appointments and Remuneration Committee will meet at least quarterly, and at the request of any of its members and every time its chairman convenes a meeting. In any case, the committee chairman will call a meeting of the Appointments and Remuneration Committee whenever the Board of Directors or its Chairman requests the preparation of a report or the adoption of a proposal.

Audit and Control Committee

The composition, responsibilities and rules of the Audit and Control Committee are governed by the Company's bylaws, the Board of Directors Regulations and the Committee's charter.

The Audit and Control Committee shall have at least 3 members, with a maximum of 5 members, all of whom must be external directors and the majority of whom must be independent directors and at least one of them shall be appointed on the basis of his knowledge and expertise in accounting, audit or both fields.

The chairman of the Audit and Control Committee is selected by the Board of Directors from among its independent members for a maximum term of 3 years, and may only be re-elected as chairman at least one year after his or her removal, without prejudice to his or her continuation as member of the Audit and Control Committee.

The members of the Audit and Control Committee following Admission will be as follows:

Name	Category	Title
Anna-Maria Birulés Bertrán	Independent	Chairman
Ricardo Martí Fluxá	Independent	Member
Dominique Jean Marie Cressot	Proprietary	Member

The non-Director Secretary of the Audit and Control Committee is Silvia López Jiménez.

The Audit and Control Committee will be responsible for the following matters (together with any others that may be attributed to the Audit and Control Committee by law, the bylaws or the Board of Directors Regulations):

- reporting to the general meeting of shareholders on matters raised in relation to those issues that fall under its responsibility and, in particular, in relation to the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has performed in this process;
- supervising the effectiveness of the internal control of the Company and its group, the internal audit and their systems for managing risks, including tax risk and analyze, in collaboration with the auditors, any significant weaknesses of the internal control system detected during the external audit, without affecting its independence. For these purposes and, if applicable, they may present recommendations or proposals to the Board and the corresponding term for its monitoring;
- supervising the preparation and presentation of the statutory financial information about the Company and presenting recommendations or proposals to the Board of Directors directed to safeguard its integrity and, where applicable, the Group, verifying compliance with regulatory requirements, proper definition of the scope of consolidation and correct application of accounting policies;
- making proposals to the Board of Directors, for submission to the General Meeting of shareholders, regarding the selection, appointment, re-election and replacement of the external auditors, taking responsibility of the process of selection, in accordance with applicable laws and regulations, as well as the terms of the audit engagement, and regularly gather information from the external auditors regarding the audit plan and its execution, while also preserving the auditors' independence in the exercise of their functions;
- establishing appropriate relationships with the external auditors in order to receive information, for examination by the Audit and Control Committee, on matters that may threaten the auditors' independence and any other matters relating to the audit process, and, where applicable, the

authorization of the services other than those prohibited in the terms set out by applicable law, as well as any other communications provided for in audit legislation and other audit standards. In any event, the Audit and Control Committee shall receive, each year, written confirmation from the external auditors of their independence from the Company and entities directly or indirectly related to it and individualized and detailed information about any additional services of any kind rendered and the corresponding fees received from this entities by the external auditor o by the persons or entities related to it, in accordance with audit legislation.

- issuing a report each year, prior to the audit report, expressing an opinion on whether the independence of the external auditors or audit companies is jeopardized. This report shall give an opinion on the provision of the additional non-audit services referred to in the preceding paragraph, both individually considered and as a whole, and in relation to the auditors' independence regime or to the audit regulations.
- reporting to the Board of Directors, prior to Board meetings, on all matters provided by law, the bylaws or the Board of Directors Regulations and, in particular, on the following matters: (i) the financial information the Company must publish periodically; (ii) the creation or acquisition of interests in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens; and (iii) transactions with related parties;
- safeguarding the independence and effectiveness of the internal audit function; making proposals for the selection, appointment, reappointment and removal of the head of the internal audit department; making proposals for the department's budget; approving the department's guidelines and work plans, watching that its activity is focused mainly on the Company's most important risks; receiving periodic information on the department's activities; and verifying that senior management acts on the findings and recommendations of internal audit reports;
- watching the independence of the external auditor and, to that end: (i) watching that the Company notifies any change of auditor to the National Securities Market Commission (CNMV) through a material event notice, accompanied by a statement of any disagreement with the outgoing auditor and, where applicable, the reasons for the disagreement; (ii) watching that the Company and the auditor comply with applicable rules on the provision of non-audit services and, in general, any other requirements designed to safeguard the auditor's independence; and (iii) if the external auditor resigns, investigate the reasons for the resignation;
- periodically reviewing the Company's internal corporate governance regulations and making recommendations to the Board of Directors for the approval or submission to the shareholders 'meeting; and

The Audit and Control Committee shall meet quarterly in ordinary session to review the periodic financial information that must be submitted to the stock market authorities and the information the Board of Directors must approve and include in its annual public documentation. In addition, the Audit and Control Committee shall meet at the request of any of its members, of the external audit lead partner or the head of internal audit, and every time its chairman considers it necessary. In any case, the committee chairman will call a meeting of the Audit and Control Committee whenever the Board of Directors or its Chairman requests the preparation of a report or the adoption of a proposal.

Land Investment Committee

The Land Investment Committee has been established in accordance with the Company's bylaws and the Board of Directors Regulations, and its composition, responsibilities and rules are governed by the Committee's charter. Any amendment to the internal regulations of the Land Investment Committee or to the rules governing its organization or structure will require the favorable vote of, at least, two thirds of the members of the Board of Directors

The Land Investment Committee shall be made up of at least 3 and a maximum of 7 members. Members of the Committee shall be appointed by the Board of Directors of the Company, following the Appointment and Remuneration Committee proposal and in consultation with the chairman of the Land Investment Committee. The chairmen of the Committee, as well as its secretary, are directly appointed by the Board of Directors.

A majority of the members of the Committee shall be non-executive directors. All of the members of the Land Investment Committee shall have extensive, recent and relevant technical and financial professional experience in the real estate sector and in financial investments, whether security investments or investments in real estate assets.

Appointments to the Committee shall be for a period of up to 3 years, extendable by no more than 2 additional three-year periods, so long as the relevant member continues to be member of the Board of Directors.

The members of the Land Investment Committee following Admission will be as follows:

Name	Category	Title
Juan José Pepa	Proprietary	Chairman
Ricardo Martí Fluxá	Independent	Member
Juan Velayos Lluís	Executive	Member
Dominique Jean Marie Cressot	Proprietary	Member
Felipe Morenés Botín-Sanz de Sautuola	Proprietary	Member

The non-Director Secretary of the Land Investment Committee is Silvia López Jiménez.

According to the Committee's charter the Land Investment Committee has the power to approve land acquisitions, development launches and their corresponding financing. The Land Investment Committee will also be responsible for the following matters:

- define the general investment policies and strategies, investment objectives, standards and limitations applicable to the acquisition and disposition of real estate assets and all other investment policies to which the Company shall abide and, where appropriate, submit any of the foregoing to the Board of Directors for its approval;
- review such strategies and objectives on no less than an annual basis and adopt and approve revisions thereto;
- evaluate and make a recommendation, whether affirmative or negative, regarding the prospective acquisition of any real estate acquisition, real estate development and finance of a real estate acquisition/or development to be made by the Company whether directly or through any group entity as well as to evaluate and make a final decision on the financial feasibility of any such investments and their adequacy to the investment policies of the Company and to all applicable legal provisions.
- prepare and provide to the Board of Directors with the relevant reports on all matters analyzed by the committee especially in all those matters where a resolution by the Board is required under the applicable law;
- review and monitor the results of the company's investment performance in relation to the investment strategies, objectives, policies, standards and limitations approved by the committee including, but not limited to, to review the procedures used by the Company to determine that the investments are made in accordance with such investments strategies, objectives, policies, standards and limitations;
- approve the valuation methodologies to be followed by the Company in the acquisition or disposition of real estate assets or portfolios; and
- any other which may fall within the scope of the duties entrusted to the committee.

Internal Code of Conduct in Securities Markets and Corporate Governance Recommendations

Internal Code of Conduct in Securities Markets

The Company has implemented a defined and transparent set of rules and regulations for corporate governance which is compliant with all applicable Spanish governance standards.

On 6 March 2017, the Company's Board of Directors adopted the Securities Markets Code of Conduct (*Reglamento Interno de Conducta*) (the "**Internal Code of Conduct in Securities Markets**"), to be effective upon Admission. The Internal Code of Conduct in Securities Markets regulates, among other things, the Company's directors' and our managers' conduct with regard to the treatment, use and disclosure of our material non-public information. The Internal Code of Conduct in Securities Markets applies to, among other persons, all members of the Board of Directors, senior management and employees who have access to material non-public information and to our external advisors when they handle such material non-public information.

The Internal Code of Conduct in Securities Markets, among other things:

- establishes the restrictions on, and conditions for, the purchase or sale of our securities or our other financial instruments by persons subject to the Internal Code of Conduct in Securities Markets and by those who possess material non-public information;
- provides that persons subject to the Internal Code of Conduct in Securities Markets shall not engage in market manipulation with respect to the Company's securities or our other financial instruments; and
- provides that persons report potential conflicts of interest to our regulatory compliance unit.

Corporate Governance Recommendations

The Spanish Companies Act sets out certain legal provisions related to corporate governance mandatorily applicable to Spanish listed companies on the Spanish Stock Exchanges. We believe that we comply with these requirements of the Spanish Companies Act.

Additionally, the Corporate Governance Code sets out certain recommendations on corporate governance to be considered ("comply or explain") by the companies listed on the Spanish Stock Exchanges. We believe that we substantially comply with the recommendations of the Corporate Governance Code. We are committed to follow strict corporate governance policies and we intend to adapt our practices as appropriate to all the principles of good governance contained in the Corporate Governance Code, as soon as possible after Admission, in a consistent manner. In relation to those recommendations to be complied with in practice, the Company will adopt a decision before the first general shareholders' meeting, considering the Company's circumstances, its technical capacities and the Group shareholdings structure. However, as of the date of this Prospectus, our corporate practices vary from these recommendations in the following ways:

- **Recommendation 4:** As of the date of the Prospectus, we have not approved a policy of communication and contacts with shareholders, institutional investors and proxy advisors that comply in full with market abuse regulations and accords equitable treatment to shareholders in the same position. Once our shares are listed, we will begin to interact with investors and shareholders and from this experience a policy may be drafted and approved. However, we have already appointed an Investor Relations Director.
- **Recommendation 14:** As of the date of the Prospectus, the Company has not approved a directors' selection policy. Once the company's shares are listed, the Company will draft and approve a directors' selection policy.

In relation to other recommendations, to be complied in practice, the Company will adopt a decision before the first general shareholders' meeting, considering the Company's circumstances, its technical capacities and the Group shareholdings structure.

Finally, the Board will prepare an annual corporate governance report and such report will be submitted to the Company's shareholders for informative purposes. The report will be announced through the publication by the Company of a relevant fact notice (*hecho relevante*).

Other commitments

Upon Admission, the Company's website will be adapted to the requirements imposed by the Spanish securities market regulations.

Conflicts of Interest

Pursuant to Article 29 of the Company's Board of Directors Regulations the Company will face a conflict of interest in situations where the interest of the Company or its subsidiaries' (if any) collides directly or indirectly with the personal interest of a director. There is a personal interest of a director in a matter when it affects him/her or a related party, and, for proprietary directors, when it affects the shareholder or shareholders which appointed him/her or proposed his/her appointment or to persons directly or indirectly related to them.

Therefore, the Company's directors are required to avoid situations which could give rise to a conflict between their duties to the Company and their private or other interests, unless they have obtained the Company's consent.

In particular, pursuant to Article 229 of the Spanish Companies Act, the Company's directors (and related parties to directors) should abstain from:

- (a) carrying out transactions with the Company, excluding ordinary transactions, of limited amount and undertaken in standard conditions applicable to all customers;
- (b) using the name of the Company or its condition as director to unduly influence private transactions;
- (c) making use of corporate assets, including confidential information on the Company, for private use;
- (d) taking advantage of business opportunities of the Company;
- (e) obtaining advantages or compensations from third parties other than the Company associated with their post unless they are a mere compliment; and
- (f) carrying out activities, on their own or on behalf of third parties, which may compete with the Company or which could put the director in a permanent conflict with the interests of the Company.

Each member of the Board of Directors is required to report to the Board of Directors any circumstances that may give rise to a conflict of interest, direct or indirect, with the Company. Members of the Board of Directors should abstain from engaging in commercial or professional transactions which may give rise to a conflict of interest, without having first informed and received approval from the Board of Directors, which shall request a report from the Audit and Control Committee. Such authorization shall not be necessary for transactions entered into with us if all of the following conditions are met in respect of the relevant transactions: (a) the transaction is entered into pursuant to an agreement with standard conditions applied to a wide range of clients; (b) the transaction is entered into for a price generally applied by the party acting as supplier; and (c) the transaction does not exceed 1% of the Company's annual turnover. Such authorization shall be granted by the general shareholders' meeting when the relevant transaction consists in obtaining an advantage or compensation from a third party or exceeds from 10% of the Company's assets.

All conflicts of interest involving directors will be disclosed in the financial statements.

In any event, each member of the Board of Directors must refrain from attending and participating in deliberations and votes affecting matters including by way of proxy vote in which they (or a related party, as defined in applicable law) have a direct or indirect conflict of interest.

In case that a conflict of interest situation may reasonably create a structural and permanent conflict between the involved director and the Company or its subsidiaries (if any) such director will then lack the required suitability and capacity to remain in office.

To the best of the Company's knowledge, as at the date of this Prospectus, there are no actual or potential conflicts of interest amongst the directors of the Company and senior management and none are engaged in self-dealing or personally engaged in any business that could be deemed as part of the Company's operations.

Senior Management

The following table lists certain members of our senior management team as of the date of this Prospectus.

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Member of Management since</u>
Juan Velayos Lluís	43	Chief Executive Officer	15/05/2015
José Carlos Saz Gimeno	51	Chief Operating Officer	01/03/2015
Jordi Argemí García	31	Chief Financial Officer	01/03/2015
Mario Lapiedra Vivanco	33	Chief Investment Officer	15/05/2015
Gabriel Sanchez Cassinello	32	Chief Business Officer	27/04/2015
Juan Gómez Vega	39	Investor Relations Director	15/02/2017
Julio Egusquiza González-Gil	44	Chief Servicing Officer	16/07/2013
Mikel Etxebarria Dobarán	58	Chief Corporate Officer	12/02/1990
Silvia López Jiménez	42	Head of Legal Department	11/05/2015

Set forth below are the biographies of each of these senior managers, other than those provided above:

José Carlos Saz Gimeno (COO)

José has a wide international experience mainly focused in the Construction, Real Estate and Project Management sectors with Operations held in different countries across the world in Europe, Asia, America and Africa.

Before joining Neinor Homes as Chief Operations Officer, Jose was CEO at ISG Europe (Construction and Services British firm) and from 2006 to 2011, he was CEO for Mace Spain and Managing Director for Europe and Latin America at Mace Group. Before that, he was Construction Director for Mutua Madrileña, as well as Operations Director at Abengoa. From 1996 to 2000, he was Asia & East Europe Director at L.V. Salamanca Ingenieros, S.A. (Design and Project Management firm), and from 1993 to 1996, Operations Director for at SERGESA (Facility Management firm). Previously, from 1988 to 1993, he was Design and Construction Manager at HEYMO Ingeniería (Engineering firm).

He is also Vicepresident of the Spanish Project Management Association, and Teacher at the Master in Project Management (MEDIP) at the University of Architecture at Madrid.

José holds an MSc in Industrial Engineering at the Universidad Politécnica de Madrid and an MBA at IESE Business School.

Jordi Argemí García (CFO)

Jordi has over 10 years of experience in corporate finance. Before joining Neinor Homes as Chief Financial Officer, Jordi was a Senior Manager at the Corporate Finance-M&A and Debt department of PWC for the Spanish eastern region. During his 7 years at PWC, Jordi advise on over 30 deals with a total value exceeding €4,000 million. Some of the most relevant real estate transactions were the acquisition of Neinor Homes from Kutxabank, the acquisition of Aliseda and the Acquisition of Eurohypo. Prior to PWC, Jordi worked in the Corporate Banking department at Barclays.

Jordi holds a Business Administration Degree and an MBA from ESADE and Warwick Business School.

Mario Lapiedra Vivanco (CIO)

Mario has over 10 years of experience in the real estate, both in the investment and in the asset management segment.

Before joining Neinor Homes as Chief Investment Officer, Mario led, during three years, the real estate U/W and RE asset management operations for Lone Star at Hudson Advisors in Spain and Portugal. During this period, Mario closed and managed over €5.5 billion assets in transactions for Lone Star (Octopus and Lion among others).

Prior to Hudson Advisors, Mario was Head of the Valuation and Advisory Area at Knight Frank for a period of 7 years.

Mario holds a Business and Administration Degree from Universidad Autónoma de Madrid. He is also member of the Royal Institution of Chartered Surveyors and holds a Masters in Real Estate Science from Nottingham Trent University. Furthermore, Mario combined his studies with a professional basketball career.

Gabriel Sánchez Cassinello (CBO)

Gabriel has over 10 years of experience in the real estate sector as developer and as a restructuring and strategy advisor. Prior to joining Neinor as Chief Business Officer in April 2015, Gabriel worked at PWC for 5 years and was involved in several real estate transactions, refinancing projects of real estate and development companies, valuations and strategic analysis. Prior to PWC, Gabriel worked at the development and land management department of Reyal Urbis as global coordinator.

Gabriel holds a Degree in Economics from the Universidad Autónoma de Madrid. He has completed the Part-Time IE Business School MBA and holds a Master's Degree in Real Estate Management from the Centro Superior de Edificación. He teaches at the School of Building Engineering of the Polytechnic University of Madrid.

Juan Gómez Vega

Juan joined Neinor Homes in February 2017 as Head of Investor Relations. Previously, Juan was the CEO of Vilamoura World, a company fully owned by certain of the Lone Star Funds; Vilamoura World is a Master Developer in the Algarve region of Portugal with land suitable for the development of 4,500 housing units, hotels and retail areas, as well as the owner and operator of the concession for the biggest marina in Portugal with 825 berths. Up until being appointed to Vilamoura World, Juan was a Director at

Lone Star in Madrid; prior to joining Lone Star in 2015, he had been an investment professional with Grove Investors in Madrid, Deutsche Bank/RREEF in London, Morgan Stanley in New York and Pegasus Capital in Buenos Aires.

Juan holds a Bachelor in Economics "cum laude" from Universidad de Buenos Aires (Argentina), an MSc. in Finance "*magna cum laude*" from UCEMA (Argentina) and an MBA with honors from Columbia Business School. He is also a CFA Charterholder.

Julio Egusquiza González-Gil

Before joining Neinor Homes in 2006 and becoming our Chief Servicing Officer, Julio was the Promotion Manager for Vizcaya, a group of companies specialized in construction and development in the Basque Country, Navarra and Aragón. He also held different positions in Aegon, ING Nationale Nederlanden, Royal & Sun Alliance and Safel.

Julio holds a Bachelor in Business Administration and Economics and an MBA from the University of the Basque Country.

Mikel Etxebarria Dobaran

Before joining Neinor Homes 26 year ago and becoming our Chief Corporate Officer, Mikel worked at the Basque Government as a technician of the statistical area of the Tax and Economic Department. After his experience in the Basque Government, Mikel worked at Hispano Olivetti, S.A., as a sale analyst, and in Somol, S.A., in the Economic and Finance and Human Resources Departments. Furthermore, Mike is also Vicepresident of the Association of Builders and Promoters of Biskaia (ASCOBI) and a representative of this Association in the Bizkaia Business Confederation (CEBEK). He is also a member of the Spanish Association of Accounting and Business Administration and of the Eusko Ikaskuntza (Society of Basque Studies). Mikel is also a collaborator of the Club of Rome.

Mikel holds Degree in Business and Economics from the University of the Basque Country and an MBA from the University of Deusto.

Silvia López Jiménez

Silvia has an extensive experience in the real estate sector and real estate finance industry. She started her career in private practice in 2000 at the Real Estate department of the Spanish law firm Garrigues and, subsequently, at DLA Piper. In 2010 she joined Virgin Active as Legal Director for Spain and Portugal and in 2013 she was appointed as Legal manager at Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (SAREB). Afterwards, in 2015, Silvia joined Neinor Homes as General Counsel and Vice-Secretary of the Board of Directors. Furthermore, Silvia is a professor at the School of Building Engineering of the Polytechnic University of Madrid and at the ISDE Master in International Law. She has also been recommended as real estate advisor by the publication "Best Lawyer" and co-authored the "Francis Lefebvre Real Estate Handbook".

Silvia has a Bachelor's Degree in Law from the Universidad Autónoma de Madrid and a Master's Degree in Law (LL.M) from Centro Garrigues.

Regional Managers

The Company operates through four regional divisions: Northern, Southern, Eastern and Central. The following table lists the regional managers for each division as of the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Member of Management since</u>
Íñigo Ibarra Sanz	49	Head of the Northern Region	16/07/2001
Joaquim Manich Carrer	56	Head of the Eastern Region	23/04/2015
Ignacio Llona Manzanedo	46	Head of de Central Region	07/10/2002
Víctor de la Puerta Vázquez-Zafra	54	Head of the Southern Region	04/05/2011

Set forth below are the biographies of each of these regional managers, other than those provided above:

Íñigo Ibarra Sanz

Before joining Neinor in 2001 and becoming our Head of the Northern Region, Iñigo worked as a Project Manager at Idom, a multinational company of Consulting, Engineering and Architecture. During his 9 years at Idom, Iñigo was also partner at ACXT, an architecture services provider. ACXT-IDOM is the largest provider of professional

services to architecture in Spain and one of the most relevant worldwide. During this period, he developed and managed architectural projects, both residential and tertiary.

Iñigo holds a Superior Architecture Degree, with mention in urban management, from the University of Navarra, and an Advanced Project Management Course at the Bilbao Chamber of Commerce.

Joaquim Manich Carrer

Joaquim has over 25 years of experience in the residential real estate sector, always as developer, and he has held executive posts at various companies. During these years, he has managed more than 4,000 units and delivered more than 2,800 houses.

Before joining Neinor as Eastern Region Manager, in April 2015, Joaquim started Copcisa Inmobiliaria real estate company as CEO, putting together a team and buying land and promoting to build 2,500 homes. Prior to Copcisa, Joaquim also began the office in Barcelona of Ferrovial Inmobiliaria as Eastern Manager. Other real estate companies Joaquein has worked with are Procam and Confort Promotora Inmobiliaria.

Joaquim holds an MSc degree in Industrial Engineering and Industrial Organization from the Polytechnic University of Catalonia and PDD from IESE Business School.

Ignacio Llona Manzanedo

Ignacio has over 20 year of experience in the real estate, both in commercial direction and in direction of acquisitions. Before joining Neinor as acquisitions director in October 2002, Ignacio worked at PORTAE as commercial director. Prior to PORTAE worked as manager director of a real estate agency.

In Neinor Ignacio has worked as acquisitions director, commercial director, general manager and now as Territorial Manager. Ignacio holds a law degree, MDI (Master in Real Estate Management) from School of Architecture of Universidad Politécnica de Madrid. Ignacio is a Real Estate Agent (API) an official title of the Ministry of Development.

Víctor de la Puerta Vázquez-Zafra

Víctor has more than 30 years of experience in Real Estate sector. His family had a small Real Estate and Developer Company, so from a very young age he began to accumulate experience, and very soon becomes responsible of the family business combining this with his studies.

His first contract was signed with a local developer in 1985, and since then he has been part of important developer companies national wide, where he has been responsible for the delivery of more than 9,500 households, always in main cities in the south of Spain and Costa del Sol region.

Before joining Neinor Homes as Head of Southern Region, Víctor was Commercial Director and Development Manager of South Region for seven years at Grupo Lar, Commercial Director of South Region for six years at FCC Inmobiliaria, later became Realia Business, Commercial Director for two years at Grupo Evemaria and also Commercial Director during four years in Salsa Inmobiliaria.

The table below sets out all entities (except Group companies, those family-owned asset-holding companies not relevant for the Company or other merely instrumental non-operative companies not relevant for the Company and non-significant stakes in listed companies) in which the members of the senior management have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this document, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

Manager	Company	Position/Title	Sector	In office
Juan Velayos Lluís	Mixta Africa	CEO	Construction	No
	Renta Corporación	CEO	Real estate	No
José Carlos Saz Gimeno	ISG Europe, ISG España.	CEO, Director,	Construction	No
	ISG Italia, ISG	Chairman		
	Deutschland GmbH and			
	ISG Switzerland			
Joaquim Manich Carrer	Copcisa Inmobiliaria Real Estate Company	CEO	Construction	No
Juan Gómez Vega	Vilamoura World SGPS	CEO	Real estate	No

Share Ownership

None of the Company's directors or members of our administrative, supervisory or management bodies directly hold any ordinary shares of the Company as of the date of this Prospectus. For information on the existing shares incentive plan affecting the CEO, see "*Management and Board of Directors – Compensation*".

Compensation

Existing compensation scheme

On 8 March 2017 the Company's sole shareholder approved a remuneration policy, the main terms of which are described below:

- The individual amount to be perceived by the members of the Board of Directors as annual fixed remuneration are as follows: (i) an amount of €100 thousand for the independent Chairman of the Board of Directors; (ii) an amount of €75 thousand for each other independent member of the Board of Directors. Additionally, the independent directors will receive diets (*dietas*) for attending Board meetings (€3 thousand per meeting) and Committees meetings (€1.5 thousand per meeting).

For the year 2017, the CEO of the Company, as executive director and in accordance with the terms of his management agreement, will be entitled to a salary base of €1,000 thousand and a bonus payment of €250 thousand, additional to any other compensation accrued under the Long Term Incentive Plan (LTIP) or the Management incentive plan (MIP) described below.

Also, on 8 March 2017, the Company's sole shareholder decided, for an indefinite term as long as the General Shareholders' Meeting does not approve anything to the contrary, to fix the maximum global amount of the Directors' remuneration in their capacity as such at €500,000. This amount does not include the compensation that, as a fixed salary or variable remuneration, or in any other concept, corresponds to the executive directors, according to the bylaws.

According to the Company's bylaws, the compensation of the directors in their capacity as such will have three components: (a) a fixed annual amount, (b) per diems for attendance, and (c) a remuneration in shares or linked to its evolution, without prejudice to the Board of Directors Regulations. The total amount of the compensation the Company may pay to its group of directors in these categories may not exceed the amount determined for that purpose by the General Shareholders Meeting, which will be maintained until modified by a new resolution of the General Shareholders Meeting, in accordance with the provisions of applicable legislation. The specific determination of the corresponding amount in the aforesaid categories for each of the directors will be made by the Board of Directors in accordance with the director compensation policy, which will be approved, at least every three years, by the General Meeting. To that end, it will take account of the positions filled by each director within the collegial body and the director's membership on the various committees and attendance at their meetings.

Also, according to the bylaws, directors performing executive duties in addition will be entitled to receive the compensation for performance of those responsibilities contemplated in the contract entered into for that purpose between the director and the Company. That contract shall be adapted to the director compensation policy to be approved by the General Meeting, and must contemplate the amount of fixed annual compensation, the annual variable compensation and any multi-year variable compensation, including the parameters for earning it, as well as any possible indemnification for termination of the contract, provided that the termination is not motivated by breach of the director's duties as such, as well as any possible commitments of the Company to pay amounts as insurance premiums or contribution to savings or pension schemes.

In addition to the compensation scheme contemplated in the foregoing paragraphs, and provided it is approved by the relevant governing bodies of the Company, the directors may be entitled to be compensated by way of the delivery of shares, or by delivery of option rights on shares or by compensation indexed to the value of shares, provided that the application of any such compensation scheme is previously resolved by the General Shareholders Meeting. That resolution, if applicable, will determine the maximum number of shares that may be assigned in each year to this system of compensation, the exercise price or the system for calculation of the exercise price of stock options, the value of the shares, if any, taken as a reference and the term of the plan.

2016

Executive directors

The remuneration received during the financial year ended 31 December 2016 by the executive directors from Group companies, pursuant to the services agreement entered into with the Company, classified by item, was as follows:

Director	2016 (thousands of Euros)			
	Salary ¹	Pension Schemes	Insurance Premiums	Total
Juan Velayos Lluís.....	1,000	-	-	1,000

(1) Includes salary in kind.

Non-executive directors

The non-executive directors of the Company during the financial year ended 31 December 2016 received no compensation for any concept.

Compensation of senior management

2016

The remuneration received during the financial year ended 31 December 2016 by the members of the senior management from Group companies, classified by item, was as follows:

	2016 (thousands of Euros)		
	Fixed and variable remuneration	Others	Total
Senior management ¹	2,758	0	2,758

(1) These figures reflect the remuneration received by eleven senior managers, including those who also are executive members of the Board of Directors of the Company (Juan Velayos Lluís).

As of the date of this Prospectus there are no golden parachute agreements in place or pension funds accrued in connection with our senior management.

General employees' bonus plan

The remuneration received during the financial year ended 31 December 2016 by the employees (including senior management) under the general employees' bonus plan was €1,581 thousand (79.1% over accrued).

Long Term Incentive Plan (LTIP)

We have put in place a post-Admission long term incentive plan (the “**Long Term Incentive Plan**” or “**LTIP**”), approved by the Company’s sole shareholder on 8 March 2017, in order to encourage the fulfillment of our business goals and to align the long-term interests of our executive directors, managers and key employees with those of our shareholders. The LTIP, designed with the advice of a renowned international advisory firm, has been developed with the primary objective of incentivizing the sustainable achievement of financial objectives.

Initially, the plan will have approximately 50 participants with the possibility of having new entrants, and its global import will be of approximately € million. However, only executive directors (currently the CEO), members of the management committee and certain key employees will be eligible for the plan.

The LTIP consists on the free delivery of shares after a period of time, subject to the achievement of certain performance objectives and the continued employment by the beneficiary. Specifically, the LTIP will be comprised of three overlapping cycles of three-years each. The first of these cycles will begin on 1 January 2017 and will last until 31 December 2019. The second cycle will begin on 1 January 2018 and will end on 31 December 2020. Finally, the last cycle will begin on 1 January 2019 and will last until 31 December 2021. Shares corresponding to each cycle will be delivered after the payment of taxes and beneficiaries receiving shares will be subject to the following holding periods:

- Executive directors (currently the CEO) must hold 100% of the shares received under the LTIP for, at least, 1 year after receiving the shares.
- Member of the management committee must hold 50% of the shares received under the LTIP for, at least, 1 year after receiving the shares.
- Other participants will not be required to hold the shares for a specific period of time.

The incentive under the LTIP will be linked to (i) the targeted number of shares to be granted to each participant (the “**Target Incentive Granted in Shares**”); and (ii) the level of achievement of several objectives or performance metrics.

The Target Incentive Granted in Shares will be the result of dividing the target incentive granted in euro (which ranges between €10,000 and €250,000) by the share prices applicable for each cycle (the “**Initial Share Price**”). The Initial Share Price will be, for the first cycle, the Offer Price and, for the subsequent cycles, the average closing price during the 20 trading sessions immediately prior to the start of each cycle.

The final number of shares to be granted to each beneficiary after each cycle will be the result of multiplying (i) the Target Incentive Granted in Shares by (ii) the weighted average level of achievement of the performance metrics (“**Weighted Pay-out Coefficient**”).

The Weighted Pay-out Coefficient is the weighted averaged of the following three performance metrics, each representing one third of the total (i.e. 33.33%), multiplied by a modifier factor:

- (a) **EBITDA**: an EBITDA objective will be set as a growth objective for each cycle (sum of the EBITDA objective for the 3-year cycle) and the level of achievement will be based on the sum of the effective EBITDA for the same period. The level of achievement will range between 0% and 150%.
- (b) **Developer Margin**: a developer margin objective will be set as an efficiency objective for each cycle and the level of achievement will be based on the effective average developer margin for the same period. The level of achievement will range between 0% and 150%.
- (c) **Total Shareholder Return (TSR)**: a TSR objective will be set as a value creation objective for each cycle and the level of achievement will depend on the effective TSR during the same period. The TSR will be understood as the evolution of the share price, including the value of dividends, if any, assuming the dividends are reinvested in our shares on the day same date they are paid. The level of achievement will range between 0% and 150%.
- (d) **Modifier factor – Loan to Value (LTV)**: The modifier will act like an adjustment coefficient. If the average LTV during the relevant period exceeds the LTV target, the achievement level of the metrics (a) to (c) above will be reduced by 10%.

The level of achievement of each performance metric will be determined in accordance with a specific performance scale for each metric, featuring a threshold level below which the incentive is not awarded, a target level corresponding to 100% of the objective and a maximum level providing an upside for overachievement (150%).

Executive directors and members of the management committee will be subject to clawback provisions under the LTIP for a period of up to 2 years after the delivery of the shares. The clawback may be potentially applied over the shares received by the beneficiaries (after taxes). The most common reasons that could trigger a clawback are: (i) Group losses (negative EBITDA/profit after tax) in the 2 years following the conclusion of the LTIP, when such losses are attributable to management decisions that took place during any of the cycles of the LTIP; (ii) material restatements of the Group’s financial statements, when so considered by external auditors, except when these restatements are due to changes in accounting standards; and (iii) serious breach of the Internal Code of Conduct by a beneficiary.

Management incentive plan (MIP)

On 14 February 2017, we and the Selling Shareholder put in place a cash and shares incentive plan (the “**Management Incentive Plan**” or “**MIP**”) with the objective of motivating and retaining several of our key officers (CEO and five other senior managers), as well as fostering our business plan and aligning the long-term interests of senior management with those of our shareholders.

Cash and shares will be paid and distributed by the Selling Shareholder in an amount and with a value linked to (i) Offer Price (with a 10% discount), with a €1,100 million floor (as our global value price), and (ii) our trading price performance during the 3 years following the Offering.

The MIP has two components: (i) a fixed one (the “**Base**”), and (ii) a variable one calculated on the basis of the increase of our shares’ trading price (the “**Variable**”).

Fixed component of the MIP

The Base of the MIP will be determined for each beneficiary (the “**Base Amount**”) and will accrue upon Admission (€14.4 aggregated million Base Amount for all beneficiaries). In any case, the Base will be paid as follows:

- A part of the Base Amount (€5.1 million aggregated amount for all beneficiaries, of which €3.3 million will be paid to the CEO) will be paid in cash within 85 days from the Admission.

- The remaining part of the Base Amount (€9.3 million aggregated amount for all beneficiaries, of which €7.3 million corresponds to the CEO) will be paid with Shares. In this case, the reference price to calculate the amount of Shares to be delivered to each beneficiary of the MIP (the “**Base Shares**”) will be: (i) the Offer Price (with a 10% discount), with a €1,100 million floor (as our global value price) (the “**Company Value**”), divided into (ii) the number of Shares issued before Admission (the “**Initial PPS**”).

The Base Shares which may correspond to each beneficiary will be transferred to it within 60 days from Admission or, in case of the concurrence of any circumstance that could difficult the transfer of the Shares, as soon as reasonably practicable after the date on which both parties consider that they are able to transact in accordance with applicable law.

Variable component of the MIP

The maximum variable amount will be determined for each beneficiary “**Maximum Variable Amount**”) (€13 million aggregated amount for all beneficiaries, of which the CEO will receive a maximum of €10 million).

Each beneficiary will be entitled to receive an amount of shares (the “**Variable Shares**”) in accordance with the following vesting rules:

- General Vesting Rules: the Variable will accrue on the following vesting dates:
 - a) First Vesting Date: One third part of the Maximum Variable Amount (the “**1st Maximum Amount**”) will be accrued on the date falling one year after Admission or, if such date is not a trading day, the next trading day (the “**First Vesting Date**”), provided that the average weighted trading price of our shares in the quarter prior to the First Vesting Date is at least 115% over the Initial PPS, with certain adjustments (the “**1st Milestone**”).

In case the 1st Milestone is not reached but the average weighted trading price of our shares in the quarter prior to the First Vesting Date is between 100% and 115% over the Initial PPS, the 1st Maximum Amount will not be fully accrued, but shares will be awarded on a proportional basis.

- b) Second Vesting Date: Another third part of the Maximum Variable Amount (the “**2nd Maximum Amount**”) will be accrued on the date falling two years after Admission or, if such date is not a trading day, the next trading day (the “**Second Vesting Date**”), provided that the average weighted trading price of our shares in the quarter prior to the Second Vesting Date is at least higher by a 15% over the 1st Milestone (the “**2nd Milestone**”), i.e. 132.25% higher than the Initial PPS, with certain adjustments.

In case the 2nd Milestone is not reached but the average weighted trading price of our shares in the quarter prior to the Second Vesting Date is between 115% and 132.25% over the Initial PPS, the 2nd Maximum Amount will not be fully accrued, but shares will be awarded on a proportional basis.

Additionally, if the 1st Maximum Amount had not been fully accrued on the First Vesting Date but the average weighted trading price of our shares in the quarter prior to the Second Vesting Date is higher than the 1st Milestone, the beneficiaries will also have the right to receive the part of the 1st Maximum Amount that had not been previously accrued.

- c) Third Vesting Date: The remaining third part of the Maximum Variable Amount (the “**3rd Maximum Amount**”) will be accrued on the date falling three years after Admission or, if such date is not a trading day, the next trading day (the “**Third Vesting Date**”), provided that the average weighted trading price of our shares in the quarter prior to the Third Vesting Date is at least higher by a 15% over the 2nd Milestone (the “**3rd Milestone**”), i.e. 152.09% higher than the Initial PPS, with certain adjustments.

In case the 3rd Milestone is not reached but the average weighted trading price of our shares in the quarter prior to the Third Vesting Date is between 132.25% and 152.09% over the Initial PPS, the 3rd Maximum Amount will not be fully accrued, but shares will be awarded on a proportional basis.

Additionally, if the 1st Maximum Amount and/or the 2nd Maximum Amount had not been fully

accrued on the First Vesting Date and/or the Second Vesting Date but the average weighted trading price of our shares in the quarter prior to the Third Vesting Date is higher than the 1st Milestone and/or 2nd Milestone, the beneficiaries will also have the right to receive the part of the 1st Maximum Amount and/or 2nd Maximum Amount that had not been previously accrued.

In all prior cases, the reference trading price to calculate the total amount of Variable Shares to be transferred to the beneficiaries pursuant to these rules will be the price of our shares at market closing on each Vesting Date.

The Variable Shares accrued on each Vesting Date will be transferred to the beneficiaries within 60 days from each Vesting Date or, in case of the concurrence of any circumstance that could difficult the transfer of the Share, as soon as reasonably practicable after the date on which both parties consider that they are able to transact in accordance with the applicable law.

- **Special Vesting Rule:** Notwithstanding the above, if at any given time during the validity of the MIP the trading price of our shares reaches 152.09% of the Initial PPS, the part of the Maximum Variable Amount not already accrued pursuant to the General Vesting Rules will be fully accrued (the “**Special Amount**”). In this case, the General Vesting Rules will no longer be applicable as the Maximum Variable Amount will have been already accrued in full.

MIP’s other relevant aspects

Base Shares and Variable Shares acquired under the MIP are both subject to lock-up commitments. Depending on the beneficiary, acquired Base Shares will be subject to a lock-up commitment of one or two years since Admission, so that the beneficiaries will not be able to freely dispose of them until such time has elapsed. Likewise, Variable Shares acquired under the MIP will be subject to a lock-up commitment of two or three years since Admission.

Furthermore, the MIP includes specific provisions regulating cases in which the beneficiary’s services contract terminates before the Vesting Dates. The beneficiary will be considered a “**Good Leaver**” if her or his employment or services contract is terminated due to one of the following events (i) termination by us without cause (*desistimiento*); (ii) termination by us giving rise to an unfair dismissal (*despido improcedente*); (iii) termination by us giving rise to a null and void dismissal (*despido nulo*); (iv) termination by the beneficiary for substantial changes to the terms and conditions of the contract and/or substantial breach of contract by us; (v) dismissal due to economic, technical, organization and production grounds (*despido por causas económicas, técnicas, organizativas o de producción*); (vi) death or disability (*incapacidad permanente*) of the beneficiary; (vii) statutory retirement of the beneficiary (*jubilación*); and (viii) termination by mutual agreement between the beneficiary and us (the “**Good Leaver Event**”).

A Good Leaver will keep the right, if applicable, to acquire all the Variable Shares accrued before, or to be accrued after, the Good Leaver Event pursuant to the General Vesting Rules or the Special Vesting Rule (subject to the corresponding lock-up commitments).

The beneficiary will be considered a “**Bad Leaver**” if her or his contract is terminated for any other situation than the ones considered as a Good Leaver Event (the “**Bad Leaver Event**”). In case of a Bad Leaver Event, the Bad Leaver (i) will be obliged to reimburse to the Selling Shareholder any Base Shares and Variable Shares subject to lock-up commitments, and (ii) will not have any right to acquire Variable Shares corresponding to the part of the Maximum Variable Amount to be accrued on any future vesting date after the Bad Leaver Event.

D&O insurance policy

As of the date of this Prospectus we maintain a directors and officers (D&O) insurance policy that protects the members of the Board of Directors of the Company and subsidiaries from liabilities incurred as a result of actions taken in their official capacity as directors, up to an aggregate limit of €50 million. However, we are currently reviewing the terms and conditions of this policy in view of the new condition of the Company as a listed entity upon Admission.

Family relationships

There are no family relationships and no “close relatives” (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of 15 September 2004, on information to be disclosed by listed companies regarding related party transactions) amongst the directors, the directors and other members of the Group’s senior management or the members of the Group’s senior management.

No convictions and other negative statements

None of the Company's directors or members of the Group's senior management have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offences; (ii) acted as directors of entities affected by bankruptcy, receivership or liquidation; (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

PRINCIPAL AND SELLING SHAREHOLDER

As of the date of this Prospectus, the Company's share capital is €729,297,000, consisting of 72,929,700 ordinary shares of €10 par value each.

As of the date of this Prospectus, Neinor Holdings, S.L.U. is the sole shareholder of the Company. Neinor Holdings, S.L.U. is a limited liability company (*sociedad limitada*), registered with the commercial registry of Bilbao (*Registro Mercantil de Bilbao*), under the company number BI-63722, having its registered office at calle Ercilla 24, 48011 Bilbao (Spain).

The following table sets forth the shareholding and voting rights of Neinor Homes immediately prior to the Offering, and their expected shareholding, together with the expected shareholding of the public float, upon completion of the Offering:

Shareholder	Actual (direct) ownership of, and voting rights in, the Company (in%)		
	Immediately prior to the Offering	Upon completion of the Offering (assuming no exercise of Over-Allotment Option and sale of the full Existing Offer Shares)	Upon completion of the Offering (assuming full exercise of Over-Allotment Option and sale of the full Existing Offer Shares)
Lone Star Capital Investments S.à r.l. ⁽¹⁾	100.0	45.45	40.0
Free float.....	-	54.55	60.0

(1) Indirect participation. The Company's shares are directly held by Neinor Holdings, S.L.U., a fully participated affiliate of LSREF3 Lion Investments S.à r.l., which in turn is fully participated by Lone Star Capital Investments S.à r.l.

Beneficial Ownership of the Company

LSREF3 Lion Investments S.à r.l., a limited liability company (*société à responsabilité limitée*), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés Luxembourg*) under the company number B-188681, having its registered office at Atrium Business Park-Vitrum, 33, rue du Puits Romain, L-8070 Bertrange, Grand Duchy of Luxembourg ("**LSREF3**"), is the sole shareholder of Neinor Holdings, S.L.U.

Lone Star Capital Investments S.à r.l., a limited liability company (*société à responsabilité limitée*), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés Luxembourg*) under the company number B-91796, having its registered office at Atrium Business Park-Vitrum, 33, rue du Puits Romain, L-8070 Bertrange, Grand Duchy of Luxembourg ("**LSCI**"), is the sole shareholder of LSREF3.

LSCI is not controlled by any of its shareholders according to the definition of controlling entities set forth in Article 42 of the Spanish Code of Commerce. However, the indirect economic interest in the Company is ultimately held by Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P., together defined as "**Lone Star**".

Lone Star has a large number of limited partner investors and no natural person has a direct economic ownership interest of ten percent (10%) or more in Lone Star, on a combined basis.

Lone Star is advised by Lone Star Global Acquisitions, Ltd., an investment adviser registered with the U.S. Securities and Exchange Commission.

The Selling Shareholder is subject to the lock-up obligations described in "*Plan of Distribution – Lock-up*" for a period of 180 days and, generally, Lone Star contemplates an investment horizon of up to 3 years from Admission. However, it must be noted that as a consequence of the obligations assumed under the Margin Loan Facility defined and described below, the Selling Shareholder may have to sell its remaining interest in the Company after Admission even before the expiration of the referred lock-up undertaking. Additionally, once that undertaking expires or is waived, the Selling Shareholder may decide to divest its interest in the Company as and when it considers appropriate having regard to factors such as the market performance of the Company's shares and Lone Star's general investment strategy as a fund.

The amounts and percentages of shares beneficially owned by each shareholder of the Company are reported on the basis of CNMV rules governing the determination of beneficial ownership, and the information is not necessarily

indicative of beneficial ownership for other purposes. The Company's capital is represented by a single class of shares, with the same voting rights. Each share gives the right to one vote. Consequently, shareholders do not have different voting rights. Further details relating the Company's ordinary shares are set out in "*Description of Share Capital*".

The Margin Loan Facility

The Selling Shareholder has agreed to enter on or around Admission into a margin loan facility agreement with the Joint Global Coordinators and J.P. Morgan Securities plc (the "**Margin Loan Facility**"). The financed amount under the Margin Loan Facility will be a maximum of €290 million. The funds obtained by the Selling Shareholder from the Margin Loan Facility will be used for the Selling Shareholder's general corporate purposes (not affecting the Company), including payment of the Selling Shareholder's costs and expenses in connection with the Offering. Taking into account the financed amount under the Margin Loan Facility and the Offer Price, and assuming all the Existing Offer Shares are sold, the value of the financed amount in relation to the value of the Collateral Shares (as defined below) would represent a percentage in the region of 35%. The maturity date of the Margin Loan Facility will be 3 years from the date of the drawdown of the Margin Loan Facility.

The Margin Loan Facility will be secured by a Shares-collateral constituted by all the Selling Shareholder's Shares of the Company, representing 100 per cent of the Selling Shareholder's remaining interest in the Company after Admission, with a carve-out for the Shares to be offered under the Management Incentive Plan ("**Collateral Shares**"). For more information, see "*Management and Board of Directors — Management incentive plan (MIP)*". In addition, dividends on Collateral Shares will be deposited into a dividend account pledged by the Selling Shareholder in favor of the lenders under the Margin Loan Facility. The Collateral Shares, together with any collateral on cash accounts, are the only security granted by the Selling Shareholders under the Margin Loan Facility.

Lenders under the Margin Loan Facility may make a collateral call (margin call) when the LTV (as defined below) exceeds a percentage in line with transactions of this nature. If the lenders of the Margin Loan Facility carry out a collateral call, the Selling Shareholder will have to transfer to the cash collateral account sufficient cash -which amount is also in line with market practice in margin loan transactions- to ensure that the agreed LTV is maintained. For these purposes, "**LTV**" is understood as the ratio of (i) the financed amount outstanding under the Margin Loan Facility plus any accrued interest less the aggregate of the cash collateral and dividend balances held in secured accounts, divided by (ii) the share price of our Shares multiplied by the number of Collateral Shares.

The lenders under the Margin Loan Facility may direct the sale or other enforcement of the collateral at any time after the occurrence of events of default typical in financing agreements such as non-payment, breach of covenants or obligations by the Selling Shareholder, insolvency or material adverse changes.

Furthermore, the Margin Loan Facility provides for a series of events under which the Selling Shareholder would have to proceed with the mandatory prepayment of the outstanding financed amount, if required by the lenders under the Margin Loan Facility. These events include:

- The official trading price of our Shares falls very significantly below its initial listing price;
- The average daily trading volume of our Shares is materially below the usual trading volumes for companies with similar market capitalization and free float;
- The percentage of total Shares outstanding as free float declines below the required listing threshold.

The Margin Loan Facility includes other general mandatory prepayment events such as the delisting of the Shares (unless immediately relisted in the same currency in the same country with comparable liquidity); insolvency affecting the Company; tender offers or merger events in respect of the Shares; significant disruption in trading or Stock Exchange; or change of control of the borrower or the Company (in case of a third party acquiring control).

Subject to the lock-up obligations described in "*Plan of Distribution – Lock-up*" and subject to the terms and conditions set out in the Margin Loan Facility, the Selling Shareholder shall have the right to sell the Collateral Shares in the market. In such a case, or in case of collateral enforcement, the effect of the Margin Loan Facility for the Selling Shareholder would be equivalent to having partially monetized the Collateral Shares or having received in advance a minimum price for them.

Finally, the Selling Shareholder may prepay the Margin Loan Facility in full or in part.

RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. Material related party transactions entered into during the period covered by the Consolidated Financial Statements and up to the date of this Prospectus are set out below.

For additional information on our related party transactions, see Note 23 to the Consolidated Financial Statements.

As provided for in the Board of Directors Regulations, any transactions that the Company enters into with members of the Board of Directors or shareholders, who hold, individually or together with others, a significant holding, or with persons related thereto, must be approved by the Board of Directors, following a report from the Audit and Control Committee.

All related party transactions carried out during the six month periods ended 30 June 2015 and 31 December 2015 and for the year ended 31 December 2016 have been carried out at arm's length within the ordinary course of our business.

Related party transactions with the Company's shareholders

On 23 October 2015 the Company received a loan from Neinor Holdings, S.L.U., for an initial amount of €105 million. This loan was subject to average market conditions and was partially repaid (approximately €6.7 million) on 30 November 2015, and the remainder was repaid in full in 2016, together with the related interest payable as of 31 December 2015 and the interest incurred in 2016, for an aggregate amount of €0.7 million. Also in 2015 our sole shareholder granted us a loan for an amount up to €200 million in order to accelerate our land acquisition program. On 30 May we repaid the outstanding €85 million corresponding to the sole shareholder loan. For further information see "*Business – History of the Group*".

Related party transactions with Banco Santander, S.A.

As of 31 December 2016 we had an outstanding short-term bank borrowings balance with Banco Santander of €64,633 thousand. This amount corresponds to loans entered into at arm's length within the ordinary course of our business.

DESCRIPTION OF SHARE CAPITAL

The following summary provides information concerning the Company's share capital and briefly describes certain significant provisions of the Company's bylaws (*estatutos sociales*) and Spanish corporate law, the Spanish Companies Act, Spanish Act 3/2009 on Structural Amendments of Private Companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*), the LMV and Royal Decree 878/2015 on clearing, settlement and registry of negotiable securities in book-entry form, and transparency requirements for issuers of securities admitted to trading on an official secondary market (*Real Decreto 878/2015, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*).

This summary does not purport to be complete and is qualified in its entirety by reference to the Company's bylaws, the Spanish Companies Act and other applicable laws and regulations. Copies of the Company's bylaws are available (in Spanish with an English translation for information purposes) at our principal headquarters and on our website (www.neinorhomes.com > About Neinor Homes > Corporate By-laws) and from Admission, at CNMV's offices.

General

The Company was incorporated as a corporation for an indefinite term under public deed executed on 4 December 2014, under the corporate name Lion Assets Holding Company, S.L.U. On 14 May 2015, under public deed, the Company changed its corporate name to Neinor Homes, S.L.U. Under the public deed executed on 1 March 2017, the Company changed its corporate form to *sociedad anónima*.

The Company's corporate purpose is the promotion, management and development of all kind of urban or real estate operations. The Company may carry out the aforementioned activities, totally or partially, indirectly, through the participation in other companies conducting an analogous corporate object, through the holding of all types of securities—for instance, without limitation, shares, convertible bonds or other—equity shares, or equity units of any type.

At the date of this Prospectus, the Company's issued share capital consists of €729,297,000 divided into a single series of 72,929,700 ordinary shares, with a par value of €10 each and each with an ISIN code ES0105251005 allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. All of the Company's ordinary shares are fully subscribed and paid-up. Non-residents of Spain may hold shares and vote, subject to the restrictions described under "*Restrictions on Foreign Investment*".

The Company's shares are represented by book entries and the entity responsible for maintaining the corresponding accounting records is *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("Iberclear")*, with registered office at Plaza de la Lealtad, 1, 28014 Madrid, Spain.

The Company was originally incorporated by Kutxabank, S.A. with a share capital of €3,000, divided into 3,000 ordinary shares with a par value of €1 each. In 2014, the Company approved two capital increases. On 26 December 2014, the sole shareholder of the Company decided to increase the share capital through the issue of 730,146,447 new ordinary shares of €1 nominal value. The newly issued shares were fully paid and subscribed through non-monetary contributions by the then sole shareholder of the Company without any share premium. After the capital increase, the share capital of the Company amounted to €730,149,447, divided into 730,149,447 shares each with a par value of €1. Additionally, on 31 December 2014, the then sole shareholder of the Company decided to increase the share capital again through the issue of 86,728,483 new ordinary shares with a par value of €1. The newly issued shares were fully paid and subscribed through non-monetary contributions by the then sole shareholder of the Company, without any share premium. After the capital increase, the share capital of the Company amounted to €816,877,930, divided into 816,877,930 shares of €1 nominal value.

On 11 May 2015, the Company increased its share capital by €23,000,000 by issuing 23,000,000 new ordinary shares of €1 nominal value each, without any share premium. The issue was fully paid and subscribed through monetary contributions by the then sole shareholder of the Company. After the capital increase, the share capital of the Company amounted to €939,877,930, divided into 939,877,930 shares of €1 nominal value. On 14 May 2015 the then sole shareholder of transferred all its stake in the Company to the current sole shareholder of the Company (i.e. the Selling Shareholder).

During 2016, the Company approved three capital reductions. On 30 May 2016, the Company's sole shareholder decided to reduce the share capital of the Company by €199,330,896, through the redemption of 199,330,896 ordinary shares of €1 nominal value each. The resulting share capital of the Company after the capital reduction

amounted to €740,547,034, divided into 740,547,034 shares with a par value of €1 each. On 15 June 2016, the Company's sole shareholder decided to reduce the share capital of the Company by €5,900,034, through the redemption of 5,900,034 ordinary shares of €1 nominal value each. The resulting share capital of the Company after the capital reduction amounted to €734,647,000, divided into 734,647,000 shares of €1 nominal value. Finally, on 21 November 2016, the Company's sole shareholder decided to reduce the share capital of the Company by €5,350,000, through the redemption of 5,350,000 ordinary shares of €1 nominal value each. The resulting share capital of the Company after the capital reduction amounted to €729,297,000, divided into 729,297,000 shares of €1 nominal value.

By virtue of resolutions passed by the Company's sole shareholder on 28 February 2017, which were incorporated into a public deed dated 1 March 2017 that was registered with the Commercial Registry on 8 March 2017, the number of shares of the Company was reduced from 729,297,000 to 72,929,700 and the nominal value of each share was increased from €1 to €10, with the resulting share capital remaining equal, i.e. €729,297,000.

The summary table below outlines these main changes in the Company's share capital since its incorporation:

<u>Date</u> ¹	<u>Corporate action</u>	<u>Nominal value (€)</u>	<u>Aggregated Share premium (€)</u>	<u>Number of issued/ redeemed shares</u>	<u>Total amount (€)</u>	<u>Number of resulting shares</u>	<u>Resulting share capital (€)</u>
4 December 2014	Incorporation	1	N/A	3,000	3,000	3,000	3,000
26 December 2014	Capital Increase	1	N/A	730,146,447	730,146,447	730,149,447	730,149,447
31 December 2014	Capital Increase	1	N/A	86,728,483	86,728,483	816,877,930	816,877,930
11 May 2015	Capital Increase	1	N/A	123,000,000	123,000,000	939,877,930	939,877,930
30 May 2016	Capital reduction	1	N/A	199,330,896	199,330,896	740,547,034	740,547,034
15 June 2016	Capital reduction	1	N/A	5,900,034	5,900,034	734,647,000	734,647,000
21 November 2016	Capital reduction	1	N/A	5,350,000	5,350,000	729,297,000	729,297,000
28 February 2017	Contra-split	10	N/A	N/A	N/A	72,929,700	729,297,000

⁽¹⁾ Date of the corporate resolution.

Dividend and Liquidation Rights

Holders of the Company's ordinary shares have the right to participate in distributions of the Company's profits and proceeds from a liquidation, proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend.

Payment of dividends is proposed by the Board of Directors and must be authorized by the Company's shareholders at a general shareholders' meeting. Holders of ordinary shares participate in such dividends from the date agreed by a general shareholders' meeting. Additionally, interim dividends (*dividendo a cuenta*) may also be distributed among shareholders directly upon approval by the Board of Directors provided that: (i) there is sufficient liquidity to pay the interim dividend; and (ii) the amount distributed does not exceed the amount resulting from deducting from the earnings booked since the end of the previous year, the sum of previous years' losses, the amounts earmarked for the legal or bylaws' reserves, and the estimated tax due on the aforesaid earnings. The Spanish Companies Act requires each company to allocate at least 10.0% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20.0% of such company's issued share capital. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation. As of 31 December 2016, the Company's legal reserve amounted to €23 thousand equivalent to 0.11% of the Company's share capital.

According to the Spanish Companies Act, dividends may only be paid out of profits or distributable reserves (after the compulsory allocation to mandatory reserves, including the legal reserve, and only if the value of the Company's net worth is not, and as a result of distribution would not be, less than the Company's share capital).

In addition, no profits may be distributed unless the amount of distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset on the Company's balance sheet. Accordingly, the Company's ability to make a distribution to shareholders will depend on the Company's ability to generate net profits in future periods in order to achieve sufficient distributable reserves. See "*Capitalization and Indebtedness*".

In accordance with Article 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

We are not aware of any restriction on the collection of dividends by non-resident shareholders. All holders will receive dividends through Iberclear and its member entities, without prejudice to potential withholdings on account of the Non-Resident Income Tax that may apply. See "*Taxation*".

In the event of the Company's liquidation, the Company's shareholders would be entitled to receive proportionately any assets remaining after payment of the Company's debts and all applicable taxes and expenses.

The Company's ability to distribute dividends in the near future will depend on a number of factors, including (but not limited to) the amount of the Company's distributable profits and reserves and its investment plans, earnings, level of profitability, cash flow generation, restrictions on payment of dividends under local applicable law (both on the Company and on any Group entity), compliance with covenants in the Company's debt instruments (see details set out in "*Dividends and Dividend Policy*"), the level of dividends paid or shares repurchased by other comparable listed companies doing business in Spain and such other factors as the Board of Directors or the shareholders may deem relevant from time to time.

In this regard, it must be highlighted that some of our financing agreements include provisions that restrict our ability to pay dividends and return capital through share capital reductions. In most of these agreements, dividend payments and capital returns through share capital reductions are subject to our prior compliance of the following requirements: (i) that we maintain a shareholders' equity of, at least, €20 million; and (ii) that we maintain a net financial debt-to-equity ratio (*ratio de deuda financiera neta/patrimonio neto contable*) lower than 1.6. In addition, some of our financing agreements include cash sweep provisions under which we are obliged to use the cash flow obtained from the developments linked to such financing agreements to pay down the outstanding debt under those financing agreements.

Shareholders' Meetings and Voting Rights

Pursuant to the Company's bylaws, the Company's General Shareholders' Meeting Regulations and the Spanish Companies Act, ordinary annual general shareholders' meetings shall be held during the first six months of each financial year on a date fixed by the Board of Directors. Extraordinary general shareholders' meetings may be called by the Board of Directors whenever it deems appropriate, or at the request of shareholders representing at least 3.0% of the Company's issued share capital. Following Admission, notices of all general shareholders' meetings will be published in the Commercial Registry's Official Gazette or in one of the main newspapers of Spain, on our corporate website and on the website of CNMV, at least one month's prior to the date when the meeting is to be held, except as discussed in the following paragraph.

In addition, once the Company's ordinary shares are trading, if the Company offers its shareholders the ability to vote by electronic means accessible to all of them, extraordinary general shareholders' meetings may be called on 15 days' notice. The decision to permit such reduction of the call period should be taken by a majority of not less than two thirds of the voting capital represented in an ordinary annual general shareholders' meeting, and the authorization shall be granted for a term which shall not exceed the date of the subsequent annual ordinary general shareholders' meeting.

Action is taken at ordinary general shareholders' meetings on the following matters: (i) the approval of the management of the Company carried out by the Board of Directors during the previous financial year, (ii) the approval of the financial statements from the previous financial year, and (iii) the application of the previous financial year's income or loss. All other matters can be considered at either an extraordinary or an ordinary general shareholders' meeting if the matter is within the authority of the meeting and is included on the agenda (with certain exceptional items which do not need to be included on the agenda to be validly passed, like dismissal of directors and the decision to bring the liability action against directors of the Company). The liability action against directors shall be brought by the company pursuant to a general shareholders' meeting decision, which may be adopted at the request of any shareholder even where not included on the agenda. A company's bylaws cannot require qualified majority for the adoption of such resolution. The general shareholders' meeting may consent or waive such action at any time, unless an objection is raised thereto by

shareholders representing five per cent of the share capital. The decision to bring an action or reach a settlement shall entail the removal of the relevant directors. The approval of the financial statements shall not preclude action for liability nor constitute a waiver of the action agreed or brought.

According to the Spanish Companies Act—and in addition to the matters referred to in the previous paragraph and any other matters as provided by law, the Company's bylaws or the General Shareholders' Meeting Regulations—the following matters fall within the authority of the general shareholders' meetings: (a) the appointment and removal of the members of the Board of Directors, the Company's liquidators and the Company's auditors, as well as the exercising of the corporate action for liability against any of them; (b) the amendment of the Company's Articles of Association; (c) the increase or reduction of the share capital—or granting to the Board of Directors authority to increase the share capital—; (d) the exclusion or limitation of shareholders' preferential subscription rights—or granting to the Board of Directors authority to exclude or limit it—; (e) the transformation, merger, demerger or transfer of all the Company's assets and liabilities, moving the Company's registered offices abroad; (f) the dissolution of the Company and the approval of transactions that have the effect of winding up the Company; (g) the approval of the final winding up balance sheet; (h) the acquisition, disposal or transfer of core assets to another company; (i) the transfer of core activities previously carried out by the parent company to subsidiaries, even if the Company retains full control of the activities; and (j) the approval of the directors' remuneration policy in the terms provided by the law. An activity or asset will be deemed to be core if the transaction volume exceeds 25% of the total assets recorded in the most recently approved company's balance sheet.

Also, the general shareholders' meetings shall vote separately on substantially independent matters. Even if included in the same item on the agenda, the following shall be voted separately: (i) the appointment, re-election, ratification or separation of directors; (ii) the advisory vote on the Annual report on directors' remuneration; and (iii) in resolutions to amend the bylaws, each substantially independent article or group of articles.

Each ordinary share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder or by companies of the same group. Shareholders duly registered in the book-entry records maintained by Iberclear, and its member entities, five days prior to the day on which a general shareholders' meeting is scheduled and in the manner provided in the notice for such meeting, are entitled to attend and vote at such meeting. The notice calling the general shareholders' meeting shall indicate the date on which the Company's ordinary shares must be held by a shareholder in order for the latter to participate in a general shareholders' meeting and to vote in respect of his/her ordinary shares.

Any ordinary share may be voted by proxy. Proxies must be in writing or in electronic form acceptable under the Company's bylaws, and are valid for a single general shareholders' meeting. Proxies may be given to any person, whether or not a shareholder. Proxies must specifically refer to the general shareholders' meeting. A proxy may be revoked by giving notice to the Company prior to the meeting or by the shareholder attending the meeting in person.

Proxy holders will be required to disclose any conflict of interest prior to their appointment. In the event a conflict of interest arises after the proxy holder's appointment, such conflict of interest must be immediately disclosed to the relevant shareholder. In both cases, the proxy holder shall not exercise the shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the shareholder. A conflict of interest in this context may in particular arise where the proxy holder is: (i) the Company's controlling shareholder, or another entity controlled by such shareholder; (ii) a member of the Board of Directors, management or supervisory body of the Company, or of a controlling shareholder or another entity controlled by such shareholder; (iii) our employee or auditor, or employee or auditor of a controlling shareholder or another entity controlled by such shareholder; (iv) a natural person related to those mentioned in (i) to (iii) above.

A person acting as a proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented. Where a proxy holder holds proxies from several shareholders, he/she will be able to cast votes for a shareholder differently from votes cast for another shareholder.

Entities appearing as holders of ordinary shares in the book-entry records but acting on behalf of different persons shall always be entitled to exercise voting rights in a divergent manner in order to comply with conflicting voting instructions received from their clients. These entities may also delegate voting rights to each of the indirect holders or their nominees, without limits on the number of delegations.

The Company's bylaws provide that, on the first call of an ordinary or extraordinary general shareholders' meeting, attendance in person or by proxy of shareholders representing at least 25.0% of the Company's voting capital will constitute a quorum. If the meeting is not quorate on the first call, the meeting can be reconvened in second call (provided the meeting notice included both first and second call), which according to the Spanish Companies Act requires no quorum. However, according to the Company's bylaws, a resolution in a general shareholders' meeting to increase or decrease the Company's share capital or otherwise modify the Company's bylaws, issue bonds and securities

whose competence is not legally attributed to any other corporate body of the Company, suppress or limit the pre-emptive subscription right over new shares, transform, merge, spin-off, globally assign the Company's assets and liabilities, transfer the Company's registered address abroad, requires attendance in person or by proxy of shareholders representing at least 50.0% of the Company's voting capital on first call, and attendance in person or by proxy of shareholders representing at least 25.0% of the Company's voting capital on second call. In the case of attendance in person or by proxy of shareholders representing more than 50.0% of the Company's voting capital, an absolute majority shall suffice to pass the aforementioned resolutions. On second call, and in the event that less than 50.0% of the Company's voting capital attends in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing two-thirds of the attending share capital. The interval between the first and the second call for a general shareholders' meeting must be at least 24 hours. Resolutions in all other cases are passed by a simple majority of the votes corresponding to the capital stock present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the share capital so aggregated is equal to or greater than the result of dividing the total share capital by the number of directors have the right, provided there are vacancies on the Board of Directors, to appoint a corresponding proportion of the members of the Board of Directors (disregarding fractions). Shareholders who exercise this right may not vote on the appointment of other directors.

A resolution passed at a general shareholders' meeting is binding on all shareholders, although a resolution which is (i) contrary to law or the bylaws or the internal regulations of the Company, or (ii) prejudicial to the interest of the company and beneficial to one or more shareholders or third parties, may be contested. Damage to company's interest is also caused when the resolution, without causing damage to corporate assets, is imposed in an abusive manner by the majority. An agreement is understood to have been imposed in an abusive manner when, rather than responding reasonably to a corporate need, the majority adopts the resolution in their own interests and to the unjustifiable detriment of the other shareholders. In the case of listed companies, the required fraction of the Company's share capital needed to be able to contest is 1/1000. The right to contest would apply to those who were shareholders at the time when the resolution was taken (provided they hold at least 0.1% of the share capital), directors and interested third parties. In the event of resolutions contrary to public order, the right to contest would apply to any shareholders (even if they acquired such condition after the resolution was taken), and any director or third party.

In certain circumstances (such as change or significant amendment of the corporate purpose, transformation or transfer of registered address abroad), the Spanish Companies Act gives dissenting or absent shareholders (including non-voting shareholders) the right to withdraw from the Company. If this right were exercised, the Company would be obliged to purchase the relevant shares at the average market price of the shares in the last quarter in accordance with the procedures established under the Spanish Companies Act.

Pre-emptive rights and Increases of Share Capital

Pursuant to the Spanish Companies Act and the Company's bylaws, shareholders have pre-emptive rights to subscribe for any new shares issued against monetary contributions and for any new bonds convertible into shares. Such pre-emptive rights may be excluded when so required by the corporate interest under special circumstances by a resolution passed at a general shareholders' meeting or by the board of directors (when the company is listed and the general shareholders' meeting delegates to the board of directors the right to increase the capital stock or issue convertible bonds and exclude pre-emptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act. As of the date hereof, the Company has neither convertible nor exchangeable bonds outstanding and has not issued any warrants over the Company's shares.

Also, holders of shares have the right of free allotment recognized in the Spanish Companies Act in the event of capital increase against reserves.

Furthermore, the pre-emptive rights, in any event, will not be available in an increase in share capital against non-cash contribution, by means of capitalization of credit rights, or to honor the conversion into shares of convertible bonds or in a merger in which shares are issued as consideration. Pre-emptive rights are transferable, may be traded on the AQS and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

As at the date of this Prospectus, the Board of Directors has been authorized by its sole shareholder to issue new ordinary shares up to 50% of the Company's share capital immediately following the Offering. The Board of Directors is also authorized to exclude pre-emptive rights in connection with up to 20% of the total number of new ordinary shares that may be issued pursuant to the aforementioned authorization, provided that such exclusion is in the corporate interest of the Company. In addition, the Board of Directors has been authorized by its sole shareholder for a term of five years to issue bonds that are convertible into shares of the Company or which grant bondholders the right to be attributed part of the Company's earnings.

As at the date of this Prospectus, there are no acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital and there are no members of the group, the share capital of which is under option or agreed conditionally or unconditionally to be put under option.

Shareholder Actions

Under the Spanish Companies Act, directors are liable to the company, shareholders and creditors for their acts or omissions that are illegal or violate the bylaws and for failure to carry out their legal duties with diligence.

Under Spanish law, shareholders must generally bring actions against the directors as well as any other actions against the Company or challenging corporate resolutions before the courts of the judicial district of the Company's registered address (currently Bilbao, Spain).

Registration and Transfers

The Company's ordinary shares are in registered book-entry form and are indivisible. Joint holders of one share must designate a single person to exercise their shareholders' rights, but they are jointly and severally (*solidariamente*) liable to the Company for all the obligations arising from their status as shareholders. Iberclear, which manages the Spanish clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*). Each member entity, in turn, maintains a registry of the owners of such shares.

The Company's ordinary shares are freely transferable in accordance with the Spanish Companies Act, the LMV and any implementing regulation.

As a general rule, transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, or dealer firms, Spanish credit entities, investment services entities authorized in other EU member states and investment services entities authorized by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. See "*Market Information*." Transfer of shares quoted on the Spanish Stock Exchanges may be subject to certain fees and expenses.

Restrictions on Foreign Investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23 (*Real Decreto 664/1999, de 23 de abril*), which was approved in conjunction with Law 18/1992, of July 1 (the "**Spanish Foreign Investment Law**"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

According to regulations adopted under the Spanish Foreign Investment Law, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls). Foreign investors who are not resident in a tax haven are only required to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Competitiveness (*Ministerio de Economía y Competitividad*) following an investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares (in book-entry form) have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991, of July 5), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market;
- investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50.0% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defense, radio, television, telecommunications and gambling. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defense sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy and Competitiveness, may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government, acting on the recommendation of the Ministry of Economy and Competitiveness.

Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering (“**Law 19/2003**”), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of the Economy and Competitiveness and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy and Competitiveness and the Bank of Spain information corresponding to client transactions.

Exchange Control Regulations

Pursuant to Royal Decree 1816/1991, of December 20, relating to economic transactions with non-residents as amended by Royal Decree 1360/2011 of October, 7, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency), if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

Reporting Requirements

Pursuant to Royal Decree 1362/2007, of October 19, any individual or legal entity which, by whatever means, purchases or transfers shares which grant voting rights in our Company, must notify the Company and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a threshold of 3.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 35.0%, 40.0%, 45.0%, 50.0%, 60.0%, 70.0%, 75.0%, 80.0% and 90.0% of the Company’s total voting rights.

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four (4) trading days from the date on which the individual or legal entity acknowledged or should have acknowledged the circumstances that generate the obligation to notify (Royal Decree 1362/2007 deems that the obliged individual or legal entity should have acknowledge the aforementioned circumstance within two (2) trading days from the date on which the transaction was entered into, regardless of the date on which the transaction takes effect).

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it. In such a case, the transaction is deemed to be acknowledged within two (2) trading days from the date of publication of the relevant fact disclosure (“*hecho relevante*”) regarding such transaction.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity which acquires, transfers or holds, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the Company and the CNMV of the holding of a significant stake in accordance with applicable regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined in Royal Decree 1080/1991, of July 5), the threshold that triggers the obligation to disclose the acquisition or transfer of the Company’s ordinary shares is reduced to 1.0% (and successive multiples thereof).

All members of the Board of Directors must report to both the Company and the CNMV any percentage or number of voting rights in the Company held by them at the time of becoming or ceasing to be a member of the Board of Directors within five (5) trading days. Furthermore, all members of the Board of Directors must report any change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of the Company's shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock-based compensation that they may receive pursuant to any of our compensation plans. Members of our senior management must also report any stock-based compensation that they may receive pursuant to any of our compensation plans or any subsequent amendment to such plans.

In addition, pursuant to Article 19 of the MAR, persons discharging managerial responsibilities and any persons having a close link (*vínculo estrecho*) with any of them must similarly report to the Company and the CNMV any acquisition or disposal of the Company's shares, derivative or financial instruments linked to the Company's shares regardless of the size, within three (3) business days after the date of the transaction is made. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

Royal Decree 1362/2007 refers to the definition given by Royal Decree 1333/2005, developing the LMV, regarding market abuse, which defines senior management (*directivos*) as those "high-level employees in positions of responsibility with regular access to insider information (*información privilegiada*) related, directly or indirectly, to the issuer and that, furthermore, are empowered to adopt management decisions affecting the future development and business perspectives of the issuer".

In certain circumstances established by Royal Decree 1362/2007, the notification requirements on the acquisition or transfer of shares also apply to any person or legal entity that, directly or indirectly, and independently of the ownership of the shares or financial instruments, may acquire, transmit or exercise the voting rights granted by those shares or financial instruments, provided that the aggregated proportion of voting rights reaches, increases above or decreases below, the percentages set forth by Spanish law.

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1.0% of the voting rights of the Company, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3.0% or more of the voting rights in the Company. The CNMV will immediately make public this information.

Shareholders' Agreements

The LMV and Articles 531, 533 and 535 of the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares of listed companies.

If the Company's shareholders enter into such agreements with respect to the Company's ordinary shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, file such agreements with the appropriate commercial registry and publish them through a relevant fact disclosure (*hecho relevante*). Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the LMV.

Such a shareholders' agreement will have no effect with respect to the regulation of the right to vote in general shareholders' meetings and restrictions or conditions on the free transferability of shares and bonds convertible into shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the agreement when publishing the shareholders' agreement could cause harm to the affected company.

There are no shareholders' agreements in force in relation to the Company or their subsidiaries.

Net Short Positions

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV.

If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public.

The notification or disclosure mentioned above shall be made not later than at 15.30 (CET) on the following trading day.

Notification is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the European Securities and Markets Authority (“ESMA”), take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and
- restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10.0% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

Share Repurchases

Pursuant to the Spanish Companies Act, the Company may only repurchase the Company’s own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders’ meeting in a resolution establishing the maximum number of shares to be acquired, the titles for the acquisition, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed 5 years from the date of the resolution;
- the repurchase, including the shares already acquired and currently held by the Company, or any person or company acting in its own name but on our behalf, must not bring the Company’s net worth below the aggregate amount of the Company’s share capital and legal or non-distributable bylaws’ reserves. For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly allocated to such net worth, and adding the amount of share capital subscribed but not called and the share capital par value and issue premium recorded in the Company’s accounts as liabilities;
- the aggregate value of the ordinary shares directly or indirectly repurchased, together with the aggregate par value of the ordinary shares already held by the Company, must not exceed 10.0% of the Company’s share capital; and
- ordinary shares repurchased for valuable consideration must be fully paid-up. A repurchase shall be considered null and void if (i) the shares are partially paid-up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

Treasury shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights). Such economic rights except the right to receive bonus shares, will accrue proportionately to all of the Company's shareholders. Treasury shares are counted for purposes of establishing the quorum for general shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

Regulation 596/2014 of April 16, repealing, among others, Directive 2003/6/EC of the European Parliament and the European Council of January 28, on insider dealing and market manipulation, establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU Member State. Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, implements Regulation 596/2014 with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions included in the Delegated Regulation, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

- (a) Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:
 - The purpose of the program. According to Article 5.2 of Regulation 596/2014, the buy-back program must have as its sole purpose (a) to reduce the capital of the issuer; (b) to meet obligations arising from debt financial instruments convertible into equity instruments; or (c) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;
 - The maximum pecuniary amount allocated to the program;
 - The maximum number of shares to be acquired; and
 - The period for which authorization for the program has been granted.
- (b) The issuer must ensure that the transactions relating to the buy-back program meet the conditions included on Article 3 of the Delegated Regulation. Specifically, that the purchase price is not higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.
- (c) Issuers shall not, for the duration of the buy-back program, engage on (a) selling of own shares; (b) trading during the closed periods referred to in Article 19. 11 of Regulation 596/2014; and (c) trading where the issuer has decided to delay the public disclosure of inside information.

On 19 December 2007 the CNMV issued Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of market abuse regulations.

If an acquisition or series of acquisitions of the Company's ordinary shares reaches or exceeds or causes our and our affiliates' holdings to reach or exceed 1.0% of the voting shares, the Company must notify its final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes our and our affiliates' holdings to exceed 1.0% of the voting shares. Sales and other transfers of the Company's treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of our majority-owned subsidiaries.

Moreover, pursuant to Spanish Companies Act, the audited financial statements of a company must include a reference to any treasury shares.

In addition, on 18 July 2013, the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with treasury shares" (outside of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price, limits and volumes and include certain restricted periods and a rule of separated management of the trading activity.

As of the date of this prospectus, the Company and the Company's subsidiaries hold no shares of the Company. The Board of Directors has been authorized by its sole shareholder for the derivative acquisition of treasury shares according to and within the restrictions and requirements established in the Spanish Companies Act.

MATERIAL CONTRACTS

The contracts set out below (not being contracts entered into in the ordinary course of business) have (a) been entered into by us or any entity within the Group within the two years immediately preceding the date of this Prospectus and are, or may be, material to us; or (b) been entered into at any time by any entity within the Group and contain provisions under which any entity within the Group has an obligation or entitlement which is, or may be, material to the Group as of the date of this Prospectus.

Kutxabank Servicing Agreement

On 14 May 2015, we entered into an exclusive seven-year service level agreement with Kutxabank (and other 23 companies from the Kutxabank and Cajasur groups (the “**Servicing Agreement Counterparties**”) to service the property portfolio owned by Kutxabank (the “**Servicing Agreement**”). Under the Servicing Agreement we must provide the following main services:

Management and administrative services regarding the asset portfolio:

- *General administrative and management services.* This category encompasses services related to the maintenance, conservation and preparation for commercialization of the assets under management. These services include, among others, *in situ* assessments of the assets, issuing detailed reports describing the assets and developing action plans for the assets. Furthermore, this category includes the management of the assets’ utilities, the collection and payment of receivables and payables and the subscription, where appropriate, of insurance policies.
- *Commercialization services.* This category includes a variety of services related to the marketing and sale process of the assets under management. Specifically, we are in charge, among others, of cataloguing the assets, preparing commercialization and marketing plans and developing the models for calculating the sale or lease price for the assets (which must be submitted for the approval of Kutxabank and the other entities). Also, we are in charge of the entire sale process, from first contact to execution of the corresponding public deed.

This category also includes services related to the commercialization and following management of rental properties included in the assets under management.

Additionally, these services include the support and supervision of the construction process of certain assets under management, as well as other administrative and formal obligations (i.e. tax filings, assistance and support with the preparation of public deeds and, in some case, carrying out due diligence).

- *Other services.* Besides the aforementioned service categories, we are also in charge of delivering general urban planning services, managing records and files regarding the assets under management, updating the inventory of assets and their prices and providing certain services regarding judicial and extrajudicial proceedings.

Management and administration of websites:

We are in charge of uploading, following-up, updating and removing information regarding the managed assets included in the websites under management. Furthermore, we are in charge of maintaining, controlling and renewing the ownership of the domains of the websites, as well as of providing a maintaining a section to channel customers’ complaints, requests and enquiries. Finally, under the Servicing Agreement we are obliged to manage, solve and answer any enquiry, incident, complaint or request received through the websites and regarding the assets under management.

These services will be provided on an exclusive basis during the validity of the Servicing Agreement, this is, 14 May 2022 (7 years from the signing date). If over two successive years the degree of achievement of the annual target of sales of a specific group of assets (land, new builds, second-hand properties) were below 30% of the target provided for in the annual budget approved for each of those years, the right to exclusivity in relation to the sale of these assets (not in relation to the rest of assets under management) will be lost. Such clause will not apply if the reference prices used for the marketing of the corresponding group are not in line with the market price for these kinds of assets or in case of adverse market circumstances (understanding such circumstances as those that coincide with a decrease of more than 10% in the amount of real estate transactions or in the prices for such assets, as per the information issued by the Ministry of Development (*Ministerio de Fomento*) or any other official real estate indices (Spanish Association of Registrars -

Once the initial seven-year period elapses, the contract will be automatically extended for additional successive one-year periods, unless any of the parties notifies the other in written and, at least, six months in advance, its intention of terminating the contract.

Regarding the fees, the Servicing Agreement establishes that we have the right to receive (i) a fee for our management and administrative services linked to the value and the type of the assets under management; (ii) a variable success fee for the commercialization of the assets under management that depends on different characteristics of the assets, of the transaction and the final price; and (iii) other specific fees in connection to other services rendered.

- Fees for management and administrative services: these fees will depend on the type and the value of the assets under management. According to the Servicing Agreement, we will have the right to receive the following fees for the management and administration of the following assets:
 - Finished products: already built commercial, industrial or residential assets will give rise to a 1.5% annual fee based on the annual average volume of the initial value of the assets, in accordance with the Servicing Agreement.
 - Land: 1.25% annual fee based on the annual average volume of the initial value of the assets, in accordance with the Servicing Agreement.
 - Ongoing development: 1.75% annual fee for stopped constructions and a case-by-case fee for other ongoing developments, based on the annual average volume of the initial value of the assets, in accordance with the Servicing Agreement.
- Fees for commercialization of the assets: we will receive a fee based on the sale price of each assets in accordance with the following criteria:
 - Sale of finished product: 5% of the price, excluding taxes.
 - Sale of land: 4% of the price, excluding taxes.

Furthermore, when the selling price is greater than the target selling price, we will receive a success fee of 3% of the difference between the effective selling price and the target price. However, the success fee will never exceed 1% of the effective selling price.

Additionally, we have the right to receive a complementary fee when the total volume of sales is greater than the volume provided in the annual budget. This complementary fee will be a 2% of the volume of sales in excess of the target. However, this complementary fee will never be greater than 2% of sales.

- Other fees: we also have the right to receive fees for the following services:
 - Management and administrative services in connection with third-party assets, when requested by Kutxabank or Cajasur. For the commercialization of these assets, the aforementioned commercialization fees will also be applicable.
 - Management of leased assets.
 - Asset valuation.

Currently, the fixed fees represent 70%, approximately, of the total fees generated under the Servicing Agreement.

In accordance with our estimates, the Servicing Agreement portfolio under management as of 28 February 2017 amounted to €1.5 billion. It generated during 2016 €27.70 million in revenue.

The Servicing Agreement can be terminated by the Servicing Agreement Counterparties if an event of default occurs. Events of default include fraud or repeated gross negligence, undue use of the powers of attorney granted in favor of Neinor Homes, breach of the anti-money laundering obligations, change of control implying (i) a direct competitor of Kutxabank acquiring control of the Company (a direct competitor is defined as a finance service provider with a market share in the Spanish financial market of more than 3% or 10% in the Basque Country) or (ii) a third party not compliant

with the international requirements of commercial reputation for being included in any list of commercial sanctions drafted by the European Union acquiring control of the Company, application of gross penalties for breach of the KPIs, or in case of *force majeure*, interruption of the services for more than seven business days additional to the term set forth in the contingency plan.

Material contracts relating to the Offering

For a description of the material contracts relating to the Offering, see “*Plan of Distribution*” and, with respect to the Restructuring, see “*Principal and Selling Shareholder—Restructuring*”.

TAXATION

The following summary describes certain Spanish and U.S. federal income tax consequences of the purchase, ownership and disposition of the Shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as of the date of this Offering Memorandum and is subject to changes to those laws subsequent to the date of this Offering Memorandum. You should consult your own advisors as to the tax consequences of the acquisition, ownership and disposition of the Shares in light of your particular circumstances, including, in particular, the effect of any state, regional or local tax laws.

Spanish Tax Considerations

The following section is a general description of certain Spanish tax implications of the acquisition, ownership and disposition of our Shares by Spanish and non-Spanish tax resident shareholders. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and its interpretation and application. This summary does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to “look-through” entities (such as estates) that may be subject to a specific tax regime applicable under the consolidated text of the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004, of 5 March (*texto refundido de la Ley del Impuesto sobre la Renta de no Residentes, aprobado por Real Decreto Legislativo 5/2004, de 5 de marzo*) (“**NRIT Law**”) or under the Spanish Personal Income Tax Law 35/2006, of 28 November (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (“**PIT Law**”) or similar legislation applicable, as the case may be. This analysis does not cover all possible tax consequences of the transactions applicable to all categories of shareholders, some of which (e.g., financial institutions, collective investment schemes, cooperatives, etc.) may be subject to special rules. Furthermore, this summary does not take into account the regional tax regimes in force applicable in the Historical Territories of the Basque Country and the Historical Autonomous Region of Navarre, or the regulations adopted by the Spanish Autonomous Regions, except for what it is specifically mentioned regarding Bizkaian applicable laws in connection with certain aspects referred to non-Spanish tax resident investors.

The description of Spanish tax laws set forth below is based on law currently in effect in Spain as of the date of this Offering Memorandum, and on the administrative interpretations thereof made public to date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

Potential shareholders should consult their own tax advisors concerning the specific Spanish, state, regional and local tax consequences of the acquisition, ownership and disposition of our Shares in light of their particular circumstances as well as any consequences arising under the laws of any other taxing jurisdiction.

Spanish Resident Individuals

Taxation of dividends

In accordance with the PIT Law, income received by a Spanish shareholder in the form of dividends, shares in profits, consideration paid for attendance at shareholders’ meetings, income from the creation or assignment of rights of use or enjoyment of our Shares and any other income received in his or her capacity as shareholder is subject to tax as capital income.

Gross capital income shall be reduced by any administration and custody expenses (but not by those incurred in individualised portfolio management); the net amount shall be included in the relevant Spanish shareholder’s savings taxable base. The savings taxable base rates for the tax year 2017 are 19% for taxable income up to €6,000, 21% for taxable income between €6,001 and €50,000, and 23% for taxable income exceeding €50,000.

Spanish shareholders shall be liable for a PIT withholding on capital income at the then-applicable tax rate (currently 19%) on the gross income obtained. Such withholding tax is creditable from the PIT payable; if the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the PIT Law.

Taxation of capital gains

Gains or losses generated by a Spanish individual as a result of the transfer of the Shares qualify for the purposes of the PIT Law as capital gains or losses and are subject to taxation according to the general rules applicable to capital

gains. The amount of capital gains or losses shall be the difference between the Shares' acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the Shares as of the transfer date or, if higher, the agreed transfer price, less any fees or taxes incurred.

Where the taxpayer owns other securities of the same kind, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first (FIFO).

Capital gains or losses arising from the transfer of the Shares by a Spanish individual are included in such Spanish holder's capital income corresponding to the period when the transfer takes place; any gain resulting from the compensation between such gains and losses is taxed at a flat rate of 19% for the first €6,000, 21% between €6,001 and €50,000 and 23% for any amount in excess of €50,000.

Capital gains arising from the transfer of the Shares are not subject to withholding tax on account of PIT. Losses arising from the transfer of shares admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges) will not be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining shares of the taxpayer. No tax credits for avoidance of double taxation are allowed.

Taxation of share premium distributions

A distribution of share premium will not in itself constitute taxable income but will instead reduce the acquisition value of our Shares to the extent that they are admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges). If the amount of the share premium received exceeds the acquisition value of the shares held by a Spanish shareholder, such excess would constitute capital financial taxable income subject to a flat rate of 19% for the first €6,000, 21% between €6,001 and €50,000 and 23% for any amount in excess of €50,000.

Spanish Wealth Tax

Individual Spanish shareholders are subject to Spanish Wealth Tax on all their assets (such as our Shares).

Spanish Wealth Tax Law 19/1991, of 6 June (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*) provides that the first €700,000 of net wealth owned by an individual Spanish shareholder will be exempt from taxation, while the rest of the net wealth will be taxed at a rate ranging between 0.2% and 2.5%. However, this may vary depending on the autonomous region of residency of the taxpayer. As such, prospective shareholders should consult their own tax advisors.

A shareholder who is required to file a Spanish Wealth Tax return should value the Shares at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

In accordance with article 4 of the Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at the consolidation of public finances and other urgent social security measures (*Real Decreto-ley 3/2016, de 2 de diciembre, por el que se adoptan medidas en el ámbito tributario dirigidas a la consolidación de las finanzas públicas y otras medidas urgentes en materia social*) ("**RDL 3/2016**"), as from year 2018, a full exemption on Spanish Wealth Tax would apply (bonificación del 100%), and therefore from year 2018 and onwards, individuals resident in Spain will be released from formal and filing obligations in relation to this Spanish Wealth Tax, unless the application of this full exemption is postponed again.

Spanish Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire the Shares by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax ("**IGT**") in accordance with the IGT Law 29/1987, of 18 December (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*) ("**IGT Law**"), without prejudice to the specific legislation applicable in each autonomous region. The applicable tax rate, after applying all relevant factors, ranges from 7.65% to 81.6% depending on relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor). Some tax benefits could reduce the effective tax rate.

Spanish Transfer Tax

The acquisition and transfers of our Shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such acquisition and transfers.

Spanish Corporate Resident Shareholders

Taxation of dividends

Dividends from a share of the Company's profits received by corporate Spanish shareholders, as a consequence of the ownership of the Shares, less any expenses inherent to holding our Shares, are included in the Corporate Income Tax ("CIT") according to the Spanish Corporate Income Tax Law 27/2014, of 27 November (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) ("**CIT Law**"). The general CIT rate is currently 25%.

However, CIT taxpayers will be entitled to apply a participation exemption regime for dividends received from Spanish companies if certain requirements are met: (i) participation, directly or indirectly, of at least 5% of the Company (or acquisition cost exceeding €20 million) and (ii) provided such participation is held for at least one year prior to the relevant distribution date or it commits to hold the participation for the time needed to complete such one-year holding period (and provided that other requirements that need to be analyzed on a case by case basis are fulfilled).

In case that more than 70% of the Company's revenue derives from dividends and capital gains arising from transfers of the Shares, the application of the participation exemption is subject to particularly complex restrictions, substantially requiring that the shareholder holds an indirect participation of at least 5% in the share capital of the Company's subsidiaries. Shareholders are urged to consult their tax advisors regarding compliance with the requirements for application of the aforesaid participation exemption.

As a general rule, dividends will be subject to withholding tax on account of the shareholder's final CIT at a current rate of 19%. However, no withholding tax will apply on dividends payable to a shareholder who is entitled to apply the participation exemption regime mentioned above. If the amount of tax withheld is greater than the amount of the net CIT payable, the taxpayer will be entitled to a refund of the excess withheld in accordance with the CIT Law and regulations.

Taxation of capital gains

The gain arising on transfer of our Shares or from any other change in net worth relating to such Shares are included in the tax base of CIT taxpayers; such gain is taxed generally at a current rate of 25%. As to losses resulting from the transfer of our Shares, the CIT deductibility of the losses may be subject to temporary or permanent restrictions (for instance, if the capital gains obtained on such transfer are entitled to benefit from the Spanish participation exemption regime, indicated below), pursuant to Royal Decree-Law 3/2016, of December 2. Shareholders who are CIT-payers must consult their tax advisors regarding the CIT impact for them of these rules.

However, CIT taxpayers will be entitled to apply a participation exemption regime for capital gains arising on the transfer of Spanish companies shares if (i) the shareholding, directly or indirectly, amounts of at least 5% of the company (or acquisition cost exceeding €20 million) provided (ii) such participation is held for at least one year prior to the transfer (and provided that other requirements that need to be analyzed on a case by case basis are fulfilled).

In case that more than 70% of the Company's revenue comes from dividends and capital gains deriving from the transfer of the Shares, the application of the participation exemption is subject to particularly complex restrictions, substantially requiring that the shareholder holds an indirect participation of at least 5% in the share capital of the Company's subsidiaries. Shareholders are urged to consult their tax advisors regarding compliance of the requirements for application of the aforesaid participation exemption.

Capital gains deriving from the disposal of our Shares will not be subject to withholding tax on account of CIT.

Taxation of share premium distributions

A distribution of share premium will not in itself constitute taxable income but will instead reduce the acquisition value of our Shares. If the amount of the share premium received exceeds the acquisition value of our Shares held by a CIT taxpayer, such excess would constitute taxable income subject to the general CIT tax rate of 25%.

Spanish Wealth Tax

Not applicable.

Spanish Inheritance and Gift Tax

In the event of acquisition of our Shares free of charge by a CIT taxpayer, the income generated for the latter will be taxed according to the CIT rules, the IGT not being applicable.

Spanish Transfer Tax

The acquisition and transfers of our Shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such acquisition and transfers.

Shareholders who are not Resident for Tax Purposes in Spain

Non-Spanish tax resident shareholders acting through a permanent establishment in Spain

Taxation of dividends

Ownership of our Shares by shareholders who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Shares are the same as those set out for legal entities with tax residence in Spain described in the preceding section.

Taxation of capital gains

If the Shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to capital gains deriving from such Shares are the same as those set out for legal entities with tax residence in Spain described in the preceding section.

Non-Spanish tax resident shareholders not acting through a permanent establishment in Spain

Taxation of dividends

Dividends paid to non-Spanish tax resident shareholders not acting through a permanent establishment in Spain are subject to Spanish NRIT, at the general withholding tax rate of 19%. This tax rate can be eliminated or reduced as per the application of (i) the NRIT exemption implementing the EU Parent-Subsidiary Directive or (ii) the benefits of a convention for the avoidance of double taxation (“**DTC**”).

Under the EU Parent-Subsidiary Directive exemption, no Spanish withholding taxes should be levied on the dividends distributed by a Spanish subsidiary to its European Union (EU) parent company, to the extent that the following requirements are met:

- (i) the EU parent company maintains a direct or indirect holding in the capital of the Spanish subsidiary of at least 5% or its acquisition cost exceeding €20 million. The holding must have been maintained uninterrupted during the year prior to the date on which the distributed profit is due or, failing that, be maintained for the time required to complete such period (in the latter case, the withholding tax must be levied, although it would be refundable once the year has been completed);
- (ii) the EU parent company is incorporated under the laws of a EU Member State, under one of the corporate forms listed in Annex I, Part A, of the EU Parent-Subsidiary Directive, and is subject to a Member State Corporate Income Tax (as listed in Annex I, Part B, of the EU Parent-Subsidiary Directive), without the possibility of being exempt; and
- (iii) the dividends distributed do not derive from the subsidiary’s liquidation.

The aforesaid exemption will not be applicable if the dividend is obtained through a territory that is defined as a tax haven by Spanish regulations.

The aforesaid exemption will be applicable, subject to the compliance of such requirements, to dividends distributed by a Spanish subsidiary to its European Economic Area parent company provided that there is an effective exchange of tax information with such European Economic Area parent company’s country.

However, the exemption includes an anti-abuse provision by virtue of which the withholding tax exemption will not be applicable where the majority of the voting rights of the parent company are held directly or indirectly by individuals or entities not resident in the EU or the European Economic Area with which there is an effective exchange of tax information in the terms set forth in Law 36/2006, of 29 November (*Ley 36/2006, de 29 de noviembre, de medidas para la prevención del fraude fiscal*), or the equivalent regional legislation applicable, except where the EU or EEA parent company proves that its incorporation and its operative responds to valid economic reasons and to substantive economic

activities.

Shareholders resident in certain countries may be entitled to the benefits of a DTC in effect between Spain and their country of tax residence. Such shareholders may benefit from a reduced tax rate under an applicable DTC with Spain, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the shareholder by means of a certificate of tax residence duly issued by the tax authorities of the country of tax residence of the shareholder making express reference to the shareholders' entitlement to the benefits of such DTC or, as the case may be, the equivalent document specified in the Spanish Order which further supplements the applicable DTC. Tax residence certificates issued by a foreign tax authority (or equivalent documents) are generally valid for Spanish tax purposes for one year as from their date of issuance.

According to the Order of the Ministry of Economy and Competitiveness of 13 April 2000, the Regional Order of Bizkaia 1715/2000, of 31 May, and the equivalent regional provisions applicable upon distribution of a dividend, we or our paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above, transferring the resulting net amount to the depository. For this purpose, the depository is the financial institution with which the non-Spanish tax resident shareholder has entered into a contract of deposit or management with respect to our Shares held by such shareholders. If the corresponding depository in Spain provides timely evidence of the non-Spanish tax resident shareholder's right to obtain the DTC-reduced rate or the exemption (e.g., a valid certificate of tax residence described above), it will immediately receive the surplus amount withheld, which will be credited to the non-Spanish tax resident shareholder (the "**Quick Refund Procedure**"). For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance. The Quick Refund Procedure will only be applicable to the extent that the depository of the Shares held by the non-Spanish tax resident shareholder is resident, domiciled or represented in Spain.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided within this time period or if the depository of the non-Spanish tax resident shareholder is not resident, domiciled or represented in Spain, the non-Spanish tax resident shareholder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by the NRIT Regulation, approved by Royal Decree 1776/2004 of 30 July 2004 (*Reglamento del Impuesto sobre la Renta de no Residentes, aprobado por Real Decreto 1776/2004, de 30 de julio*), and the Order of the Ministry of Finance and Taxation EHA/3316/2010, of 17 December, that approves forms 210, 211 and 213 or the equivalent regional provisions applicable. To pursue the refund claim, the non-Spanish shareholder is required to file:

- the corresponding Spanish Tax Form (currently, Form 210);
- the certificate of tax residence or equivalent document referred to above;
- a certificate issued by the withholding agent stating that Spanish NRIT was withheld with respect to such non-Spanish tax resident shareholder;
- a proof of beneficial ownership; and
- documentary evidence of the bank account in which the excess amount withheld should be paid.

For further details, prospective investors should consult their own tax advisors.

Taxation of capital gains

Capital gains obtained by a non-Spanish tax resident shareholder as a consequence of transferring our Shares will be subject to Spanish NRIT at the tax rate of 19% although no withholding taxes will be imposed on the capital gain. Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains.

However, capital gains derived from our Shares will be exempt from taxation in Spain in either of the following cases:

- (i) Capital gains derived from the transfer of our Shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges) by any non-Spanish tax resident shareholder who is tax resident of a country that has entered into a DTC with Spain containing an "exchange of information" clause. This exemption is not applicable to capital gains obtained by a non-Spanish tax resident shareholder through a country or territory that is defined as a tax haven by Spanish regulations.

- (ii) Capital gains obtained directly by any non-Spanish tax resident shareholder which is resident of another EU Member State or indirectly through a permanent establishment of such non-Spanish tax resident shareholder in a EU Member State other than Spain. This exemption is not applicable to capital gains obtained through a country or territory that is defined as a tax haven by Spanish regulations. Additionally, this exemption will not apply:
 - (a) if the Company's assets mainly consist of, directly or indirectly, real estate property located in Spain;
 - (b) if the non-resident transferor is an individual that during the preceding twelve months has held a direct or indirect interest of at least 25% in the Company's capital or net equity; and
 - (c) if the non-resident transferor is an entity and the transfer of our Shares does not comply with the requirements to apply CIT participation exemption regime (see "Taxation of capital gains- Spanish Corporate Resident Shareholders").
- (iii) Capital gains realized by non-Spanish tax resident shareholders who benefit from a DTC entered into between their country of tax residence and Spain that provides for taxation of capital gains only in such non-Spanish tax resident shareholder's country of residence.

The non-Spanish tax resident shareholders must submit a Spanish Tax Form (currently, Form 210) within the time periods set out in the applicable Spanish regulations to pay the corresponding tax or qualify for an exemption. In order for the exemptions mentioned above to apply, a non-Spanish tax resident shareholder must provide a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that, to the best knowledge of such authority, the non-Spanish tax resident shareholder is resident of such country within the meaning of the relevant DTC) or equivalent document meeting the requirements of the Order which further develops the applicable DTC, together with the Spanish Tax Form. The non-Spanish tax resident shareholder's tax representative in Spain and the depository of the Shares are also entitled to carry out such filing.

The certificate of tax residence mentioned above will be generally valid for a period of one year after its date of issuance.

Shareholders should consult their own tax advisors to obtain detailed information regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

Taxation of share premium distributions

A distribution of dividends out of the share premium will not in itself constitute taxable income but will instead reduce the acquisition value of our Shares to the extent that they are admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges). If the amount of the share premium received exceeds the acquisition value of the Shares held by a non-resident shareholder, such excess would constitute financial taxable income subject to NRIT at a flat rate of 19%, unless otherwise provided by a DTC (although this income would not be subject to withholding tax in Spain).

Spanish Wealth Tax

Non-Spanish tax resident individuals are subject to the Spanish Wealth Tax on the assets or rights that are located or can be exercised in Spain. Spanish Wealth Tax Law provides that the first €700,000 of assets or rights owned in Spain by non-Spanish tax resident individuals will be exempt from taxation, while the rest of the Spanish wealth will be taxed at a rate ranging between 0.2% and 2.5%. For Spanish Wealth Tax valuation purposes, the Shares should be valued at their average trading price during the last quarter of such year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

Non-Spanish tax resident individuals who benefit from a DTC that provides for net wealth taxation only in the shareholder's country of residence will not be subject to Spanish Wealth Tax. When most of the value of the assets and rights of the non-Spanish tax resident individual shareholder, which are located or can be exercised in Spain, correspond to assets or rights that are located or can be exercised in Bizkaia, the Spanish Wealth Tax would be subject to the Regional Wealth Tax of Bizkaia, under Regional Law of Bizkaia 2/2013, of 27 February (*Norma Foral 2/2013, de 27 de febrero, del Impuesto sobre el Patrimonio*), which provides for a minimum exemption of €800,000 and rates that range from 0.2% to 2%. For Bizkaian Wealth Tax valuation purposes, the Shares should be valued at their trading price as of 31 December of each year.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value are located, can be exercised or must be fulfilled. As such, prospective investors should consult their own tax advisors.

In accordance with article 4 of RDL 3/2016, as from year 2018, a full exemption on Spanish Wealth Tax would apply (bonificación del 100%), and therefore from year 2018 and onwards, non-Spanish tax resident individuals will be released from formal and filing obligations in relation to this Spanish Wealth Tax, unless the application of this full exemption is postponed again.

Non-Spanish resident legal entities are not subject to Wealth Tax.

Inheritance and gift tax

Unless otherwise provided under an applicable DTC, transfers of our Shares as a result of the death of the owner or by gift to non-Spanish tax resident individuals are subject to Spanish IGT if such Shares are located in Spain at the time of death or gift. The applicable tax rate, after applying all relevant factors ranges from between 7.65% and 81.6% for individuals depending on the amount of the gift or inheritance, the net wealth of the heir or beneficiary of the gift, the kinship with the deceased or the donor and the qualification for tax benefits. These factors may vary depending on the application of the state or the autonomous regions IGT governing laws.

Generally, non-Spanish tax resident individuals are subject to Spanish IGT according to the rules set forth in the IGT Law. However, if the deceased, heir or the donee is resident in an EU or European Economic Area member State, depending on certain circumstances, the applicable rules may be those corresponding to the relevant autonomous region. As such, prospective shareholders should consult their own tax advisors.

In some cases, if the only assets transferred subject to IGT are the Shares, Bizkaian foral regulations would apply. Prospective shareholders are thus urged to consult with their own tax advisors.

Gifts granted to non-Spanish tax resident corporations are not subject to IGT but are subject to NRIT as capital gains at a 19% on the fair market value of such Shares as a capital gain.

If the non-Spanish tax resident corporation receiving the gift is resident in a country with which Spain has entered into a DTC, the provisions of such DTC will apply. In general, DTCs provide for the taxation of this type of income in the country of residence of the beneficiary.

Spanish Transfer Tax

The acquisition and transfers of our Shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such acquisition and transfers.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations relevant to holders acquiring, holding and disposing of Shares. This summary is based on the U.S. Internal Revenue Code of 1986, as amended, final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all as of the date hereof and all of which are subject to change, possibly with retroactive effect, as well as on the income tax treaty between the United States and Spain as currently in force (the “**Treaty**”).

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) traders or dealers in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) entities or arrangements that are treated as partnerships or pass-through entities for U.S. federal income tax purposes, or persons that hold Shares through such entities; (viii) holders that own (directly, indirectly or constructively) 10% or more of the voting stock of the Company; (ix) investors that hold Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (x) U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar and (xi) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address tax consequences applicable to holders of equity interests in a holder of the Shares, U.S. federal estate, gift, Medicare contribution or alternative minimum tax considerations, or non-U.S., state or local tax considerations. This summary only addresses investors that will acquire Shares in the Offering, and it assumes that investors will hold their Shares as capital assets (generally, property held for investment).

For the purposes of this summary, a **U.S. Holder** is a beneficial owner of Shares that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organized under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust that is

subject to U.S. tax on its worldwide income regardless of its source. A **Non-U.S. Holder** is a beneficial owner of Shares that is neither a U.S. Holder nor a partnership.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or entity or arrangement treated as a partnership for U.S. federal income tax purposes should consult their tax advisors as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Shares.

U.S. Holders

Generally

Except as otherwise noted, this summary assumes that the Company is not a “passive foreign investment company” (“**PFIC**”) for US federal income tax purposes, which, subject to the qualifications discussed below, the Company believes should be the case. The Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result to U.S. Holders.

Distributions

Subject to the PFIC rules discussed below, a distribution made by the Company on the Shares generally will be treated as a dividend includable in the gross income of a U.S. Holder as ordinary income to the extent of the Company’s current and accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent the amount of such distribution exceeds the Company’s current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of such U.S. Holder’s adjusted tax basis in the Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such Shares. The Company does not expect to maintain calculations of earnings and profits for U.S. federal income tax purposes. Therefore, a U.S. Holder should expect that such distribution will generally be treated as a dividend. Such dividends will not be eligible for the dividends received deduction allowed to corporations.

“Qualified dividend income” received by individual and certain other non-corporate U.S. Holders is currently subject to reduced rates applicable to long-term capital gain if (i) the Company is a “qualified foreign corporation” (as defined below) and (ii) such dividend is paid on Shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date. The Company generally will be a “qualified foreign corporation” if (1) it is eligible for the benefits of the Treaty and (2) it is not a PFIC in the taxable year of the distribution or the immediately preceding taxable year. As noted above and discussed below, the Company believes that, while not free from doubt, it was a PFIC for the taxable year ending 31 December 2016 and expects to be a PFIC for the current taxable year and in the foreseeable future. Accordingly, dividends on the Shares may not be eligible for the preferential rates on “qualified dividend income” under U.S. federal income tax law.

Dividends on the Shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes. For U.S. federal income tax purposes, the amount of the dividend income will include amounts withheld in respect of Spanish withholding tax. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

The U.S. dollar value of any distribution made by the Company in foreign currency must be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by the U.S. Holder, regardless of whether the foreign currency is in fact converted into U.S. dollars. If the foreign currency so received is converted into U.S. dollars on the date of receipt, such U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

Sale or other Disposition

Subject to the PFIC rules discussed below, a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon a sale or other disposition of its Shares in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder’s adjusted tax basis in such Shares, as determined in U.S. dollars. Such gain or loss generally will be capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, such as individuals) or loss if, on the date of sale or disposition, such Shares were held by such U.S. Holder for more than one year. The deductibility of capital loss is subject to significant limitations. Such gain or loss realized generally will be treated as derived from U.S. sources.

A U.S. Holder that receives foreign currency from a sale or disposition of Shares generally will realize an amount equal to the U.S. dollar value of the foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or

electing accrual basis taxpayer and the Shares are treated as being traded on an “established securities market” for this purpose, the settlement date. If the Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to the U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

As described above in “*Taxation — Spanish Tax Considerations — Shareholders who are not Resident for Tax Purposes in Spain*”, transfers or sales of Shares will be subject to Spanish taxation. Under the Treaty, U.S. Holders may be able to credit Spanish taxes imposed on dispositions of Shares, subject to applicable limitations. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of any such Spanish taxes against their U.S. federal income tax liability in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a corporation organized or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is classified as “passive income” or (ii) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, and gains from certain other dispositions of property.

Based on the present nature of its activities and the present composition of its assets and sources of income and the expected use of the proceeds from the Offering (as described under “*Use of Proceeds*”), the Company does not expect that it should be treated as a PFIC for the current taxable year or in the foreseeable future. However, the PFIC determination is made annually, and the Company’s status could change depending, among other things, upon changes in the composition and relative values of the Company’s assets and the market value of the Shares. In addition, the analysis depends, in part, on the application of complex U.S. federal income tax rules that are subject to differing interpretations. Accordingly, no assurances can be given that the Company will not be a PFIC in the current or any future taxable year. If the Company is classified as a PFIC in any year that a U.S. Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that U.S. Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year that a U.S. Holder owns Shares, such U.S. Holder generally would be subject to materially adverse U.S. federal income tax consequences compared to an investment in a company that is not a considered a PFIC, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements. U.S. Holders should consult their own tax adviser about the application of the PFIC rules.

If a U.S. Holder does not make a valid election as discussed below, and the Company is a PFIC for any taxable year during which a U.S. Holder owns Shares, such U.S. Holder will be subject to special tax rules with respect to any “excess distribution” received and any gain realized from a sale or other disposition (including a pledge) of Shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the U.S. Holder’s holding period for the Shares will be treated as excess distributions. Under these special tax rules, (i) the excess distribution or gain will be allocated ratably over the U.S. Holder’s holding period for the Shares; (ii) the amount allocated to the current taxable year will be treated as ordinary income; and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and an interest charge (at the rate generally applicable to underpayments of tax for the period from such year to the current year) will be imposed on the resulting tax attributable to each such year. A U.S. Holder will generally be subject to similar rules with respect to distributions to the Company by, and dispositions by the Company of the stock of, any direct or indirect subsidiaries of the Company that are also PFICs.

A U.S. Holder subject to the PFIC rules discussed above or below is required to file Internal Revenue Service (“**IRS**”) Form 8621 with respect to its investment in the Shares in the year such U.S. Holder receives any distribution upon, or makes any disposition of, such shares.

Mark-to-market election

To mitigate the adverse consequences of the PFIC rules discussed above, a U.S. Holder may make an election to include gain or loss on the Shares as ordinary income or loss under a mark-to-market method, provided that the Shares are regularly traded on a qualified exchange. The Company will apply to have its ordinary shares listed on the Spanish Stock Exchanges, each of which the Company expects to be a qualified exchange for purposes of the mark-to-market election. No assurance can be given that the Shares will be “regularly traded” for purposes of the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, the U.S. Holder will include in each year as ordinary income the excess of the fair market value of its Shares at the end of the year over its adjusted tax basis in the Shares. The U.S. Holder will be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in the Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result

of the mark-to-market election. A U.S. Holder's adjusted tax basis in the Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, gains from an actual sale or other disposition of Shares will be treated as ordinary income, and any losses will be treated as ordinary losses to the extent of any mark-to-market gains for prior years.

If a U.S. Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

Qualified electing fund election

To mitigate the adverse consequences of the PFIC rules discussed above, a U.S. Holder may make an election to treat the Company as a qualified electing fund ("QEF") for U.S. federal income tax purposes. To make a QEF election, the Company must provide U.S. Holders with information compiled according to U.S. federal income tax principles. The Company currently does not intend to compile such information for U.S. Holders, and therefore it is expected that this election will be unavailable.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Shares and gain from the sale, redemption or other disposition of the Shares unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

U.S. Information Reporting and Backup Withholding Tax

Payments made through a U.S. paying agent or U.S. intermediary to a U.S. Holder may be subject to information reporting unless the U.S. Holder establishes that payments to it are exempt from these rules. Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

Under U.S. federal income tax law and regulations, certain categories of U.S. persons must file information returns with respect to their investment in the equity interests of a foreign corporation. A U.S. person that purchases for cash Shares may be required to file IRS Form 926 or similar form if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds US\$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Shares up to a maximum penalty of US\$100,000.

Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Foreign Financial Asset Reporting

Certain U.S. Holders that own "specified foreign financial assets" that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Shares are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of these disclosure requirements to their ownership of the Shares.

Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the sale, exchange or other disposition of any foreign currency received as a dividend on, or as proceeds from the sale of, the Shares.

MARKET INFORMATION

Prior to the Offering, there has been no public market for the Shares. We will apply to list the Shares on the Spanish Stock Exchanges and to have them quoted on the Automated Quotation System (the “AQS” or “Mercado Continuo”) of the Spanish Stock Exchanges. The Spanish securities market for equity securities comprises four stock exchanges located in Madrid, Barcelona, Bilbao and Valencia. The Company expects that its ordinary shares (including the Shares offered hereby) will be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 29 March under the symbol “HOME”.

Automated Quotation System

The AQS links the Spanish Stock Exchanges, providing any equity securities listed on it with a uniform continuous market in order to eliminate certain differences arising among the various local exchanges. The principal feature of the system is the computerized matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. (“**Sociedad de Bolsas**”), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the AQS must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held each trading day from 8:30 a.m. to 9:00 a.m. (CET), an opening price is established for each equity security traded on the AQS based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer prices. If an auction price cannot be determined, the best bid and offer prices and their respective associated trading volumes are disclosed instead. The auction terminates with a random 30-second period in which the shares are allocated. Until the allocation process has finished, orders cannot be placed, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade in the AQS) and subject to prior notice to the CNMV, Sociedad de Bolsas may fix an opening price disregarding the reference price (which is the previous trading day’s closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerized trading hours, known as the open session, range from 9:00 a.m. to 5:30 p.m. (CET). The AQS sets out two ranges of prices for each security named “static” and “dynamic” in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security may fluctuate within a certain predetermined percentage above and below the “static” price (which is the price resulting from the closing auction of the previous trading day or the immediately preceding volatility auction in the current open session) (the “static range”). In addition, the trading price may range within a certain predetermined percentage above and below the “dynamic” price (the trading price of the immediately preceding trade of the same security) (the “dynamic range”). If, during the open session, there are matching bid and offer orders for a security within the computerized system which exceed any of the above “static” and/or “dynamic” ranges, trading on the security is automatically suspended and a new auction, known as volatility auction, is held where a new reference price is set, and the “static” and “dynamic” ranges will apply over such new reference price. The “static” and “dynamic” ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be placed, modified and cancelled, but no trades can be completed.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerized matching system without prior authorization of Sociedad de Bolsas (provided such trades are however disclosed to Sociedad de Bolsas) at a price within the range of 5% over the higher of the average price and the closing price for the trading day and 5% below the lower of the average price and closing price for the trading day provided that: (i) there are no outstanding bids or offers in the computerized system matching or improving the terms of the proposed off-system transaction; and (ii) among other requirements, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the relevant security during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and shall be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

Trades may take place at any time (with the prior authorization of Sociedad de Bolsas) and at any price if:

- they involve more than €1,500,000 and more than 40% of the average daily trading volume of the relevant securities during the preceding three months;
- the transaction results from a merger, spin-off or the restructuring of a group of companies;

- the transaction is carried out for the purposes of settling a litigation process or completing a complex set of sale and purchase agreements; or
- for any other reason which justifies the authorization of such transaction at the discretion of Sociedad de Bolsas.

Information with respect to computerized trades, which take place between 9:00 a.m. and 5:30 p.m., is made public immediately. On the other hand, information with respect to off-system trades is reported to Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

Clearing, Settlement and Book-Entry System

The Spanish clearing, settlement and book-entry system has been recently adapted by Act 11/2015, of June 18, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015, of October 2, (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. Following the implementation of this reform transactions carried out on the AQS continue to be settled by Iberclear, as central securities depository, and are cleared by BME Clearing, S.A., as central counterparty (CCP). Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the shares in their name on the Transaction Date.

Iberclear and BME Clearing, S.A., are owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed holding company which also holds a 100% interest in each of the Spanish official secondary markets.

Shares of listed Spanish companies are represented in book-entry form. The book-entry system is a two-tier level registry: the keeping of the central book-entry register corresponds to Iberclear and the keeping of the detail records correspond to the participating entities in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorized to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorized central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorized to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects: (i) one or several proprietary accounts which will show the balances of the participating entities' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of such shares.

According to the above, Spanish law considers the owner of the shares to be:

- the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name.
- the investor appearing in the records of the participating entity as holding the shares; or
- the investor appearing in the records of Iberclear as holding shares in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the

buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and send to Iberclear the relevant settlement instructions.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO, receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

Obtaining legal title to shares of a company listed on the Spanish Stock Exchanges requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request the relevant participating entity must issue a legitimation certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding shares in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the shares held in their name.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and Clearstream Banking, Société Anonyme (“**Clearstream**”), and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited (“**investors**”), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the shareholder of record in Iberclear's registry is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositaries for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures for Euroclear and Clearstream. See “*Taxation*” above.

Euroclear and Clearstream will endeavor to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at their discretion, take such action, as they deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other similar certificates; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, acting in their capacity as record holders of the Shares deposited with the depositaries for Euroclear and Clearstream, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavor to inform investors of the terms of any such rights of which they become aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account kept on behalf of the investor with Euroclear or Clearstream.

Tender Offers

Tender offers are governed in Spain by Articles 128 et seq. of the LMV and Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) which implement Directive 2004/25/EC of the European Parliament and of the Council of April 21. Other than the referred tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price when any person or entity acquires control of a Spanish listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;
- through shareholder agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (which constitute indirect control acquired through mergers, share capital decreases, changes in the target's treasury stock).

A person or entity is deemed to have control over a target company, either individually or jointly with other parties acting in concert, whenever:

- it acquires, directly or indirectly, a percentage of the company's voting rights equal to or greater than 30%; or
- it has acquired a percentage that is less than 30% of the voting rights and appoints, during the 24-month period following the date of acquisition of said percentage, a number of directors that, together with those already appointed by it (if any), represents more than half of the members of the target company's board of directors. The Spanish regulation on tender offers also sets forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the board of directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being a third-party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder;
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;
- the percentage of voting rights shall be calculated based on the entire number of the company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another

person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

Spanish regulations establish certain exceptions where control is obtained but no mandatory tender offer is required, including, among others:

- Subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalization of claims into shares of listed companies if their financial feasibility is subject to serious and imminent danger provided that such transactions are intended to ensure the company's financial recovery in the long term. The approval of the CNMV will not be required if the acquisition takes place in the context of a refinancing agreement under Additional Disposition Fourth of Act 22/2003, of July 9, on insolvency (*Ley 22/2003, de 9 de julio, concursal*).
- In the event of a merger, provided that those acquiring control did not vote in favor of the merger at the relevant general shareholders' meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose.
- When control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer).

The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid by the bidder or any person acting in concert therewith for the same securities during the 12 months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the by-laws or adoption of certain resolutions by the general shareholders' meeting of the target company, acceptance of the offer by a minimum number of shares of the target company, approval of the offer by the general shareholders' meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and
- they may be launched at a price other than an equitable price.

The price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in significant impairment of the company's real value).

The Spanish regulation on tender offers sets forth further relevant provisions, including, amongst others:

- the board of directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's board of directors is not subject to equivalent passivity rules and subject to prior approval by the company's general shareholders' meeting within the 18-month period before the date of the public announcement of the tender offer;
- defensive measures included in a listed company's by-laws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders decide otherwise (in which case any

shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and

- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the of the target's share capital) the bidder holds shares representing at least 90% of the target company's voting share capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

PLAN OF DISTRIBUTION

The Underwriting Agreement

We, the Selling Shareholder and the Managers are expected to enter into an underwriting agreement (the “**Underwriting Agreement**”) with respect to the New Offer Shares being offered by us and the Existing Offer Shares and the Additional Shares, if any, being sold by the Selling Shareholder upon the finalization of the book-building period (expected to be on or about 27 March 2017 and the Underwriting Agreement to be entered into on or about the same date). Subject to the satisfaction of certain conditions set out in the Underwriting Agreement, each Manager will agree, severally but not jointly, to procure subscribers or purchasers for or, failing which, to subscribe or purchase (as the case may be) such percentage of the total number of Initial Offer Shares as is set forth opposite its name in the following table:

Managers	% Initial Offer Shares
Citigroup Global Markets Limited.....	32.5%
Credit Suisse Securities (Europe) Limited.....	32.5%
Banco Santander, S.A.	6.0%
BNP PARIBAS.....	6.0%
J.P. Morgan Securities plc	17.0%
Alantra Capital Markets, S.V. S.A.U.....	1.4%
Banco de Sabadell, S.A.....	1.4%
Bankinter, S.A. ⁽¹⁾	1.4%
CaixaBank, S.A. ⁽²⁾	1.4%
Norbolsa Sociedad de Valores, S.A.	0.4%

- (1) It is expected that Bankinter Securities Sociedad de Valores, S.A. through an agreement with Bankinter, S.A. will take part in the marketing activities of the Offering, although it will not be a party to the Underwriting Agreement and it will not receive any commission from the Company or the Selling Shareholder.
- (2) It is expected that Banco Português de Investimento, S.A. through an agreement with CaixaBank, S.A. will take part in the marketing activities of the Offering, although it will not be a party to the Underwriting Agreement and it will not receive any commission from the Company or the Selling Shareholder.

In consideration of the agreement by the Managers to procure subscribers or purchasers for or, failing which, to subscribe or purchase the Initial Offer Shares, the Selling Shareholder will pay to the Managers a base fee totaling 1.5% of the aggregate Offer Price of the Shares issued by us or sold by the Selling Shareholder in the Offering. In addition, the Selling Shareholder may, at the Selling Shareholder’s sole discretion, pay to the Managers a discretionary fee of up to 1.5% of the aggregate Offer Price of the Shares issued or sold in the Offering to be distributed among the Managers as determined by the Selling Shareholder. Furthermore, the Selling Shareholder will agree to reimburse the Managers for certain expenses.

The Underwriting Agreement provides that the obligations of the Managers are subject to certain customary conditions precedent. We and the Selling Shareholder will give the Managers customary representations and warranties in the Underwriting Agreement.

The Underwriting Agreement will also provide that we will, subject to certain exceptions, indemnify the Managers against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering.

The identity and number of Managers and the exact number of underwritten Initial Offer Shares to be underwritten by each of them shall be fixed if and when the Underwriting Agreement is entered into. The Company will inform the market of any amendment of the number or identity of Managers, or of the percentage of Initial Offer Shares underwritten by any of them which may occur through publication of a relevant fact notice (*hecho relevante*).

The Offering

We expect that the Offering will take place according to the tentative calendar set out below:

Action	Estimated Date ⁽¹⁾
Registration of this Prospectus with the CNMV.....	16 March 2017
Commencement of the book-building period in which proposals are made by Qualified Investors.....	17 March 2017
Finalization of book-building period.....	27 March 2017
Execution of Underwriting Agreement.....	27 March 2017
Publication of a relevant fact disclosure with the final size of the Offering.....	27 March 2017
Selection of offers to buy Initial Offer Shares.....	27 March 2017
Confirmation of offers to buy Initial Offer Shares.....	27 March 2017
Final allocation of Initial Offer Shares.....	28 March 2017
Prefunding of New Offer Shares by the Joint Global Coordinators	28 March 2017
Transaction Date of the Offering and publication of relevant fact disclosure	28 March 2017
Admission and commencement of Stabilization Period (on or about) ⁽¹⁾	29 March 2017
Settlement Date (on or about) ⁽¹⁾	30 March 2017
End of Stabilization Period ⁽¹⁾	27 April 2017

Note:—

(1) Each of the times and dates is subject to change without prior notice. Any change, including in particular any lengthening or shortening of the book-building period, will be publicized, including by filing of a relevant fact notice (*hecho relevante*) with the CNMV.

In particular, the transaction date of the Offering (*fecha de operación bursátil*) (the “**Transaction Date**”) is expected to be on or about 28 March 2017. Under Spanish law, on the Transaction Date, investors become unconditionally bound to pay for, and entitled to receive, the relevant Shares subscribed for or purchased in the Offering.

In order to expedite the listing of the shares of the Company, it is expected that the Joint Global Coordinators, in their capacity as prefunding banks, will subscribe and pay for the New Offer Shares on the Transaction Date of the Offering, each acting in the name and on behalf of the Managers, and each Manager acting on behalf of the final investors. Payment for the New Offer Shares by the prefunding banks is expected to be made to the Company by 9:00 CET on the Transaction Date.

Payment by the final investors for the Initial Offer Shares, including for the New Offer Shares subscribed and paid for on the Transaction Date by the Joint Global Coordinators as prefunding banks, will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Initial Offer Shares to final investors, which is expected to take place on or about 30 March 2017 (the “**Settlement Date**”).

The Shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 29 March 2017, under the symbol “HOME”.

The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on 17 March 2017 and end on 27 March 2017 (both inclusive), the Managers will market the Initial Offer Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this Prospectus. Investors may make their purchase proposals during this period, indicating the number of Initial Offer Shares they would be interested to acquire.

The book-building period may be reduced or extended by agreement by us, the Selling Shareholder and the Joint Global Coordinators if, in the first case, the book of demand is sufficiently covered in their view before the end of the book-building period or, in the second case, if they understand that an extension of the book-building period for up to one additional week is convenient to ensure the success of the Offering. In the event there is such a reduction or extension of the book-building period, the Company will inform the market through the publication of a relevant fact notice (*hecho relevante*).

Purchase proposals by investors for the Initial Offer Shares constitute only an indication of their interest in the Initial Offer Shares and shall not be binding on any investors, the Company or the Selling Shareholder. The confirmation of such purchase proposals shall be irrevocable.

Norbolsa Sociedad de Valores, S.A., as the agent bank (the “**Agent Bank**”), will be responsible for, among other things: issuing a certificate confirming payment for the New Offer Shares for the purposes of notarizing the corresponding capital increase; maintaining the Initial Offer Shares deposited in the securities accounts held with it by the Selling Shareholder or the Joint Global Coordinators, as the case may be, until settlement of the Offering; instructing the entities participating in the Offering on the procedures applicable to its execution; receiving and processing information on the selection and confirmation of purchase proposals and collaborating in the allocation of the Initial Offer Shares to the final investors; and cooperating with us in the Admission process.

Pricing of the Offering

Prior to the Offering, there has been no public market for the Shares.

Offer Price

The Offer Price is €16.46 per Share.

Expenses and taxes charged to the investor

Purchasers of Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offer Price.

In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Offer Shares.

Withdrawal and Revocation of the Offering

Withdrawal of the Offering

The Company and the Selling Shareholder expressly reserve the right to withdraw the Offering, postpone it, defer it or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offering Price. We will notify the CNMV, the Agent Bank and the Joint Global Coordinators of the withdrawal of the Offering on the date that the withdrawal takes place or as soon as practicable.

Revocation of the Offering

The Offering will be revoked (i) if the Underwriting Agreement is not signed on or before 11:59 p.m. (CET) on 28 March 2017 or any postponement thereof duly notified to the CNMV; (ii) if the Offering is suspended or withdrawn by any judicial or administrative authority; (iii) if our shares are not admitted to listing on the Spanish Stock Exchanges before 11:59 p.m. (CET) on 14 April 2017; or (iv) if the Underwriting Agreement is terminated upon the occurrence of

the following customary termination provisions set forth in the Underwriting Agreement until the granting of the public deed related to the New Offer Shares: (i) if there has been a material breach by us or the Selling Shareholder of any of the representations or warranties contained in the Underwriting Agreement or any of the representations and warranties given by us or the Selling Shareholder contained in the Underwriting Agreement is not, or has ceased to be, true and correct in all material respects, or a material breach by us or by the Selling Shareholder of any of the undertakings given in the Underwriting Agreement has occurred; (ii) if the CNMV or any other relevant authority suspends or revokes any necessary approval for the Offering; (iii) if since the time of execution of this Agreement there has been, in the good faith judgment of the Joint Global Coordinators acting unanimously (and after consultation with the Company and the Selling Shareholder), any material adverse change, or any development reasonably likely to result in a prospective material adverse change, in or affecting the condition (financial, operational, legal or otherwise), or in the shareholders' equity, results of operations, management, business affairs, solvency, credit rating or business prospects of the Company and its subsidiaries, whether or not arising in the ordinary course of business (a "**Material Adverse Effect**" or any development reasonably likely to result in a Material Adverse Effect; (iv) if there has occurred (A) any material adverse change in the financial markets in Spain, the United States, the United Kingdom or in any member state of the European Economic Area (the "**EEA**"), or the international financial markets, (B) any outbreak of hostilities or escalation thereof or other calamity or crisis or (C) any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates; (v) if trading generally on the Spanish Stock Exchanges, the London Stock Exchange, the New York Stock Exchange or in the NASDAQ System has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the regulatory authorities of Spain, the United States, the United Kingdom or any other governmental or self-regulatory authority, or a material disruption has occurred in commercial banking or securities settlement, payment or clearance services in Spain, the United States, the State of New York, the United Kingdom or any member state of the EEA; (vi) if a moratorium on banking activities has been declared by the authorities of any of the European Union, Spain, the United States, the State of New York, the United Kingdom or any member state of the EEA; (vii) if any new law or regulation or any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Spain, any relevant member state of the EEA and/or the United States, in the good faith judgment of the Joint Global Coordinators; (A) is materially adverse to, or is likely to materially and prejudicially affect, our business or financial or trading position or prospects, (B) makes, or is likely to make, it impracticable or inadvisable to market the Offer Shares or enforce contracts for the sale of the Offer Shares, or (C) is likely to result in the successful completion of the Offering being prejudiced; (viii) the Prospectus contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and we fail to remedy such untrue statement or omission in accordance with applicable law; (ix) if at any time we publish an amendment or supplement to the Prospectus, or a press or stock exchange release or relevant fact notice (*hecho relevante*) that seeks to correct any untrue statement of a material fact or omission to state a material fact necessary in order that the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (x) we do not publish an amendment or supplement to the Prospectus in form and content reasonably satisfactory to the Joint Global Coordinators, after consultation with them, without undue delay and in accordance with applicable laws and stock exchange regulations, after, in each case, a good faith request by the Joint Global Coordinators for such publication based on information that the Joint Global Coordinators or their counsel (either as a result of having been notified of such information by us or otherwise) in good faith believe would be required to amend or supplement the Prospectus to ensure that they do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which such statements were made, not misleading; always provided that the effect of any of the above events is, in the good faith judgement of the Joint Global Coordinators (on behalf of the Managers) (after consulting with the Company and the Selling Shareholder), individually or taken together with any other such event, so material and adverse as to make it impracticable or inadvisable to proceed with the Offering.

In case of withdrawal or revocation of the Offering, all offers to subscribe or purchase shall be cancelled and all subscription or purchase orders related to the Offering shall be terminated. Additionally, we will have no obligation to issue and deliver the New Offer Shares and the Selling Shareholder shall have no obligation to deliver the Existing Offer Shares and the investors (including for the purposes of this section, the Managers on behalf of the final investors) shall have no obligation to subscribe for or purchase, as the case may be, the Initial Offer Shares.

In the event that the New Offer Shares have already been issued and paid for by investors before termination of the Offering takes place, the Company will repurchase the New Offer Shares that have been issued and paid, and then reduce its share capital and cancel the New Offer Shares in order to return the subscription monies received by the Company. The Company will repurchase the New Offer Shares for an amount equal to the monies paid by the investors in respect of the subscription of the New Offer Shares in the Offering, together with interest calculated at the statutory rate (*interés legal*) currently set at 3.00% from the date on which the investors paid for the New Offer Shares until the date on which the Company repays the subscription price.

In the event that the Existing Offer Shares have already been delivered by the Selling Shareholder and the purchase price has been paid by the investors, the investors would be required to return title to the Existing Offer Shares to the Selling Shareholder and the Selling Shareholder will repurchase the Existing Offer Shares from the purchasers of the Existing Offer Shares for the amount paid by the purchasers in respect of the sale of the Existing Offer Shares in the Offering, together with interest calculated at the statutory rate (*interés legal*) (currently set at 3.00%) from the date on which the purchasers paid for the Existing Offer Shares until the date on which the Selling Shareholder repays the purchase price.

The investors subscribing or purchasing Shares shall be deemed to have consented to the aforementioned repurchase of Shares.

Authorizations of the Offering

On 6 March 2017, our sole shareholder decided to carry out the Offering and approved the corresponding share capital increase and waived its pre-emption right over the New Offer Shares. Our sole shareholder further granted in favour of our board of directors the power to execute the share capital increase and the Offering. On 6 March 2017, our board of directors (with the composition described in “*Board of Directors and Management*”) executed our share shareholder’s decision and determined the pending terms of the Offering, delegating on the members of the Board the power to determine the Offer Price, which has been established by Juan Velayos, in his capacity as duly empowered representative of the Company, upon execution of this Prospectus.

On 6 March 2017, the board of directors of our sole shareholder approved the sale of the Existing Offer Shares and granted powers of attorney in our favour so that we can carry out the sale of the Existing Offer Shares on its behalf.

For the avoidance of doubt, no application has been made or is currently intended to be made for our shares to be admitted to listing or trading on any exchange other than the Spanish Stock Exchanges and the AQS.

No pre-emptive subscription and/or acquisition rights are applicable in relation to the Offering, taking into account that our sole shareholder has irrevocably waived its pre-emptive rights over the New Offer Shares, and that no pre-emptive acquisition rights apply to the transfer of the Existing Offer Shares and Over-allotment Shares.

The Offering is not subject to any administrative approval or authorization besides the regime applicable to the approval by the CNMV of this document as a prospectus for the purposes of the Offering and the subsequent Admission in accordance with the Securities Market Act and related regulation.

Stabilization

In connection with the Offering, Credit Suisse, or any of its agents, as Stabilizing Manager, acting on behalf of the Manager, may (but will be under no obligation to) to the extent permitted by applicable law, engage in transactions that stabilize, support, maintain or otherwise affect the price, as well as over-allot Company’s shares or effect other transactions with a view to supporting the market price of the shares at a level higher than that which might otherwise prevail in the open market. Any stabilization transactions shall be undertaken in accordance with applicable laws and regulations, in particular, MAR and Regulation 2016/1052.

The stabilization transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of the shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The Stabilization Period is expected to commence on 29 March 2017 and end on 27 April 2017.

For this purpose, the Stabilizing Manager may carry out an over-allotment of shares in the Offering, which may be covered by the Stabilizing Manager pursuant to one or several securities loans granted by the Selling Shareholder. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on a regulated market and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilizing Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice of the duty to give notice to the CNMV of the details of the transactions carried out under Regulation 2016/1052. In no event will measures be taken to stabilize the market price of the Shares above the Offer Price. In accordance with Article 5.5 of MAR and Article 6.2 of Regulation 2016/1052, the details of all stabilization transactions will be notified by the Stabilizing Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with Article 6.3 of Regulation 2016/1052, the following information will be disclosed to the CNMV by the Stabilizing Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date on which stabilization transactions started; (iii) the date on which stabilization transactions last occurred; and (iv) the price range within which the stabilization transaction was carried out, for each of the dates during which stabilization transactions were carried out.

Liquidity Providers

There are no entities that have a firm commitment to act as intermediaries in secondary trading providing liquidity through bid and offer rates.

Over-allotment Option

In connection with the Offering, the Selling Shareholder will grant to the Managers, acting severally and not jointly, an option to purchase up to the maximum number of the Over-allotment Shares at the Offer Price. The Over-allotment Option is exercisable by the Stabilizing Manager, on behalf of the Managers, upon notice to the Selling Shareholder, on one occasion in whole or in part, only for the purpose of covering over-allotments (if any) and to cover any short positions resulting from stabilization transactions (if any), no later than 30 calendar days after the date of commencement of trading of the Company's shares on the Spanish Stock Exchanges. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Initial Offer Shares, including for all dividends and other distributions declared, made or paid on the Initial Offer Shares, will be purchased on the same terms and conditions as the Initial Offer Shares being sold in the Offering and will form a single class for all purposes with the other Shares.

The exercise of the Over-allotment Option is not subject to any conditions.

Lock-up

The Company will agree that during a period from the date on which the Underwriting Agreement is signed to and including 180 days from the Settlement Date, neither the Company nor any of its affiliates nor any person acting on its or their behalf (other than the Managers and the Selling Shareholder, as to whom the Company will give no undertaking) will, without the prior written consent of the Joint Global Coordinators and J.P. Morgan Securities plc, such consent not to be unreasonably withheld or delayed (A) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Ordinary Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Ordinary Shares or other shares of the Company or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or other shares of the Company; or (C) enter into any other transaction with the same economic effect (A) and (B) above, or agree to do or announce or otherwise publicize the intention to do any of the foregoing, whether any such transaction described in clause (A), (B) or (C) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise. The foregoing sentence shall not apply to (A) the issue of the New Offer Shares; (B) in relation to the members of the Company's management, the granting of any pledge over Ordinary Shares, provided that if such pledge is enforced the transferees of such Ordinary Shares agree to be bound by the same restrictions as those assumed by the members of the Company's management; and (C) upon the exercise of an option, the vesting of an award or the acquisition of any Ordinary Shares under any employee share scheme in existence at the date hereof as disclosed in this Prospectus.

The Selling Shareholder will agree that during a period from the date on which the Underwriting Agreement is signed to and including 180 days after the Settlement Date, neither the Selling Shareholder nor any of its affiliates nor any person acting on its or any of their behalf (other than the Managers and the Company, as to whom the Selling Shareholder will give no undertaking) will, without the prior written consent of the Joint Global Coordinators and J.P. Morgan Securities plc, such consent not to be unreasonably withheld or delayed directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Ordinary Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Ordinary Shares or other shares of the Company or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or other shares of the Company; or (C) enter into any other transaction with the same economic effect (A) and (B) above, or agree to do or announce or otherwise publicize the intention to do any of the foregoing, whether any such transaction or swap described in (A), (B) or (C) above is to be settled by delivery of

Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise.

The foregoing sentence shall not apply to (A) the sale of the Offer Shares to be sold in the Offering; (B) such shares held by the Selling Shareholder as may be lent by the Selling Shareholder to the Managers pursuant to the stock lending agreement to be entered between the Selling Shareholder and Credit Suisse (the “**Stock Lending Agreement**”); (C) any inter-company transfers of Ordinary Shares by the Selling Shareholder in favor of its controlled companies and their Affiliates, provided (x) that any of such transferees shall agree to be bound by the lock-up obligations of the Selling Shareholder, and (y) that any such inter-company transfers of Ordinary Shares shall be performed on terms and conditions that do not conflict with the Offering; (D) any acceptance of whole or partial takeover of the issued share capital of the Company which has been recommended by the Board of Directors of the Company; (E) the implementation of a scheme of arrangement in respect of the sale of the Ordinary Shares of the Company that has been recommended by the Board of Directors of the Company; (F) any pledge over Ordinary Shares, provided that if such pledge is enforced, the transferees of such Ordinary Shares agree to be bound by the same restrictions as those assumed by the Selling Shareholder; (G) any disposal of Ordinary Shares pursuant to any offer by the Company to purchase its own securities which is made on identical terms to all holders of Ordinary Shares; (H) any disposal of Ordinary Shares pursuant to the Management Incentive Plan, (I) any mortgage, pledge, lien, charge or other legal or equitable security over or in respect of Ordinary Shares as security for or otherwise in connection with the Margin Loan Facility; (J) any appropriation, transfer or disposal (in whole or in part) of Ordinary Shares pursuant to any enforcement of the security over Ordinary Shares granted by the Selling Shareholder to or for the benefit of all of any of the lenders under the Margin Loan Facility who shall not be prevented from taking ownership of, transferring or selling any Ordinary Shares as a result of any such enforcement; and (K) any transfer or disposal (in whole or in part) in respect of the enforcement of any pledge, charge, mortgage or other legal or equitable security over or in respect of the Ordinary Shares granted by the Selling Shareholder to or for the benefit of the lenders under the Margin Loan Facility in favour of any transferee or purchaser.

The lock-up restrictions of the Selling Shareholder will not apply to transactions relating to shares of the Company acquired by the Selling Shareholder, any of its respective affiliates or any person acting on its behalf in open market purchases following the consummation of the Offering.

Each of the members of our senior management will also agree with the Managers to certain lock-up arrangements during the period from the date on which the Underwriting Agreement is signed to 360 days after the Settlement Date of the Offering.

Other Relationships

Each of the Managers is a full service financial institution engaged in various activities, which may include the provision of investment banking, commercial banking and financial advisory services. The Managers and their respective affiliates in the ordinary course of business have in the past engaged in investment banking and/or commercial banking transactions with the Company, the Selling Shareholder and their respective affiliates from time to time for which they have received customary fees and reimbursement of expenses and may in the future, from time to time, engage in transactions with and perform services for the Company, the Selling Shareholder and their respective affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In particular, the Selling Shareholder has agreed to enter on or around Admission into a Margin Loan Facility made available by the Margin Loan Facility lenders, which include one or more of the Managers, pursuant to which the Selling Shareholder would provide security to the Margin Loan Facility lenders over all of the Shares held by the Selling Shareholder following Admission. Prior to any default under the Margin Loan Facility, the Selling Shareholder would continue to be able to vote in respect of the Shares over which security has been granted. Should the Selling Shareholder default, however, the Margin Loan Facility lenders may enforce all or part of the security granted by the Selling Shareholder over Shares in the Company. As part of such enforcement, the Margin Loan Facility lenders or any third party will take ownership of the Shares owned by the Selling Shareholder which were the subject of the pledge without being subject to any of the above-mentioned lock-up commitments and could, therefore, freely dispose of the Shares.

It is expected that Banco Português de Investimento, S.A. through an agreement with CaixaBank, S.A. will take part in the marketing activities of the Offering, although it will not be a party to the Underwriting Agreement and it will not receive any commission from the Company or the Selling Shareholder.

In the ordinary course of their various business activities, the Managers and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Selling Shareholder and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, certain of the Managers or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the credit facilities and other credit arrangements of the Company, the Selling Shareholder or their respective affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company, the Selling Shareholder or their respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Managers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these Managers or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Managers do not consider any of the arrangements describe above to be material in the context of the Offering.

SELLING AND TRANSFER RESTRICTIONS

General

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

The distribution of this prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Shares, or possession or distribution of this Prospectus (or any other Offering or publicity material relating to the Shares), in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

None of the Shares may be offered for subscription, sale or purchase or be delivered, and this prospectus and any other Offering material in relation to the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.

United States

Due to the following restrictions, purchasers of Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Shares.

Restrictions under the U.S. Securities Act

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Managers may offer Shares (i) in the United States only through their U.S. registered broker affiliates to persons reasonably believed each to be a QIB (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act or (ii) outside the United States in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the Offering and the last transaction date of the Offering, any offer or sale of Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the U.S. Securities Act.

Regulation S

Each subscriber or purchaser of the Shares outside the United States will be deemed by its acceptance of the Shares to have represented and agreed, on its own behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Shares, that neither the Company or any of the Company's affiliates nor any of the Managers, nor any person representing the Company, any of its affiliates or any of the Managers, has made any representation to it with respect to the Offering or sale of any Shares, other than the information contained in this Prospectus, which Prospectus has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Shares, it has had access to such financial and other information concerning the Company and the Shares as it has deemed necessary in connection with its decision to purchase any of the Shares, and that (terms defined in Regulation S shall have the same meanings when used in this section);

- a) the purchaser understands and acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and may not be offered, sold or otherwise transferred except pursuant from an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law;
- b) the purchaser, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares,

is acquiring the Shares in an "offshore transaction" meeting the requirements of Regulation S and was located outside the United States at the time the buy order for the Shares was originated;

- c) the purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this prospectus;
- d) the Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S; and
- e) the Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above stated restrictions.

CaixaBank, S.A. and Bankinter, S.A. are only participating in the Offering outside the United States under Regulation S of the Securities Act. CaixaBank, S.A. and Bankinter, S.A. are not broker-dealers registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Rule 144A

Each purchaser of the Shares within the United States will be deemed by its acceptance of the Shares to have represented and agreed on its behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Shares, that neither the Company nor any of the Company's affiliates nor any of the Managers, nor any person representing the Company, any of its affiliates or any of the Managers, has made any representation to it with respect to the Offering or sale of any Shares, other than the information contained in this Prospectus, which Prospectus has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Shares, that it has had access to such financial and other information concerning the Company and the Shares as it has deemed necessary in connection with its decision to purchase any of the Shares, and that (terms defined in Rule 144A shall have the same meanings when used in this section):

- a) the purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- b) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A, and (iii) is acquiring such Shares for its own account or for the account of a QIB;
- c) the purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- d) if, prior to the date that is one year after the later of the date of the Offering and the last date on which the Shares were acquired from the Company or any of the Company's affiliates (the "**Resale Restriction Termination Date**"), the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, such Shares may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act, (ii) in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), and (B) in accordance with all applicable securities laws of the states of the United States and any other jurisdiction and agrees to give any subsequent purchaser of such shares notice of any restrictions on the transfer thereof;
- e) the Shares have not been offered to it by means of any general solicitation or general advertising;
- f) the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any Shares;
- g) the purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- h) the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in

accordance with applicable law, will bear a legend to the following effect:

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE " U.S. SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THIS SECURITY; and

- i) the Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above stated restrictions.

Each purchaser acknowledges that the Company and the Managers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by such purchaser by its purchase of Shares are no longer accurate, it shall promptly notify the Company and the Managers; if it is acquiring Shares as a fiduciary or agent for one or more investor accounts, each purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Terms defined in Rule 144A or Regulation S shall have the same meanings when used in this section.

Each purchaser of the Shares will be deemed by its acceptance of the Shares to have represented and agreed that it is purchasing the Shares for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant **Member State**") no Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are Qualified Investors as defined in the Prospectus Directive;
- by the Managers to fewer than 150 natural or legal persons (other than Qualified Investors as defined in the Prospectus Directive) per Relevant Member State subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or a Supplement to the prospectus pursuant to Article 16 of the EU Prospectus Directive and each person who initially acquires any Shares or to whom an offer is made will be deemed to have represented, warranted and agreed to and with the Managers, us and the Selling Shareholder that it is a Qualified Investor within the meaning of the law in that Relevant Member State implementing Article 2(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any shares to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Shares to be offered, so as to enable an investor to decide to acquire any Shares, as that

definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Managers has been obtained to each such proposed offer or resale. We, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Shares in the Offering.

In this section, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

No Shares are being offered to the public in the United Kingdom using this prospectus.

In the United Kingdom, this document is only being distributed to and is only directed at (1) Qualified Investors, as that term is defined in the Prospectus Directive (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) and or (ii) who are high net worth entities within the categories described falling within Article 49(2)(a)-(d) of the Order and (2) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The Shares are only available in the United Kingdom, and any invitation, offer or agreement to purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with the relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any Shares will be communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom have been, and will be, complied with.

Australia

This document is not a prospectus, product disclosure statement or other disclosure document under Chapter 6D or Part 7.9 of the Corporations Act 2001 (Cth) (“**Corporations Act**”) and has not been and will not be lodged with the Australian Securities and Investments Commission (“ASIC”). This document does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under Chapter 6D or Part 7.9 of the Corporations Act. The Offering is made only to persons to whom it is lawful to offer shares in Australia without disclosure to investors under Chapter 6D of the Corporations Act.

As no formal prospectus, product disclosure statement or other disclosure document will be lodged with ASIC, any offer in Australia of the Shares may only be made to persons who are ‘sophisticated investors’ within the meaning of section 708(8) of the Corporations Act) or ‘professional investors’ (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Shares without disclosure to investors under Chapter 6D of the Corporations Act. If any recipient of the document is not a ‘sophisticated investor’ or a ‘professional investor’ and does not otherwise fall within one or more of the exemptions contained in section 708 of the Corporations Act, no offer of, or invitation to apply for, the Shares shall be deemed to be made to such recipient and no applications for the Shares will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient.

In addition, the Shares must not be offered for sale in Australia in the period of 12 months after the date of allotment under Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the

offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. An Investor acquiring Shares must observe such Australian on-sale restrictions.

This Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

By applying for Shares under the document, each person to whom Shares are issued (an “**Investor**”):

- a) confirms that they are a ‘sophisticated investor’ (within the meaning of section 708(8) of the Corporations Act), a ‘professional investor’ (within the meaning of section 708(11) of the Corporations Act) or otherwise permitted to invest in the Shares pursuant to one or more exemptions contained in section 708 of the Corporations Act, and (b) a ‘wholesale client’ (within the meaning of section 761G of the Corporations Act);
- b) acknowledges that if any Investor on-sells Shares within 12 months from their issue, the Investor will be required to lodge prospectus, product disclosure statement or other a disclosure document with ASIC unless either:
 - (i) that sale is to another ‘sophisticated investor’ or ‘professional investor’ or is otherwise permitted pursuant to one or more exemptions contained in section 708 of the Corporations Act; or
 - (ii) the sale offer is received outside Australia; and
- c) undertakes not to sell the Shares in any circumstances other than those described in paragraphs (b)(i) and (ii) above for 12 months after the date of issue of such Shares.

This document is not, and under no circumstances is to be construed as, an advertisement or public offering of the Shares in Australia.

The document may only be distributed to investors in Australia and any offer of Shares may only be made to investors in Australia, in each case subject to the conditions set out above, on behalf of each Manager by its affiliate holding an Australian Financial Services License permitting such license holder to distribute the document and to offer the Shares to investors in Australia.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended (the “**FIEA**”). This prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity, organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other Offering or marketing material relating to the Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other Offering or marketing material relating to the Offering, we or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (“FINMA”), and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Canada

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

VALIDITY OF THE SHARES AND LEGAL MATTERS AND INDEPENDENT AUDITORS

The validity of the Shares offered and certain matters relating to the Offering will be passed upon for the Company by Uría Menéndez Abogados, S.L.P. (with respect to Spanish law) and Allen & Overy LLP (with respect to United States Federal law and English law). Certain legal matters relating to the Offering will be passed upon for the Managers by Linklaters, S.L.P. (with respect to Spanish law, United States Federal law and English law).

The Consolidated Financial Statements of Neinor Homes, S.A., incorporated by reference in this Prospectus, have been audited by Deloitte, S.L., with its address for these purposes at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid (Spain), holder of tax identification number (CIF) number B79104469 and registered with the Official Registry of Accounting Auditors (ROAC) under the number S0692 and in the Commercial Registry of Madrid under Volume 16,650, page 188 and sheet M-544,414, independent auditors, as stated in their reports incorporated by reference herein.

In connection with the period covered by the Consolidated Financial Statements, Deloitte, S.L. was appointed as auditor since the incorporation of the Company on 4 December 2014. Deloitte, S.L. has not resigned, been removed or not reappointed as independent auditors of the Company since the incorporation of the Company or otherwise, prior to the date of this Prospectus.

ADDITIONAL INFORMATION

Information on the Company

The Company was incorporated in Spain on 4 December 2014 for an unlimited period of time. On 1 March 2017, the Company changed its corporate form from a Spanish *sociedad limitada* to a Spanish *sociedad anónima*.

The Company holds Spanish tax identification number A-95786562 and is registered with the Commercial Registry of Bilbao under Volume 5,495, Folio 190, Section 8^a, Page BI-65308, Inscripción 1^a. The Legal Entity Identifier (LEI) code of the Company is 959800FW4JL65YWSQ217.

The principal legislation under which the Company operates, and under which the Shares were created, is the Spanish Companies Act and the regulations made thereunder.

The registered office the Company is at Calle Ercilla, 24 48011 Bilbao, Spain and its phone number is +34 94 447 11 00.

The financial year end of the Company is December 31.

The Company is domiciled in the Basque Country (Spain) and resident in Spain (in the foral region of Biscay) for tax purposes.

The Company's Consolidated Financial Statements are incorporated by reference herein. Deloitte, S.L., with its address at Plaza Pablo Ruiz Picasso 1, Torre Picasso, 28020, Madrid, Spain were appointed as the auditors of the Company.

Interest of Major Shareholders

As at the date of this Prospectus, Neinor Holdings, S.L.U. holds 100% of the Company's share capital. Neinor Holdings, S.L.U., in turn, is wholly owned by LSREF3 Lion Investments S.à r.l., which, in turn, is controlled by Lone Star Capital Investments S.à r.l.

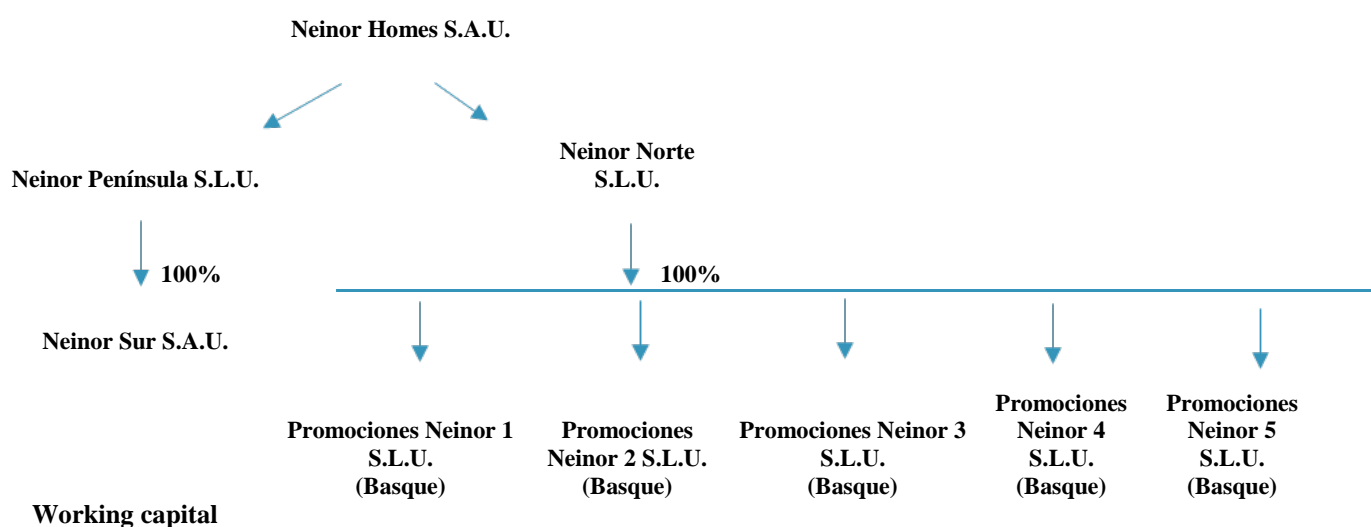
LSCI is not controlled by any of its shareholders according to the definition of controlling entities set forth in Article 42 of the Spanish Code of Commerce. However, the indirect economic interest in the Company is ultimately held by Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P., together defined as "Lone Star".

Lone Star has a large number of limited partner investors and no natural person has a direct economic ownership interest of ten percent (10%) or more in Lone Star, on a combined basis.

Lone Star is advised by Lone Star Global Acquisitions, Ltd., an investment adviser registered with the U.S. Securities and Exchange Commission.

Company's subsidiaries

The following table shows our main subsidiaries as of the date of this prospectus:



In the opinion of the Company, the working capital available to the Company (total current assets less total current liabilities), which as of 31 December 2016 amounted to €642.45 million, is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus. This will continue to be the case following completion of the Offering.

The adjusted working capital of the Company (defined as inventories plus trade and other receivables, current financial assets, tax receivables, restricted cash and cash equivalents less provisions, other current financial liabilities, payables to shareholder, current trade and other payables (excluding deferred payment for land) tax payables and other current liabilities) as of 31 December 2016 amounted to €907 million.

No Significant Change

Significant changes in the Group's financial or trading position since 31 December 2016, the end of the last financial period for which financial information has been published, are described below:

The Valle Romano Hotel, part of the Legacy Portfolio, which has been transferred by the Company to Natesa Investments, S.L. for an amount of €24.25 million (with an implied gain (at gross value) of €0.25 million) by means of an asset sale and purchase transaction executed on 18 January 2017.

There is no significant new product and/or service that has been recently introduced or under development by the Company or by any member of the Group other than in the ordinary course of business.

Dilution

A total number of 6,075,334 New Offer Shares will be issued pursuant to the Offering and the Existing Offer Shares will represent 46.86 per cent of the total issued shares of the Company after the Offering.

The dilution suffered by the Selling Shareholder as a result of the Offering will be maximized if the Over-allotment Option is exercised in full and the Existing Offer Shares are fully sold, in which case the Selling Shareholder's stake in the Company after the Offering will be 40.0% of the total share capital and voting rights.

To the contrary, the dilution suffered by the Selling Shareholder as a result of the Offering will be minimized if the Over-allotment Option is not exercised, in which case the Selling Shareholder's stake in the Company after the Offering will be, if the Existing Offer Shares are fully sold, 45.45% of the total share capital and voting rights.

Once the Offering is completed, the beneficial ownership in the Company of Lone Star Capital Investments S.à r.l., controlling entity of the Selling Shareholder, will vary between (i) 40.0% (assuming that the Existing Offer Shares are sold in full and the Over-allotment Option is exercised in full) and (ii) 45.45% (assuming that the Existing Offer Shares are sold in full and no exercise of the Over-allotment Option).

Information on Holdings

The Company does not hold a proportion of capital in any undertakings outside of the Group which are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

General

Documents on display

Copies of the following documents will be available for inspection in physical form until Admission during business hours on weekdays at Neinor Homes' offices at Calle Ercilla, 24, 48011, Bilbao, Spain:

- (a) deed of incorporation of the Company;
- (b) bylaws of the Company (which, following Admission, will also be available on Neinor Homes' website at www.neinorhomes.com > About Neinor Homes > Corporate By-laws);
- (c) Board of Directors Regulations, General Shareholders' Meeting Regulations, Internal Code of Conduct in Securities (which, following Admission, will also be available on the CNMV's website at www.cnmv.es and on Neinor Homes' website at www.neinorhomes.com > Corporate Governance and Sustainability > Codes and Policies);
- (d) Company's audited consolidated financial statements (i) as of and for the six month periods ended 30 June and 31 December 2015 and (ii) as of and for the year ended 31 December 2016, which will also be available on the CNMV's website at www.cnmv.es;
- (e) this Prospectus (which, following Admission, will also be available on the CNMV's website at www.cnmv.es and on Neinor Homes' website at www.neinorhomes.com > Shareholders and Investors > Share Capital > Prospectuses); and
- (f) certificate of the resolutions approved by the general shareholders meeting and Board of Directors in connection with the Offering.

The documents referred to in (a) to (f) above will also be available for inspection in physical form at the CNMV's premises at: Edison 4, 28006 Madrid, Spain.

Enforcement of civil liabilities

Neinor Homes is a Spanish company, and its assets are located within Spain. In addition, most of Neinor Homes' directors, as well as its principal shareholders, reside or are located outside the United States, mainly in Spain. As a result, investors may not be able to effect service of process upon Neinor Homes or these persons or to enforce judgments obtained against it or these persons in foreign courts predicated solely upon the civil liability provisions of U.S. securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

- (i) Audited Consolidated Annual Accounts of Neinor Homes, S.A. as of and for the year ended 31 December 2016, and corresponding audit report with unqualified opinion issued by Deloitte, S.L.
- (ii) Audited Consolidated Annual Accounts of Neinor Homes, S.A. as of and for the six month period ended 31 December 2015, and corresponding audit report with unqualified opinion issued by Deloitte, S.L.
- (iii) Audited Consolidated Annual Accounts of Neinor Homes, S.A. as of and for the six month period ended 30 June 2015, and corresponding audit report with unqualified opinion issued by Deloitte, S.L.

ANNEXES

ANNEX I – DEVELOPMENT VALUATION REPORT

Short Report

Property Portfolio Valuation as at 31/12/2016

- 1. Introduction and Terms of Reference
- 2. Valuation Methodology
- 3. General Assumptions & Conditions to Valuations



Index

1. Instructions and Terms of Reference.....	3
2. Valuation Advice.....	7
3. General Comments, Assumptions & Conditions to Valuations	11

2017, February 21st

NEINOR HOMES S.L.
Paseo de la Castellana, 20. 4^a Planta
28046 Madrid

Savills Consultores
Inmobiliarios S.A.
José Abascal 45 - 1^a Planta
28003 Madrid

Tel: + 34 (91) 310.10.16
Fax: + 34 (91) 310.10.24

www.savills.es

&

- (1) CITIGROUP GLOBAL MARKETS LIMITED
- (2) CREDIT SUISSE SECURITIES (EUROPE) LIMITED
- (3) BANCO SANTANDER, S.A.
- (4) BNP PARIBAS
- (5) J.P. MORGAN SECURITIES PLC
- (6) ALANTRA PARTNERS, S.A.
- (7) BANCO DE SABADELL, S.A.
- (8) BANKINTER, S.A.
- (9) CAIXABANK, S.A.
- (10) NORBOLSA, S.V., S.A.

Together "the Addressees"

For the attention of: D. Juan Velayos

CLIENT: NEINOR HOMES S.L.

PROPERTY: Portfolio of 163 properties comprised by Residential Development Land and Ongoing Developments (WIP) in several locations across Spain.

Dear Mr. Velayos,

In accordance with the terms and conditions contained in our proposal letter dated December 2016, we are pleased to provide you with a market update valuation and appraisal report in relation to the above named property. We understand you require this valuation for Accounting Purposes and it will be disclosed to prospective investors as part of the preparation for an IPO. The date of valuation is the **31st December 2016**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.



Short Report

We trust that our report meets your requirements, but should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Consultores Inmobiliarios S.A.

A handwritten signature in blue ink, appearing to read "J. Mateo", written over a horizontal line.

Jesús D. Mateo MRICS
RICS Registered Valuer
Director Advisory & Valuation
Savills Consultores Inmobiliarios S.A.

A handwritten signature in black ink, appearing to read "E. Pimenta", written in a stylized, cursive manner.

Eduardo Martins Pimenta MRICS
RICS Registered Valuer
Associate Director Advisory & Valuation
Savills Consultores Inmobiliarios S.A.

1. Instructions and Terms of Reference

1.0 Instructions & Terms of Reference

In accordance with our Terms of Engagement signed **December 2016**, we have valued the properties listed at Section 2, in order to provide you with our opinion of their Market Value, as at **31st December 2016**.

1.1.1. Instructions

You have instructed us to provide our opinions of value on the following bases:

- We have valued some of the subject properties for audit purposes in March 2015. Notwithstanding we do not believe that this constitutes a conflict of interest preventing us from providing you with this update valuation.
- We are not aware of any conflict of interest, either with the Property, the Assets, or with the client, preventing us from providing you with an independent valuation of the Property in accordance with the Red Book.
- We will be acting as External Valuers, as defined in the Red Book.
- We have no material connection either with the client or with the properties.
- We confirm that we will not benefit (other than from the receipt of the valuation fee) from this valuation instruction.
- We confirm that Savills Consultores Inmobiliarios S.A. carry sufficient Professional Indemnity Insurance for possible claims. According with the Terms of Engagement Letter, in case of responsibility for our advice, compensation is limited to the amount of the fees provided for carrying out the work.
- We have a Complaints Handling Procedure.
- That we have the knowledge, skills and ability to act on your behalf in respect of this instruction.
- And, that all information provided in respect of this instruction will be kept confidential and will not be disclosed to any un-authorised third party.
- You have also instructed us to comment on specific issues concerning the properties.

Our valuations are prepared on an individual basis and the portfolio valuations reported are the aggregate of the individual Market Values, as appropriate. Our opinions of value are as at **31st December 2016**.

The valuations have been carried out by qualified MRICS Registered Valuers, with the knowledge, skills and ability required to perform this valuation report competently.

We confirm that our valuations will all be reported in Euros.

1.1.2. Basis of Valuation

The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation Professional Standards January 2014 ("Red Book"), published November 2013 and effective from January 2014. In particular in accordance with the requirement of VPS 3 entitled Valuations reports.

Red Book Valuation Standard VS 3.2 relates to the basis of value, and, in accordance therewith, you have instructed us to value the property on the basis of Market Value, the definition is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our report and valuations in accordance with these requirements are set out below.

1.1.3. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.4. Date of Valuation

Our opinions of value are as at **31st December 2016**. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.5. Purpose of Valuation

The Valuation is required for Accounting Purposes. We expressly authorise that the valuation report in its short form along with any data coming from the long form valuation report is incorporated as part of the prospectus to be filed with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) in the context of the preparation for an Initial Public Offering of Neinor Homes, S.L. as well as in any offering circular and material relating to the proposed initial public offering of Neinor Homes, S.L. for qualified investors (including, for example, any qualified investor, analyst or roadshow presentations for professional parties involved). Under no circumstances has the Addressee been authorised by Savills to include the report or data extracted from the report in advertisements directed to the public or in mass media. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.

1.1.6. Conflicts of Interest

We are not aware of any conflict of interest, either with yourselves or with the properties, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below was undertaken by valuers of the Advisory & Valuation Department.

The properties have been inspected by valuers of the Advisory & Valuation Department. The inspections has been carried out externally and internally, but limited to those areas that were easily accessible or visible.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VS 6.1(r), we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

1.1.8. Liability Cap

Our liability to any one or more or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this Valuation, shall be limited to the amount specified at the Terms of Engagement Letter signed between Savills Consultores Inmobiliarios S.A. and NEINOR HOMES S.L..

1.1.9. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 1 January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuations secured lending, as appropriate.

Our report in accordance with those requirements is set out below.

1.1.10. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that the Bank satisfies itself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

1.1.11. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. Other than as stated in section 1.1.5 "Purpose of Valuation" above, it is confidential to and for the use only of the parties to whom it is addressed only, who can rely on it, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such third parties rely upon this report at their own risk.



Short Report

Without prejudice to what is provided in section 1.1.5 "Purpose of Valuation" above, neither the whole nor any part of this Report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear. It is our recommendation that prior to entering into a financial transaction based on this report the validity of all information as well estimates should be checked.

2. Valuation Advice



2.1. Valuation

Having carefully considered the matter, we are of the opinion that the Market Value, as at our valuation date, of the respective freehold interests of the properties portfolio owned by NEINOR HOMES S.L. is:

€ 1,119,823,000

(ONE BILLION, ONE HUNDRED NINETEEN MILLION, EIGHT HUNDRED TWENTY-THREE THOUSAND EUROS)

The subject valuations reflect the following assumptions:

Gross Development Value	2,548,521,848.30 Eur
Pending Construction Costs	1,020,518,000.00 Eur

Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.

The total market Value is distributed as follows in the next page. We attach as Appendix 1 a list of the main valuation parameters per each property.

UNIT	Name of asset	Province	Town	Type of asset	Market Value 31st December 2016 (€)
1	2912 - BOLUETA (RE-2)- FASE I	VIZCAYA	BILBAO	Land	€ 7.843.000,00
2	2913 - BOLUETA (RE-2)- FASE II	VIZCAYA	BILBAO	Land	€ 7.843.000,00
3	2914 - BOLUETA (RE-2)- FASE III	VIZCAYA	BILBAO	Land	€ 8.153.000,00
4	2915 - BOLUETA (RE-2)- FASE IV	VIZCAYA	BILBAO	Land	€ 11.483.000,00
5	2916 - BOLUETA (RE-4A)	VIZCAYA	BILBAO	Land	€ 9.940.000,00
6	2811 - BADALONA PORT P-7	BARCELONA	BADALONA	Land	€ 7.457.000,00
7	4394 - ESPINO DEL CUQUILLO 3.1	MADRID	ALCOBENDAS	Land	€ 35.236.000,00
8	2812 - LA CATALANA R-1	BARCELONA	SANT ADRIA DE BESOS	Land	€ 10.400.000,00
9	2288 - APR.08.02, JOAQUIN LORENZO. MADRID.	MADRID	MADRID	Land	€ 28.190.000,00
10	2526 - Urduliz P.6	VIZCAYA	URDULIZ	Land	€ 3.963.000,00
11	2532 - Urduliz P-4-5	VIZCAYA	URDULIZ	Land	€ 5.032.000,00
12	2533 - Urduliz P-12-13	VIZCAYA	URDULIZ	Land	€ 6.243.000,00
13	2534 - Urduliz P-14-15	VIZCAYA	URDULIZ	Land	€ 4.602.000,00
14	2535 - Urduliz P-2	VIZCAYA	URDULIZ	Land	€ 3.253.000,00
15	2857 - OLARIZU HOMES	ALAVA	VITORIA-GASTEIZ	Land	€ 5.328.000,00
16	2906 - ESMALTACIONES PERI 11-VITORIA RC 3.1	ALAVA	VITORIA-GASTEIZ	Land	€ 5.485.000,00
17	2907 - ESMALTACIONES PERI 11-VITORIA RC 3.2	ALAVA	VITORIA-GASTEIZ	Land	€ 4.855.000,00
18	2908 - ESMALTACIONES PERI 11-VITORIA RC 6	ALAVA	VITORIA-GASTEIZ	Land	€ 4.602.000,00
19	2909 - ESMALTACIONES PERI 11-VITORIA RC 7	ALAVA	VITORIA-GASTEIZ	Land	€ 4.731.000,00
20	2205 - SOLAR GRAN CAPITAN, CORDOBA	CORDOBA	CORDOBA	Land	€ 21.010.000,00
21	2931 - LAMIAKO-TXOPOETA (PARC 4.1)	VIZCAYA	LEIOA	Land	€ 5.104.000,00
22	2932 - LAMIAKO-TXOPOETA (PARC 4.2)	VIZCAYA	LEIOA	Land	€ 8.097.000,00
23	2933 - LAMIAKO-TXOPOETA (PARC 4.3)	VIZCAYA	LEIOA	Land	€ 4.967.000,00
24	4329 - FUENTE LUCHA UP 33/A	MADRID	ALCOBENDAS	Land	€ 15.133.000,00
25	4327 - ESPINO DEL CUQUILLO 3.3	MADRID	ALCOBENDAS	Land	€ 15.391.000,00
26	2820 - LAMIAKO-TXOPOETA ACTUACION 2	VIZCAYA	LEIOA	Land	€ 2.684.000,00
27	2870 - LAMIAKO FASE II	VIZCAYA	LEIOA	Land	€ 4.851.000,00
28	2930 - LAMIAKO-TXOPOETA (PARC 3)	VIZCAYA	LEIOA	Land	€ 1.763.000,00
29	2263 - ED SC-3 ZUMBACON, CORDOBA	CORDOBA	CORDOBA	Land	€ 10.413.000,00
30	2819 - ITURRIBARRI GETXO P-2	VIZCAYA	GETXO	Land	€ 3.360.000,00
31	2928 - ITURRIBARRI-GETXO P-6	VIZCAYA	GETXO	Land	€ 6.541.000,00
32	2509 - ASTRABUDUA (PARC R-2) VPO	VIZCAYA	ERANDIO	Land	€ 1.403.000,00
33	2860 - ARETXABALETA. PARCELAS OR.7	ALAVA	VITORIA-GASTEIZ	Land	€ 5.582.000,00
34	2259 - VALLE ROMANO R3.4	MALAGA	ESTEPONA	Land	€ 8.587.000,00
35	2865 - ESTEPONA MALAGA SUP T5 FINCA 68139	MALAGA	ESTEPONA	Land	€ 4.008.000,00
36	2866 - ESTEPONA MALAGA SUP T5 FINCA 68141	MALAGA	ESTEPONA	Land	€ 4.002.000,00
37	2859 - COPRASA, BURGOS	BURGOS	BURGOS	Land	€ 6.265.000,00
38	2218 - MOSTOLES I+II+IV PAU-4	MADRID	MOSTOLES	Land	€ 5.961.000,00
39	2209 - AVDA.DEL MEDITERRANEO N°:72, MOJACAR	ALMERIA	MOJACAR	Land	€ 4.256.000,00
40	2910 - LA CATALANA R-15	BARCELONA	SANT ADRIA DE BESOS	Land	€ 4.084.000,00
41	2524 - VELEZ-MALAGA SUELO	MALAGA	VÉLEZ	Land	€ 6.416.000,00
42	2290 - P.P.R PARC.17 Y 18, MANZ.10-11, HUEVAR, AL	SEVILLA	HUEVAR	Land	€ 4.005.000,00
43	2861 - VILLIMAR OESTE SECTOR S-4	BURGOS	BURGOS	Land	€ 2.832.000,00
44	2858 - ALDAIA-ZABALGANA S-5 (PARC RC 10.1)	ALAVA	VITORIA-GASTEIZ	Land	€ 890.000,00
45	2935 - ALDAIA-ZABALGANA S-5 (PARC RC 10.2)	ALAVA	VITORIA-GASTEIZ	Land	€ 2.017.000,00
46	2275 - PARCELA P-6 LAS MERCEDES MADRID	MADRID	MADRID	Land	€ 5.137.000,00
47	2522 - EL REGATO SUELO	VIZCAYA	BARAKALDO	Land	€ 2.577.000,00
48	2225 - PARLA ESTE A-10	MADRID	PARLA	Land	€ 2.929.000,00
49	3208 - PARQUE CENTRAL R-13 FUENGIMAR	MALAGA	ESTEPONA	Land	€ 1.660.000,00
50	3304 - PARQUE CENTRAL R-13 COSTA ARGIA	MALAGA	ESTEPONA	Land	€ 1.660.000,00
51	2253 - BADAMES FASE 2 (VOTO-CANTABRIA)	CANTABRIA	VOTO	Land	€ 816.000,00
52	2911 - LA CATALANA R-9	BARCELONA	SANT ADRIA DE BESOS	Land	€ 6.295.000,00
53	3207 - PARQUE CENTRAL R-9 FUENGIMAR	MALAGA	ESTEPONA	Land	€ 1.437.000,00
54	3303 - PARQUE CENTRAL R-9 COSTA ARGIA	MALAGA	ESTEPONA	Land	€ 1.437.000,00
55	2223 - PARLA ESTE A-3	MADRID	PARLA	Land	€ 2.395.000,00
56	2224 - PARLA ESTE A-4 (LAS DALIAS)	MADRID	PARLA	Land	€ 2.472.000,00
57	2536 - ZIZUR MAYOR SUELO P.7	NAVARRA	ZIZUR MAYOR	Land	€ 2.639.000,00
58	2540 - ZIZUR MAYOR SUELO 26.1 y 26.2	NAVARRA	ZIZUR MAYOR	Land	€ 1.649.000,00
59	2537 - ZIZUR MAYOR SUELO P.1	NAVARRA	ZIZUR MAYOR	Land	€ 692.000,00
60	4552 - SOLAR SECTOR SR-2B V/PARCELAS, ATARFE (parcela 1 R1)	GRANADA	ATARFE	Land	€ 1.101.000,00

UNIT	Name of asset	Province	Town	Type of asset	Market Value 31st December 2016 (€)
61	2252 - BENALMADENA GOLF HOMES FASE 7	MALAGA	BENALMADENA	Land	€ 1.087.000,00
62	2521 - ZIZUR MAYOR SUELO P.17 LIBRE	NAVARRA	ZIZUR MAYOR	Land	€ 1.259.000,00
63	2539 - ZIZUR MAYOR SUELO P.17 VPT	NAVARRA	ZIZUR MAYOR	Land	€ 942.000,00
64	2226 - MONFOCAR, C/BELCAIRE, CASTELLON	CASTELLON	MONCOFAR	Land	€ 3.636.000,00
65	2296 - SECT ESTUDIO DETALLE EL PANADERO, GELVES	SEVILLA	GELVES	Land	€ 555.000,00
66	2295 - P.P.Nº:8 MANZ.P8.6 EL SEMINARIO, HUELVA	HUELVA	HUELVA	Land	€ 905.000,00
67	2538 - ZIZUR MAYOR SUELO P.17 VPO	NAVARRA	ZIZUR MAYOR	Land	€ 625.000,00
68	2841 - BURGOS-SECTOR 8.13 COPRASA	BURGOS	BURGOS	Land	€ 6.265.000,00
69	2293 - P.P. AL-1 EL CAPRICHICO, ALCOLEA, CORDOBA	CORDOBA	ALCOLEA	Land	€ 2.566.000,00
70	2541 - ZIZUR MAYOR SUELO P.8	NAVARRA	ZIZUR MAYOR	Land	€ 367.000,00
71	2258 - VALLE ROMANO R1.3	MALAGA	ESTEPONA	Land	€ 131.000,00
72	2323 - P.P. LA ALBORADA PAR. R-N-3.4, BENAHAVIS	MALAGA	BENAHAVIS	Land	€ 3.223.000,00
73	4390 - MAS LLUI, S.8B - SANT JUST DESVERN P.6	BARCELONA	SANT JUST DESVERN	Land	€ 6.446.000,00
74	4387 - CALA LLENYA, PARC.H2-B. IBIZA, FIGUERAL	BALEARES	SANTA EULALIA DEL RIO	Land	€ 9.331.000,00
75	2873 - AY.ARBIZAENEA	GUIPUZCOA	DONOSTIA-SAN SEBASTIAN	Land	€ 9.517.000,00
76	4358 - HOSPITALET DE LLOBREGAT, PZ EUROPA 14	BARCELONA	LHOSPITALET DE LLOBREGAT	Land	€ 11.807.000,00
77	2882 - MAHON SOLAR	BALEARES	MAHON	Land	€ 6.485.000,00
78	4398 - SANT CUGAT, TURO DE CAN MATES, P.F.1.1	BARCELONA	SANT CUGAT DEL VALLES	Land	€ 7.666.000,00
79	2872 - URDULIZ (CASA BARCO,ICOVISA) P.B	VIZCAYA	URDULIZ	Land	€ 6.643.000,00
80	2899 - URDULIZ (CASA BARCO,ICOVISA) P. G1	VIZCAYA	URDULIZ	Land	€ 5.232.000,00
81	2920 - URDULIZ (CASA BARCO,ICOVISA) P. H	VIZCAYA	URDULIZ	Land	€ 4.636.000,00
82	2927 - ITURRIBARRI GETXO P-3B	VIZCAYA	GETXO	Land	€ 4.968.000,00
83	4369 - ALICANTE, PLAYA DE SAN JUAN NORTE	ALICANTE	ALICANTE	Land	€ 10.508.000,00
84	4373 - LEGANES, AV.JUAN XXIII 11, SOLAGUA.	MADRID	LEGANES	Land	€ 2.708.000,00
85	4374 - MADRID HORTALEZA, LAS CARCAVAS R7-1	MADRID	MADRID	Land	€ 3.500.000,00
86	4375 - PILAR DE ABAJO, SAN SEBASTIAN DE LOS REYES	MADRID	SAN SEBASTIAN DE LOS REYES	Land	€ 9.655.000,00
87	4392 - PILAR DE ABAJO, S.S. REYES P.4	MADRID	SAN SEBASTIAN DE LOS REYES	Land	€ 9.655.000,00
88	4391 - MAS LLUI, S.8B - SANT JUST DESVERN P.7	BARCELONA	SANT JUST DESVERN	Land	€ 15.544.000,00
89	4395 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1 P14	CORDOBA	CORDOBA	Land	€ 15.806.000,00
90	Santurtzi. Parcela CLH	VIZCAYA	SANTURCE	Land	€ 8.916.000,00
91	2880 - LEIOANDI P.2	VIZCAYA	LEIOA	Land	€ 2.805.000,00
92	2888 - LEIOANDI P.3	VIZCAYA	LEIOA	Land	€ 2.693.000,00
93	2889 - LEIOANDI P.4	VIZCAYA	LEIOA	Land	€ 3.107.000,00
94	2934 - LEIOANDI P.5	VIZCAYA	LEIOA	Land	€ 2.696.000,00
95	4393 - AIGUADOLÇ SITGES, PARC.B1-B2	BARCELONA	SITGES	Land	€ 8.525.000,00
96	4368 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1 P7B	CORDOBA	CORDOBA	Land	€ 6.963.000,00
97	4396 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1 P.6	CORDOBA	CORDOBA	Land	€ 8.706.000,00
98	2902 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE I	GUIPUZCOA	LASARTE	Land	€ 3.924.000,00
99	2903 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE II	GUIPUZCOA	LASARTE	Land	€ 3.924.000,00
100	2904 - VAGUADA-GOIEGI (1.10-1.15 VPP) FASE II	GUIPUZCOA	LASARTE	Land	€ 2.893.000,00
101	2881 - MARBELLA - ARTOLA 3.2	MALAGA	MARBELLA	Land	€ 260.000,00
102	2917 - MARBELLA - ARTOLA 7.1	MALAGA	MARBELLA	Land	€ 2.070.000,00
103	2918 - MARBELLA - ARTOLA 8.2	MALAGA	MARBELLA	Land	€ 5.740.000,00
104	2919 - MARBELLA - ARTOLA 9.1	MALAGA	MARBELLA	Land	€ 8.248.000,00
105	4376 - DEHESA VIEJA PARC.69-A, S.S.REYES	MADRID	SAN SEBASTIAN DE LOS REYES	Land	€ 14.559.000,00
106	2257 - VALLE ROMANO R1.12	MALAGA	ESTEPONA	Land	€ 268.000,00
107	4196 - MAS LLUI, S.8B - SANT JUST DESVERN P.12	BARCELONA	SANT JUST DESVERN	Land	€ 13.051.000,00
108	4389 - SANT CUGAT, VOLLPALLERES R15	BARCELONA	SANT CUGAT DEL VALLES	Land	€ 9.610.000,00
109	4192 - CORTIJO SUR, PARC.R-22, BOADILLA MONTE	MADRID	BOADILLA DEL MONTE	Land	€ 1.399.000,00
110	4193 - CORTIJO SUR, PARC.R-21, BOADILLA MONTE	MADRID	BOADILLA DEL MONTE	Land	€ 1.526.000,00
111	4194 - CORTIJO SUR, PARC.R-20, BOADILLA MONTE	MADRID	BOADILLA DEL MONTE	Land	€ 1.397.000,00
112	4195 - CORTIJO SUR, PARC.R-12, BOADILLA MONTE	MADRID	BOADILLA DEL MONTE	Land	€ 10.447.000,00
113	4188 - CAÑAVERAL T2-B	MADRID	MADRID	Land	€ 1.738.000,00
114	4189 - CAÑAVERAL T2-C	MADRID	MADRID	Land	€ 1.738.000,00
115	4191 - SANTA CLARA GOLF - PARCELAS 2.1 Y 2.3	MALAGA	MARBELLA	Land	€ 27.854.000,00
116	CAÑAVERAL M-16B	MADRID	MADRID	Land	€ 2.267.000,00
117	CAÑAVERAL M-13E	MADRID	MADRID	Land	€ 3.824.000,00
118	CAÑAVERAL M-12C	MADRID	MADRID	Land	€ 1.667.000,00
119	CAÑAVERAL M-12F	MADRID	MADRID	Land	€ 4.156.000,00
120	CANAVERAL SAREBM-4D	MADRID	MADRID	Land	€ 3.625.000,00
121	TEATINOS MR 1.1	MALAGA	MALAGA	Land	€ 3.553.000,00
122	TEATINOS MR 1.2	MALAGA	MALAGA	Land	€ 6.642.000,00
123	2868 - LA MARINA DE BADALONA P-9	BARCELONA	BADALONA	Work in Progress	€ 30.391.000,00
124	2867 - LA CATALANA R-10	BARCELONA	SANT ADRIA DE BESOS	Work in Progress	€ 10.180.000,00
125	2877 - LA CATALANA R-4	BARCELONA	SANT ADRIA DE BESOS	Work in Progress	€ 12.016.000,00
126	2871 - URDULIZ HOMES (PARCELA 1)	VIZCAYA	URDULIZ	Work in Progress	€ 2.738.000,00
127	4362 - DEHESA HOMES (ANTES DEHESA VIEJA)	MADRID	SAN SEBASTIAN DE LOS REYES	Work in Progress	€ 18.127.000,00
128	2875 - SAN ROKE HOMES (PORTUGALETE)	VIZCAYA	PORTUGALETE	Work in Progress	€ 15.491.000,00
129	2869 - JARDINES DE ZABALGANA BLOQUE III-FIC	ALAVA	VITORIA-GASTEIZ	Work in Progress	€ 779.000,00

UNIT	Name of asset	Province	Town	Type of asset	Market Value 31st December 2016 (€)
130	2864 - JARDINES DE ZABALGANA SUELOFASE IV	ALAVA	VITORIA-GASTEIZ	Work in Progress	€ 1.961.000,00
131	2823 - LANDAKO HOMES	VIZCAYA	DURANGO	Work in Progress	€ 7.855.000,00
132	2232 - LAS SALINAS HOMES (SALINAS DE MAYMAR)	MALAGA	FUENGIROLA	Work in Progress	€ 6.065.000,00
133	2874 - LEKU EDER HOMES-MIRAMON- (PARC.3-4)	GUIPUZCOA	DONOSTIA-SAN SEBASTIAN	Work in Progress	€ 5.492.000,00
134	4420 - MOSTOLES III - LOS ALERCES (20+20)	MADRID	MOSTOLES	Work in Progress	€ 6.877.000,00
135	4384 - PINTOR ALSAMORA OBRA EN CURSO	BARCELONA	BARCELONA	Work in Progress	€ 5.699.000,00
136	2883 - URDULIZ HOMES (PARCELA D)	VIZCAYA	URDULIZ	Work in Progress	€ 4.904.000,00
137	4370 - DIAGONAL 119 HOMES (POBLE NOU)	BARCELONA	BARCELONA	Work in Progress	€ 11.765.000,00
138	4377 - PALACIO HOMES	CORDOBA	CORDOBA	Work in Progress	€ 9.028.000,00
139	2525 - TORRESOLO HOMES	VIZCAYA	LEIOA	1st Go and 2nd Go	€ 12.486.000,00
140	2520 - ASTRABUDUA HOMES	VIZCAYA	ERANDIO	1st Go and 2nd Go	€ 4.568.000,00
141	4365 - SANT JUST HOMES, MAS LLUI P4	BARCELONA	SAN JUST DESVERN	1st Go and 2nd Go	€ 19.814.000,00
142	4379 - SANT CUGAT, TURO DE CAN MATES, P.E 2 2	BARCELONA	SAN CUGAT DEL VALLES	1st Go and 2nd Go	€ 6.871.000,00
143	4399 - CAN MATES HOMES (P.B4 2)	BARCELONA	SAN CUGAT DEL VALLES	1st Go and 2nd Go	€ 11.020.000,00
144	4328 - ATRIA HOMES	MADRID	ALCOBENDAS	1st Go and 2nd Go	€ 32.107.000,00
145	4376 - FINCA MADRID RIO	MADRID	MADRID	1st Go and 2nd Go	€ 14.889.000,00
146	2900 - URDULIZ (CASA BARCO, ICOVISA) P. E	VIZCAYA	URDULIZ	1st Go and 2nd Go	€ 4.868.000,00
147	2929 - ITURRIBARRI GETXO P-7	VIZCAYA	GETXO	1st Go and 2nd Go	€ 5.475.000,00
148	4371 - PLAÇA EUROPA 38 HOMES	BARCELONA	LHOSPITALET DE LLOBREGAT	1st Go and 2nd Go	€ 16.025.000,00
149	4372 - PLAZA HOMES, GETAFE	MADRID	GETAFE	1st Go and 2nd Go	€ 28.248.000,00
150	4364 - SITGES, PPO 2, CALLEC. SOLAR M8	BARCELONA	SITGES	1st Go and 2nd Go	€ 21.746.000,00
151	4366 - AIGUADOLÇ HOMES	BARCELONA	SITGES	1st Go and 2nd Go	€ 14.251.000,00
152	4397 - MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	CORDOBA	CORDOBA	1st Go and 2nd Go	€ 17.303.000,00
153	2878 - IKASLE HOMES	VIZCAYA	SANTURCE	1st Go and 2nd Go	€ 8.764.000,00
154	2884 - IRUN HOMES	GUIPUZCOA	IRUN	1st Go and 2nd Go	€ 5.473.000,00
155	2879 - GOIEGI HOMES	GUIPUZCOA	LASARTE	1st Go and 2nd Go	€ 2.042.000,00
156	4381 - AVENIDA HOMES	MADRID	MADRID	1st Go and 2nd Go	€ 7.196.000,00
157	4380 - VOLLPALLERES HOMES	BARCELONA	SAN CUGAT DEL VALLES	1st Go and 2nd Go	€ 15.589.000,00
158	4383 - CAÑADA HOMES, MARBELLA (LA TORRECILLA)	MALAGA	MARBELLA	1st Go and 2nd Go	€ 8.496.000,00
159	2863 - JARDINES DE ZABALGANA BLOQUE II	ALAVA	VITORIA-GASTEIZ	Finished Product (FP)	€ 48.000,00
160	2227 - EURORESIDENCIAL, PRIEGO DE CORDOBA	CORDOBA	PRIEGO DE CORDOBA	Finished Product (FP)	€ 1.162.000,00
161	2517 - GORLIZ-ANDRA MARI AXPE	VIZCAYA	GORLIZ	Finished Product (FP)	€ 36.000,00
162	2518 - TORRESOLO-VPO	VIZCAYA	LEIOA	Finished Product (FP)	€ 15.000,00
163	2229 - "EL CASTILLON", SECTOR R-4, P.P.UR-5	MALAGA	RINCON DE LA VICTORIA	Finished Product (FP)	€ 337.000,00
TOTAL MARKET VALUE 31st DECEMBER 2016 (€)					€ 1.119.823.000,00

3. General Comments, Assumptions & Conditions to Valuations

3.1. General Assumptions and Conditions

3.1.1. General Assumptions

Our valuations have been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it. We have assumed:

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings that we are unaware of. We have not made any enquiries at the local Register Office, and, therefore, should future enquiries reveal that there are any mortgages or charges, we have assumed that the Asset would be sold free of them. We have not examined the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Asset, and that the information supplied to us is both complete and correct. We do not accept responsibility for any errors or omissions in information and documentation provided to us.
3. That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
4. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search or normal solicitors' enquiries, or by any statutory notice (other than those points referred to above).
5. That the buildings are structurally sound, and that there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.
6. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the buildings, no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

8. That the ownership and possible exploitation of mineral substances and/or gases present in the subsoil have not been considered.
9. That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
10. That there are no adverse site or soil conditions, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.
11. That all fixed plant and machinery and the installation thereof complies with the relevant legislation. No allowance has been made for rights, obligations or liabilities arising as a result of defective premises.
12. That the tenants are capable of meeting their obligations, and that there are no undisclosed arrears of rent or breaches of covenant. For valuation purposes it is assumed that the tenants comply their obligations, and that there will be no delays in the payment of rent or undisclosed contractual breaches.
13. That the occupational leases are drawn on terms acceptable to your solicitors including provisions for repair and indexation.
14. In the event that NEINOR HOMES S.L.U. assets has not approved the different phases of Planning, Management and Urbanizing Discipline to build the properties according to the planned promotion, it has been taken into account that the approval of different urbanizing phases will be obtained until the licenses of work has been acquired, according to regular times of approval in normal market situations, and with an active approach for the client to obtain the corresponding approvals.

3.1.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. Our valuation(s) are exclusive of VAT (if applicable).
2. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property(ies).
3. No allowance has been made for any expenses of realization.
4. Excluded from our valuation(s) is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

5. In all cases, our valuation report includes facilities that are normally transferred with the property, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment that is normally removed before the sale has been excluded from our opinion of value.
6. It has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.
7. Output prices of different products are those with whom will go on sale at the market uses different delivery date. To estimate the value a basis comparable are taken to the valuation date.
8. Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate.

For the valuation of the land, the buildability provided by the client has been taken account. In regard to the actives called "Work in Progress" (WIP) and "1st Go" and "2nd Go", it has been taken account as a valuation surface, the built surface over slope.

3.1.3. Special Assumptions

According to RICS, only special cases can be established if they are reasonably achievable, relevant and valid in relation to the special circumstances of the valuation. Appendix 4 of Red Book defines and gives examples of Special Assumptions.

In this report we have not been carried out any special assumptions.

Appendix 1

Valuation Parameters

UNIT	Name of asset	Type of asset	Buildability (A/G)	Market Value 31st December 2016 (€)	MV Dec 2016(€/sq m)	% Construction	% Sales +	GDV (€)	Pending Construction Costs (€)
1	2912 - BOLIETA (RE-2)- FASE I	Land	8,164	7,843,000	961 €	0.00%	0.00%	21,890,000 €	9,710,000 €
2	2913 - BOLIETA (RE-2)- FASE II	Land	8,164	7,843,000	961 €	0.00%	0.00%	21,890,000 €	9,710,000 €
3	2914 - BOLIETA (RE-2)- FASE III	Land	8,513	8,153,000	958 €	0.00%	0.00%	22,771,000 €	10,064,000 €
4	2915 - BOLIETA (RE-2)- FASE IV	Land	11,900	11,483,000	965 €	0.00%	0.00%	31,330,000 €	13,501,000 €
5	2916 - BOLIETA (RE-4A)	Land	10,956	9,940,000	907 €	0.00%	0.00%	28,000,000 €	12,419,000 €
6	2811 - BADALONA PORT P-7	Land	5,434	7,457,000	1,372 €	0.00%	0.00%	15,169,000 €	5,004,000 €
7	4394 - ESPINO DEL CUQUILLO 3.1	Land	23,530	35,236,000	1,498 €	0.00%	0.00%	69,915,000 €	21,458,000 €
8	2812 - LA CATALANA R-1	Land	10,080	10,400,000	1,032 €	0.00%	0.00%	22,902,000 €	8,892,000 €
9	2288 - APR.08.02, JOAQUIN LORENZO. MADRID.	Land	19,867	28,190,000	1,419 €	0.00%	0.00%	67,832,000 €	22,632,000 €
10	2526 - Urduliz P.6	Land	3,500	3,963,000	1,132 €	0.00%	0.00%	8,966,000 €	3,630,000 €
11	2532 - Urduliz P-4-5	Land	4,500	5,032,000	1,118 €	0.00%	0.00%	11,345,000 €	4,571,000 €
12	2533 - Urduliz P-12-13	Land	5,550	6,243,000	1,125 €	0.00%	0.00%	14,277,000 €	5,856,000 €
13	2534 - Urduliz P-14-15	Land	4,093	4,602,000	1,124 €	0.00%	0.00%	10,534,000 €	4,327,000 €
14	2535 - Urduliz P-2	Land	2,870	3,253,000	1,133 €	0.00%	0.00%	7,361,000 €	2,988,000 €
15	2857 - OLARIZU HOMES	Land	5,501	5,328,000	969 €	0.00%	0.00%	11,929,000 €	4,763,000 €
16	2906 - ESMALTACIONES PERI 11-VITORIA RC 3.1	Land	5,501	5,485,000	997 €	0.00%	0.00%	12,192,000 €	4,821,000 €
17	2907 - ESMALTACIONES PERI 11-VITORIA RC 3.2	Land	4,854	4,855,000	1,000 €	0.00%	0.00%	10,777,000 €	4,254,000 €
18	2908 - ESMALTACIONES PERI 11-VITORIA RC 6	Land	4,751	4,602,000	969 €	0.00%	0.00%	10,306,000 €	4,116,000 €
19	2909 - ESMALTACIONES PERI 11-VITORIA RC 7	Land	4,889	4,731,000	968 €	0.00%	0.00%	10,602,000 €	4,238,000 €
20	2205 - SOLAR GRAN CAPITAN, CORDOBA	Land	16,149	21,010,000	1,301 €	0.00%	0.00%	43,624,000 €	15,735,000 €
21	2931 - LAMIAKO-TXOPOETA (PARC 4.1)	Land	3,210	5,104,000	1,590 €	0.00%	0.00%	10,321,000 €	3,512,000 €
22	2932 - LAMIAKO-TXOPOETA (PARC 4.2)	Land	5,308	8,097,000	1,525 €	0.00%	0.00%	16,478,000 €	5,686,000 €
23	2933 - LAMIAKO-TXOPOETA (PARC 4.3)	Land	3,210	4,967,000	1,547 €	0.00%	0.00%	10,426,000 €	3,747,000 €
24	4329 - FUENTE LUCHA UP 33/A	Land	8,713	15,133,000	1,737 €	0.00%	0.00%	29,665,000 €	9,573,000 €
25	4327 - ESPINO DEL CUQUILLO 3.3	Land	9,600	15,391,000	1,603 €	0.00%	0.00%	29,973,000 €	9,555,000 €
26	2820 - LAMIAKO-TXOPOETA ACTUACION 2	Land	1,826	2,684,000	1,470 €	0.00%	0.00%	5,767,000 €	2,203,000 €
27	2870 - LAMIAKO FASE II	Land	3,378	4,851,000	1,436 €	0.00%	0.00%	10,570,000 €	4,055,000 €
28	2930 - LAMIAKO-TXOPOETA (PARC 3)	Land	1,300	1,763,000	1,356 €	0.00%	0.00%	3,933,000 €	1,557,000 €
29	2263 - ED SC-3 ZUMBACON, CORDOBA	Land	18,094	10,413,000	575 €	0.00%	0.00%	34,515,000 €	18,048,000 €
30	2819 - ITURRIBARRI GETXO P-2	Land	2,438	3,360,000	1,378 €	0.00%	0.00%	8,352,000 €	3,105,000 €
31	2928 - ITURRIBARRI-GETXO P-6	Land	4,611	6,541,000	1,418 €	0.00%	0.00%	15,815,000 €	5,628,000 €
32	2509 - ASTRABUDUA (PARC R-2) VPO	Land	2,797	1,403,000	502 €	0.00%	0.00%	4,230,000 €	2,095,000 €
33	2860 - ARETXABAETA. PARCELAS OR.7	Land	4,549	5,582,000	1,227 €	0.00%	0.00%	12,433,000 €	4,823,000 €
34	2259 - VALLE ROMANO R3.4	Land	14,384	8,587,000	597 €	0.00%	0.00%	19,521,000 €	8,567,000 €
35	2865 - ESTEPONA MALAGA SUP T5 FINCA 68139	Land	12,268	4,008,000	327 €	0.00%	0.00%	15,318,000 €	9,005,000 €
36	2866 - ESTEPONA MALAGA SUP T5 FINCA 68141	Land	12,427	4,002,000	322 €	0.00%	0.00%	15,318,000 €	9,012,000 €
37	2859 - COPRASA. BURGOS	Land	7,144	6,265,000	877 €	0.00%	0.00%	14,203,000 €	5,772,000 €
38	2218 - MOSTOLES H+H+V PAU-4	Land	7,690	5,961,000	775 €	0.00%	0.00%	14,668,000 €	6,574,000 €
39	2209 - AVDA.DEL MEDITERRANEO Nº.72, MOJACAR	Land	8,298	4,256,000	513 €	0.00%	0.00%	13,856,000 €	7,337,000 €
40	2910 - LA CATALANA R-15	Land	4,165	4,084,000	981 €	0.00%	0.00%	10,445,000 €	4,730,000 €
41	2524 - VELEZ-MALAGA SUELO	Land	14,055	6,416,000	456 €	0.00%	0.00%	21,719,000 €	12,049,000 €
42	2290 - P.P.R PARC.17 Y 18,MANZ 10-11,HUEVAR, A	Land	18,224	4,005,000	220 €	0.00%	0.00%	18,056,000 €	11,824,000 €
43	2861 - VILLIMAR OESTE SECTOR S-4	Land	3,213	2,832,000	881 €	0.00%	0.00%	6,610,000 €	2,769,000 €
44	2858 - ALDAIA-ZABALGANA S-5 (PARC RC 10.1)	Land	1,022	890,000	871 €	0.00%	0.00%	2,069,000 €	890,000 €
45	2935 - ALDAIA-ZABALGANA S-5 (PARC RC 10.2)	Land	2,258	2,017,000	893 €	0.00%	0.00%	4,648,000 €	1,982,000 €
46	2275 - PARCELA P-6 LAS MERCEDES MADRID	Land	10,830	5,137,000	474 €	0.00%	0.00%	23,855,000 €	13,309,000 €
47	2522 - EL REGATO SUELO	Land	3,377	2,577,000	763 €	0.00%	0.00%	6,540,000 €	3,101,000 €
48	2225 - PARLA ESTE A-10	Land	4,800	2,929,000	610 €	0.00%	0.00%	8,265,000 €	3,973,000 €
49	3208 - PARQUE CENTRAL R-13 FUENGIMAR	Land	3,248	1,660,000	511 €	0.00%	0.00%	5,268,000 €	2,873,000 €
50	3304 - PARQUE CENTRAL R-13 COSTA ARGIA	Land	3,248	1,660,000	511 €	0.00%	0.00%	5,268,000 €	2,873,000 €
51	2253 - BADAMES FASE 2 (VOTO-CANTABRIA)	Land	2,700	816,000	302 €	0.00%	0.00%	3,135,498 €	1,921,000 €
52	2911 - LA CATALANA R-9	Land	5,635	6,295,000	1,117 €	0.00%	0.00%	13,682,000 €	5,223,000 €
53	3207 - PARQUE CENTRAL R-9 FUENGIMAR	Land	2,840	1,437,000	506 €	0.00%	0.00%	4,684,000 €	2,597,000 €
54	3303 - PARQUE CENTRAL R-9 COSTA ARGIA	Land	2,840	1,437,000	506 €	0.00%	0.00%	4,684,000 €	2,597,000 €
55	2223 - PARLA ESTE A-3	Land	4,200	2,395,000	570 €	0.00%	0.00%	7,142,000 €	3,479,000 €
56	2224 - PARLA ESTE A-4 (LAS DALIAS)	Land	4,200	2,472,000	589 €	0.00%	0.00%	7,142,000 €	3,480,000 €
57	2536 - ZIZUR MAYOR SUELO P.7	Land	5,152	2,639,000	512 €	0.00%	0.00%	7,951,000 €	4,250,000 €
58	2540 - ZIZUR MAYOR SUELO 26.1 y 26.2	Land	2,520	1,649,000	654 €	0.00%	0.00%	4,189,000 €	1,948,000 €
59	2537 - ZIZUR MAYOR SUELO P.1	Land	2,919	692,000	237 €	0.00%	0.00%	3,730,000 €	1,919,000 €
60	4552 - SOLAR SECTOR SR-2B V/PARCELAS, ATARFI	Land	12,001	1,101,000	92 €	0.00%	0.00%	10,058,000 €	7,775,000 €
61	2252 - BENALMADENA GOLF HOMES FASE 7	Land	1,400	1,087,000	776 €	0.00%	0.00%	2,461,000 €	925,000 €
62	2521 - ZIZUR MAYOR SUELO P.17 LIBRE	Land	2,470	1,259,000	510 €	0.00%	0.00%	3,700,000 €	1,941,000 €
63	2539 - ZIZUR MAYOR SUELO P.17 VPT	Land	1,669	942,000	564 €	0.00%	0.00%	2,509,000 €	1,214,000 €
64	2226 - MONFOCAR, C/BELCAIRE, CASTELLON	Land	11,040	3,636,000	329 €	0.00%	0.00%	13,591,000 €	8,100,000 €
65	2296 - SECT ESTUDIO DETALLE EL PANADERO, GE	Land	2,167	555,000	256 €	0.00%	0.00%	2,526,000 €	1,594,000 €
66	2295 - P.P.Nº:8 MANZ P8.6 EL SEMINARIO, HUELVA	Land	3,984	905,000	227 €	0.00%	0.00%	4,641,000 €	2,891,000 €
67	2538 - ZIZUR MAYOR SUELO P.17 VPO	Land	1,530	625,000	408 €	0.00%	0.00%	1,993,000 €	1,109,000 €
68	2841 - BURGOS-SECTOR 8.13 COPRASA	Land	7,144	6,265,000	877 €	0.00%	0.00%	14,203,000 €	5,772,000 €
69	2293 - P.P. AL-1 EL CAPRICHIO, ALCOLEA, CORDOBA	Land	10,966	2,566,000	234 €	0.00%	0.00%	13,949,000 €	9,646,000 €
70	2541 - ZIZUR MAYOR SUELO P.8	Land	540	367,000	680 €	0.00%	0.00%	898,000 €	398,000 €
71	2258 - VALLE ROMANO R1.3	Land	160	131,000	819 €	0.00%	0.00%	870,000 €	606,000 €
72	2323 - P.P. LA ALBORADA PAR. R-N-3-4, BENAHAVID	Land	6,098	3,223,000	529 €	0.00%	0.00%	12,031,000 €	6,334,000 €
73	4390 - MAS LLUIJ, S.8B - SANT JUST DESVERN P.6	Land	5,371	6,446,000	1,200 €	0.00%	0.00%	13,626,000 €	4,808,000 €
74	4387 - CALA LLENYA. PARC.H2-B. IBIZA. FIGUERALS	Land	6,000	9,331,000	1,555 €	0.00%	0.00%	19,670,000 €	7,150,000 €
75	2873 - AY.ARBAIZENEA	Land	6,332	9,517,000	1,503 €	0.00%	0.00%	27,502,000 €	10,502,000 €

Short Report



UNIT	Name of asset	Type of asset	Buildability (A/G)	Market Value 31st December 2016 (€)	MV Dec 2016(€/sq m)	% Construction	% Sales +	GDV (€)	Pending Construction Costs (€)
76	4358 - HOSPITALET DE LLOBREGAT, PZ EUROPA 1	Land	8,682	11,807,000	1,360 €	0.00%	0.00%	25,100,000 €	9,238,000 €
77	2882 - MAHON SOLAR	Land	9,690	6,485,000	669 €	0.00%	0.00%	18,230,000 €	9,039,000 €
78	4398 - SANT CUGAT, TURO DE CAN MATES, P.F.1.1	Land	4,109	7,666,000	1,866 €	0.00%	0.00%	13,838,000 €	3,735,000 €
79	2872 - URDULIZ (CASA BARCO, ICOVISA) P. B	Land	6,920	6,643,000	960 €	0.00%	0.00%	15,768,000 €	6,659,000 €
80	2899 - URDULIZ (CASA BARCO, ICOVISA) P. G1	Land	5,158	5,232,000	1,014 €	0.00%	0.00%	12,718,000 €	5,518,000 €
81	2920 - URDULIZ (CASA BARCO, ICOVISA) P. H	Land	4,609	4,636,000	1,006 €	0.00%	0.00%	11,371,000 €	4,983,000 €
82	2927 - ITURRIBARRI GETXO P-3B	Land	3,647	4,968,000	1,362 €	0.00%	0.00%	12,449,000 €	4,661,000 €
83	4369 - ALICANTE, PLAYA DE SAN JUAN NORTE	Land	16,436	10,508,000	639 €	0.00%	0.00%	29,615,000 €	14,067,000 €
84	4373 - LEGANES, AV. JUAN XXIII 11, SOLAGUA	Land	4,209	2,708,000	643 €	0.00%	0.00%	7,853,000 €	3,819,000 €
85	4374 - MADRID HORTALEZA, LAS CARCAVAS R7-1	Land	2,852	3,500,000	1,227 €	0.00%	0.00%	7,656,000 €	2,736,000 €
86	4375 - PILAR DE ABAJO, SAN SEBASTIAN DE LOS	Land	7,808	9,655,000	1,237 €	0.00%	0.00%	20,574,000 €	7,084,000 €
87	4392 - PILAR DE ABAJO, S. S. REYES P.4	Land	7,808	9,655,000	1,237 €	0.00%	0.00%	20,432,000 €	6,943,000 €
88	4391 - MAS LLUI, S.8B - SANT JUST DESVERN P.7	Land	11,535	15,544,000	1,348 €	0.00%	0.00%	33,529,000 €	12,077,000 €
89	4395 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1	Land	17,764	15,806,000	890 €	0.00%	0.00%	43,626,000 €	18,711,000 €
90	Sanlurtzi, Parcela CLH	Land	11,165	8,916,000	799 €	0.00%	0.00%	23,730,000 €	11,297,000 €
91	2880 - LEIOANDI P.2	Land	3,380	2,805,000	830 €	0.00%	0.00%	10,087,000 €	5,141,000 €
92	2888 - LEIOANDI P.3	Land	3,380	2,693,000	797 €	0.00%	0.00%	10,087,000 €	5,264,000 €
93	2889 - LEIOANDI P.4	Land	3,607	3,107,000	861 €	0.00%	0.00%	10,764,000 €	5,363,000 €
94	2934 - LEIOANDI P.5	Land	3,200	2,696,000	843 €	0.00%	0.00%	9,602,000 €	4,862,000 €
95	4393 - AIGUADOLÇ SITGES, PARC.B1-B2	Land	4,938	8,525,000	1,726 €	0.00%	0.00%	16,617,000 €	4,902,000 €
96	4368 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1	Land	7,670	6,963,000	908 €	0.00%	0.00%	18,853,000 €	7,753,000 €
97	4396 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1	Land	9,582	8,706,000	909 €	0.00%	0.00%	23,532,000 €	9,661,000 €
98	2902 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE I	Land	3,607	3,924,000	1,088 €	0.00%	0.00%	11,053,000 €	4,690,000 €
99	2903 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE II	Land	3,607	3,924,000	1,088 €	0.00%	0.00%	11,053,000 €	4,690,000 €
100	2904 - VAGUADA-GOIEGI (1.10-1.15 VPP) FASE II	Land	3,240	2,893,000	893 €	0.00%	0.00%	9,211,000 €	4,330,000 €
101	2881 - MARBELLA- ARTOLA 3.2	Land	256	260,000	1,016 €	0.00%	0.00%	662,000 €	259,000 €
102	2917 - MARBELLA- ARTOLA 7.1	Land	2,152	2,070,000	962 €	0.00%	0.00%	6,169,000 €	3,094,000 €
103	2918 - MARBELLA- ARTOLA 8.2	Land	5,849	5,740,000	981 €	0.00%	0.00%	16,767,000 €	8,241,000 €
104	2919 - MARBELLA- ARTOLA 9.1	Land	8,420	8,248,000	980 €	0.00%	0.00%	24,137,000 €	11,917,000 €
105	4376 - DEHESA VIEJA PARC.69-A, S.S.REYES	Land	10,500	14,569,000	1,388 €	0.00%	0.00%	30,060,000 €	11,231,000 €
106	2257 - VALLE ROMANO R1.12	Land	328	268,000	817 €	0.00%	0.00%	585,000 €	228,000 €
107	4196 - MAS LLUI, S.8B - SANT JUST DESVERN P.12	Land	11,330	13,051,000	1,152 €	0.00%	0.00%	28,175,000 €	10,165,000 €
108	4389 - SANT CUGAT, VOLLPALLERES R15	Land	4,875	9,610,000	1,971 €	0.00%	0.00%	17,919,000 €	5,206,000 €
109	4192 - CORTIJO SUR, PARC.R-22, BOADILLA MONTE	Land	1,434	1,399,000	976 €	0.00%	0.00%	3,441,000 €	1,421,000 €
110	4193 - CORTIJO SUR, PARC.R-21, BOADILLA MONTE	Land	1,564	1,526,000	976 €	0.00%	0.00%	3,753,000 €	1,550,000 €
111	4194 - CORTIJO SUR, PARC.R-20, BOADILLA MONTE	Land	1,431	1,397,000	976 €	0.00%	0.00%	3,433,000 €	1,418,000 €
112	4195 - CORTIJO SUR, PARC.R-12, BOADILLA MONTE	Land	10,705	10,447,000	976 €	0.00%	0.00%	25,685,000 €	10,608,000 €
113	4188 - CAÑAVERAL T2-B	Land	4,100	1,738,000	424 €	0.00%	0.00%	6,985,000 €	4,284,000 €
114	4189 - CAÑAVERAL T2-C	Land	4,100	1,738,000	424 €	0.00%	0.00%	6,985,000 €	4,284,000 €
115	4191 - SANTA CLARA GOLF - PARCELAS 2.1 Y 2.3	Land	18,971	27,854,000	1,468 €	0.00%	0.00%	87,059,000 €	38,268,000 €
116	CAÑAVERAL M-16B	Land	5,610	2,267,000	404 €	0.00%	0.00%	9,853,000 €	6,289,000 €
117	CAÑAVERAL M-13E	Land	9,385	3,824,000	407 €	0.00%	0.00%	15,302,000 €	9,348,000 €
118	CAÑAVERAL M-12C	Land	4,100	1,667,000	407 €	0.00%	0.00%	6,827,000 €	4,202,000 €
119	CAÑAVERAL M-12F	Land	10,385	4,156,000	400 €	0.00%	0.00%	16,202,000 €	9,826,000 €
120	CAÑAVERAL SAREB M-4D	Land	9,385	3,625,000	386 €	0.00%	0.00%	15,902,000 €	10,042,000 €
121	TEATINOS MR 1.1	Land	5,177	3,553,000	686 €	0.00%	0.00%	10,157,000 €	5,134,000 €
122	TEATINOS MR 1.2	Land	9,320	6,642,000	713 €	0.00%	0.00%	18,285,000 €	8,993,000 €
123	2868 - LA MARINA DE BADALONA P-9	Work in Progress	18,159	30,391,000	1,674 €	5.52%	82.75%	54,361,000 €	20,144,000 €
124	2867 - LA CATALANA R-10	Work in Progress	5,377	10,180,000	1,893 €	67.22%	95.90%	12,813,000 €	2,423,000 €
125	2877 - LA CATALANA R-4	Work in Progress	7,783	12,016,000	1,544 €	22.09%	50.10%	21,300,000 €	7,863,000 €
126	2871 - URDULIZ HOMES (PARCELA 1)	Work in Progress	1,668	2,738,000	1,642 €	33.00%	82.92%	4,063,000 €	1,166,000 €
127	4362 - DEHESA HOMES (ANTES DEHESA VIEJA)	Work in Progress	11,026	18,127,000	1,644 €	19.20%	81.55%	28,598,000 €	8,763,000 €
128	2875 - SAN ROKE HOMES (PORTUGALETE)	Work in Progress	7,437	15,491,000	2,083 €	15.22%	64.61%	24,623,000 €	7,226,000 €
129	2869 - JARDINES DE ZABALGANA. BLOQUE III-FIC	Work in Progress	327	779,000	N/A	100.00%	78.64%	N/A	N/A
130	2864 - JARDINES DE ZABALGANA. SUELO FASE IV	Work in Progress	1,521	1,961,000	1,289 €	10.94%	39.56%	3,575,000 €	1,380,000 €
131	2823 - LANDAKO HOMES	Work in Progress	4,975	7,855,000	1,579 €	11.93%	65.31%	14,366,000 €	5,525,000 €
132	2232 - LAS SALINAS HOMES (SALINAS DE MAYMA)	Work in Progress	4,060	6,065,000	1,494 €	50.48%	65.62%	7,753,000 €	1,305,000 €
133	2874 - LEKU EDER HOMES - MIRAMON- (PARC.3-4)	Work in Progress	1,795	5,492,000	3,060 €	73.72%	100.00%	6,395,000 €	787,000 €
134	4420 - MOSTOLES III - LOS ALERCES (20+20)	Work in Progress	4,434	6,877,000	1,551 €	95.06%	100.00%	7,302,000 €	397,000 €
135	4384 - PINTOR ALSAMORA OBRA EN CURSO	Work in Progress	2,925	5,699,000	1,948 €	27.70%	90.44%	9,274,000 €	2,967,000 €
136	2883 - URDULIZ HOMES (PARCELA D)	Work in Progress	4,143	4,904,000	1,184 €	13.74%	46.58%	8,735,000 €	3,640,000 €
137	4370 - DIAGONAL 119 HOMES (POBLE NOU)	Work in Progress	3,147	11,765,000	3,739 €	8.23%	79.53%	17,630,000 €	4,502,000 €
138	4377 - PALACIO HOMES	Work in Progress	5,873	9,028,000	1,537 €	0.48%	43.55%	15,751,000 €	5,255,000 €
139	2525 - TORRESOLO HOMES	1st Go & 2nd Go	7,281	12,486,000	1,715 €	0.00%	56.17%	22,531,000 €	7,606,000 €
140	2520 - ASTRABUDUA HOMES	1st Go & 2nd Go	5,312	4,568,000	860 €	0.00%	26.32%	10,366,000 €	4,590,000 €
141	4365 - SANT JUST HOMES, MAS LLUI P4	1st Go & 2nd Go	11,580	19,814,000	1,711 €	0.00%	39.05%	37,095,000 €	11,684,000 €
142	4379 - SANT CUGAT, TURO DE CAN MATES, P.E.2.2	1st Go & 2nd Go	5,310	6,871,000	1,294 €	0.00%	0.00%	15,074,000 €	5,805,000 €
143	4399 - CAN MATES HOMES (P.B.4.2)	1st Go & 2nd Go	5,342	11,020,000	2,063 €	0.00%	98.18%	18,531,500 €	5,868,000 €
144	4328 - ATRIA HOMES	1st Go & 2nd Go	18,299	32,107,000	1,755 €	0.00%	5.22%	56,318,000 €	15,435,000 €
145	4326 - FINCA MADRID RIO	1st Go & 2nd Go	6,400	14,889,000	2,326 €	0.00%	0.00%	27,919,250 €	7,710,000 €
146	2900 - URDULIZ (CASA BARCO, ICOVISA) P. E	1st Go & 2nd Go	4,033	4,868,000	1,207 €	0.00%	0.00%	9,810,000 €	3,734,000 €
147	2929 - ITURRIBARRI GETXO P-7	1st Go & 2nd Go	3,527	5,475,000	1,552 €	0.00%	0.00%	11,240,000 €	4,286,000 €
148	4371 - PLAÇA EUROPA 38 HOMES	1st Go & 2nd Go	8,117	16,025,000	1,974 €	0.00%	46.34%	29,428,000 €	8,350,000 €
149	4372 - PLAZA HOMES, GETAFE	1st Go & 2nd Go	25,522	28,248,000	1,107 €	0.00%	36.20%	55,202,000 €	19,274,000 €
150	4364 - SITGES, PPO.2, CALLEC, SOLAR M8	1st Go & 2nd Go	9,602	21,746,000	2,265 €	0.00%	51.50%	36,468,000 €	9,405,000 €

UNIT	Name of asset	Type of asset	Buildability (A/G)	Market Value 31st December 2016 (€)	MV Dec 2016(€/sq.m)	% Construction	% Sales +	GDV (€)	Pending Construction Costs (€)
151	4366 - AIGUADOLÇ HOMES	1st Go & 2nd Go	6,190	14,251,000	2,302 €	0.00%	29.43%	23,135,000 €	6,203,000 €
152	4397 - MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	1st Go & 2nd Go	13,753	17,303,000	1,258 €	0.00%	27.85%	34,264,600 €	11,836,000 €
153	2878 - IKASLE HOMES	1st Go & 2nd Go	5,489	8,764,000	1,597 €	0.00%	84.18%	16,272,000 €	5,848,000 €
154	2884 - IRUN HOMES	1st Go & 2nd Go	3,321	5,473,000	1,648 €	0.00%	75.76%	10,113,000 €	3,601,000 €
155	2879 - GOIEGI HOMES	1st Go & 2nd Go	5,162	2,042,000	396 €	0.00%	0.00%	8,061,000 €	5,227,000 €
156	4381 - AVENIDA HOMES	1st Go & 2nd Go	6,146	7,196,000	1,171 €	0.00%	99.77%	13,974,000 €	5,463,000 €
157	4380 - VOLLPALLERES HOMES	1st Go & 2nd Go	7,610	15,589,000	2,048 €	0.00%	62.81%	26,831,000 €	8,061,000 €
158	4383 - CAÑADA HOMES, MARBELLA (LA TORRECIL)	1st Go & 2nd Go	5,179	8,496,000	1,640 €	0.00%	12.93%	15,540,000 €	4,863,000 €
159	2863 - JARDINES DE ZABALGANA, BLOQUE II	Finished Product	N/A	48,000	N/A	N/A	N/A	N/A	N/A
160	2227 - EURORESIDENCIAL, PRIEGO DE CÓRDOBA	Finished Product	N/A	1,162,000	N/A	N/A	N/A	N/A	N/A
161	2517 - GORLIZ-ANDRA MARI AXPE	Finished Product	N/A	36,000	N/A	N/A	N/A	N/A	N/A
162	2518 - TORRESOLO-VPO	Finished Product	N/A	15,000	N/A	N/A	N/A	N/A	N/A
163	2229 - "EL CASTILLO", SECTOR R-4, P.P.UR-5	Finished Product	N/A	337,000	N/A	N/A	N/A	N/A	N/A
TOTAL MARKET VALUE 31st DECEMBER 2016 (€)			1,036,131	1,119,823,000				2,548,521,848 €	1,020,518,000 €

We have assumed no House Price Appreciation in our cash-flow calculations.

Jesús D. Mateo MRICS
Director Advisory & Valuation
SAVILLS SPAIN

Eduardo Martins Pimenta MRICS
Associate Director Advisory & Valuation
SAVILLS SPAIN



Estudio de Sensibilidad

Valoración Cartera de Suelo a 31/12/2016

- 1. Ingredients and Terms of Reference
- 2. Valuation Model
- 3. General Assumptions & Conditions of Valuation

14 de Marzo de 2017



D. Juan Velayos

NEINOR HOMES S.L.
Paseo de la Castellana, 20. 4ª Planta
28046 Madrid

Savills Consultores Inmobiliarios S.A.
José Abascal 45 - 1ª Planta
28003 Madrid

Tel: + 34 (91) 310.10.16
Fax: + 34 (91) 310.10.24
www.savills.es

Estimado Sr Velayos,

En el ámbito de la valoración de la cartera de suelo compuesta por 163 activos en distintas ubicaciones en España, hemos realizado un estudio de sensibilidad del Valor de Mercado en función de posibles variaciones del precio de venta del producto terminado.

A estos efectos, hemos considerado hipótesis de subida y bajada del 5% y 10% sobre los precios de venta contemplados inicialmente, *coeteris paribus*.

Adjuntamos a esta carta los resultados obtenidos.

Saludos cordiales

A handwritten signature in blue ink, appearing to be "J. Mateo", written over a horizontal line.

Jesús D. Mateo MRICS
Director de Valoraciones y Consultoría
Savills Consultores Inmobiliarios S.A.

Apéndice 1

Listado de Estudio de Sensibilidad

ID	Número del Activo	Municipio	Tipo de Activo	Edificabilidad	Valor Asumiendo bajada de 10% en el Producto Terminado	Valor Asumiendo bajada de 5% en el Producto Terminado	Valor de Mercado 31 Dic 2016 (€)	Valor Asumiendo subida de 5% en el Producto Terminado	Valor Asumiendo subida de 10% en el Producto Terminado	% Construcción	% Pre subida de 10% en el Producto Terminado	Ventas
1	2912 - BOLIETA (RE-2)- FASE I	BILBAO	Land	8,164	€ 6.344.000	€ 7.094.000	€ 7.843.000	€ 8.593.000	€ 9.342.000	0,00%	0,00%	0,00%
2	2913 - BOLIETA (RE-2)- FASE II	BILBAO	Land	8,164	€ 6.344.000	€ 7.094.000	€ 7.843.000	€ 8.593.000	€ 9.342.000	0,00%	0,00%	0,00%
3	2914 - BOLIETA (RE-2)- FASE III	BILBAO	Land	8,164	€ 6.344.000	€ 7.094.000	€ 7.843.000	€ 8.593.000	€ 9.342.000	0,00%	0,00%	0,00%
4	2915 - BOLIETA (RE-2)- FASE IV	BILBAO	Land	11,900	€ 9.343.000	€ 10.413.000	€ 11.483.000	€ 12.553.000	€ 13.624.000	0,00%	0,00%	0,00%
5	2916 - BOLIETA (RE-4)	BILBAO	Land	10,956	€ 8.033.000	€ 9.087.000	€ 10.140.000	€ 11.194.000	€ 12.248.000	0,00%	0,00%	0,00%
6	2811 - BADALONA PORT P-7	BADALONA	Land	5,434	€ 6.313.000	€ 6.885.000	€ 7.457.000	€ 8.030.000	€ 8.602.000	0,00%	0,00%	0,00%
7	4394 - ESPINO DEL CUQUILLO 3.1	ALCOBENDAS	Land	23,550	€ 30.045.000	€ 32.641.000	€ 35.236.000	€ 37.831.000	€ 40.427.000	0,00%	0,00%	0,00%
8	2812 - LA CATALANA R-1	SANT ADRIA DE BESOS	Land	10,080	€ 8.842.000	€ 9.521.000	€ 10.200.000	€ 10.879.000	€ 11.558.000	0,00%	0,00%	0,00%
9	2288 - APT.08.02 JOAQUIN LORENZO. MADRID.	MADRID	Land	19,867	€ 23.756.000	€ 25.972.000	€ 28.190.000	€ 30.407.000	€ 32.625.000	0,00%	0,00%	0,00%
10	2526 - Urduliz P-4	URDULIZ	Land	3,500	€ 3.275.000	€ 3.593.000	€ 3.963.000	€ 4.307.000	€ 4.651.000	0,00%	0,00%	0,00%
11	2532 - Urduliz P-4-5	URDULIZ	Land	4,500	€ 4.161.000	€ 4.598.000	€ 5.032.000	€ 5.467.000	€ 5.902.000	0,00%	0,00%	0,00%
12	2533 - Urduliz P-12-13	URDULIZ	Land	5,560	€ 5.143.000	€ 5.695.000	€ 6.247.000	€ 6.799.000	€ 7.351.000	0,00%	0,00%	0,00%
13	2534 - Urduliz P-14-15	URDULIZ	Land	4,093	€ 3.793.000	€ 4.183.000	€ 4.602.000	€ 5.006.000	€ 5.410.000	0,00%	0,00%	0,00%
14	2535 - Urduliz P-2	URDULIZ	Land	2,870	€ 2.687.000	€ 2.970.000	€ 3.253.000	€ 3.536.000	€ 3.819.000	0,00%	0,00%	0,00%
15	2857 - OLARIZU HOMES	VITORIA-GASTEIZ	Land	5,501	€ 4.412.000	€ 4.870.000	€ 5.328.000	€ 5.785.000	€ 6.243.000	0,00%	0,00%	0,00%
16	2906 - ESMALTACIONES PERI 11-VITORIA RC 3.1	VITORIA-GASTEIZ	Land	5,501	€ 4.549.000	€ 5.017.000	€ 5.485.000	€ 5.953.000	€ 6.421.000	0,00%	0,00%	0,00%
17	2907 - ESMALTACIONES PERI 11-VITORIA RC 3.2	VITORIA-GASTEIZ	Land	4,854	€ 4.028.000	€ 4.406.000	€ 4.855.000	€ 5.285.000	€ 5.683.000	0,00%	0,00%	0,00%
18	2908 - ESMALTACIONES PERI 11-VITORIA RC 6	VITORIA-GASTEIZ	Land	4,751	€ 3.871.000	€ 4.242.000	€ 4.650.000	€ 5.039.000	€ 5.453.000	0,00%	0,00%	0,00%
19	2909 - ESMALTACIONES PERI 11-VITORIA RC 7	VITORIA-GASTEIZ	Land	4,889	€ 3.917.000	€ 4.285.000	€ 4.731.000	€ 5.135.000	€ 5.549.000	0,00%	0,00%	0,00%
20	2205 - SOLAR GRAN CAPITAN. CORDOBA	CORDOBA	Land	16,149	€ 17.656.000	€ 19.335.000	€ 21.010.000	€ 22.687.000	€ 24.364.000	0,00%	0,00%	0,00%
21	2831 - LAMIAGO-TXOPOETA (PARC 4.1)	LEIDA	Land	3,210	€ 4.312.000	€ 4.705.000	€ 5.104.000	€ 5.501.000	€ 5.897.000	0,00%	0,00%	0,00%
22	2832 - LAMIAGO-TXOPOETA (PARC 4.2)	LEIDA	Land	5,308	€ 6.832.000	€ 7.465.000	€ 8.097.000	€ 8.730.000	€ 9.362.000	0,00%	0,00%	0,00%
23	2833 - LAMIAGO-TXOPOETA (PARC 4.3)	LEIDA	Land	3,210	€ 4.167.000	€ 4.567.000	€ 4.967.000	€ 5.366.000	€ 5.765.000	0,00%	0,00%	0,00%
24	4329 - FUENTE LUCHA UP 33VA	ALCOBENDAS	Land	8,713	€ 12.863.000	€ 13.998.000	€ 15.133.000	€ 16.268.000	€ 17.403.000	0,00%	0,00%	0,00%
25	4327 - ESPINO DEL CUQUILLO 3.3	ALCOBENDAS	Land	9,600	€ 13.098.000	€ 14.245.000	€ 15.391.000	€ 16.538.000	€ 17.684.000	0,00%	0,00%	0,00%
26	2820 - LAMIAGO-TXOPOETA ACTUACION 2	LEIDA	Land	1,826	€ 2.242.000	€ 2.463.000	€ 2.684.000	€ 2.906.000	€ 3.127.000	0,00%	0,00%	0,00%
27	2870 - LAMIAGO FASE II	LEIDA	Land	3,378	€ 4.039.000	€ 4.445.000	€ 4.851.000	€ 5.256.000	€ 5.662.000	0,00%	0,00%	0,00%
28	2930 - LAMIAGO-TXOPOETA (PARC 3)	LEIDA	Land	1,300	€ 1.462.000	€ 1.612.000	€ 1.763.000	€ 1.914.000	€ 2.065.000	0,00%	0,00%	0,00%
29	283 - ED SC-3 ZUMBAON. CORDOBA	CORDOBA	Land	18,094	€ 9.790.000	€ 10.719.000	€ 11.648.000	€ 12.577.000	€ 13.506.000	0,00%	0,00%	0,00%
30	2819 - TURRIBARRI GETXO P-2	GETXO	Land	2,438	€ 2.801.000	€ 3.081.000	€ 3.360.000	€ 3.640.000	€ 3.920.000	0,00%	0,00%	0,00%
31	2928 - TURRIBARRI-GETXO P-6	GETXO	Land	4,611	€ 5.481.000	€ 6.011.000	€ 6.541.000	€ 7.071.000	€ 7.601.000	0,00%	0,00%	0,00%
32	2509 - ASTRABUDJA (PARC R-2) VPO	ERANDIO	Land	2,797	€ 1.103.000	€ 1.253.000	€ 1.403.000	€ 1.553.000	€ 1.703.000	0,00%	0,00%	0,00%
33	2860 - ARETXABALETA. PARCELAS OR.7	VITORIA-GASTEIZ	Land	4,549	€ 4.637.000	€ 5.109.000	€ 5.582.000	€ 6.054.000	€ 6.526.000	0,00%	0,00%	0,00%
34	2269 - VALLE ROMAN R3.4	ESTEPONA	Land	14,384	€ 9.968.000	€ 10.912.000	€ 11.856.000	€ 12.800.000	€ 13.744.000	0,00%	0,00%	0,00%
35	2865 - ESTEPONA MALAGA SUP T5 FINCA 88139	ESTEPONA	Land	12,268	€ 2.874.000	€ 3.435.000	€ 4.002.000	€ 4.569.000	€ 5.136.000	0,00%	0,00%	0,00%
36	2866 - ESTEPONA MALAGA SUP T5 FINCA 88141	ESTEPONA	Land	12,267	€ 2.868.000	€ 3.428.000	€ 4.000.000	€ 4.567.000	€ 5.134.000	0,00%	0,00%	0,00%
37	2869 - COPRASA. BURGOS	BURGOS	Land	7,144	€ 5.175.000	€ 5.720.000	€ 6.265.000	€ 6.810.000	€ 7.355.000	0,00%	0,00%	0,00%
38	2218 - MOSTILES HINH PALLA	MOSTILES	Land	6,990	€ 4.833.000	€ 5.397.000	€ 5.961.000	€ 6.524.000	€ 7.088.000	0,00%	0,00%	0,00%
39	2209 - AVDA DEL MEDITERRANEO Nº72. MOJACAR	MOJACAR	Land	8,298	€ 3.219.000	€ 3.683.000	€ 4.256.000	€ 4.829.000	€ 5.402.000	0,00%	0,00%	0,00%
40	2910 - LA CATALANA R-15	LEIDA	Land	4,165	€ 3.263.000	€ 3.693.000	€ 4.084.000	€ 4.475.000	€ 4.866.000	0,00%	0,00%	0,00%
41	2524 - VELEZ MALAGA SUELO	VELEZ	Land	14,055	€ 4.773.000	€ 5.554.000	€ 6.416.000	€ 7.237.000	€ 8.058.000	0,00%	0,00%	0,00%
42	2881 - VILINAR GESTE SECTOR 6-4	BURGOS	Land	3,213	€ 2.925.000	€ 3.205.000	€ 3.505.000	€ 3.805.000	€ 4.105.000	0,00%	0,00%	0,00%
43	2858 - ALDIA-ZABALGANA S-5 (PARC RC 10.1)	VITORIA-GASTEIZ	Land	1,022	€ 1.658.000	€ 1.832.000	€ 2.017.000	€ 2.200.000	€ 2.384.000	0,00%	0,00%	0,00%
44	2935 - ALDIA-ZABALGANA S-5 (PARC RC 10.2)	VITORIA-GASTEIZ	Land	2,258	€ 3.813.000	€ 4.275.000	€ 4.737.000	€ 5.199.000	€ 5.661.000	0,00%	0,00%	0,00%
45	2275 - PARCELA P-8 LAS MERCEDES MADRID	MADRID	Land	10,850	€ 2.051.000	€ 2.319.000	€ 2.587.000	€ 2.855.000	€ 3.093.000	0,00%	0,00%	0,00%
46	2522 - EL REGATO SUELO	BARAKALDO	Land	3,377	€ 2.310.000	€ 2.619.000	€ 2.929.000	€ 3.239.000	€ 3.549.000	0,00%	0,00%	0,00%
47	2225 - PARLA ESTE A-10	PARLA	Land	4,800	€ 1.295.000	€ 1.458.000	€ 1.660.000	€ 1.862.000	€ 2.064.000	0,00%	0,00%	0,00%
48	3208 - PARQUE CENTRAL R-13 FUENGINAR	ESTEPONA	Land	3,283	€ 1.295.000	€ 1.458.000	€ 1.660.000	€ 1.862.000	€ 2.064.000	0,00%	0,00%	0,00%
49	3304 - PARQUE CENTRAL R-13 COSTA ARGIA	ESTEPONA	Land	2,700	€ 577.000	€ 696.000	€ 816.000	€ 935.000	€ 1.054.000	0,00%	0,00%	0,00%
50	2258 - BADAMES FASE 2 (VOTO-GANTABRIA)	ESTEPONA	Land	2,840	€ 1.077.000	€ 1.257.000	€ 1.437.000	€ 1.617.000	€ 1.796.000	0,00%	0,00%	0,00%
51	2911 - LA CATALANA R-9	VOTO	Land	5,635	€ 5.245.000	€ 5.770.000	€ 6.295.000	€ 6.820.000	€ 7.345.000	0,00%	0,00%	0,00%
52	3207 - PARQUE CENTRAL R-9 FUENGINAR	ESTEPONA	Land	2,840	€ 1.077.000	€ 1.257.000	€ 1.437.000	€ 1.617.000	€ 1.796.000	0,00%	0,00%	0,00%
53	3303 - PARQUE CENTRAL R-9 COSTA ARGIA	ESTEPONA	Land	4,200	€ 1.871.000	€ 2.133.000	€ 2.395.000	€ 2.657.000	€ 2.919.000	0,00%	0,00%	0,00%
54	2223 - PARLA ESTE A-3	PARLA	Land	4,200	€ 1.997.000	€ 2.205.000	€ 2.472.000	€ 2.740.000	€ 3.008.000	0,00%	0,00%	0,00%
55	2224 - PARLA ESTE A-4 (LAS DALIAS)	PARLA	Land	4,200	€ 2.029.000	€ 2.334.000	€ 2.639.000	€ 2.944.000	€ 3.250.000	0,00%	0,00%	0,00%
56	2536 - ZIZUR MAYOR SUELO P.7	ZIZUR MAYOR	Land	5,152	€ 1.321.000	€ 1.484.000	€ 1.647.000	€ 1.810.000	€ 1.972.000	0,00%	0,00%	0,00%
57	2540 - ZIZUR MAYOR SUELO 26.1.V.26.2	ZIZUR MAYOR	Land	2,520	€ 480.000	€ 566.000	€ 652.000	€ 738.000	€ 824.000	0,00%	0,00%	0,00%
58	2537 - ZIZUR MAYOR SUELO P.1	ZIZUR MAYOR	Land	2,919	€ 365.000	€ 428.000	€ 491.000	€ 554.000	€ 617.000	0,00%	0,00%	0,00%
59	60 12 - SOLAR SECTOR SR-2B VIPARCELAS. ATARFE (parcela 1)	ATARFE	Land	12,001	€ 903.000	€ 995.000	€ 1.087.000	€ 1.179.000	€ 1.271.000	0,00%	0,00%	0,00%
60	2252 - BENALMADENA GOLF HOMES FASE 7	BENALMADENA	Land	1,400	€ 975.000	€ 1.117.000	€ 1.259.000	€ 1.401.000	€ 1.544.000	0,00%	0,00%	0,00%
61	2521 - ZIZUR MAYOR SUELO P.17 LIBRE	ZIZUR MAYOR	Land	2,470	€ 749.000	€ 846.000	€ 942.000	€ 1.039.000	€ 1.135.000	0,00%	0,00%	0,00%
62	2539 - ZIZUR MAYOR SUELO P.17 VPT	ZIZUR MAYOR	Land	1,669	€ 2.608.000	€ 3.122.000	€ 3.636.000	€ 4.149.000	€ 4.663.000	0,00%	0,00%	0,00%
63	2296 - MONFOCAR. CIBELCAIRE. CASTELLON	MONFOCAR	Land	11,040	€ 3.966.000	€ 4.600.000	€ 5.234.000	€ 5.868.000	€ 6.502.000	0,00%	0,00%	0,00%
64	2296 - SECT ESTUDIO DETALLE EL PANADERO. GELVES	HUELVA	Land	2,167	€ 548.000	€ 627.000	€ 706.000	€ 785.000	€ 864.000	0,00%	0,00%	0,00%
65	2295 - P.P Nº8 MANZ P-6 EL SEMINARIO. HUELVA	HUELVA	Land	3,984	€ 472.000	€ 548.000	€ 625.000	€ 702.000	€ 778.000	0,00%	0,00%	0,00%
66	2841 - BURGOS SECTOR 8.13 COPRASA	BURGOS	Land	1,530	€ 517.000	€ 593.000	€ 670.000	€ 746.000	€ 822.000	0,00%	0,00%	0,00%
67	2283 - P.P AL-1 EL CARRICHO. ALCOLEA. CORDOBA	ALCOLEA	Land	7,144	€ 1.510.000	€ 2.038.000	€ 2.566.000	€ 3.094.000	€ 3.622.000	0,00%	0,00%	0,00%
68	2541 - ZIZUR MAYOR SUELO P. 8	ZIZUR MAYOR	Land	10,966	€ 298.000	€ 332.000	€ 366.000	€ 400.000	€ 434.000	0,00%	0,00%	0,00%
69	2258 - VALLE ROMAN R1 3	ESTEPONA	Land	180	€ 102.000	€ 116.000	€ 131.000	€ 145.000	€ 159.000	0,00%	0,00%	0,00%
70	2293 - P.P LA ALBORADA PAR. B-13.1	BENAHAVIS	Land	6,098	€ 2.459.000	€ 2.841.000	€ 3.223.000	€ 3.606.000	€ 3.988.000	0,00%	0,00%	0,00%
71	4390 - MAS LLUI. S.8 - SANT JUST DESVERN P.6	SAN JUST DESVERN	Land	5,371	€ 5.452.000	€ 5.949.000	€ 6.446.000	€ 6.943.000	€ 7.441.000	0,00%	0,00%	0,00%
72	4387 - CALA LIENVA. PARC-P-25. IBIZA. FIGUERAL	SANTA EULALIA DEL RIO	Land	6,000	€ 7.825.000	€ 8.579.000	€ 9.331.000	€ 10.084.000	€ 10.837.000	0,00%	0,00%	0,00%
73	2873 - ATARBANZENA	DONOSTIA-SAN SEBASTIAN	Land	6,332	€ 7.857.000	€ 8.687.000	€ 9.517.000	€ 10.348.000	€ 11.178.000	0,00%	0,00%	0,00%

ID	NOMBRE del Activo	Municipio	Tipo de Activo	Edificabilidad	Valor Asumiendo bajada de 5% en el Producto Terminado	Valor de Mercado 31 Dic 2016 (€)	Valor Asumiendo subida de 5% en el Producto Terminado	Valor Asumiendo subida de 10% en el Producto Terminado	% Construcción	% Pre Ventas
76	4388 - HOSPITAL DE LLOBREGAT. PZ EUROPA 14	LHOSPITALET DE LLOBREGAT	Land	8,682	€ 9.889.000	€ 10.848.000	€ 11.807.000	€ 12.767.000	0,00%	0,00%
77	2882 - MAHON SOLAR	MAHON	Land	9,690	€ 5.102.000	€ 5.793.000	€ 6.485.000	€ 7.177.000	0,00%	0,00%
78	4398 - SANT CUGAT. TURÓ DE CAN MATES. P.F.1.1	SAN CUGAT DEL VALLES	Land	4,109	€ 6.625.000	€ 7.147.000	€ 7.666.000	€ 8.191.000	0,00%	0,00%
79	2872 - URDULIZ (CASA BARCO/ICOVISA) P. B1	URDULIZ	Land	6,920	€ 5.449.000	€ 6.046.000	€ 6.643.000	€ 7.240.000	0,00%	0,00%
80	2899 - URDULIZ (CASA BARCO/ICOVISA) P. G1	URDULIZ	Land	5,158	€ 4.269.000	€ 4.750.000	€ 5.232.000	€ 5.713.000	0,00%	0,00%
81	2920 - URDULIZ (CASA BARCO/ICOVISA) P. H	URDULIZ	Land	4,609	€ 3.775.000	€ 4.251.000	€ 4.726.000	€ 5.202.000	0,00%	0,00%
82	2927 - ITURRIBARRI GETXO P-3B	GETXO	Land	3,647	€ 4.134.000	€ 4.501.000	€ 4.868.000	€ 5.235.000	0,00%	0,00%
83	4369 - ALCANTES. PLAYA DE SAN JUAN NORTE	ALICANTE	Land	16,438	€ 8.297.000	€ 9.402.000	€ 10.508.000	€ 11.613.000	0,00%	0,00%
84	4373 - LEGANES. AV. JUAN XXIII 11. SOLAGUA.	LEGANES	Land	4,209	€ 2.122.000	€ 2.415.000	€ 2.708.000	€ 3.001.000	0,00%	0,00%
85	4374 - MADRID HORTEZA. LAS CARCAVAS R7-1	MADRID	Land	2,852	€ 2.929.000	€ 3.214.000	€ 3.500.000	€ 3.786.000	0,00%	0,00%
86	4375 - PILAR DE ABAJO. SAN SEBASTIAN DE LOS REYES	SAN SEBASTIAN DE LOS REYES	Land	7,808	€ 8.118.000	€ 8.866.000	€ 9.614.000	€ 10.362.000	0,00%	0,00%
87	4392 - PILAR DE ABAJO. S.S. REYES P.4	MADRID	Land	11,595	€ 8.130.000	€ 8.893.000	€ 9.655.000	€ 10.418.000	0,00%	0,00%
88	4391 - MAS LLUI. S.88 - SANT JUST DESVERN P.7	SAN JUST DESVERN	Land	7,808	€ 13.043.000	€ 14.294.000	€ 15.544.000	€ 16.795.000	0,00%	0,00%
89	4395 - CIUDAD JARDIN PONIENTE CORDOBA PPO-1 P14	CORDOBA	Land	17,764	€ 12.794.000	€ 14.300.000	€ 15.806.000	€ 17.312.000	0,00%	0,00%
90	Santurtzi. Parcela C1H	SANTURCE	Land	11,165	€ 7.109.000	€ 8.113.000	€ 9.116.000	€ 10.119.000	0,00%	0,00%
91	2880 - LEIOANDI P.2	LEIOA	Land	3,350	€ 2.129.000	€ 2.457.000	€ 2.805.000	€ 3.143.000	0,00%	0,00%
92	2888 - LEIOANDI P.3	LEIOA	Land	3,350	€ 2.017.000	€ 2.350.000	€ 2.683.000	€ 3.015.000	0,00%	0,00%
93	2889 - LEIOANDI P.4	LEIOA	Land	3,607	€ 2.385.000	€ 2.748.000	€ 3.107.000	€ 3.467.000	0,00%	0,00%
94	2924 - LEIOANDI P.5	LEIOA	Land	3,200	€ 2.052.000	€ 2.374.000	€ 2.696.000	€ 3.017.000	0,00%	0,00%
95	4393 - AIGUADOLC SITGES. PARC.B1.B2	SITGES	Land	4,938	€ 7.282.000	€ 7.904.000	€ 8.525.000	€ 9.147.000	0,00%	0,00%
96	4388 - CIUDAD JARDIN PONIENTE CORDOBA PPO-1 P7B	CORDOBA	Land	7,870	€ 5.659.000	€ 6.316.000	€ 6.973.000	€ 7.630.000	0,00%	0,00%
97	4396 - CIUDAD JARDIN PONIENTE CORDOBA PPO-1 P.6	CORDOBA	Land	9,582	€ 7.690.000	€ 8.495.000	€ 9.299.000	€ 10.103.000	0,00%	0,00%
98	2892 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE I	LASARTIE	Land	3,607	€ 3.183.000	€ 3.594.000	€ 3.924.000	€ 4.294.000	0,00%	0,00%
99	2893 - VAGUADA-GOIEGI (1.16-1.22 LIBRES) FASE II	LASARTIE	Land	3,607	€ 3.183.000	€ 3.594.000	€ 3.924.000	€ 4.294.000	0,00%	0,00%
100	2904 - VAGUADA-GOIEGI (1.10-1.15 VPPI) FASE II	LASARTIE	Land	3,240	€ 2.276.000	€ 2.595.000	€ 2.883.000	€ 3.202.000	0,00%	0,00%
101	2881 - MARBELLA-ARTOLA 3.2	MARBELLA	Land	2,585	€ 1.944.000	€ 2.271.000	€ 2.600.000	€ 2.930.000	0,00%	0,00%
102	2817 - MARBELLA-ARTOLA 7.1	MARBELLA	Land	2,152	€ 1.618.000	€ 1.844.000	€ 2.070.000	€ 2.295.000	0,00%	0,00%
103	2818 - MARBELLA-ARTOLA 8.2	MARBELLA	Land	5,849	€ 4.516.000	€ 5.126.000	€ 5.740.000	€ 6.352.000	0,00%	0,00%
104	2819 - MARBELLA-ARTOLA 9.1	MARBELLA	Land	8,420	€ 6.485.000	€ 7.396.000	€ 8.348.000	€ 9.299.000	0,00%	0,00%
105	4376 - DEHESA VIEJA PARC.89A. S.S. REYES	SAN SEBASTIAN DE LOS REYES	Land	10,500	€ 12.228.000	€ 13.399.000	€ 14.570.000	€ 15.741.000	0,00%	0,00%
106	2257 - VALLE ROMANO R1.12	ESTEPEÑA	Land	328	€ 210.000	€ 239.000	€ 268.000	€ 297.000	0,00%	0,00%
107	4198 - MAS LLUI. S.88 - SANT JUST DESVERN P.12	SAN JUST DESVERN	Land	11,330	€ 10.954.000	€ 12.003.000	€ 13.051.000	€ 14.100.000	0,00%	0,00%
108	4388 - SANT CUGAT. VOLLALLERES R15	SAN CUGAT DEL VALLES	Land	4,875	€ 8.286.000	€ 8.974.000	€ 9.610.000	€ 10.289.000	0,00%	0,00%
109	4192 - CORTIJO SUR. PARC.R-22. BOADILLA MONTE	BOADILLA DEL MONTE	Land	1,434	€ 1.143.000	€ 1.271.000	€ 1.399.000	€ 1.528.000	0,00%	0,00%
110	4193 - CORTIJO SUR. PARC.R-21. BOADILLA MONTE	BOADILLA DEL MONTE	Land	1,564	€ 1.246.000	€ 1.368.000	€ 1.490.000	€ 1.612.000	0,00%	0,00%
111	4184 - CORTIJO SUR. PARC.R-20. BOADILLA MONTE	BOADILLA DEL MONTE	Land	1,431	€ 1.146.000	€ 1.268.000	€ 1.390.000	€ 1.512.000	0,00%	0,00%
112	4195 - CORTIJO SUR. PARC.R-12. BOADILLA MONTE	BOADILLA DEL MONTE	Land	10,705	€ 8.530.000	€ 9.483.000	€ 10.447.000	€ 11.410.000	0,00%	0,00%
113	4188 - CANAVERAL T2-B	MADRID	Land	4,100	€ 1.233.054	€ 1.480.677	€ 1.738.000	€ 1.995.925	0,00%	0,00%
114	4189 - CANAVERAL T2-C	MADRID	Land	4,100	€ 1.233.054	€ 1.480.677	€ 1.738.000	€ 1.995.925	0,00%	0,00%
115	4191 - SANTA CLARA GOLF PARCELS 2.1 Y 2.3	MADRID	Land	18,971	€ 22.843.000	€ 25.348.000	€ 27.853.000	€ 30.358.000	0,00%	0,00%
116	CANAVERAL M-16B	MADRID	Land	5,610	€ 1.597.593	€ 1.902.074	€ 2.207.000	€ 2.511.000	0,00%	0,00%
117	CANAVERAL M-13C	MADRID	Land	9,385	€ 2.692.831	€ 3.255.857	€ 3.824.000	€ 4.390.908	0,00%	0,00%
118	CANAVERAL M-12F	MADRID	Land	4,189	€ 1.163.000	€ 1.418.000	€ 1.673.000	€ 1.928.000	0,00%	0,00%
119	CANAVERAL SAREB M-4D	MADRID	Land	10,889	€ 2.957.239	€ 3.596.076	€ 4.235.000	€ 4.874.000	0,00%	0,00%
120	TEATINOS MR.1.1	MALAGA	Land	9,385	€ 2.447.467	€ 3.036.074	€ 3.625.000	€ 4.213.109	0,00%	0,00%
121	TEATINOS MR.1.2	MALAGA	Land	5,177	€ 2.779.461	€ 3.166.128	€ 3.553.000	€ 3.939.462	0,00%	0,00%
122	2868 - LA MARINA DE BADALONA P-9	BADALONA	Work in Progress	9,320	€ 5.290.074	€ 5.946.179	€ 6.602.000	€ 7.258.000	0,00%	0,00%
123	2877 - LA CATALANA R-10	SANT ADRIA DE BESOS	Work in Progress	18,159	€ 25.967.000	€ 27.979.000	€ 30.391.000	€ 32.502.000	5,92%	82,75%
124	2871 - URDULIZ HOMES (PARCELA 1)	SANT ADRIA DE BESOS	Work in Progress	5,377	€ 8.993.000	€ 9.566.000	€ 10.160.000	€ 10.795.000	0,00%	95,90%
125	2872 - URDULIZ HOMES (PARCELA 2)	URDULIZ	Work in Progress	7,783	€ 10.197.000	€ 11.092.000	€ 12.016.000	€ 12.971.000	0,00%	50,10%
126	2873 - URDULIZ HOMES (PARCELA 3)	URDULIZ	Work in Progress	1,688	€ 2.359.000	€ 2.548.000	€ 2.738.000	€ 2.927.000	0,00%	82,99%
127	4362 - DEHESA HOMES (ANTES DEHESA VIEJA)	PORTUGALETE	Work in Progress	11,026	€ 15.541.000	€ 16.834.000	€ 18.127.000	€ 19.419.000	0,00%	81,55%
128	2875 - SAN ROKE HOMES (PORTUGALETE)	VITORIA-GASTEIZ	Work in Progress	7,437	€ 13.308.000	€ 14.398.000	€ 15.491.000	€ 16.583.000	0,00%	64,61%
129	2864 - JARDINES DE ZABALGANA. BLOQUE III-FIC	VITORIA-GASTEIZ	Work in Progress	327	€ 701.145	€ 740.098	€ 779.000	€ 818.003	0,00%	78,64%
130	2823 - LANDAKO HOMES	DURANGO	Work in Progress	1,521	€ 1.641.000	€ 1.801.000	€ 1.961.000	€ 2.121.000	0,00%	39,56%
131	2232 - LAS SALINAS HOMES (SALINAS DE MAYMAR)	FUENGIROLA	Work in Progress	4,975	€ 5.349.000	€ 5.707.000	€ 6.065.000	€ 6.423.000	0,00%	65,31%
132	2874 - LEKU EDER HOMES (MIRAMON- (PARC.3-4)	DONOSTIA-SAN SEBASTIAN	Work in Progress	4,060	€ 4.881.000	€ 5.186.000	€ 5.492.000	€ 5.798.000	0,00%	96,62%
133	4420 - MOSTOLES III - LOS ALEGRES (20-20)	MOSTOLES	Work in Progress	1,795	€ 1.688.000	€ 1.822.000	€ 1.956.000	€ 2.090.000	0,00%	100,00%
134	4394 - PINTOR ALSAORA OBRA EN CURSO	BARCELONA	Work in Progress	4,434	€ 4.855.000	€ 5.282.000	€ 5.699.000	€ 6.116.000	0,00%	90,44%
135	2883 - URDULIZ HOMES (PARCELA D)	URDULIZ	Work in Progress	2,925	€ 4.146.000	€ 4.529.000	€ 4.904.000	€ 5.285.000	0,00%	46,58%
136	4377 - PALACIO HOMES	CORDOBA	Work in Progress	3,147	€ 7.689.000	€ 8.359.000	€ 9.028.000	€ 9.698.000	0,00%	79,53%
137	2925 - TORRESOLO HOMES	LEIOA	Work in Progress	7,281	€ 10.580.000	€ 11.533.000	€ 12.486.000	€ 13.439.000	0,00%	43,55%
138	4365 - SANT JUST HOMES. MAS LLUI P4	ERANDIO	1st Go and 2nd Go	5,312	€ 3.708.000	€ 4.138.000	€ 4.568.000	€ 4.997.000	0,00%	26,32%
139	4378 - SANT CUGAT. TURÓ DE CAN MATES. P.E.2.2	SAN CUGAT DEL VALLES	1st Go and 2nd Go	11,580	€ 16.542.000	€ 18.169.000	€ 19.814.000	€ 21.476.000	0,00%	39,05%
140	4399 - CAN MATES HOMES (P.84.2)	SAN CUGAT DEL VALLES	1st Go and 2nd Go	5,342	€ 9.408.000	€ 10.200.000	€ 11.027.000	€ 11.827.000	0,00%	0,00%
141	4328 - ATRIA HOMES	ALCOBENDAS	1st Go and 2nd Go	18,299	€ 27.115.000	€ 29.598.000	€ 32.107.000	€ 34.641.000	0,00%	96,18%
142	4326 - FINCA MADRID RIO	MADRID	1st Go and 2nd Go	6,400	€ 12.850.000	€ 13.871.000	€ 14.889.000	€ 15.905.000	0,00%	5,22%
143	2829 - ITURRIBARRI GETXO P-1	GETXO	1st Go and 2nd Go	4,133	€ 4.133.000	€ 4.501.000	€ 4.868.000	€ 5.235.000	0,00%	0,00%
144	4371 - PLAZA EUROPA 38 HOMES	GETXO	1st Go and 2nd Go	3,597	€ 4.580.000	€ 5.029.000	€ 5.475.000	€ 5.921.000	0,00%	0,00%
145	4372 - PLAZA HOMES. GETAFE	GETAFE	1st Go and 2nd Go	8,117	€ 13.987.000	€ 14.861.000	€ 15.735.000	€ 16.609.000	0,00%	46,34%
146	4364 - SITGES PPO.2. CALLEC. SOLAR M8	SITGES	1st Go and 2nd Go	9,502	€ 16.146.000	€ 18.872.000	€ 21.746.000	€ 24.767.000	0,00%	51,50%

ID	Nombre del Activo	Municipio	Tipo de Activo	Eficiencia	Valor Asumiendo bajada de 10% en el Producto Terminado	Valor Asumiendo de 5% en el Producto Terminado	Valor de Mercado 31 Dic 2018 (C)	Valor Asumiendo subida de 5% en el Producto Terminado	Valor Asumiendo subida de 10% en el Producto Terminado	% Construcción	% Pre Ventas
151	4368 - AIGUADOLC HOMES	SITGES	1st Go and 2nd Go	6.190	12.295.000 €	13.273.000 €	14.251.000 €	15.228.000 €	16.205.000 €	0,00%	29,49%
152	4387 - MEDINA HOMES, CIUDAD JARDIN, PPO-1 PS	CORDOBA	1st Go and 2nd Go	13.753	14.617.000 €	15.961.000 €	17.303.000 €	18.643.000 €	19.981.000 €	0,00%	27,85%
153	2878 - IKASLE HOMES	SANTURCE	1st Go and 2nd Go	5.469	7.358.000 €	8.061.000 €	8.764.000 €	9.467.000 €	10.170.000 €	0,00%	84,18%
154	2884 - IRUIN HOMES	IRUIN	1st Go and 2nd Go	3.321	4.698.000 €	5.040.000 €	5.473.000 €	5.905.000 €	6.337.000 €	0,00%	75,76%
155	2879 - GOIEGI HOMES	LASARTE	1st Go and 2nd Go	5.162	1.362.000 €	1.702.000 €	2.042.000 €	2.382.000 €	2.722.000 €	0,00%	0,00%
156	4381 - AVENIDA HOMES	MADRID	1st Go and 2nd Go	6.148	5.967.000 €	6.582.000 €	7.196.000 €	7.810.000 €	8.424.000 €	0,00%	99,77%
157	4380 - VOLLALLERES HOMES	SAN CUGAT DEL VALLES	1st Go and 2nd Go	7.610	13.178.000 €	14.384.000 €	15.589.000 €	16.795.000 €	18.001.000 €	0,00%	62,81%
158	4383 - CANADA HOMES, MARBELLA (LA TORRECILLA)	MARBELLA	1st Go and 2nd Go	5.179	7.232.000 €	7.864.000 €	8.496.000 €	9.127.000 €	9.759.000 €	0,00%	12,93%
159	2863 - JARDINES DE ZABALGANA, BLOQUE II	VITORIA-GASTEIZ	Finished Product (FP)	N/A	13.500 €	45.600 €	48.000 €	50.400 €	52.800 €	N/A	N/A
160	2227 - EUROSIDENCIAL, PRIEGO DE CORDOBA	PRIEGO DE CORDOBA	Finished Product (FP)	N/A	1.045.980 €	1.104.090 €	1.162.000 €	1.220.310 €	1.278.420 €	N/A	N/A
161	2517 - GORLIZ-ANDRA MARI AXPE	GORLIZ	Finished Product (FP)	N/A	32.400 €	34.200 €	36.000 €	37.800 €	39.600 €	N/A	N/A
162	2518 - TORRESOLO-VPO	LEIOA	Finished Product (FP)	N/A	43.200 €	14.250 €	15.000 €	15.750 €	16.500 €	N/A	N/A
163	2229 - "EL CASTILLON", SECTOR R-4, P.P.UR-5	RINCON DE LA VICTORIA	Finished Product (FP)	N/A	303.660 €	320.530 €	337.000 €	354.270 €	371.140 €	N/A	N/A
TOTAL				1.036.131	923.027.717 €	1.022.950.160 €	1.119.923.000 €	1.218.508.291 €	1.317.364.495 €		

ANNEX II – LEGACY VALUATION REPORT

Short Report

Desktop Valuation - Portfolio of Properties across Spain – “Legacy Portfolio”
Valuation as at 31st December 2016

1. Introduction and Terms of Reference

2. Methodology

3. Data for valuation and Principal Assumptions



Index

1. Instructions and Terms of Reference.....	3
2. Valuation Advice.....	7
3. General Comments, Assumptions & Conditions to Valuations	11



2016, February 6th

NEINOR HOMES S.L.
Paseo de la Castellana, 20. 4^a Planta
28046 Madrid

Savills Consultores
Inmobiliarios S.A.
José Abascal 45 - 1^a Planta
28003 Madrid

Tel: + 34 (91) 310.10.16
Fax: + 34 (91) 310.10.24

www.savills.es

For the attention of: D. Juan Velayos

CLIENT: NEINOR HOMES S.L.
PROPERTY: Portfolio of properties across Spain.

Dear Mr. Velayos,

In accordance with the terms and conditions contained in our proposal letter dated **January 2017**, we are pleased to provide you with a market desktop valuation and appraisal report in relation to the above named properties. We understand you require this valuation for Accounting Purposes and we understand it will be disclosed to prospective investors as part of the preparation for an IPO. The date of valuation is the **31st December 2016**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, but should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Consultores Inmobiliarios S.A.

Handwritten signature of Jesús D. Mateo in blue ink.

Jesús D. Mateo MRICS
RICS Registered Valuer
Director Advisory & Valuation
Savills Consultores Inmobiliarios S.A.

Handwritten signature of Eduardo Martins Pimenta in blue ink.

Eduardo Martins Pimenta MRICS
RICS Registered Valuer
Associate Director Advisory & Valuation
Savills Consultores Inmobiliarios S.A.

Handwritten signature of Sandra Lopez Rodriguez in blue ink.

Sandra Lopez Rodriguez MRICS
RICS Registered Valuer
Associate Advisory & Valuation
Savills Consultores Inmobiliarios S.A.



1. Instructions and Terms of Reference

1.0 Instructions & Terms of Reference

In accordance with our Terms of Engagement signed **January 2017**, we have valued the properties listed at Section 2, in order to provide you with our opinion of their Market Value, as at **31st December 2016**.

1.1.1. Instructions

You have instructed us to provide our opinions of value on the following bases:

- We have valued some of the subject properties for audit purposes in March 2015. Notwithstanding we do not believe that this constitutes a conflict of interest preventing us from providing you with this update valuation.
- We are not aware of any conflict of interest, either with the Property, the Assets, or with the client, preventing us from providing you with an independent valuation of the Property in accordance with the Red Book.
- We will be acting as External Valuers, as defined in the Red Book.
- We have no material connection either with the client or with the properties.
- We confirm that we will not benefit (other than from the receipt of the valuation fee) from this valuation instruction.
- We confirm that Savills Consultores Inmobiliarios S.A. carry sufficient Professional Indemnity Insurance for possible claims. According with the Terms of Engagement Letter, in case of responsibility for our advice, compensation is limited to the amount of the fees provided for carrying out the work.
- We have a Complaints Handling Procedure.
- That we have the knowledge, skills and ability to act on your behalf in respect of this instruction.
- And, that all information provided in respect of this instruction will be kept confidential and will not be disclosed to any un-authorized third party.
- You have also instructed us to comment on specific issues concerning the properties.

Our valuations are prepared on an individual basis and the portfolio valuations reported are the aggregate of the individual Market Values, as appropriate. Our opinions of value are as at **31st December 2016**.

The valuations have been carried out by qualified MRICS Registered Valuers, with the knowledge, skills and ability required to perform this valuation report competently.

We confirm that our valuations will all be reported in Euros.

1.1.2. Basis of Valuation

The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation Professional Standards January 2014 ("Red Book"), published November 2013 and effective from January 2014. In particular in accordance with the requirement of VPS 3 entitled Valuations reports.

Red Book Valuation Standard VS 3.2 relates to the basis of value, and, in accordance therewith, you have instructed us to value the property on the basis of Market Value, the definition is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our report and valuations in accordance with these requirements are set out below.

1.1.3. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.4. Date of Valuation

Our opinions of value are as at **31st December 2016**. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.5. Purpose of Valuation

The Valuation is required for Accounting Purposes. We expressly authorise that the valuation report in its short form along with any data coming from the long form valuation report is incorporated as part of the prospectus to be filed with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) in the context of the preparation for an Initial Public Offering of Neinor Homes, S.L. as well as in any offering circular and material relating to the proposed initial public offering of Neinor Homes, S.L. for qualified investors (including, for example, any qualified investor, analyst or roadshow presentations for professional parties involved). Under no circumstances has the Addressee been authorised by Savills to include the report or data extracted from the report in advertisements directed to the public or in mass media. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.

1.1.6. Conflicts of Interest

We are not aware of any conflict of interest, either with yourselves or with the properties, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below was undertaken by valuers of the Advisory & Valuation Department.

The properties have not been inspected by valuers of the Advisory & Valuation Department. Given the short timescale, the total number of properties and the geographical spread of the locations, we have agreed that conducting an inspection of the properties is unfeasible. Therefore both parties agree that the valuations will be conducted on a desktop basis and that no physical inspection of the properties will be conducted by Savills.

1.1.8. Liability Cap

Our liability to any one or more or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this Valuation, shall be limited to the amount specified at the Terms of Engagement Letter signed between Savills Consultores Inmobiliarios S.A. and NEINOR HOMES S.L..

1.1.9. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 1 January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuations secured lending, as appropriate.

Our report in accordance with those requirements is set out below.

1.1.10. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that the Bank satisfies itself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

1.1.11. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. Other than as stated in section 1.1.5 "Purpose of Valuation" above, it is confidential to and for the use only of the parties to whom it is addressed only, who can rely on it, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such third parties rely upon this report at their own risk.

2. Valuation Advice



2.1. Valuation

Having carefully considered the matter, we are of the opinion that the Market Value, as at our valuation date, of the respective freehold interests of the properties portfolio owned by NEINOR HOMES S.L. is:

€ 284,664,306.00

**(TWO HUNDRED and EIGHTY-FOUR MILLION, SIX HUNDRED and SIXTY-FOUR THOUSAND and
THREE HUNDRED SIX EUROS)**

Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.

The total market Value is distributed as follows in **Appendix 1**.



3. General Comments, Assumptions & Conditions to Valuations

3.1. General Assumptions and Conditions

3.1.1. General Assumptions

Our valuations have been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it. We have assumed:

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings that we are unaware of. We have not made any enquiries at the local Register Office, and, therefore, should future enquiries reveal that there are any mortgages or charges, we have assumed that the Asset would be sold free of them. We have not examined the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Asset, and that the information supplied to us is both complete and correct. We do not accept responsibility for any errors or omissions in information and documentation provided to us.
3. That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
4. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search or normal solicitors' enquiries, or by any statutory notice (other than those points referred to above).
5. That the buildings are structurally sound, and that there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.
6. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the buildings, no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

8. That the ownership and possible exploitation of mineral substances and/or gases present in the subsoil have not been considered.
9. That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
10. That there are no adverse site or soil conditions, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.
11. That all fixed plant and machinery and the installation thereof complies with the relevant legislation. No allowance has been made for rights, obligations or liabilities arising as a result of defective premises.
12. That the tenants are capable of meeting their obligations, and that there are no undisclosed arrears of rent or breaches of covenant. For valuation purposes it is assumed that the tenants comply their obligations, and that there will be no delays in the payment of rent or undisclosed contractual breaches.
13. That the occupational leases are drawn on terms acceptable to your solicitors including provisions for repair and indexation.
14. In the event that NEINOR HOMES S.L. have not approved the different assets analyzed, and in accordance with the assumptions applied in the description of the different valuations, the different phases of Planning, Management and Development Discipline to build the properties according to the planned promotion, it has been taken into account that the approval of different development phases will be obtained until the licenses of work has been acquired, according to regular times of approval in normal market situations, and with an active approach for the client to obtain the corresponding approvals.

3.1.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. Our valuation(s) are exclusive of VAT (if applicable).
2. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property(ies).
3. No allowance has been made for any expenses of realization.

4. Excluded from our valuation(s) is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
5. In all cases, our valuation report includes facilities that are normally transferred with the property, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment that is normally removed before the sale has been excluded from our opinion of value.
6. It has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.
7. Output prices of different products are those with whom will go on sale at the market uses different delivery date. To estimate the value a basis comparable are taken to the valuation date.
8. Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate.

For the valuation of the land, the buildability provided by the client has been taken account. In regard to the actives called "Work in Progress" (WIP) and "1st Go" and "2nd Go", it has been taken account as a valuation surface, the built surface over slope.

3.1.3. Special Assumptions

According to RICS, only special cases can be established if they are reasonably achievable, relevant and valid in relation to the special circumstances of the valuation. Appendix 4 of Red Book defines and gives examples of Special Assumptions.

We have carried out the valuation under the Special Assumptions:

- That the properties are in a reasonable state of repair;
- That the properties are held in vacant possession and that there is no unlawful occupation of the assets;
- That the properties comply with all relevant planning regulations.

Appendix 1 List of Values

Ref Savills	Asset	Town	Province	Market Value 31.12.2016 (€)	Value €/sq m
1	2202 - C/HUENES Nº 46 LA FABRIQUILLA MONACHIL	MONACHIL	GRANADA	247.000	707
2	2203 - APARTAMENTOS TURISTICOS INTERBARAJAS	MADRID	MADRID	10.000.000	572
3	2204 - CENTRO COMERCIAL SOLYMAR, BENALMÁDENA	BENALMADENA	MALAGA	1.646.000	1.985
4	2206 - RONDA DEL VALLE I, LUCENA, CASAS PPO1	LUCENA	CORDOBA	512.000	187
5	2208 - PARCELAS SECTOR VALLVERIC 08304-MATARÓ	MATARO	BARCELONA	3.003.000	1.034
6	2210 - NEINOR HENARES, MECO, C/FERROCARRIL	MECO	MADRID	245.000	490
7	2211 - LAS TORRES DE HERCULES, PARC.T-4. P.TECN	LOS BARRIOS	CADIZ	7.500.000	519
8	2212 - LOCALES AVENIDA BILBAO Y CL/LERIDA	MAIRENA DEL ALJARAFFE	SEVILLA	689.000	435
9	2213 - SECTOR U.E.-32 PARCELAS A Y B, HUELVA	HUELVA	HUELVA	1.065.000	170
10	2214 - C/ARAGON Nº.402(PARC.14, 15, 17), MADRID	MADRID	MADRID	750.000	173
11	2215 - MORALZARZAL, LAS HACHAZUELAS	MORALZARZAL	MADRID	2.003.000	742
12	2216 - LEGANES, C/ NEWTON. EDIFICIO I	LEGANES	MADRID	4.268.000	499
13	2219 - MOSTOLES II, ARALIA, CVÍA LACTEA	MOSTOLES	MADRID	86.000	688
14	2220 - BALCONES DE CASARES, CAMINO DE MANILVA	CASARES	MALAGA	200.450	713
15	2221 - LOCALES C/PLATON 17, MERIDA	MERIDA	BADAJOS	395.389	535
16	2222 - LEGANES C/NEWTON OTROS EDIFICIOS	LEGANES	MADRID	645.000	505
17	2226 - MONFOCAR, C/BELCAIRE, CASTELLON	MONCOFAR	CASTELLON	ver dic 16	
18	2235 - C/FAENERA.ISLA HERMOSA.ALORA (MÁLAGA)	ALORA	MALAGA	89.300	585
19	2240 - LOCAL C/TARTESOS Y C/FRAY MARTIN,ACONSA	CORDOBA	CORDOBA	798.809	525
20	2243 - PMX-NAVES INDUSTRIALES CROS-SAN JERONIMO	SEVILLA	SEVILLA	820.000	500
21	2244 - LO-EDIF. DON ELOY, C/REAL, MOLLINA	MOLLINA	MALAGA	310.000	485
22	2249 - LOCALES CALLE MENENDEZ PIDAL	PILAS	SEVILLA	768.000	354
23	2250 - 8ª FASE BENALMÁDENA GOLF (RE-10) 98 VVDA	BENALMADENA	MALAGA	276.450	966
24	2251 - PMX-GARAJES D/GALAROZA PARC.B-1, HUELVA	HUELVA	HUELVA	2.261.000	230
25	2256 - MIRADOR SURESTE, VALLECAS STA.EUGENIA	MADRID	MADRID	257.000	2.086
26	2257 - VALLE ROMANO R1.12	ESTEPONA	MALAGA	ver dic 16	
27	2258 - VALLE ROMANO R1.3	ESTEPONA	MALAGA	ver dic 16	
28	2259 - VALLE ROMANO R3.4	ESTEPONA	MALAGA	ver dic 16	
29	2260 - SUELO PARA 80 VVDAS. EN BADAMES-CANTABRI	VOTO	CANTABRIA	831.000	141
30	2262 - 4 GARAJES Y 9 TRASTEROS EN LOGROÑO	LOGROÑO	LA RIOJA	63.000	665
31	2264 - SOLAR URBANO EN BENAVENTE - ZAMORA	ZAMORA	JAEN	468.000	75
32	2267 - LOCAL COMERCIAL EN HARO - LA RIOJA	HARO	LA RIOJA	92.000	668
33	2268 - 1ª FASE JARDINES DE HERCULES	SEVILLA	SEVILLA	245.100	1.311
34	2269 - JARDINES DE HÉRCULES, 4ª FASE	SEVILLA	SEVILLA	3.117.000	624
35	2270 - FASES 6ª BENALM.GOLF (RE-11)	BENALMADENA	MALAGA	32.300	391
36	2271 - CLUB SOCIAL BENALMÁDENA GOLF	BENALMADENA	MALAGA	425.000	784
37	2272 - RESID. BENALMADENA GOLF 4ª FASE (RE-3)	BENALMADENA	MALAGA	91.200	258
38	2273 - 2ª FASE ARENAL GOLF (RE-1)	BENALMADENA	MALAGA	96.900	298
39	2276 - LOCAL EN MALAGA	MALAGA	MALAGA	406.000	1.115
40	2277 - SOLAR EN PUERTO DE SANTA MARIA - CADIZ	PUERTO DE SANTA MARIA	CADIZ	381.000	428
41	2279 - 7ª FASE BENALMADENA GOLF (RE-7) 78+40VV	BENALMADENA	MALAGA	1.304.350	892
42	2280 - PUNTILLAS Y ESTOQUE	ATARFE	GRANADA	2.500.000	619
43	2281 - LLODIO 32B	LAUDIO	ALAVA	54.000	1.038
44	2283 - ZARAGOZA - SAN LAZARO	ZARAGOZA	ZARAGOZA	1.412.000	700
45	2284 - SOLAR URB. EN C/BROQUELEROS ZARAGOZA	ZARAGOZA	ZARAGOZA	637.000	274
46	2286 - 10 PARC. EN SOTOGRANDE, S.ROQUE (CADIZ)	SAN ROQUE	CADIZ	4.486.000	653
47	2290 - P.P.R PARC.17 Y 18,MANZ.10-11,HUEVAR, AL	HUEVAR DEL ALJARAFFE	SEVILLA	ver dic 16	
48	2292 - 2ª FASE DUQUESA MANILVA (RE-2) 96 VVDAS	MANILVA	MALAGA	3.000.000	816
49	2294 - 4ª FASE DUQUESA MANILVA (RE-1) 188 VVDAS	MANILVA	MALAGA	109.250	923
50	2297 - VARIOS SUELOS Y SOLARES EN DESARROLLO	ROQUETAS DE MAR	ALMERIA	Granular	
51	2298 - VPO PUERTA MAR, 7ª FASE DM (RE-4)	MANILVA	MALAGA	3.600.000	212
52	2299 - PROMOCION GENERICA PENINSULA: SUR	FORMENTERA DEL SEGURA	ALICANTE	Granular	
53	2350 - PARCELA H2, FLAMINIO, VALLE ROMANO	ESTEPONA	MALAGA	24.382.000	534
54	2351 - CAPITOLIO R-2 VALLE ROMANO, C/NICARAGUA	ESTEPONA	MALAGA	4.603.000	
55	2352 - VILLA BORGHESE I-II VALLE ROMANO	ESTEPONA	MALAGA	4.184.000	
56	2353 - VILLA BORGHESE III, VALLE ROMANO R-3.3	ESTEPONA	MALAGA	4.309.000	
57	2355 - PARCELA 1.7. C/SALVADOR, VALLE ROMANO	ESTEPONA	MALAGA	930.000	
58	2357 - CAPITOLIO R-2 VALLE ROMANO TRUBITA I.T.P	ESTEPONA	MALAGA	493.000	
59	2391 - 1ª FASE DUQUESA MANILVA ITP	MANILVA	MALAGA	111.150	908
60	2392 - 4ª FASE GOLF BENALMADENA ITP	BENALMADENA	MALAGA	649.800	875
61	2434 - CARABANCHEL	MADRID	MADRID	598.000	641
62	2475 - SOLAR CON CHALET EN CONSTRUC - SAN LOREN	SAN LORENZO DE EL ESCORIAL	MADRID	483.000	495
63	2492 - PROMOCION GENERICA PENINSULA: NORTE	ZAMBRANA	ALAVA	Granular	
64	2494 - PROMOCION GENERICA PENINSULA: CENTRO	RENERA	GUADALAJARA	Granular	
65	2495 - PROMOCION GENERICA PENINSULA: ESTE	VILA-REAL	CASTELLON	Granular	
66	2510 - URDULIZ PARCELA 8-9 ELORTZA VI-VII	URDULIZ	VIZCAYA	376.000	
67	2512 - TUDELA	TUDELA	NAVARRA	6.000	345
68	2514 - ARMINZA 54 VPT	LEMOIZ	VIZCAYA	256.000	1.517
69	2515 - BERIAIN	BERIAIN	NAVARRA	227.000	630

Ref Savills	Asset	Town	Province	Market Value 31.12.2016 (€)	Value €/sq m
70	2516 - VELEZ-MALAGA SEÑORIO DEL TOMILLAR	VELEZ-MALAGA	MALAGA	36.100	9.600
72	2522 - EL REGATO SUELO	BARAKALDO	VIZCAYA	ver dic 16	
73	2523 - MURCIA-GUADALUPE SUELO	GUADALUPE	MURCIA	6.872.000	481
74	2530 - MARURI SUELO	MARURI	VIZCAYA	1.185.000	354
75	2710 - TRISKEL-SEGOVIA	EL ESPINAR	SEGOVIA	7.600	444
76	2711 - LAMIAKO-GARAJES	LEIOA	VIZCAYA	56.000	4.152
77	2712 - CAMARENA-TOLEDO	CAMARENA	TOLEDO	1.188.450	685
78	2713 - BENAHAVIS	BENAHAVIS	MALAGA	16.150	486
79	2714 - VITORIA-MARTODA	VITORIA-GASTEIZ	ALAVA	1.606.450	8.020
80	2718 - AREATZA-BIZKAIA	Areatza	VIZCAYA	54.000	232
81	2719 - C/AZABACHE. VICAR (ALMERIA)	VICAR	ALMERIA	867.350	557
82	2721 - USANSOLO. PARCELAS GARAJE	GALDAKAO	VIZCAYA	20.000	413
83	2722 - OIARTZUN-IBEREMEC	OIARTZUN	GUIPUZCOA	504.000	757
84	2725 - CIRUEÑA (LA RIOJA)	CIRUEÑA	LA RIOJA	504.000	922
85	2726 - VALDEGOVIA-ESPEJO	VILLANUEVA DE VALDEGOVIA	ALAVA	275.000	1.130
86	2727 - CASTELLANOS DE LOS MORISCOS	CASTELLANOS DE MORISCOS	SALAMANCA	46.550	607
87	2728 - CADRETE-ZARAGOZA	CADRETE	ZARAGOZA	1.700.000	763
88	2804 - LAS MERCEDES	MADRID	MADRID	64.000	989
89	2810 - CAN GASSOL	MATARO	BARCELONA	603.250	3.151
90	2813 - LA CATALANA R-12	SANT ADRIA DE BESOS	BARCELONA	207.100	1.518
91	2814 - LA CATALANA R-5.2	SANT ADRIA DE BESOS	BARCELONA	219.450	915
92	2815 - LA CATALANA R-11	SANT ADRIA DE BESOS	BARCELONA	55.100	320
93	2816 - LAMIAKO TXOPOETA 20 VIVIENDAS	LEIOA	VIZCAYA	31.000	1.199
94	2817 - OIARTZUN (GRV)	OIARTZUN	GUIPUZCOA	3.458.000	228
95	2819 - ITURRIBARRI GETXO P-2	GETXO	VIZCAYA	ver dic 16	
96	2821 - ARGOMANIZ	BURGELU	ALAVA	1.222.000	499
97	2824 - ARAIA-ASPERRENA (ALAVA)	ARAIA	ALAVA	200.000	2.144
98	2829 - RETAIL NEINOR BARRIA	LOGROÑO	LA RIOJA	Granular	
99	2830 - EDIFICIO IZARRA (VITORIA-GASTEIZ)	VITORIA-GASTEIZ	ALAVA	130.000	
100	2831 - HERACLIO FOURNIER 8 (VITORIA-GASTEIZ)	VITORIA-GASTEIZ	ALAVA	636.000	1.052
101	2833 - TIRGO (LA RIOJA)	TIRGO	LA RIOJA	400.000	323
102	2834 - ZARAGOZA - FEDERICO OZANAM	ZARAGOZA	ZARAGOZA	13.000	584
103	2835 - ARROYO DE LA ENCOMIENDA (VALLADOLID)	ARROYO DE LA ENCOMIENDA	VALLADOLID	31.350	1.141
104	2836 - EDIFICIO SAN SEBASTIAN (CAMARMA)	CAMARMA DE ESTERUELAS	MADRID	153.000	600
105	2837 - IZARRA (ALAVA) PARCELA A-3 (UA-2)	IZARRA	ALAVA	15.000	534
106	2838 - RIBERAS DE LOIOLA (DONOSTIA)	DONOSTIA-SAN SEBASTIAN	GUIPUZCOA	1.075.000	2.228
107	2842 - SAN LORENZO DEL ESCORIAL (MADRID)	SAN LORENZO DEL ESCORIAL	MADRID	101.000	490
108	2843 - CHILCHES (EL CAÑUELO)	VELEZ-MALAGA	MALAGA	1.301.000	385
109	2846 - IRUÑA VELEIA PARCELA RC-25	VITORIA-GASTEIZ	ALAVA	262.000	681
110	2847 - VITORIA. BADAYA	VITORIA-GASTEIZ	ALAVA	531.000	1.258
111	2849 - RETAIL VIUC	BURGOS	BURGOS	Granular	
112	2850 - LOS LIRIOS. LOGROÑO.	LOGROÑO	LA RIOJA	18.000	
113	2851 - OION. RESIDENCIAL SANTA LUCIA FASE I	OYON - OION	ALAVA	344.000	
114	2852 - OION. RESIDENCIAL SANTA LUCIA FASE II	OYON - OION	ALAVA	260.000	643
115	2853 - PINSEQUE. ZARAGOZA	PINSEQUE	ZARAGOZA	1.300.000	650
116	2854 - PREDICADORES. ZARAGOZA	ZARAGOZA	ZARAGOZA	52.000	856
117	2856 - SALBURUA. EDIFICIO SOFIA RC 2-3 S9	VITORIA-GASTEIZ	ALAVA	228.000	
118	2860 - ARETXABALETA. PARCELAS OR.7	VITORIA-GASTEIZ	ALAVA	ver dic 16	
119	2861 - VILLIMAR OESTE SECTOR S-4	BURGOS	BURGOS	ver dic 16	
120	2862 - JARDINES DE ZABALGANA. BLOQUE 1	VITORIA-GASTEIZ	ALAVA	12.000	907
121	2865 - ESTEPONA MALAGA SUP T5 FINCA 68139	0	MALAGA	ver dic 16	
122	2866 - ESTEPONA MALAGA SUP T5 FINCA 68141	0	MALAGA	ver dic 16	
123	2872 - URDULIZ (CASA BARCO,ICOVISA) P.B	0	VIZCAYA	ver dic 16	
124	2880 - LEIOANDI P.2	LEIOA	VIZCAYA	ver dic 16	
125	2882 - MAHON SOLAR	MAHON	BALEARES	ver dic 16	
126	2888 - LEIOANDI P.3	LEIOA	VIZCAYA	ver dic 16	
127	2889 - LEIOANDI P.4	LEIOA	VIZCAYA	ver dic 16	
128	2899 - URDULIZ (CASA BARCO, ICOVISA) P. G1	0	VIZCAYA	ver dic 16	
129	2900 - URDULIZ (CASA BARCO, ICOVISA) P. E	0	VIZCAYA	ver dic 16	
130	2920 - URDULIZ (CASA BARCO, ICOVISA) P. H	0	VIZCAYA	ver dic 16	
131	2927 - ITURRIBARRI GETXO P-3B	0	VIZCAYA	ver dic 16	
132	2928 - ITURRIBARRI-GETXO P-6	GETXO	VIZCAYA	ver dic 16	
133	2929 - ITURRIBARRI GETXO P-7	0	VIZCAYA	ver dic 16	
134	2934 - LEIOANDI P.5	LEIOA	VIZCAYA	ver dic 16	
135	3205 - PARQUE CENTRAL R-7 FUENGIMAR	ESTEPONA	MALAGA	1.141.000	
136	3206 - PARQUE CENTRAL R-8 FUENGIMAR	ESTEPONA	MALAGA	20.000	
137	3301 - PARQUE CENTRAL R-7 COSTA ARGIA	ESTEPONA	MALAGA	DUPLICADO	
138	3302 - PARQUE CENTRAL R-8 COSTA ARGIA	ESTEPONA	MALAGA	DUPLICADO	
139	3303 - PARQUE CENTRAL R-9 COSTA ARGIA	ESTEPONA	MALAGA	ver dic 16	

Ref Savills	Asset	Town	Province	Market Value 31.12.2016 (€)	Value €/sq m
140	3304 - PARQUE CENTRAL R-13 COSTA ARGIA	ESTEPONA	MALAGA	ver dic 16	
141	3901 - TORREQUEBRADA - BENALMADENA	BENALMADENA	MALAGA	137.000	
142	4100 - VENTA I.T.P. ALQUILER I.V.A.	UBEDA	JAEN	Granular	
143	4197 - PROMOCION GENERICA SUR: CENTRO	CABANILLAS DEL CAMPO	GUADALAJARA	230.850	1.063
144	4198 - PROMOCION GENERICA SUR: ESTE	EL PONT DE VILUMARA	BARCELONA	Granular	
145	4199 - PROMOCION GENERICA SUR: NORTE	LERMA	BURGOS	45.600	764
146	4202 - C/LAUREANO PEREZ, FUENTE PALMERA	FUENTE PALMERA	CORDOBA	331.550	303
147	4204 - EDIF. C/PIO X, OLIVARES, DIAZ GELO	OLIVARES	SEVILLA	91.200	375
148	4206 - CALLE ALONSO DE MOLINA	UBEDA	JAEN	163.400	554
149	4207 - PUERTA DEL COSO.ANTEQUE. C/ENCARNACIÓN,13	ANTEQUERA	MALAGA	341.050	427
150	4215 - EDIFICIO DON ELOY. MOLLINA-ANTEQUERA.	MOLLINA	MALAGA	831.250	402
151	4216 - RESIDENCIAL MOLINOS REALES. PUENTE GENIL	PUENTE GENIL	CORDOBA	304.000	224
152	4217 - RESID. SANTA CLARA. PILAS. C/QUEVEDO, 3	PILAS	SEVILLA	478.800	335
153	4218 - MIRADOR DEL ROMPIDO. CARTAYA (HUELVA)	CARTAYA	HUELVA	560.000	541
154	4221 - RESIDENCIAL ALESSANDRI	TORREMOLINOS	MALAGA	517.750	1.328
155	4226 - VVDAS EN C/JAEN S/N, LACHAR, GRANADA	LACHAR	GRANADA	667.850	758
156	4228 - TERRAZAS S.NEVADA. C/HUENES Nº18(R.38)	MONACHIL	GRANADA	83.600	376
157	4229 - PMX-URBANIZACIÓN PLAN PARCIAL, 1, RUTE	RUTE	CORDOBA	30.400	227
158	4230 - PROMOCION GENERICA DE INMUEBLES IVA	ALBOLOTE	GRANADA	316.350	734
159	4231 - PMX-VVDA. C/LUIS BUÑUEL, ROQUETAS DE MAR	ROQUETAS DE MAR	ALMERIA	323.950	585
160	4232 - CALLE VIRGEN DEL PILAR	PATERNA	VALENCIA	90.250	777
161	4233 - VVDAS EN C/ESPAÑA, VERA, ALMERÍA	VERA	ALMERIA	741.000	538
162	4234 - VIVIENDAS C/MARIÑO, CHURRIANA DE LA VEGA	CHURRIANA DE LA VEGA	GRANADA	152.950	607
163	4237 - AVENIDA ANDALUCIA	ALGARROBO	MALAGA	715.350	1.023
164	4239 - AVDA. ANTONIO Y MIGUEL NAVARRO	MONTILLA	CORDOBA	87.400	731
165	4240 - PMX CALLE MARCOS ORBANEJA	LORA DEL RIO	SEVILLA	117.800	424
166	4242 - CALLE TIZONA	CAMPANILLAS	MALAGA	460.750	676
167	4243 - GARAJES C/ LIBIA Nº 13, CÓRDOBA	CORDOBA	CORDOBA	79.800	1.152
168	4244 - VVDAS C/ALGECIRAS Y C/CLAVEL, JIMENA	JIMENA DE LA FRONTERA	CADIZ	271.700	534
169	4245 - CALLE VIAL	JODAR	JAEN	1.239.750	742
170	4246 - RESID.SAN CAYETANO. AGUILAR C/ANCHA Nº 3	AGUILAR DE LA FRONTERA	CORDOBA	130.150	385
171	4247 - CALLE PEÑUELAS	LUCENA	CORDOBA	45.600	565
172	4251 - CALLE PESO	LUCENA	CORDOBA	628.900	740
173	4253 - CALLE ENCINAR	ALBOLOTE	GRANADA	388.550	544
174	4254 - VIVIENDAS C/ ALCAPARRA, ATARFE, GRANADA	ATARFE	GRANADA	563.350	610
175	4259 - CALLE EL MORCHE.TORROX COSTA	EL MORCHE	MALAGA	1.038.350	772
176	4260 - GRAN VIA DE COLON	LACHAR	GRANADA	590.900	736
177	4262 - VVDAS C/ARENA, 3, LUCENA, CORDOBA	LUCENA	CORDOBA	350.550	636
178	4263 - EDIF. GENIL. CHURRIANA DE VEGA (GRANADA)	CHURRIANA DE LA VEGA	GRANADA	23.750	148
179	4264 - PMX-VVDAS C/PEÑAS PARDAS, 3, PERIANA	PERIANA	MALAGA	317.300	512
180	4268 - RESIDENCIAL VISAN (CALLE REAL-ALBOLOTE)	ALBOLOTE	GRANADA	604.000	459
181	4269 - CALLE FRANCISCO VILLAESPESA	EL EJIDO	ALMERIA	340.100	680
182	4270 - C/HUENES Nº24(R.46),FABRIQUILLA MONACHIL	MONACHIL	GRANADA	64.600	135
183	4271 - ITALIA,27,VIVIENDAS ODIEL	HUELVA	HUELVA	192.850	1.360
184	4272 - RAMON GOMEZ DE LA SERNA,4,SOLIMAR MOTRI	MOTRIL	GRANADA	373.350	557
185	4273 - VVDAS AV.ANDALUCIA,6,LOJA,GRANADA	LOJA	GRANADA	19.000	802
186	4274 - AÑORETA GOLF.RINCON VICTORIA	RINCON DE LA VICTORIA	MALAGA	1.265.400	846
187	4276 - SAN ISIDRO. NIJAR. C/ALONSO DE OJEDA....	SAN ISIDRO DE NIJAR	ALMERIA	217.550	510
188	4277 - DEHESA DE LA VILLA. LUCENA	LUCENA	CORDOBA	134.900	288
189	4278 - LA REVOLTOSA C/SAN CRISTOBAL, POZOBLANCO	POZOBLANCO	CORDOBA	149.150	227
190	4279 - AV.ANDALUCIA,53. CALICASAS (GRANADA)	CALICASAS	GRANADA	31.350	362
191	4280 - PUERTA DE CORDOBA PARC.34 Y 35.EL CARPIO	EL CARPIO	CORDOBA	786.600	658
192	4281 - ZACATIN-ALCALA DE GUADAIRA-SEVILLA	ALCALA DE GUADAIRA	SEVILLA	1.053.550	787
193	4282 - RESIDENCIAL COSTA REY	VERA	ALMERIA	1.215.000	410
194	4283 - URBANIZACION LAS JARAS (CORDOBA)	CORDOBA	CORDOBA	1.606.450	830
195	4285 - PMX-VVDA. C/DEL CURA.41.BAEZA.JAEN	BAEZA	JAEN	480.700	737
196	4286 - PMX-MAR AZUL,RESID.LAGO ALMERIMAR	EL EJIDO	ALMERIA	169.100	1.512
197	4288 - VVDAS Y GARAGES,CL ANCHA 13.LA RAMBLA	LA RAMBLA	CORDOBA	715.350	780
198	4289 - EDIFICIO EN CALLE GRANADA,73	MALAGA	MALAGA	988.000	1.759
199	4291 - PLAZA DE LAS CABRAS Y CALLE ESTACION	LAS GABIAS	GRANADA	363.850	830
200	4292 - CASTAÑER GALLARDO	MALAGA	MALAGA	608.950	1.236
201	4294 - CALLE CLAVERO AREVALO	BORMUJOS	SEVILLA	171.000	1.171
202	4299 - PROMOCION GENERICA SUR: SUR	ARBOLEAS	ALMERIA	Granular	
203	4301 - CALLE CERRO DE LA HORCA	CABAÑAS DE LA SAGRA	TOLEDO	369.000	415
204	4302 - CALLE NUÑEZ DE BALBOA	MORALEJA	CACERES	534.000	589
205	4305 - PMX CALLE LEON FELIPE	VICAR	ALMERIA	266.950	582
206	4306 - CALLE ANDALUCIA	ABRUCENA	ALMERIA	330.600	589
207	4307 - PMX AVDA DE LA CONSTITUCIÓN	TORREDEL CAMPO	JAEN	363.850	663
208	4309 - CALLE ORTEGA Y GASSET	FERNAN NUÑEZ	CORDOBA	484.500	821
209	4310 - CALLE ESCULTOR FRANCISCO BONILLA	FERNAN NUÑEZ	CORDOBA	8.550	324
210	4311 - CALLE BARROSECO	FERNAN NUÑEZ	CORDOBA	398.050	799
211	4315 - HERMANOS MACHADO,11-13.OGIJARES	OGIJARES	GRANADA	106.400	131
212	4316 - DUQUESA DE TALAVERA,70.ALCALA GUADAIRA	ALCALA DE GUADAIRA	SEVILLA	1.600.000	965
213	4318 - VVDAS.CERRO DEL ROMERAL.VELEZ-MALAGA	VELEZ-MALAGA	MALAGA	2.500.000	500

Jesús D. Mateo MRICS
Director Advisory & Valuation
SAVILLS SPAIN

Eduardo Martins Pimenta MRICS
Associate Director Advisory & Valuation
SAVILLS SPAIN

ANNEX III – CONFIRMATORY VALUATION REPORT



VALUATION REPORT

SECOND OPINION VALUATION OF A PORTFOLIO'S SAMPLE

Client: NEINOR HOMES SAU

Valuation Date: 31 December 2016

Report Date: 13 March 2017



NEINOR HOMES SAU.

Paseo de la Castellana, 20.

28046 Madrid

For the attention of: Mr. Juan Velayos

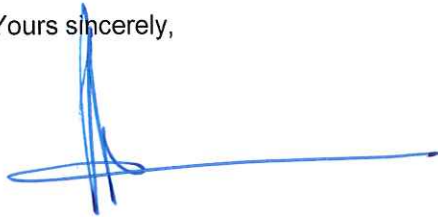
CLIENT: NEINOR HOMES SAU.

PROPERTY: 50 assets from a portfolio of residential development land and on-going developments (wip) in several locations across Spain.

We hereby would like to thank you for having chosen us as your valuation services provider and to present our valuation results for the second opinion valuation of a sample of your property portfolio.

Please do not hesitate to contact us should you have any enquiries on the contents of this report.

Yours sincerely,



For and on behalf of BDO Auditores S.L.

José Manuel Sánchez MRICS RV

Real Estate Director

BDO Auditores S.L.

Contents

1. Instruction	5
1.1. <i>Identification and status of the Provider</i>	5
1.2. <i>Team assigned to this work</i>	5
1.3. <i>Identification of the Client</i>	5
1.4. <i>The Property</i>	6
1.5. <i>Purpose of Valuation</i>	6
1.6. <i>Disclosure and limitations of use</i>	6
1.7. <i>Valuation standards</i>	6
1.8. <i>Conflicts of Interest</i>	6
1.9. <i>Valuation Date</i>	6
1.10. <i>Basis of Value</i>	7
1.11. <i>Currency</i>	7
1.12. <i>Assumptions</i>	7
1.13. <i>Scope of investigations</i>	9
1.14. <i>Confidentiality and Responsibility</i>	9
2. The subject property	10
3. Methodology	13
3.1. <i>Valuation methodology</i>	13
3.2. <i>Approaches</i>	13
3.3. <i>Valuation Methods</i>	14
3.4. <i>Valuation considerations</i>	15
3.5. <i>Portfolio valuation</i>	15
4. Valuation	16
5. Dates and signatures	18
5.1. <i>Dates</i>	18
5.2. <i>Signatures</i>	18
6. Annexes	19



1. Instruction

In accordance with our Terms of Engagement signed 10 **March 2017**, we were instructed to provide you with our opinion of value on 50 properties of your portfolio, as of **31 December 2016**.

1.1. Identification and status of the Provider

Name	BDO Auditores, SL
VAT number	B82387572
Address	Paseo de Recoletos 37-41
PC	28004
City	Madrid
Province	Madrid
Status	External Valuers.


1.2. Team assigned to this work

1.1.1. The work has been coordinated by **José Manuel Sánchez Rodríguez MRICS Registered Valuer**, BDO Real Estate Director, assisted by a support team.

1.1.2. **José Manuel Sánchez Rodríguez** has the following qualifications: Master in Real Estate Economics (UPM), Building Engineer (UCJC) and Technical Architect (UPM).

1.1.3. He has over **15 years experience in valuation** of all types of assets and for all kinds of purposes.

1.3. Identification of the Client



Name	NEINOR HOMES, SAU (NEINOR)
VAT number	B95786562
Address	Paseo de la Castellana, 20. 4th Floor
PC	280046
City	Madrid
Province	Madrid

1.4. The Property

The subject property of this valuation is **a sample of 50 assets from the Client's portfolio**, including residential development land and work in progress. The specific assets are listed on sections 2 and 4 of this report.

1.5. Purpose of Valuation

This valuation has been carried out for the purposes of an **initial public offering (IPO)**.

1.6. Disclosure and limitations of use

This report is provided solely for the purpose stated above. Other than that, it is **confidential to and for the use only of the Client**, who can rely on it, and no liability is accepted to any third party for the whole or any part of its contents. Any such third parties rely upon this report at their own risk.

The above notwithstanding, **neither the whole nor any part of this Report or any reference to it may be included** now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear. We recommend that, prior to entering into a financial transaction based on this report, the **validity of all information as well as estimates contained herein are checked**.

1.7. Valuation standards

We confirm that this valuation has been undertaken in accordance with the **Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards, January 2014 ,Global & UK edition ("the Red Book")**, including the **International Valuation Standards**. References to "the Red Book" refer to either or both of these documents as applicable.

In applying the Red Book to the relevant purpose, we have also complied with the **International Financial Reporting Standards (IFRS) as applicable**.

1.8. Conflicts of Interest

We are not aware of any conflict of interest, either with the Client or regarding the Property, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

We have **no material connection** either with the client or with the Property.

We confirm that **we will not benefit** (other than from the receipt of the valuation fee) from this valuation instruction.

1.9. Valuation Date

Our opinions of value are as at **31st December 2016**. The importance of the date of valuation must be stressed as property values can change over a relatively short period of time.

1.10. Basis of Value

As agreed with the Client, the basis of value applicable to this report is **market value**. Market value is defined in the Red Book 2014 and IVS 2013 as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Other bases of value might be mentioned in this report for illustrative purposes only.

1.11. Currency

We confirm that our valuation is reported in **Euros**.

1.12. Assumptions

Our valuations have been carried out on the basis of the following assumptions. Should those assumptions reveal as non exact or defective, there might be a significant impact on the values assessed. We have assumed that:

- The Freehold interest is not subject to any unusual or especially onerous **restrictions, encumbrances or outgoings** that we are unaware of. We have not made any enquiries at the local Register Office, and, therefore, should future enquiries reveal that there are any mortgages or charges, we have assumed that the Asset would be sold free of them. We have not examined the Title Deeds or Land Registry Certificate.
- We have been supplied with **all information likely to have an effect** on the value of the Asset, and that the information supplied to us is both complete and correct. We do not accept responsibility for any errors or omissions in information and documentation provided to us.
- The buildings have been **constructed and is used in accordance** with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
- The assets are **not adversely affected**, nor is likely to become adversely affected, by any highway, **town planning** or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search or normal solicitors' enquiries, or by any statutory notice (other than those points referred to above).
- The valuation of land pending development will be carried out under the special assumptions that assets in which management, planning and/or urban planning are pending, and are subject to any type of official ratification by the competent local and autonomous authorities in each case, they will obtain favourable resolution for the urban land conversion.
- The buildings are **structurally sound**, and that there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.

- The properties are connected, or capable of being connected without undue expense, to the **public services** of gas, electricity, water, telephones and sewerage.
- In the construction or alteration of the buildings, no use was made of any **deleterious or hazardous materials** or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
- The ownership and possible exploitation of **mineral substances** and/or gases present in the subsoil have not been considered.
- The assets have not suffered any **land contamination** in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
- There are **no adverse site or soil conditions**, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.
- All fixed **plant and machinery** and the installation thereof complies with the relevant legislation. No allowance has been made for rights, obligations or liabilities arising as a result of defective premises.

In addition to the aforementioned aspects, we would also like to draw your attention to the following facts:

- Our valuation(s) are **exclusive of VAT** (if applicable).
- We have made **no allowance for any Capital Gains Tax** or other taxation liability that might arise upon a sale of the property.
- No allowance has been made for any **expenses of realisation**.
- Excluded from our valuation(s) is any additional value attributable to **goodwill, or to fixtures and fittings** which are only of value in situ to the present occupier.
- In all cases, our valuation report **includes facilities that are normally transferred with the property**, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment that is normally removed before the sale has been excluded from our opinion of value.
- It has been assumed that **all fixed plant and machinery** and the installation thereof complies with the relevant EEC legislation.

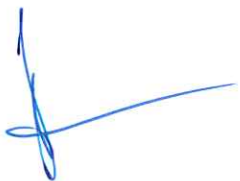
1.13. Scope of investigations

- The assets valued herein have been **selected by BDO**.
- In our opinion, the selection of the subject assets of this report is **representative from both the geographical and valuation points** of view for the entire portfolio.
- The **methodology** used is the most suitable and reasonable for the valuation of assets and the usual in the markets.
- We have carried out **drive-by visits of the assets**, within the framework of this valuation.

1.14. Confidentiality and Responsibility

We expressly authorise that this valuation report is incorporated as part of the prospectus to be filed with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) in the context of the preparation for an Initial Public Offering of Neinor Homes, as well as in any offering circular and material relating to the proposed initial public offering of Neinor Homes for qualified investors (including, for example, any qualified investor, analyst or roadshow presentations for professional parties involved). Under no circumstances has the Addressee been authorised by BDO to include the report or data extracted from the report in advertisements directed to the public or in mass media. It is important that **the Report is not used out of context or for the purposes for which it was not intended**. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.

In any event, our liability to any one or more or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this Valuation, shall be **limited to the amount specified at the Terms of Engagement Letter signed between BDO Auditores S.L. and NEINOR HOMES, SAU**. According with the Terms of Engagement, our total liability towards you for our services is **limited to the amount of fees effectively charged for carrying out the work**.



2. The subject property

The subject property of this valuation is a sample of 50 assets from the Client's portfolio, including residential development land and work in progress, according to the following list:

Name of asset	Address	Municipality	Province
4191 - SANTA CLARA GOLF - PARCELAS 2.1 Y 2.3	Carril del General	MARBELLA	MALAGA
4394 - ESPINO DEL CUQUILLO 3.1	Avenida de Camilo José Cela 49	ALCOBENDAS	MADRID
4328 - ATRIA HOMES	Avenida del Doctor Severo Ochoa 44	ALCOBENDAS	MADRID
4372 - PLAZA HOMES, GETAFE	Paseo de la Estación 13	GETAFE	MADRID
2868 - LA MARINA DE BADALONA P-9	C/ Monturiol, 26	BADALONA	BARCELONA
4395 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1 P14	Calle Camino del Patriarca, 14P	CORDOBA	CORDOBA
4365 - SANT JUST HOMES, MAS LLUI P4	C/ Rosa Luxemburg, 2	SAN JUST DESVERN	BARCELONA
4364 - SITGES, PPO.2, CALLEC, SOLAR M8	C/ Victor Balaguer, 7	SITGES	BARCELONA
4397 - MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	Calle Camino del Patriarca, 5P	CORDOBA	CORDOBA
4376 - DEHESA VIEJA PARC.69-A, S.S.REYES	Calle Alejandro Casona 2	SAN SEBASTIAN DE LOS REYES	MADRID
4329 - FUENTE LUCHA UP 33/A	Paseo de Fuentelucha 14	ALCOBENDAS	MADRID
4371 - PLAÇA EUROPA 38 HOMES	Pl. Europa, 38	LHOSPITALET DE LLOBREGAT	BARCELONA
4362 - DEHESA HOMES (ANTES DEHESA VIEJA)	Calle Julio Rey Pastor 2	SAN SEBASTIAN DE LOS REYES	MADRID
4326 - FINCA MADRID RIO	Calle Maestro Arbós 33	MADRID	MADRID
2873 - AY.ARBAIZENEA	San Roke	DONOSTIA-SAN SEBASTIAN	GUIPUZCOA
4380 - VOLLPALLERES HOMES	Av. de Can Bellet, 68	SAN CUGAT DEL VALLES	BARCELONA
4195 - CORTIJO SUR, PARC.R-12, BOADILLA MONTE	Terreno Sector 6. 1, 12R	BOADILLA DEL MONTE	MADRID
2919 - MARBELLA- ARTOLA 9.1	Urbanización Samisol, 1	MARBELLA	MALAGA
Santurtzi. Parcela CLH	Iparragirre Etorbidea, 95B	SANTURCE	VIZCAYA
2525 - TORRESOLO HOMES	Independentzia	LEIOA	VIZCAYA
4399 - CAN MATES HOMES (P.B4.2)	C/ Antoni Agraz, 2	SAN CUGAT DEL VALLES	BARCELONA
TEATINOS MR 1.2	Bulevar Louis Pasteur, 26	MALAGA	MALAGA
2882 - MAHON SOLAR	C/ Sant Sebastià, 73	MAHON	BALEARES

4389 - SANT CUGAT, VOLLPALLERES R15	C/ Pere Calders, 26	SAN CUGAT DEL VALLES	BARCELONA
4370 - DIAGONAL 119 HOMES (POBLE NOU)	Av. Diagonal, 119	BARCELONA	BARCELONA
4393 - AIGUADOLÇ SITGES, PARC.B1-B2	C/ de la Devesa, 23	SITGES	BARCELONA
2878 - IKASLE HOMES	Avenida Antonio Alzaga 58	SANTURCE	VIZCAYA
CAÑAVERAL M-12F	Calle Suertes de la Villa, 12	MADRID	MADRID
CAÑAVERAL SAREB M-4D	Calle Arroyo del Cañaverál, 70	MADRID	MADRID
2928 - ITURRIBARRI-GETXO P-6	Areneazpi	GETXO	VIZCAYA
2218 - MOSTOLES I+II+IV PAU-4	Avenida de la Vía Lactea 21	MOSTOLES	MADRID
2823 - LANDAKO HOMES	Mikeldi	DURANGO	VIZCAYA
2209 - AVDA.DEL MEDITERRANEO N°:72, MOJACAR	Paseo del Mediterráneo, 529	MOJACAR	ALMERIA
4398 - SANT CUGAT, TURO DE CAN MATES, P.F.1.1	C/ Vallseca, 112	SAN CUGAT DEL VALLES	BARCELONA
2911 - LA CATALANA R-9	C/ Clara Campoamor, 6	SANT ADRIA DE BESOS	BARCELONA
2860 - ARETXABAETA. PARCELAS OR.7	Asparrena	VITORIA-GASTEIZ	ALAVA
2323 - P.P. LA ALBORADA PAR. R-N-3-4, BENAHAVIS	Urbanización la Alborada, 3	BENAHAVIS	MALAGA
2889 - LEIOANDI P.4	Barrio Elexalde	LEIOA	VIZCAYA
2520 - ASTRABUDUA HOMES	Mezo 47	ERANDIO	VIZCAYA
TEATINOS MR 1.1	Bulevar Louis Pasteur, 26	MALAGA	MALAGA
2900 - URDULIZ (CASA BARCO, ICOVISA) P. E	Aita Gotzon	URDULIZ	VIZCAYA
4384 - PINTOR ALSAMORA OBRA EN CURSO	C/ Pintor Alsamora, 41	BARCELONA	BARCELONA
4373 - LEGANES, AV.JUAN XXIII 11, SOLAGUA.	Avenida de Juan XXIII 11	LEGANES	MADRID
2232 - LAS SALINAS HOMES (SALINAS DE MAYMAR)	Av. De las Salinas, 18B	FUENGIROLA	MALAGA
4374 - MADRID HORTALEZA, LAS CARCAVAS R7-1	Calle Carmen Rico Godoy 110	MADRID	MADRID
2871 - URDULIZ HOMES (PARCELA 1)	Kareabi	URDULIZ	VIZCAYA
2930 - LAMIAKO-TXOPOETA (PARC 3)	Langileria	LEIOA	VIZCAYA
4193 - CORTIJO SUR, PARC.R-21, BOADILLA MONTE	Terreno Sector 6. 1, 21R	BOADILLA DEL MONTE	MADRID
4192 - CORTIJO SUR, PARC.R-22, BOADILLA MONTE	Terreno Sector 6. 1, 22R	BOADILLA DEL MONTE	MADRID
2881 - MARBELLA- ARTOLA 3.2	Urb. Atola Alta 22	MARBELLA	MALAGA



Location of the subject assets (own elaboration on Google Maps)

3. Methodology

3.1. Valuation methodology

Generally speaking, **methodology** is a system of methods used in a particular area of study or activity.

In valuation, the term **methodology** is mostly used as a general noun, mainly in the singular, to describe the way in which a valuer starts to deal with the whole matter of valuing the subject property. Thus, for a given valuation, methodology includes the selection by the valuer of the approach or approaches to be applied, the choice of method(s) and the use of the analytical processes or techniques in order to interpret the valuation inputs and reach conclusions based on them.

The Red Book does not impose any specific valuation methodology, as (unless there is legislation or statute applicable) they are a matter for the professional judgment of the valuer in each case according to the nature of the property and the context and purpose of the valuation. Our valuation has been undertaken using **appropriate valuation methodology and our professional judgement**.

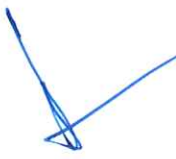
3.2. Approaches

In order to obtain a valuation founded on the corresponding basis of value, **one or more valuation approaches will be used**.

Valuation methodology is based fundamentally on the workings of a free market economy. Thus, an understanding and subsequent modeling of the dynamics of the price mechanism of supply and demand that influences market pricing is essential to the valuer. Any normative models always need to be tested against the **economic fundamentals of the real world**.

Although there are certain differences in application and greater differences in nomenclature, there are, in fact, **only three basic approaches** for valuing land and buildings: the market (or comparative approach), the income approach and the cost approach.

In the **Market Approach**, the valuation is produced by comparing the subject property with the evidence obtained from market transactions that fulfill the criteria for the relevant basis of value.



The **Income Approach** is used to describe any method of valuation whereby the capital value is found by capitalising or discounting the estimated future income to be derived from the property, whether this income is rent or whether it is income generated by the business that is carried out on the property. In some countries, the form of income approach whereby the actual or potential rent flow is analysed and capitalised, is treated as a sub-division of the market approach; in those countries, what would be widely understood as the income approach is reserved for valuations based on the accounts of the enterprise that is being carried out on the property.

The **Cost Approach** provides an indication of value based on the economic principle that a buyer will pay no more for a property than the cost to obtain a property of equal utility, whether by purchase or by construction. It will often be necessary to make an allowance for obsolescence of the subject property compared with a brand new equivalent one. In any event, the cost approach is not considered to give an estimate on the market value, but on other bases of value.

3.3. Valuation Methods

Our valuation has been undertaken using **appropriate valuation methodology and our professional judgment**

The valuation of land assets has been made based on **residual methods**, both from a static and a dynamic point of view.

As stated by TEGoVA in the 2016 version of the **European Valuation Standards (EVS 2016)**, the residual methods comprise the estimation of the market value of the site or work in progress in a developed form, either by comparison or by the investment method, i.e. the **gross development value (GDV)**.

From this GDV, all **costs** have to be deducted that will be incurred in putting the property into the form that will command that price. These costs will include demolition of any existing buildings, design costs, infra-structure works, construction costs, professional fees, finance costs and costs of letting and sale.

From the resultant figure, the **developer's profit** will have to be deducted; it is an allowance for the risk of undertaking the development. Developer's profit will either be expressed as a percentage of costs employed in a project, or a percentage of the GDV, and percentages adopted will vary, depending on a variety of factors linked mainly to the risk inherent in the project and the letting and sale of the completed properties.

By deducting these liabilities from the final market value a **residue** is produced and this represents what the developer can afford to pay for the site for redevelopment. The residual value comprises the site value, related acquisition costs and finance costs incurred in holding the land over the development period. These costs then need to be deducted to arrive at the value of the site.

Risk forms an important element in valuations and appraisals of development sites. Much of the uncertainty for the developer derives from the time taken to complete the process, from identifying demand through to site acquisition, planning consent, construction, letting and sale or owner occupation. The time delay is one reason for the typical cyclical pattern of real estate markets. All stages are subject to potential delay, and there is always a risk that consumer demand will change, or that interest rates and the economic cycle will alter significantly.

The **simple model of residual analysis (static residual method)** is normally used for **small-scale development projects** where direct comparison may also inform the valuer's opinion and initial analysis.

More complex sites will generally be assessed on a DCF basis.

3.4. Valuation considerations

As stated in EVS 2016, the **valuation of development land** requires a high number of assumptions, especially with regard to the development of rents, yields, cost and timing.

Reliance on a feasibility analysis is advised. The volatility of development values following changes in any of the underlying assumptions must be explained to the lender as part of the **risk assessment**. It is advisable to make the methods of valuation explicit, and to ensure that cash flow, discounted cash flow, residual valuations, and assessment by comparison are all, as relevant, shown clearly with appropriate explanatory notes.

The resulting value has been calculated **based on certain assumptions** reliant on the information received and confirmed with the Client.

Therefore, if the **information or assumptions** on which the valuation is based are **proven incorrect, the value could be, consequently, erroneous** and should be reconsidered.

3.5. Portfolio valuation

Our valuations are prepared on an individual basis and the portfolio valuations reported are the **aggregate of the individual Market Values**, as appropriate.

4. Valuation

Having carefully considered the matter, we are of the opinion that the Market Value, as at our valuation date, of the respective freehold interests of the properties portfolio owned by NEINOR HOMES SAU. is:

€ 543.395.000
Five hundred forty three million three hundred ninety five thousand euros

The breakdown of values amongst the different assets of the portfolio is as follows:

Name of asset	Market Value 31st December 2016 (€)
4191 - SANTA CLARA GOLF - PARCELAS 2.1 Y 2.3	€ 28.680.000
4394 - ESPINO DEL CUQUILLO 3.1	€ 36.880.000
4328 - ATRIA HOMES	€ 33.040.000
4372 - PLAZA HOMES, GETAFE	€ 29.067.000
2868 - LA MARINA DE BADALONA P-9	€ 30.153.302
4395 - CIUDAD JARDIN PONIENTE, CORDOBA PPO-1 P14	€ 15.687.000
4365 - SANT JUST HOMES, MAS LLUI P4	€ 20.430.000
4364 - SITGES, PPO.2, CALLEC, SOLAR M8	€ 22.440.000
4397 - MEDINA HOMES, CIUDAD JARDIN, PPO-1 P5	€ 17.927.000
4376 - DEHESA VIEJA PARC.69-A, S.S.REYES	€ 14.448.000
4329 - FUENTE LUCHA UP 33/A	€ 15.460.000
4371 - PLAÇA EUROPA 38 HOMES	€ 16.770.000
4362 - DEHESA HOMES (ANTES DEHESA VIEJA)	€ 18.626.119
4326 - FINCA MADRID RIO	€ 15.520.000
2873 - AY.ARBAIZENEA	€ 10.023.489
4380 - VOLLPALLERES HOMES	€ 15.808.000
4195 - CORTIJO SUR, PARC.R-12, BOADILLA MONTE	€ 10.948.000
2919 - MARBELLA- ARTOLA 9.1	€ 8.390.000
Santurtzi. Parcela CLH	€ 9.270.000
2525 - TORRESOLO HOMES	€ 12.218.000
4399 - CAN MATES HOMES (P.B4.2)	€ 10.643.000
TEATINOS MR 1.2	€ 6.400.000
2882 - MAHON SOLAR	€ 6.806.000
4389 - SANT CUGAT, VOLLPALLERES R15	€ 9.530.000
4370 - DIAGONAL 119 HOMES (POBLE NOU)	€ 11.753.853
4393 - AIGUADOLÇ SITGES, PARC.B1-B2	€ 8.849.000
2878 - IKASLE HOMES	€ 9.120.000
CAÑAVERAL M-12F	€ 4.302.000
CAÑAVERAL SAREB M-4D	€ 3.659.000
2928 - ITURRIBARRI-GETXO P-6	€ 6.892.000
2218 - MOSTOLES I+II+IV PAU-4	€ 6.120.000
2823 - LANDAKO HOMES	€ 7.764.843
2209 - AVDA.DEL MEDITERRANEO Nº:72, MOJACAR	€ 4.390.000

4398 - SANT CUGAT, TURO DE CAN MATES, P.F.1.1	€	8.113.000
2911 - LA CATALANA R-9	€	6.416.000
2860 - ARETXABALETA. PARCELAS OR.7	€	5.899.000
2323 - P.P. LA ALBORADA PAR. R-N-3-4, BENAHAVIS	€	3.240.000
2889 - LEIOANDI P.4	€	3.119.261
2520 - ASTRABUDUA HOMES	€	4.426.000
TEATINOS MR 1.1	€	3.410.000
2900 - URDULIZ (CASA BARCO, ICOVISA) P. E	€	4.900.000
4384 - PINTOR ALSAMORA OBRA EN CURSO	€	5.603.282
4373 - LEGANES, AV.JUAN XXIII 11, SOLAGUA.	€	2.828.000
2232 - LAS SALINAS HOMES (SALINAS DE MAYMAR)	€	6.038.828
4374 - MADRID HORTALEZA, LAS CARCAVAS R7-1	€	3.688.000
2871 - URDULIZ HOMES (PARCELA 1)	€	2.722.015
2930 - LAMIAKO-TXOPOETA (PARC 3)	€	1.667.000
4193 - CORTIJO SUR, PARC.R-21, BOADILLA MONTE	€	1.589.000
4192 - CORTIJO SUR, PARC.R-22, BOADILLA MONTE	€	1.464.000
2881 - MARBELLA- ARTOLA 3.2	€	256.000

5. Dates and signatures

5.1. Dates

5.1.1. Date of valuation: 31 December 2016

5.1.2. Date of report: 13 March 2017

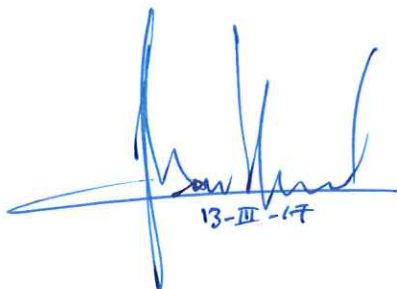
5.1.3. Expiry date: 13 September 2017

5.2. Signatures

5.2.1. Total number of pages: 18 (Annexes excluded)

5.2.2. Signatures:

BDO Auditores S.L.



13-III-17

José Manuel Sánchez MRICS RV

Real Estate Director

6. Annexes

1. Terms of Engagement

ANNEX IV – SPANISH TRANSLATION OF THE SUMMARY

PARTE I: RESUMEN

El presente resumen está formado por distintos apartados de información denominados “Elementos”. Tales Elementos se presentan numerados en Secciones de la A a la E (A.1 – E.7).

El presente resumen recoge todos los Elementos que han de incluirse en los resúmenes correspondientes a este tipo de valores y para este emisor. Dado que en algunos supuestos no se exige presentar información alguna sobre determinados Elementos, la numeración de los mismos podría no ser correlativa.

Aun en aquellos supuestos en los que se exija la inclusión de determinados Elementos en el resumen debido al tipo de valores y a la naturaleza del emisor, podría ser que no pudiera aportarse información relevante alguna respecto a dicho Elemento en cuestión. En tal caso se ha incluido una breve descripción del Elemento en cuestión, junto con la mención “no procede”.

Sección A – Introducción y advertencias		
A.1	Introducción:	<p>EL PRESENTE RESUMEN DEBE LEERSE COMO INTRODUCCIÓN AL FOLLETO. TODA DECISIÓN DE INVERTIR EN LAS ACCIONES ORDINARIAS DEBIERA BASARSE EN LA CONSIDERACIÓN, POR PARTE DEL INVERSOR, DEL FOLLETO EN SU CONJUNTO, INCLUYENDO EN PARTICULAR LOS FACTORES DE RIESGO.</p> <p>Si se presentara ante un tribunal cualquier demanda relacionada con la información contenida en el presente Folleto, el inversor demandante podría, en virtud del Derecho nacional de los Estados miembros de la Unión Europea, venir obligado a hacer frente a los gastos derivados de la traducción del Folleto antes de la apertura de dicho procedimiento judicial.</p> <p>De conformidad con la legislación española, la responsabilidad civil sólo se exigirá a las personas que hayan presentado el resumen, incluyendo cualquier traducción del mismo, y únicamente cuando dicho resumen fuera engañoso, inexacto o incoherente en relación con las demás partes del Folleto, o no aportara, leído junto con las restantes partes del Folleto, información fundamental para ayudar a los inversores a la hora de decidir si invertir o no en dichos valores.</p> <p>La posible actualización o ajuste en la información o las manifestaciones recogidas en el presente Folleto como resultado de la materialización de cualquiera de los factores de riesgo descritos en el mismo no podrá ser considerada como un error o inexactitud de dicha información o manifestaciones, ni podrá hacerse valer a efectos de pretender alegar el carácter engañoso de dicha información.</p>
A.2	Posible venta posterior o colocación final de los valores por parte de intermediarios financieros:	No procede. La Sociedad no ha contratado a ningún intermediario financiero a efectos de ninguna venta posterior o colocación final de los valores que requiera la publicación de un folleto tras la publicación del presente documento.

Sección B—Emisor		
B.1	Denominación social y nombre comercial del	La denominación social del emisor es Neinor Homes, S.A.U. (la “Sociedad”). El nombre comercial del emisor es “Neinor Homes”.

Sección B—Emisor		
	emisor.	
B.2	Domicilio y forma jurídica del emisor:	La Sociedad es una sociedad anónima o S.A., constituida en España y sujeta a la legislación del Reino de España, con domicilio social en la Calle Ercilla 24, 48011 Bilbao, España. La Sociedad ha sido constituida por plazo indefinido.
B.3	Descripción y factores clave relativos al carácter de las operaciones en curso del emisor y de sus principales actividades:	<p>Somos una promotora inmobiliaria residencial que gestiona todas las fases que conforman la cadena de valor en el proceso de construcción, desde la adquisición del suelo, la gestión y el diseño del producto, su construcción y comercialización y, finalmente, el servicio post-venta.</p> <p>Nuestro principal producto es la vivienda multifamiliar dirigida principalmente a los segmentos medio y medio-alto del mercado residencial (con un precio medio de venta de aproximadamente de €280.000 por unidad). Estamos especializados en el sector residencial, tanto en primera como segunda vivienda, y nuestra actividad está enfocada en aquellas zonas en las que creemos que existe una firme demanda de nueva vivienda. En particular, nuestra principal actividad es la promoción de primera vivienda (80% de nuestras promociones, a 31 de diciembre de 2016). En menor medida, nuestra actividad es la promoción de segunda vivienda (20% de nuestras promociones, a 31 de diciembre de 2016).</p> <p>Contamos con tres líneas de negocio: (i) promoción, nuestra principal línea de negocio, consistente en la promoción residencial, (ii) <i>servicing</i> o prestación de servicios de gestión de activos en virtud del contrato de gestión de activos inmobiliarios suscrito con Kutxabank, con una duración de 7 años, y que finalizará en el año 2022, y (iii) <i>legacy</i>, línea de negocio consistente en la gestión (principalmente a través de su venta) de ciertos activos inmobiliarios adquiridos a Kutxabank.</p> <p><u>Ventajas competitivas</u></p> <p>Consideramos que nuestras principales ventajas competitivas son:</p> <ul style="list-style-type: none"> • La ventaja propia del primer operador que accede a su mercado, lo que deriva en una sólida presencia en el mismo • Un modelo de adopción de decisiones basado en la demanda efectiva • Un modelo de negocio industrializado • Nuestro modelo de adquisición de suelo • Una plataforma extensible y ampliable • Una sólida situación financiera • Un enfoque de mercado innovador • Un equipo gestor con gran experiencia y probado historial, junto con un Consejo de Administración igualmente experimentado • Los mejores estándares en términos de gobierno corporativo, cumplimiento normativo, transparencia, comunicación y presentación de información, ética y conciencia medioambiental <p>Consideramos que tenemos una situación excepcional en el mercado español de promoción de vivienda residencial, como empresa debidamente capitalizada y dirigida por un equipo gestor experimentado, sujeta a prácticas empresariales y controles sólidos. Ello nos permite adquirir suelo para su promoción y diseñar, construir y vender viviendas con una rentabilidad atractiva y continuada en el tiempo de forma exitosa.</p>

Sección B—Emisor

Estrategia

Los elementos clave que conforman nuestro modelo de negocio son los siguientes:

- **Institucionalización**: Nuestro modelo de negocio está basado en una serie de procesos industriales y estándares operativos institucionalizados, acordes con la práctica comercial internacional. Hemos diseñado nuestro modelo de negocio sobre la base de elevados estándares profesionales.
- **Producto**: Partiendo de las necesidades y peticiones de nuestros clientes, hemos identificado los siguientes elementos clave que pretendemos incorporar en nuestras casas: (i) una mayor calidad en el diseño y construcción de nuestras viviendas; (ii) un eficaz control de costes y reducción de los gastos futuros de mantenimiento de nuestras viviendas; (iii) fachadas atractivas y una mayor luminosidad; (iv) personalización a través de la oferta de diversas opciones a elegir por el cliente.
- **Cliente**: Hemos convertido al cliente en el eje central de nuestra empresa mediante un profundo estudio de la demanda y de las necesidades de nuestros clientes, así como a través de la aplicación de una estrategia de marketing y la oferta de un servicio de atención al cliente diferenciado e innovador.

Promoción inmobiliaria

Nuestra línea de negocio de promoción inmobiliaria se centra en el negocio de la promoción de vivienda residencial y constituye nuestra principal actividad. A 31 de diciembre de 2016, la Sociedad era titular de 161 promociones de Suelo Finalista, por un valor bruto (*Gross Asset Value* o GAV) de €1.200 millones, un Valor Bruto de Desarrollo (*Gross Development Value* o GDV) de €2.548 millones, y un margen bruto de €809 millones, de conformidad con el Informe de Tasación (*Development Valuation Report*), así como con un valor contable de €719 millones y un margen de EBIT objetivo del 21%, de conformidad con los estados financieros consolidados a 31 de diciembre de 2016 y los objetivos de la Sociedad, respectivamente.

Entre esas 161 promociones figuran 86 promociones inicialmente aportadas a la Sociedad en el momento de su constitución y en el contexto de la adquisición por Lone Star, habiendo adquirido la Sociedad las 75 promociones posteriores por un importe total de aproximadamente €76,1 millones de GAV. La diferencia existente entre el GAV acumulado de las promociones de la Sociedad (€1.120 millones) y su valor contable (€719 millones) se debe al origen de la cartera. Parte de dicha cartera fue adquirida en el contexto de una operación societaria (cartera procedente de Kutxabank), mientras que otra parte fue adquirida antes de la reactivación del mercado, en un momento en el que aún no existía interés por el sector inmobiliario residencial.

A 28 de febrero de 2017, la Sociedad tenía 60 promociones “activas”, en las que espera construir un total de aproximadamente 4.002 viviendas. De esas 60 promociones “activas”, 10 se corresponden con promociones que cuentan con un plan de marketing en marcha a esta fecha pero que no han sido objeto de “lanzamiento” (i.e., inmediatamente antes de la aprobación de la primera fase o “1st go”-véase posteriormente para mayor detalle-), 20 eran promociones respecto de las cuales ya se había aprobado dicha primera fase, sin que se hubiera iniciado la construcción, y 30 eran promociones en fase de construcción. A fecha del presente Folleto, 1.394 de las 4.002 viviendas que esperamos construir en las promociones “activas” ya han sido objeto de preventa y los ingresos derivados de tales preventas ascienden a €437 millones.

Nuestro negocio se basa en una disciplinada cadena de valor presente a lo largo de

Sección B—Emisor

todo el proceso de promoción, desde la adquisición del suelo hasta la entrega de las viviendas, pasando por el servicio post-venta:

1. **Adquisición de suelo**

- a. Obtención de suelo
- b. Análisis de viabilidad
- c. Negociación y “due diligence”
- d. Cierre

2. **Plan de marketing**

3. **Estudio de viabilidad y puesta en marcha del proceso de promoción (1st go)**

Tras el “1st go”, tienen lugar las siguientes actividades en paralelo y desarrolladas a lo largo de un calendario estricto, detallado y con una duración de 32 semanas:

- a. Diseño, planificación y sostenibilidad
- b. Inicio del proceso de venta
- c. Financiación de clientes
- d. Selección del contratista
- e. Licencia de edificación

4. **Aprobación del inicio de la construcción (2nd go)**

Una vez alcanzado un nivel de preventas de alrededor del 30% del valor de preventa estimado de las unidades a promover o del importe bruto total estimado de las ventas de la promoción, así como una vez recibida la financiación necesaria y obtenidos los permisos y licencias de edificación correspondientes, y tras haber seleccionado a los contratistas que procedan, la Sociedad estará en condiciones de iniciar las obras de construcción (la fase de construcción se conoce internamente como “2nd go”).

- a. Construcción
- b. Continuación del proceso de ventas
- c. Entrega

Aunque la Sociedad dispone de suelo y promociones en otras ubicaciones, la Sociedad ha enfocado su actividad en el País Vasco (Norte), Castellón, Cataluña e Islas Baleares (Este), Madrid y Castilla y León (Centro) y, Alicante, Huelva, Sevilla, Córdoba, Granada, Málaga y Almería (Sur). A 31 de diciembre de 2016, las magnitudes clave de nuestra cartera de suelo son las siguientes:

- **Nº esperado viviendas a edificar permitidas:** 9.086 viviendas.
- **Nº de promociones:** 161 (tanto en marcha como pendientes de lanzamiento)
- **Valor Bruto de los Activos:** €1.120 millones.
- **Precio medio de venta por unidad:** €280.000.

Línea de negocio relativa al contrato de Gestión de Activos (Servicing)

Esta línea de negocio consiste en la gestión de la cartera de inmuebles de Kutxabank en virtud de un contrato de gestión de activos de 7 años de duración, suscrito por la Sociedad y Kutxabank en el marco de la adquisición de la Sociedad por parte de Lone Star. Dicho contrato de gestión de activos prevé su prórroga automática por períodos adicionales de un año de duración cada uno de ellos,

Sección B—Emisor

		<p>salvo que cualquiera de las partes notifique lo contrario a la otra parte con al menos seis meses de antelación.</p> <p>De conformidad con el contrato de gestión de activos, la Sociedad tiene un derecho de exclusividad en relación con la gestión de una cartera de activos inmobiliarios de Kutxabank. No obstante, si durante dos ejercicios consecutivos el nivel de venta de los activos gestionados por grupos (i.e. suelo, obra nueva y segunda mano) fuese inferior a un 30% del objetivo fijado en el presupuesto correspondiente a cada uno de los ejercicios, la Sociedad perderá el derecho a la exclusividad de comercialización relativo a este grupo de activos (pero no en relación con los demás activos de la cartera).</p> <p>De conformidad con el contrato de gestión de activos, la Sociedad presta a Kutxabank diversos servicios de valoración, <i>due diligence</i>, asistencia jurídica, seguimiento (<i>asset boarding</i>), gestión operativa y servicios de comercialización respecto de la referida cartera, a cambio de las siguientes comisiones:</p> <ul style="list-style-type: none"> – Comisión de gestión: una comisión anual de gestión calculada sobre la base de la cartera de activos gestionada y cuyo importe varía en función de la tipología del activo y la evolución del inventario. – Comisión de éxito: una comisión correspondiente a la comercialización de los activos, y compuesta por un una comisión estándar de venta, un porcentaje sobre el valor de la venta, y una comisión de éxito propiamente dicha para el caso en que el precio de venta fuera superior al acordado con Kutxabank. – Otras comisiones inferiores: tales como comisiones por el seguimiento (<i>boarding</i>) de activos y comisiones por servicios específicos (por ejemplo, valoraciones, o procedimientos de <i>due diligence</i> ad-hoc, etc.). <p>Esta línea de negocio se complementa muy bien con nuestro negocio inmobiliario principal, en la medida en que nos facilita acceso a inteligencia de mercado e información en tiempo real sobre los principales indicadores de la demanda y precios, a la vez que permite a Kutxabank acceso a un promotor inmobiliario con experiencia. En 2016, esta línea de negocio generó ingresos por un importe aproximado de €28 millones, y un EBITDA de aproximadamente €18 millones.</p> <p>Legacy</p> <p>Esta línea de actividad incluye una cartera de activos inmobiliarios adquiridos a Kutxabank en 2015 tras un proceso de cuidadosa selección activo a activo. Esta actividad genera tesorería a partir de los ingresos procedentes de la enajenación gradual de los activos integrantes de la cartera. El Grupo prevé que habrá vendido todos los activos que conforman la misma en la segunda mitad de 2018.</p> <p>A 31 de diciembre de 2016, dicha cartera estaba formada por activos con un GAV de aproximadamente €285 millones, conforme al Informe de Valoración de la Cartera Heredada (<i>Legacy Valuation Report</i>), y un valor contable de €219 millones, de conformidad con los estados financieros consolidados a 31 de Diciembre de 2016.</p>
B.4a	Descripción de las tendencias recientes más significativas que afecten al emisor y a los sectores en los que ejerce su	<p>Consideraciones sobre la oferta</p> <p>El inicio de la crisis financiera en 2007 tuvo un efecto dramático sobre el sector de la construcción de vivienda residencial en España. Durante el período 2008-2011 España sufrió una profunda caída de la demanda interna, particularmente grave en el caso del sector inmobiliario residencial. El número total de operaciones de compra de vivienda pasó de alrededor de 900.000 unidades al año en 2006 a menos de 500.000 al año en 2008 y años siguientes. Asimismo, las ventas de nueva vivienda pasaron de un máximo de 381.000 unidades, aproximadamente, en</p>

Sección B—Emisor

<p>actividad:</p>	<p>el año 2007 (cifras del primer trimestre, para los últimos doce meses de 2007) a aproximadamente 41.000 unidades en el 2016 (cifras del segundo trimestre, para los últimos doce meses de 2016).</p> <p>Asimismo los promotores no han podido aumentar la oferta de nueva construcción debido a la ausencia de economías de escala y la falta de acceso a la financiación. Además, la falta de financiación para nuevas promociones ha limitado la flexibilidad financiera del sector y, junto con una demanda ya débil, derivó en la desaparición de los principales promotores residenciales en España.</p> <p>Estas circunstancias han llevado a una reducción del parque de vivienda nueva durante los últimos 6 años, lo que ha dado lugar a un déficit estructural en la oferta de nueva vivienda. Por otro lado, una parte significativa del stock sin vender actual corresponde principalmente a viviendas construidas antes de la crisis, sin demanda debido a su localización, calidad o situación jurídica (este stock “fuera de mercado” representa aproximadamente entre un 22 y un 28 por ciento de la bolsa de vivienda nueva no vendida), lo que contribuye a aumentar la escasez de oferta existente en el mercado residencial español. (Fuente: CBRE).</p> <p>Este difícil entorno operativo en España y, en particular, la dificultad que los promotores de vivienda han venido experimentando a la hora de buscar alternativas a la financiación bancaria, ha derivado en una reducción del número de operaciones de suelo en los últimos 10 años. Esto significa que grandes volúmenes de suelo se encuentran en manos de entidades con poco interés en su promoción por lo que, en consecuencia, dicho suelo debiera estar disponible para la venta conforme el mercado se recupere. Según el Ministerio de Fomento, la oferta total de suelo listo para su construcción o conversión en Suelo Finalista en los próximos 5 años equivale a aproximadamente 2,3 millones de viviendas.</p>
	<p><i>Consideraciones sobre la demanda</i></p> <p>En la actualidad, el mercado español presenta una dinámica positiva en todos los factores que impulsan la demanda de viviendas de nueva construcción.</p> <ul style="list-style-type: none"> – <u><i>Condiciones macroeconómicas:</i></u> las condiciones macroeconómicas existentes sirven de apoyo a una sólida demanda de viviendas, en particular el crecimiento del PIB experimentado por la economía española y la disminución de las tasas de desempleo, alimentando así un patrón positivo en el consumo privado. – <u><i>Asequibilidad de los precios de la vivienda:</i></u> según las cifras publicadas por el Banco de España, el precio de la vivienda, en relación con el ingreso medio anual de los hogares en España, se mueve en un ratio de 6,6x (en el tercer trimestre de 2016), mientras que dicho ratio era del 8,5x en el tercer trimestre de 2008. – <u><i>Asequibilidad y disponibilidad del crédito hipotecario:</i></u> un entorno de tipos de interés muy reducidos en los mercados financieros y en el mercado de crédito hipotecario al consumo. Así, la media del Euribor a un año durante 2016 ha sido del cero por ciento (0,0%). – <u><i>Crecimiento del número de hogares:</i></u> el Banco de España estima que el número neto de nuevos hogares en España para el período 2015-2029 oscilará entre 63.000 y 238.000 viviendas anuales, aproximadamente. <p>CBRE estima que la demanda de vivienda de nueva construcción se situará en una media de entre ciento doce mil y ciento cuarenta mil unidades por año entre los años 2017 y 2019, alcanzando una media a largo plazo de aproximadamente entre ciento treinta y nueve mil y ciento cuarenta y dos mil unidades anuales. Dichas estimaciones asumen un incremento en la formación de hogares, así como la relativa continuidad de las actuales condiciones del mercado en lo que se refiere a</p>

Sección B—Emisor		
		<p>los factores que impulsan la demanda tal y como se ha detallado anteriormente.</p> <p>Por otra parte, la firma de nuevas hipotecas residenciales, que han ido ganando fuerza desde 2013 (con incrementos anuales del 21% y el 14% en 2015 y 2016, respectivamente) acredita la existencia de un punto de inflexión en el ciclo del mercado residencial en España (Fuente: INE).</p> <p>Las ventas de viviendas aumentaron un 14% en el segundo trimestre de 2016, por comparación con el segundo trimestre de 2015, siendo en su mayoría ventas de vivienda de segunda mano, las cuales aumentaron un 16% en el mismo período dado el considerable volumen acumulado de este tipo de producto. Este fuerte incremento en el mercado de la vivienda de segunda mano pone de relieve la falta de stock disponible de vivienda de nueva construcción en algunas zonas (Fuente: Ministerio de Fomento).</p>
		<p>Competencia y principales actores en el mercado</p> <p>El mercado español se encuentra a día de hoy muy atomizado, dado que los 12 mayores actores disponen de una cuota de mercado de, aproximadamente, tan sólo el 8%. No obstante, los tres primeros (Neinor Homes, Q-21 y AELCA) representan casi la mitad (el 44%) de las viviendas en construcción, esto es, 5.898 unidades (Fuente: CBRE).</p>
B.5	Descripción del Grupo:	<pre> graph TD NH[Neinor Homes S.A.U.] -- 100% --> NP[Neinor Península, S.L.U.] NH -- 100% --> NN[Neinor Norte, S.L.U.] NP -- 100% --> NS[Neinor Sur, S.A.U.] NN -- 100% --> P1[Promociones Neinor 1 S.L.U. País Vasco] NN -- 100% --> P2[Promociones Neinor 2 S.L.U. País Vasco] NN -- 100% --> P3[Promociones Neinor 3 S.L.U. País Vasco] NN -- 100% --> P4[Promociones Neinor 4 S.L.U. País Vasco] NN -- 100% --> P5[Promociones Neinor 5 S.L.U. País Vasco] </pre>
B.6	Accionistas principales:	<p>A la fecha del presente Folleto, el accionista único de la Sociedad es Neinor Holdings, S.L.U. Neinor Holdings, S.L.U. es una sociedad de responsabilidad limitada inscrita en el Registro Mercantil de Bilbao en la Hoja BI-63722, con domicilio social en la calle Ercilla 24, 48011 Bilbao (España).</p> <p>El socio único de Neinor Holdings, S.L.U. es LSREF3 Lion Investments, S.à r.l., sociedad de responsabilidad limitada (<i>société à responsabilité limitée</i>) inscrita en el Registro Mercantil y de Sociedades de Luxemburgo (<i>Registre de Commerce et des Sociétés Luxembourg</i>) como sociedad número B-188681, con domicilio social</p>

Sección B—Emisor

		<p>en el Parque Empresarial Atrium-Vitrum 33, rue du Puits Romain, L-8070 Bertrange, Gran Ducado de Luxemburgo (“LSREF3”).</p> <p>El socio único de LSREF3 es Lone Star Capital Investments, S..à r.l., sociedad de responsabilidad limitada (<i>société à responsabilité limitée</i>) inscrita en el Registro Mercantil y de Sociedades de Luxemburgo (<i>Registre de Commerce et des Sociétés Luxembourg</i>) como sociedad número B-91796, con domicilio social en el Parque Empresarial Atrium-Vitrum 33, rue du Puits Romain, L-8070 Bertrange, Gran Ducado de Luxemburgo (“LSCI”).</p> <p>LSCI no se encuentra sujeta al control de ninguno de sus socios, conforme a la definición al respecto prevista en el artículo 42 del Código de Comercio español. No obstante, la titularidad última indirecta de la Sociedad corresponde a las entidades Lone Star Real Estate Fund III (U.S.), L.P. y Lone Star Real Estate Fund III (Bermuda), L.P., conjuntamente referidas como “Lone Star”.</p>
		<p>Lone Star tiene un elevado número de socios limitados (<i>limited partner investors</i>) y ninguna persona física posee un interés económico igual o superior al 10% en Lone Star, de forma combinada.</p>
		<p>Lone Star se encuentra asesorada por Lone Star Global Acquisitions, Ltd., un asesor de inversiones registrado en la <i>Securities and Exchange Commission</i> de Estados Unidos.</p>
		<p>El Accionista Vendedor está sujeto a una prohibición de venta de acciones (<i>lock-up</i>) durante un período de seis meses. Una vez extinguida o dispensada la referida obligación, el Accionista Vendedor podrá transmitir sus acciones de la Sociedad en el momento y del modo que considere más oportuno, en función de factores como el desempeño del precio de las acciones de la Sociedad o la estrategia general de inversión del fondo de inversión. Lone Star tiene contemplado un período de inversión de hasta 3 años a contar desde el momento de la Admisión. No obstante, tal y como se indicó previamente, la decisión relativa a su participación en el capital social de la Sociedad se adoptará tras la finalización del período de seis meses relativo a la prohibición de venta con base en los factores aquí indicados.</p>
		<p>Préstamo de Margen (Margin Loan Facility)</p> <p>El Accionista Vendedor ha acordado suscribir al momento o en una fecha cercana a la Admisión un contrato de préstamo de margen (<i>margin loan facility</i>) con las Entidades Coordinadoras Globales y J.P. Morgan Securities plc (el “Margin Loan Facility”). El importe a financiar en virtud del Margin Loan Facility será de un máximo de €290 millones. Los fondos obtenidos en virtud del Margin Loan Facility serán utilizados por el Accionista Vendedor para fines corporativos y societarios (sin afectar a la Sociedad), incluido el pago de los costes y gastos del Accionista Vendedor en relación con la Oferta. Tomando en consideración el importe de la financiación otorgado en virtud del Margin Loan Facility y el Precio de la Oferta, y asumiendo que las Acciones Existentes Ofrecidas son vendidas, el valor de la financiación obtenida en relación con el valor de las Acciones en Garantía (tal y como se define más adelante) representaría un porcentaje aproximado del 35%. La fecha de vencimiento del Margin Loan Facility será dentro de 3 años a contar desde la fecha en la que se disponga de los fondos del Margin Loan Facility.</p>
		<p>El Margin Loan Facility estará garantizado por las acciones del Accionista Vendedor, representativas del 100 por ciento de la participación del Accionista Vendedor tras la Admisión, excluyendo las acciones a entregar en virtud del plan de incentivos para el equipo directivo (MIP) (las “Acciones en Garantía”). Para más información, ver apartado E.4 de este Resumen (<i>Descripción de cualquier</i></p>

Sección B—Emisor	
	<p><i>interés que sea importante para la emisión/oferta, incluyendo los intereses en conflicto</i>). Además, los dividendos obtenidos con base en la Acciones en Garantía serán depositados en una cuenta pignorada a favor de las entidades acreedoras. Las Acciones en Garantía, junto con cualquier garantía en cuentas corrientes, serán las únicas garantías otorgadas por el Accionista Vendedor en virtud del Margin Loan Facility.</p>
	<p>Las entidades acreedores del Margin Loan Facility podrán realizar ajustes de margen (<i>margin call</i>) cuando el LTV (tal y como se define a continuación) exceda de un porcentaje fijado en línea con las condiciones típicas de este tipo de operaciones. En caso de que las entidades acreedoras realicen un ajuste de margen, el Accionista Vendedor deberá transferir a una cuenta bancaria pignorada un importe de dinero suficiente para cumplir con el nivel de LTV acordado. A estos efectos, se entenderá por “LTV” ratio obtenido al dividir (i) al saldo vivo de la financiación obtenida en virtud del Margin Loan Facility más los intereses devengados, menos el importe total de los dividendos y del dinero ingresado en las correspondientes cuentas pignoradas, entre (ii) el precio de nuestras acciones multiplicado por el número de Acciones en Garantía.</p>
	<p>Las entidades acreedoras del Margin Loan Facility podrán ordenar la venta o la ejecución de las garantías en cualquier momento tras la materialización de cualquier caso de incumplimiento típico en este tipo de contratos de financiación como el impago, el incumplimiento de pactos u obligaciones por parte del Accionista Vendedor, supuestos de concurso o de cambios materiales adversos.</p>
	<p>Además, el Margin Loan Facility prevé una serie de supuestos de amortización anticipada obligatoria, siempre que así lo soliciten las entidades acreedoras del Margin Loan Facility. Estos supuestos incluyen:</p> <ul style="list-style-type: none"> – La caída del precio de las Acciones de la Sociedad significativamente por debajo del precio inicial de cotización; – La disminución del volumen de negociación promedio de las Acciones de la Sociedad en comparación con el volumen normal de sociedades de capitalización bursátil y <i>free float</i> similar; y – La disminución del número total de Acciones circulantes por debajo del umbral requerido para sociedades cotizadas.
	<p>El Margin Loan Facility incluye otros supuestos generales de amortización anticipada obligatoria como la exclusión de negociación de las Acciones (con excepción del supuesto de readmisión a cotización inmediata en la misma divisa, en el mismo país y con una liquidez comparable); situación de concurso; ofertas públicas de adquisición o fusiones en relación con las Acciones; interrupciones significativas en la cotización de las Acciones o que afecten a las Bolsas en las que cotizan; o situación de cambio de control relativas al Accionista Vendedor o la Sociedad (supuestos de adquisición de control por parte de un tercero).</p>
	<p>El Accionista Vendedor tendrá derecho a transmitir las Acciones en Garantía en el mercado, sujeto a las obligaciones relativas al compromiso de no disposición de las Acciones (<i>lock-up</i>) en los términos y tras cumplir determinadas condiciones previstas en el Margin Loan Facility. En tal caso, o en el supuesto de ejecución de la garantía, el efecto del Margin Loan Facility para el Accionista Vendedor sería equivalente a haber monetizado parcialmente las Acciones en Garantía o a haber recibido por adelantado un precio mínimo por las mismas.</p> <p>Por último, el Accionista Vendedor podrá repagar el Margin Loan Facility total o</p>

Sección B—Emisor

Sección B—Emisor					
		parcialmente.			
B.7	Información histórica financiera clave:	<i>Estado consolidado de situación financiera</i>			
		ACTIVO	Ejercicio terminado a 31 de diciembre de 2016	Ejercicio de 6 meses terminado a 31 de diciembre de 2015	Ejercicio de 6 meses terminado a 30 de junio de 2015
			(Auditada)	(Auditada)	(Auditada)
		ACTIVO NO CORRIENTE:			
		Activos intangibles	754	93	64
		Inmovilizado material	1.553	1.422	1.035
		Inversiones inmobiliarias	12.893	11.010	13.334
		Activos financieros no corrientes	336	98	83
		Total active no corriente	15.536	12.623	14.516
		ACTIVO CORRIENTE:			
		Existencias	925.366	933.290	881.493
		Deudores comerciales y otras cuentas por cobrar	20.553	35.702	14.221
		Activos financieros corrientes	23	45	2.319
		Administraciones Públicas deudoras	9.050	34.460	14.910
		Efectivo y otros activos líquidos equivalentes	45.301	89.389	38.032
		Total active corriente	1.000.293	1.092.886	950.975
		TOTAL ACTIVO	1.015.829	1.105.509	965.491
		PATRIMONIO NETO Y PASIVO	Ejercicio terminado a 31 de diciembre de 2016	Ejercicio de 6 meses terminado a 31 de diciembre de 2015	Ejercicio de 6 meses terminado a 30 de junio de 2015
			(Auditada)	(Auditada)	(Auditada)
		PATRIMONIO NETO:			
		Capital social	729.297	939.878	939.878
		Reserva legal	823	-	-
		Reservas de la Sociedad Dominante	7.980	573	(60)
Reservas en sociedades consolidadas	(108.145)	(28.971)	(27.106)		
Beneficios / (Pérdidas) consolidadas del ejercicio	1.057	(70.866)	(11.248)		

Sección B—Emisor					
		Total patrimonio neto	631.012	840.614	901.464
		PASIVO NO CORRIENTE			
		Deuda con entidades de crédito	26.623	-	-
		Otros pasivos no corrientes	34	65	67
		Pasivos por impuestos diferidos	321	-	-
		Total pasivo no corriente	26.978	65	67
		PASIVO CORRIENTE:			
		Provisiones	9.059	13.990	5.858
		Deudas con entidades de crédito	277.068	62.992	23.517
		Otros pasivos financieros	288	26	381
		Deudas con Socio a corto plazo	3.071	99.080	-
		Acreedores comerciales y otras cuentas por pagar a corto plazo	32.698	70.423	17.430
		Administraciones Públicas acreedoras	4.404	4.739	4.396
		Otros pasivos corrientes	31.251	13.580	12.057
		Total pasivo corriente	357.839	264.830	63.639
		TOTAL PASIVO Y PATRIMONIO NETO	1.015.829	1.105.509	965.491
		<i>Cuenta consolidada de pérdidas y ganancias</i>			
			Ejercicio terminado a 31 de diciembre de 2016	Ejercicio de 6 meses terminado a 31 de diciembre de 2015	Ejercicio de 6 meses terminado a 30 de junio de 2015
			(A)	(B)	Información financiera consolidada a 2015
			(Auditada)	(Auditada)	(A+B)
					(Sin auditar)
		Importe neto de la cifra de negocios	228.565	134.688	121.976
		Coste de las ventas	(205.360)	(104.871)	(107.476)
		Gastos de personal	(11.677)	(4.808)	(3.000)
		Dotación a la amortización	(608)	(270)	(57)
		Servicios exteriores	(40.198)	(25.536)	(11.331)
		Variación de las provisiones de tráfico	34.595	(69.618)	(11.579)
		Otros ingresos de explotación	3.704	781	302
		Resultado de explotación	9.021	(69.634)	(11.165)
		Deterioro y resultados por enajenaciones de inmovilizado	(2)	-	-
		Otras ganancias y pérdidas	-	-	205
		Ingresos financieros	108	27	16
		Gastos financieros (netos de gastos financieros activados)	(4.999)	(644)	(304)

Sección B—Emisor					
	Resultado antes de impuestos	4.128	(70.251)	(11.248)	(81.499)
	Impuesto sobre las ganancias	(3.071)	(615)	-	(615)
	Resultado del ejercicio	1.057	(70.866)	(11.248)	(81.499)
	Beneficio / (Pérdida) por participación (en euros)				
	Básica	0,001	(0,075)		
	Diluida	0,001	(0,075)		
	<i>Flujo de caja consolidado</i>				
		Ejercicio terminado a 31 de diciembre de 2016	Ejercicio de 6 meses terminado a 31 de diciembre de 2015	Ejercicio de 6 meses terminado a 30 de junio de 2015	Información financiera consolidada a 2015
		(A)	(B)	(A+B)	(Sin auditar)
		(Auditada)	(Auditada)	(Auditada)	(Sin auditar)
	Flujos de efectivo de las actividades de explotación				
	Resultado consolidado del ejercicio antes de impuestos	4.128	(70.251)	(11.248)	(81.499)
	Ajustes por				
	Amortizaciones y variaciones de provisiones de activos no corrientes	608	270	57	327
	Variación de otras provisiones	12.377	76.412	14.179	90.591
	Deterioro y resultado por enajenaciones de inmovilizado	2	-	-	-
	Gastos financieros	4.999	644	304	948
	Ingresos financieros	(108)	(27)	(16)	(43)
	Otros pagos / (cobros)	(7.904)	-	-	-
	Recursos procedentes de las operaciones	14.102	7.048	3.276	10.324
	Variación de capital circulante:				
	Existencias	(3.108)	(109.027)	29.006	(80.021)
	Deudores comerciales y otros activos corrientes	40.618	(39.139)	(23.377)	(62.516)
	Acreedores comerciales y otros pasivos corrientes	(37.739)	53.336	19.920	73.256
	Otros activos y pasivos corrientes y no corrientes	17.640	1.202	8.183	9.385
	Impuesto sobre las ganancias pagado	(790)	-	25	25
	Flujos netos de efectivo de actividades de explotación (I)	30.723	(86.580)	37.033	(49.547)
	Flujos de efectivo por actividades de inversión				

Sección B—Emisor						
		Adquisición de activos intangibles y tangibles	(1.085)	(442)	(996)	(1.438)
		Inversiones en empresas vinculadas	-	(4)	(2.300)	(2.304)
		Pagos por otras inversiones financieras a largo plazo	(238)	(41)	-	(41)
		Intereses cobrados	108	7	16	23
		Cobros por enajenación de activos tangibles e intangibles	59	-	-	-
		Cobros por enajenación de inversiones inmobiliarias	-	132	962	1.094
		Cobros por enajenación de otros activos financieros corrientes y no corrientes	22	-	-	-
		Flujos netos de efectivo de las actividades de inversión (II)	(1.134)	(348)	(2.318)	(2.666)
		Flujos de efectivo por actividades de financiación:				
		Emisión de instrumentos de patrimonio	-	1.346	125.894	127.240
		Amortización de instrumentos de patrimonio	(210.581)	-	-	-
		Emisión de deuda con entidades de crédito	298.648	51.408	12.750	64.158
		Emisión de deuda con empresas vinculadas	-	105.000	-	105.000
		Amortización de deudas con entidades de crédito	(53.974)	(11.983)	-	(11.983)
		Amortización de deudas con Socio	(99.001)	(6.728)	(160.274)	(167.002)
		Intereses pagados incluidos intereses capitalizados y gastos de formalización de deudas	(9.000)	(401)	(374)	(775)
		Otros cobros / (pagos) relacionados con actividades de financiación	231	(357)	-	(357)
		Flujos netos de efectivo de las actividades de financiación (III)	(73.677)	138.285	(22.004)	116.281
		Incremento neto de efectivo y equivalentes al efectivo (I+II+III)	(44.088)	51.357	12.711	64.068
		Efectivo y equivalentes al efectivo al principio del período	89.389	38.032	25.321	25.321
		Efectivo y equivalentes al efectivo al final del período	45.301	89.389	38.032	89.389
B.8	Información financiera seleccionada pro forma:	No procede. El presente Folleto no incluye información financiera pro forma.				
B.9	Estimación de beneficios:	No procede. El presente Folleto no incluye estimaciones o previsiones de beneficios.				
B.10	Descripción de la naturaleza de cualquier salvedad en el	Los informes de auditoría correspondientes a los estados financieros consolidados de la sociedad cerrados (i) a 30 de junio y 31 de diciembre de 2015, y correspondientes a los períodos semestrales finalizados en tales fechas, y (ii) a 31 de diciembre de 2016, correspondientes a dicho ejercicio fiscal completo y que				

Sección B—Emisor		
	informe de auditoría sobre la información financiera histórica:	han sido, en cada caso, auditados por Deloitte, S.L., no contienen salvedad alguna.
B.11	Capital de explotación:	<p>La Sociedad entiende que el capital circulante del que dispone (activo corriente menos pasivo corriente) que, a fecha 31 de diciembre de 2016, ascendía a €642,45 millones, es suficiente para atender sus necesidades actuales y, en particular, para al menos los próximos 12 meses desde la fecha del presente Folleto. Dicha circunstancia no variará tras el cierre de la Oferta.</p> <p>El capital circulante ajustado de la compañía (definido como existencias más deudores comerciales y otras cuentas por cobrar, activos financieros corrientes, Administraciones Públicas deudoras, efectivo y otros activos líquidos equivalentes restringidos, menos provisiones, otros pasivos financieros, deudos con Socio a corto plazo, acreedores comerciales y otras cuentas por pagar a corto plazo (excluido el pago diferido del suelo), Administraciones Públicas acreedoras y otros pasivos corrientes) ascendía a €907 millones a 31 de diciembre de 2017.</p>

Sección C—Valores		
C.1	Tipo y clase de valores:	El código ISIN de las acciones ordinarias es el ES0105251005, tal y como el mismo ha sido asignado por la Agencia Nacional de Codificación de Valores Mobiliarios, entidad esta última dependiente de la CNMV. Las acciones ordinarias cotizarán en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia (las “ Bolsas de Valores Españolas ”) a través del Sistema de Interconexión Bursátil (“ SIBE ”), estando identificadas con el código de cotización HOME.
C.2	Divisa de emisión de los valores:	Las Acciones Ordinarias se emitirán en Euros.
C.3	Número de acciones emitidas:	A la fecha del presente Folleto, el capital social emitido por la Sociedad asciende a €729.297.000, y se encuentra dividido en 72.929.700 acciones, todas ellas pertenecientes a una única y misma clase, de un valor nominal de €10 por acción. Cada acción ordinaria da derecho a un único voto. Todas nuestras acciones ordinarias se encuentran íntegramente suscritas y desembolsadas. En el momento de su Admisión a cotización, existirán hasta un máximo de 79.005.034 acciones en circulación, cada una de ellas con un valor nominal de €10. Todas las acciones estarán íntegramente desembolsadas. Las 6.075.334 nuevas acciones procedentes de la Oferta (las “ Nuevas Acciones ”) representarán hasta un máximo del 8,3 por ciento del capital social de la Sociedad existente en el momento anterior a la Oferta, y hasta un máximo del 7,7 por ciento del capital social de la Sociedad existente tras la Oferta.
C.4	Descripción de los derechos vinculados a los valores:	Las acciones tienen el mismo rango, a cualesquiera efectos que procedan, entre sí, incluyendo a efectos de voto, e incorporan el derecho a percibir cualesquiera dividendos y demás distribuciones que pudieran declararse o abonarse tras la fecha de su emisión, así como el derecho a percibir cualquier cuota que pudiera resultar de la liquidación de la Sociedad. Las acciones otorgan a sus titulares los derechos previstos en los estatutos de la Sociedad así como en el Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital (en su forma vigente en cada momento, la “ Ley de Sociedades de Capital ”), incluyendo, entre otros: (i) el derecho a asistir a las juntas generales de la Sociedad, con derecho tanto de voz como de voto; (ii) el derecho a percibir dividendos en proporción al capital desembolsado en la Sociedad por el accionista en cuestión; (iii) el derecho de suscripción preferente respecto de las nuevas Acciones emitidas en el marco de un aumento de capital con aportaciones dinerarias; y (iv) el derecho a percibir cualesquiera activos en proporción a la participación que ostentare el accionista en cuestión, con ocasión de la liquidación de la Sociedad.
C.5	Descripción de cualquier restricción sobre la libre transmisibilidad de los valores:	No existen restricciones a la libre transmisibilidad de las acciones ordinarias de la Sociedad.
C.6	Admisión:	La Sociedad solicitará la admisión a cotización de la totalidad de sus acciones ordinarias, tanto emitidas como por emitir, en las Bolsas de Valores Españolas a través del mercado continuo. No se ha solicitado ni existe a esta fecha intención alguna de solicitar la admisión de las acciones a cotización o negociación en ningún otro mercado.
C.7	Descripción de la	Los titulares de acciones ordinarias tendrán derecho a recibir aquellos dividendos

Sección C—Valores		
	política de dividendos:	<p>futuros que pudieran declararse en función de las disposiciones previstas en los estatutos de la Sociedad.</p> <p>A corto plazo, la Sociedad tiene intención de destinar los flujos de caja obtenidos al crecimiento continuado del negocio. La Sociedad no tiene intención de distribuir dividendos hasta que alcance sus objetivos estratégicos para el año 2020. Siempre que alcance tales objetivos, y con sujeción a la disponibilidad de recursos líquidos y financiación suficientes y al cumplimiento de los requisitos previstos a tales efectos en los contratos de financiación suscritos por la Sociedad (descritos a continuación), la Sociedad pretende adoptar una política de dividendos acorde a la del sector, caracterizada por un ratio “pay-out” superior al 70% de los beneficios del Grupo. No obstante lo anterior, y con sujeción a los mismos requisitos referidos anteriormente, la Sociedad pudiera distribuir dividendos con cargo a los resultados del ejercicio 2019, siempre que alcanzara sus objetivos estratégicos antes de 2020, si bien en este caso conforme a un ratio “pay-out” inferior.</p> <p>En este sentido, debe señalarse que algunos de los contratos de financiación de la Sociedad incluyen disposiciones que restringen la capacidad de la Sociedad para abonar dividendos así como para proceder a la devolución de aportaciones mediante reducciones de capital. En la mayoría de dichos contratos, el pago de dividendos y la devolución de aportaciones mediante reducciones de capital está sujeto al previo cumplimiento por parte de la Sociedad de los siguientes requisitos: (i) el mantenimiento de un patrimonio neto mínimo de €20 millones; y (ii) el mantenimiento de un ratio de deuda financiera neta/patrimonio neto contable inferior a 1,6. De forma adicional, algunos de los contratos de financiación de la Sociedad incluyen disposiciones sobre barridos de caja en cuya virtud la Sociedad viene obligada a utilizar el flujo de caja procedente de las promociones vinculadas a dichos contratos de financiación para amortizar la deuda pendiente derivada de los mismos.</p>

Sección D—Riesgos		
D.1	Información fundamental sobre los principales riesgos específicos del emisor o de su sector de actividad:	<p>La información contenida en el presente Folleto debiera considerarse a la luz de los riesgos enumerados a continuación y que se describen en el apartado de “Factores de Riesgo” (a partir de la página 20), con el carácter de parte esencial e integral del mismo.</p> <p>Antes de invertir en las acciones ordinarias, los inversores potenciales deberán considerar los posibles riesgos asociados que conllevan. Cualquiera de los siguientes riesgos podría derivar en un efecto adverso significativo sobre nuestro negocio, sobre los resultados de nuestras operaciones, situación financiera, flujos de caja y perspectivas. De forma adicional, debe advertirse que ni el orden ni la extensión con la que se presentan tales factores de riesgo a continuación supone indicación alguna de la probabilidad con la que pudiera, en su caso, materializarse cualquiera de ellos, ni del alcance que pudieran tener las consecuencias que se derivaran de dicha materialización sobre nuestra actividad, situación financiera o sobre el resultado de nuestras operaciones. El precio de mercado de nuestras acciones pudiera bajar como consecuencia de tales riesgos e incertidumbres, lo que significa que el inversor pudiera perder total o parcialmente su inversión.</p> <p style="text-align: center;">AVISO IMPORTANTE</p> <p>Queremos destacar ante los inversores en la Oferta, así como ante cualquier futuro accionista de la Sociedad, las siguientes cuestiones:</p> <p>— La Sociedad afronta ciertos riesgos en relación con su endeudamiento.</p> <p>El endeudamiento incurrido por la Sociedad hasta esta fecha, o el que pudiera</p>

Sección D—Riesgos

incurrir en el futuro, incluso dentro de los límites previstos en su estrategia de negocio, pudiera perjudicar la flexibilidad financiera de la Sociedad. En caso de que se produjeran ciertos supuestos extraordinarios o imprevistos, incluyendo en caso de incumplimiento de los ratios financieros comprometidos por la Sociedad, esta última podría venir obligada a amortizar anticipadamente sus contratos de financiación y contratos de cobertura que pudiera haber suscrito, respecto de la fecha de vencimiento ordinario prevista en los mismos. Si la Sociedad hubiera de amortizar anticipadamente los importes debidos en virtud de sus distintos contratos de financiación, podría verse obligada a vender activos que en otro caso no vendería, incluso a precios inferiores a los previstos, al objeto de hacer frente a dicha amortización, pudiendo asimismo incurrir en pagos adicionales en concepto de sanción por vencimiento anticipado. La Sociedad podría tener dificultades para refinanciar su deuda a su vencimiento, o venir obligada a abonar importes superiores a los previstos al respecto y, en el supuesto en que los tipos de interés fueran superiores en el momento de la refinanciación, podría incurrir en costes igualmente superiores a los actuales.

Asimismo, el recurso al apalancamiento con fondos ajenos pudiera aumentar la exposición de la Sociedad a circunstancias económicas adversas, tales como el incremento de los tipos de interés (lo que pudiera a su vez afectar negativamente a los márgenes de la Sociedad).

Además, nuestras obligaciones derivadas de nuestros contratos de financiación están aseguradas a través de garantías tales como hipotecas sobre activos (en particular, a la fecha de este Folleto, suelo con un GAV agregado de 664,3 millones de euros está hipotecado en garantía de nuestros préstamos) o garantías sobre nuestros derechos de crédito derivados de contrato de gestión de activos suscrito con Kutxabank, S.A. (“**Kutxabank**”) el 14 de mayo de 2015.

En relación con los importes debidos que derivan de operación suscritas por el Grupo en 2016, estamos sujetos a ciertas cláusulas de amortización anticipadas asociadas a préstamos y créditos, incluyendo las siguientes:

- Cualquier cambio en la estructura accionarial de la Sociedad que implique un cambio de control sobre la misma, entendiéndose por “cambio de control” las circunstancias descritas en el artículo 42 del Código de Comercio.
- Reducción de nuestros fondos propios por debajo de 425 millones de euros.
- Obligación de alcanzar un ratio *loan-to-value* (“**LTV**”) firme e irrevocable, calculado como el ratio de deuda neta sobre el valor neto de nuestras activos inmobiliarios (en ambos casos deduciendo la financiación del *capex*), que debe ser inferior a entre un 45% y un 50%, dependiendo del banco.
- Obligación firme e irrevocable de Lone Star de asegurarse de que su participación indirecta en el capital social de la Sociedad no baje del 51%.

Sin perjuicio de lo anterior, hemos obtenido una dispensa/aprobación por parte de los bancos con los que hemos suscrito algún contrato de financiación confirmando que no procederán a amortizar anticipadamente estas financiaciones como consecuencia de la Oferta o de la Admisión, aunque se

Sección D—Riesgos

reservan el derecho a amortizarlas anticipadamente, en general, si en algún momento tras la Admisión un tercero fuera a lanzar, o estuviera en posición, ya sea directa o indirectamente, de lanzar una oferta pública de adquisición de acciones de la Sociedad.

— **Podríamos afrontar restricciones sobre nuestra capacidad de pagar dividendos y distribuir fondos mediante reducciones de capital social.**

En un futuro próximo, tenemos la intención de destinar el flujo de caja generado a continuar el crecimiento del negocio. No tenemos previsto distribuir dividendos hasta que alcancemos nuestro *run rate* objetivo estratégico a 2020. Además, algunos de nuestros contratos de financiación incluyen cláusulas que restringen nuestra capacidad de pagar dividendos y de distribuir fondos mediante reducciones de capital social. En la mayoría de estos contratos, el pago de dividendos y las distribuciones de fondos mediante reducciones de capital social están sujetas al cumplimiento previo de los siguientes requisitos: (i) que mantengamos unos fondos propios de, al menos, €20 millones; y (ii) que mantengamos un ratio de deuda financiera neta / patrimonio neto contable por debajo de 1,6. Además, algunos de nuestros contratos de financiación incluyen cláusulas de *cash sweep* conforme a las cuales estamos obligados a emplear los flujos de caja obtenidos de las promociones asociadas a los referidos contratos para repagar la deuda pendiente bajo dichos contratos de financiación.

— **El crecimiento y rentabilidad de la Sociedad depende de su capacidad para identificar y adquirir suelo finalista adecuado para los fines de la Sociedad.**

El crecimiento de la Sociedad a medio y largo plazo depende de su capacidad para identificar y adquirir Suelo Finalista (conforme se define posteriormente) para la promoción residencial a precios razonables desde un punto de vista comercial, en las ubicaciones geográficas precisas y en términos y condiciones compatibles con los objetivos de rentabilidad de la Sociedad. El modelo de negocio de la Sociedad exige la adquisición continua de suelo a efectos de reponer su cartera de suelo y mantener un nivel suficiente de stock que permita el desarrollo de promociones inmobiliarias a medio plazo.

Por otra parte, la Sociedad pudiera en un futuro considerar la adquisición de suelos aun cuando estos últimos no contaran con todos los permisos necesarios. En tal caso, cabe la posibilidad de que la Sociedad no pudiera obtener todos los permisos necesarios a tiempo o en términos económicamente viables, o simplemente no fuera posible obtener tales permisos.

— **Nuestro negocio se podría ver afectado de forma adversa si no conseguimos obtener, o si se dieran retrasos significativos en obtener, los permisos y aprobaciones requeridos para nuestros proyectos de promoción.**

Si bien actualmente compramos principalmente suelo con todos los permisos, para comenzar la edificación de nuestros proyectos de promoción debemos obtener por separado permisos, licencias y otras aprobaciones de edificación, urbanización y medio ambiente (conjuntamente, los “**Permisos**”) de las autoridades administrativas correspondientes. Nuestra capacidad para obtener los requeridos Permisos para construir viviendas depende de nuestra capacidad de cumplir con los requisitos regulatorios y urbanísticos correspondientes. Además, la normativa urbanística y de obtención de permisos podrían ser impugnados dentro del correspondiente periodo

Sección D—Riesgos

normativo, lo que podría eventualmente dar pie a retrasos en la entrega de nuestras unidades o incluso a no terminar una promoción específica totalmente o en los términos previstos, lo que podría tener un impacto material adverso en nuestro negocio, resultado de operaciones, situación financiera o perspectivas.

— **Podríamos obtener menos ingresos en nuestros proyectos de promoción que lo que indican nuestras estimaciones de GDV.**

Estimar el valor futuro de nuestros activos inmobiliarios es inherentemente subjetivo debido a la naturaleza individual de cada activo inmobiliario y está fuertemente afectado por muchas condiciones de mercado fuera de nuestro control. Factores tales como cambios en los requisitos regulatorios y leyes aplicables (incluyendo las relacionadas con la regulación sobre edificación, medioambiental, fiscal y urbanística), políticas de transporte e infraestructuras, condiciones políticas, condiciones de los mercados financieros, condiciones financieras de los clientes, regímenes fiscales aplicables y fluctuaciones en tipos de interés y de cambio, también contribuyen a generar incertidumbre y potencial volatilidad de nuestras valoraciones a futuro.

Los GDVs estimados relacionados con nuestras promociones previstas son solo estimaciones y son determinadas sobre la base de asunciones (incluyendo factores tales como la demanda de viviendas, precio medio de venta, aumento de los precios y número de unidades dentro de las promociones), que pueden resultar imprecisas. No existe la seguridad de que los GDVs estimados relacionados con nuestra cartera de suelo y nuestras promociones propuestas reflejen los precios de ventas reales alcanzados en cualquiera de las promociones edificadas en el suelo. En caso de que no se vendan tantas unidades residenciales como se ha anticipado, o si no se venden por los precios de venta esperados, podríamos no alcanzar nuestros GDVs estimados. No puede darse la seguridad de que nuestras valoraciones de suelo en nuestros estados financieros o nuestro GDV estimado para nuestra cartera de suelo y las promociones propuestas reflejen el precio de venta real alcanzado de cualquiera en los propios suelos o en las promociones edificadas sobre los mismos.

Cualquiera de los anteriores factores podría tener un efecto material adverso en nuestro negocio, resultado de operaciones, situación financiera o perspectivas.

— **Si la Sociedad no pudiera obtener capital suficiente en términos aceptables, pudiera ser incapaz de adquirir suelo para sus promociones o pudiera sufrir un aumento de costes y retrasos en la finalización de sus promociones.**

La promoción inmobiliaria constituye una actividad intensiva en términos de capital, y requiere una serie de gastos iniciales significativos a efectos de la adquisición del suelo y el desarrollo de la actividad de promoción. Si bien la Sociedad utiliza parte de sus propios fondos para adquirir suelo, necesita adicionalmente recurrir a capitales ajenos, en forma de préstamo, y cuya disponibilidad, en particular para la adquisición de suelo y financiación de promociones, pudiera ser limitada a nivel autonómico o nacional.

— **La interrupción del contrato de gestión de activos podría tener un efecto material adverso en nuestro negocio, resultado de operaciones, situación financiera o perspectivas.**

En 2015 suscribimos un contrato de gestión en exclusiva de activos por un

Sección D—Riesgos

periodo de siete años con Kutxabank y otras 23 compañías de los grupos Kutxabank y Cajasur (las “**Contrapartes del Contrato de Gestión de Activos**”) para gestionar la cartera inmobiliaria de Kutxabank (el “**Contrato de Gestión de Activos de Kutxabank**”). En el ejercicio terminado a 31 de diciembre de 2016, los ingresos derivados del Contrato de Gestión de Activos de Kutxabank ascendieron a 27,7 millones de euros. Si el Contrato de Gestión de Activos de Kutxabank se resolviera por cualquier motivo, incluyendo por nuestro incumplimiento de requisitos de desempeño, o si el Contrato de Gestión de Activos de Kutxabank no se prorrogara una vez finalizado el actual plazo de siete años, nuestro negocio, resultado de operaciones, situación financiera o perspectivas podrían verse afectados de forma adversa.

El Contrato de Gestión de Activos de Kutxabank puede resolverse por las Contrapartes del Contrato de Gestión de Activos de Kutxabank si ocurre un evento de incumplimiento.

- **Podríamos necesitar más tiempo para vender la Cartera de Legacy de Kutxabank y esta podría tener un valor inferior al estimado y/o podría requerir inversión adicional para poder ser puesto en venta**

Como parte de nuestra estrategia, tenemos la intención de completar la venta de los activos inmobiliarios adquiridos de Kutxabank en mayo de 2015 (la “**Cartera de Legacy de Kutxabank**”) en la segunda mitad del 2018. Sin embargo, no existe garantía de que estos activos sean vendidos durante el periodo de tiempo anticipado (lo que nos podría llevar a incurrir en costes adicionales) y/o a los precios que esperamos. Sin perjuicio de la prevista venta de la Cartera de Legacy de Kutxabank, podríamos tener que contabilizar deterioros adicionales (por ejemplo como consecuencia de la devaluación de la cartera), lo que podría tener un efecto material adverso en nuestro negocio, resultado de operaciones, situación financiera o perspectivas.

- **La actividad de la Sociedad está concentrada geográficamente, y el sector en el que opera es, por su propia naturaleza, cíclico, por lo que cualquier desaceleración económica o cambios adversos en las condiciones del mercado de la vivienda en España podría afectar negativamente a la demanda de nuestros productos.**

La Sociedad es una empresa española cuyos activos y operaciones se ubican y desarrollan, respectivamente, íntegramente en España, principalmente en Madrid, Barcelona, País Vasco, las principales ciudades de Andalucía y sus costas, y en las Islas Baleares. La Sociedad depende, en consecuencia, de la situación general del mercado de la vivienda en España y, en particular, de la situación del mercado de la vivienda en dichas regiones. El mercado de la vivienda y el sector inmobiliario son, con carácter general, de naturaleza cíclica, y se ven afectados por los cambios experimentados en la situación económica general.

OTROS RIESGOS RELACIONADOS CON LA ACTIVIDAD DE LA SOCIEDAD Y SU SECTOR

- Reducciones en la disponibilidad de financiación hipotecaria y/o incrementos en los tipos de interés podrían afectar negativamente nuestras ventas.
- La demanda del producto que ofrece la Sociedad depende de las preferencias del cliente en materia de tipo de vivienda o ubicación de la misma, así como de la percepción en cuanto al carácter atractivo o la calidad de dicho producto.
- La Sociedad pudiera no ser capaz de promover y vender sus viviendas con éxito o en los plazos previstos.

Sección D—Riesgos

- La Sociedad depende de su equipo directivo *senior* y de la experiencia de su personal clave, y pudiera ser incapaz de atraer y retener una plantilla debidamente cualificada y experimentada.
- El acaecimiento de acontecimientos adversos en las condiciones políticas y económicas de carácter general en España, en la Unión Europea o de carácter global pudieran tener un efecto adverso significativo sobre el negocio, el resultado de las operaciones, situación financiera o perspectivas de la Sociedad.
- Las pre-ventas de la Sociedad pudieran no materializarse en los términos acordados en el momento de la firma del contrato, o incluso no materializarse en absoluto.
- Pudieran surgir costes significativos no previstos en relación con la ejecución de los proyectos de la Sociedad.
- El historial operativo de la Sociedad es limitado.
- El negocio de la Sociedad depende de la disponibilidad, habilidades y desempeño de contratistas, subcontratistas y otros agentes de la construcción y proveedores de servicio.
- La Sociedad pudiera incurrir en diversos costes a efectos de ampliar sus operaciones o de un mayor crecimiento futuro, y los beneficios esperados de dicha ampliación o crecimiento pudieran no materializarse nunca.
- Cualquier publicidad negativa pudiera perjudicar a la reputación e imagen de la Sociedad, así como a su negocio, resultado de las operaciones, situación financiera o perspectivas.
- La Sociedad pudiera sufrir pérdidas que no estuvieran cubiertas por un seguro, o pérdidas cuyo importe excediera de la cobertura ofrecida por el correspondiente seguro.
- La Sociedad depende de una serie de sistemas de tratamiento de la información que pudieran fallar, revelarse inadecuados para las tareas propuestas, o ser objeto de ataques informáticos.
- Si la Sociedad no tiene éxito en implantar y mantener un sistema eficaz de control interno, pudiera ser incapaz de determinar con precisión sus resultados financieros o prevenir fraudes. En tal caso, sus accionistas podrían perder la confianza en los resultados financieros de la Sociedad, lo que pudiera perjudicar de forma significativa a la Sociedad.
- Los resultados de explotación de la Sociedad dependen de riesgos asociados al sector inmobiliario y de construcción de vivienda en general.
- El mercado español de construcción de viviendas pudiera ser cada vez más competitivo.
- La tributación constituye una parte importante del coste de adquisición o de propiedad de la vivienda, por lo que un cambio en la normativa fiscal estatal, autonómica o local pudiera tener un efecto significativo sobre la demanda de vivienda residencial.
- La Sociedad se encuentra expuesta a demandas de exigencia de responsabilidad interpuestas por terceros.
- La construcción de nuevas promociones conlleva riesgos en materia de salud, seguridad y medioambientales (*health, safety and environmental risks* o “**HSE**”).
- La liquidez tanto del suelo como de las promociones construidas es limitada,

Sección D—Riesgos		
		<p>y en consecuencias dichos activos pudieran resultar difíciles de vender.</p> <ul style="list-style-type: none"> — Los constructores de viviendas se encuentran sujetos a normativa compleja y sustancial cuya aplicación, interpretación o cumplimiento es susceptible de cambiar. — Las valoraciones de los inmuebles que conforman las promociones de la Sociedad y que han sido incluidas en el presente Folleto pudieran no reflejar los valores actuales de mercado de las promociones de la Sociedad, en la medida en que la determinación de tales valores es un proceso intrínsecamente subjetivo. Asimismo, dichas valoraciones pudieran no ser directamente comparables con las valoraciones ofrecidas respecto de carteras similares de otros promotores inmobiliarios presentes en el mercado español, como resultado de distintas asunciones y metodologías utilizadas. — La Sociedad utiliza diversas estimaciones y asunciones en la elaboración de sus estados financieros consolidados, las cuales pudieran revelarse incorrectas. — El acaecimiento de acontecimientos adversos en las condiciones políticas y económicas de carácter general en España, en la Unión Europea o de carácter global pudieran tener un efecto adverso significativo sobre el negocio, el resultado de las operaciones, la situación financiera o las perspectivas de la Sociedad.
D.3	<p>Información fundamental sobre los principales riesgos específicos de los valores:</p>	<p style="text-align: center;"><u>RIESGOS RELACIONADOS CON NUESTRAS ACCIONES Y LA OFERTA</u></p> <ul style="list-style-type: none"> — Tras la Oferta, nuestro accionista de control continuará pudiendo ejercer influencia significativa sobre la Sociedad, así como sobre su equipo gestor y sus operaciones. <p>Inmediatamente tras el cierre de la Oferta, Neinor Holdings, S.L.U. será titular de un mínimo del 45.45 por ciento del capital social de la Sociedad si no se ejerce la Opción de Sobre-Adjudicación (porcentaje que alcanzará un mínimo del 40 por ciento en caso de ejercicio de la Opción de Sobre-Adjudicación). Como consecuencia, Neinor Holdings, S.L.U. podrá controlar la gestión y operaciones de la Sociedad, así como la junta general de socios de la misma, en cuestiones tales como el pago de dividendos, fusiones u otras combinaciones empresariales, la adquisición o enajenación de activos significativos, la emisión de acciones u otros valores y el nombramiento de la mayoría de los miembros del consejo de administración de la Sociedad. Los intereses de Neinor Holdings, S.L.U. pudieran diferir de los de los adquirentes de las Acciones.</p> <ul style="list-style-type: none"> — Nuestro accionista de control podría dejar de ser un accionista significativo de la Sociedad. El Accionista Vendedor ha acordado suscribir en o en torno a la fecha de Admisión un Margin Loan Facility garantizado con todas las acciones de la Sociedad de las que es titular (distintas de aquellas que sean vendidas en la Oferta) con bancos que incluyen a las Entidades Coordinadoras Globales y a J.P. Morgan Securities plc. La ejecución de esta garantía por los bancos al amparo del Margin Loan Facility podría tener un impacto significativo en la estructura accionarial de la Sociedad ya que podría resultar en que el Accionista Vendedor deje de ser un accionista significativo, incluso antes de la expiración del compromiso de no disposición asumido en relación

Sección D—Riesgos		
		<p>con la Oferta.</p> <ul style="list-style-type: none"> — La Sociedad no puede garantizar que vaya a abonar dividendos ni, en su caso, el importe de los mismos. Asimismo, algunos de los contratos de financiación de la Sociedad incluyen disposiciones que prohíben a la Sociedad tanto el pago de dividendos como la devolución de aportaciones mediante reducciones de capital. — No existe un mercado establecido para las acciones ordinarias de la Sociedad. No existe garantía alguna de que pueda desarrollarse un mercado que dote a las acciones ordinarias de la Sociedad de la suficiente liquidez. — El precio de cotización de las Acciones pudiera fluctuar en respuesta a varios factores, muchos de los cuales son ajenos al control de la Sociedad. — Cualquier volumen significativo de ventas futuras de Acciones pudiera afectar al precio de cotización de las Acciones. — Pudiera resultar difícil para un accionista extranjero entablar un proceso contra la Sociedad o sus consejeros, o ejecutar contra los mismos una resolución judicial. — Si la Sociedad fuese considerada como una sociedad de inversión extranjera (<i>passive foreign investment company</i>), podrían derivarse consecuencias negativas a efectos del impuesto federal sobre la renta estadounidense (<i>U.S. federal income tax</i>) para los titulares de Acciones estadounidenses. — Los accionistas sitos en los Estados Unidos de América y en otras jurisdicciones pudieran no poder participar en futuras emisiones de acciones. En particular, la normativa en materia de valores vigente en ciertas jurisdicciones pudiera impedir a la Sociedad permitir la participación de determinados accionistas en futuras emisiones de acciones.

Sección E—Oferta		
E.1	Ingresos netos totales y cálculo de los gastos totales de la emisión:	<p>La oferta de la Sociedad consiste en Nuevas Acciones, mientras que la oferta del Accionista Vendedor consiste en Acciones Existentes.</p> <p>La Sociedad espera obtener unos ingresos brutos procedentes de la emisión de las Nuevas Acciones por importe de aproximadamente €100 millones. Se espera que las comisiones, honorarios y gastos derivados de la colocación que ha de satisfacer la Sociedad en relación con la Oferta asciendan a aproximadamente €2 millones. La Sociedad tiene intención de abonar dicho importe con cargo a los ingresos brutos procedentes de la Oferta. En consecuencia, la Sociedad espera obtener unos ingresos netos derivados de la Oferta por importe de €98 millones. La Sociedad no percibirá importe alguno por razón de la venta de las Acciones Existentes por el Accionista Vendedor en la Oferta.</p> <p>El Accionista Vendedor espera obtener unos ingresos brutos de hasta €609,3 millones (asumiendo la venta de la totalidad de las Acciones Existentes y la falta de ejercicio de la Opción de Sobre-Adjudicación) y €80.3 millones (asumiendo la venta de la totalidad de las Acciones Existentes y el ejercicio en dicha Opción de Sobre-Adjudicación en su integridad), derivados de la venta de Acciones Existentes a través de la Oferta. Serán de cuenta del Accionista Vendedor las comisiones devengadas por razón de las Acciones Existentes.</p>
E.2	Razones que justifican la emisión, y destino	<p>Tenemos contemplado utilizar los ingresos netos de la Oferta para refinanciar nuestra deuda existente (aproximadamente 50% del total de los ingresos) e invertir el importe restante en oportunidades de crecimiento futuro (el 50% del total de los ingresos). Estos porcentajes podrán ser modificados o ajustados pero</p>

Sección E—Oferta		
	de los ingresos:	<p>no de manera significativa.</p> <p>El Accionista Vendedor pretende destinar los ingresos netos de la Oferta a la amortización del saldo vivo de la deuda con Kutxabank asumida como consecuencia de la adquisición de la Sociedad.</p> <p>Asimismo, es de esperar que la Oferta amplíe la base de accionistas de la Sociedad, permita la entrada en el capital de inversores institucionales a largo plazo así como una base diversificada de accionistas internacionales, mejorando así el acceso de la Sociedad a los mercados públicos de capitales (incluyendo a los mercados de instrumentos de deuda) y facilitando de esta forma la obtención de financiación destinada al crecimiento futuro.</p> <p>Por último, se espera que la Oferta le otorgue a la Sociedad un mayor reconocimiento de marca, aumentando la calidad de su perfil global como empresa, mejorando la transparencia y su prestigio como consecuencia de su consideración como sociedad cotizada.</p>
E.3	Descripción de las condiciones de la emisión:	<p>La Sociedad ofrece 6.075.334 acciones para que, con un Precio de la Oferta equivalente a €16.46, se obtengan unos ingresos brutos de aproximadamente €100 millones en la oferta de suscripción (las “Nuevas Acciones”), mientras que el Accionista Vendedor ofrece en la Oferta hasta un máximo de 37.018.320 acciones existentes de la Sociedad (las “Acciones Existentes” y, junto con las Nuevas Acciones, las “Acciones Iniciales”).</p> <p>De forma adicional, el Accionista Vendedor otorgará una opción de compra a favor de las Entidades Coordinadoras Globales (conforme a la definición de las mismas prevista a continuación) a efectos de la adquisición por las mismas de un número adicional de acciones de la Sociedad equivalentes a un máximo del 10 % del número de las Acciones Iniciales (las “Acciones Adicionales” y, conjuntamente con las Acciones Iniciales, las “Acciones”) al Precio de la oferta (menos el importe de las comisiones pactadas) a efectos de atender a cualquier sobreadjudicación de Acciones en la Oferta, en su caso, así como a cualesquiera posiciones cortas que pudieran resultar de operaciones de estabilización (la “Opción de Sobre-Adjudicación”). La Opción de Sobre-Adjudicación podrá ser ejercitada, total o parcialmente, por Credit Suisse como agente de estabilización durante un plazo de 30 días naturales a partir de la fecha en que las acciones ordinarias de la Sociedad comenzaran a cotizar en las Bolsas de Valores Españolas (conforme han sido definidas estas últimas posteriormente).</p> <p>En consecuencia, el Accionista Vendedor venderá un máximo de 41.327.685 acciones de la Sociedad, equivalente a la suma del número máximo de Acciones Existentes (37.018.320 acciones de la Sociedad) y de las Acciones Adicionales, asumiendo que el Accionista Vendedor vende el número máximo de Acciones Existentes y que la Opción de Sobre-Adjudicación se ejerce en su integridad (4.309.365 acciones de la Sociedad).</p> <p>En particular, se espera que el cierre de la Oferta tenga lugar en o alrededor del 28 de marzo de 2017 (la “Fecha de la Operación Bursátil”). De conformidad con la legislación española, en la Fecha de la Operación Bursátil, los inversores vendrán incondicionalmente obligados a abonar (teniendo igualmente derecho a recibir) las correspondientes Acciones suscritas o adquiridas en la Oferta. A efectos de agilizar la cotización de las acciones de la Sociedad, se ha previsto que las Entidades Coordinadoras Globales, en su condición de entidades financiadoras, suscriban y desembolsen el precio de las Nuevas Acciones en la Fecha de la Operación Bursátil, en cada caso actuando en nombre y representación de las Entidades Colocadoras, actuando cada una de ellas en</p>

Sección E—Oferta

representación de los inversores finales. Se prevé que el pago de las Nuevas Acciones por parte de tales entidades tenga lugar a favor de la Sociedad a más tardar a las 09:00 (Horario Central Europeo) de la Fecha de la Operación Bursátil.

El pago de las Acciones Iniciales por parte de los inversores finales, incluyendo el pago de las Nuevas Acciones suscritas y abonadas en la Fecha de la Operación Bursátil por las Entidades Coordinadoras Globales como entidades financiadoras, tendrá lugar a más tardar el segundo día hábil posterior a dicha Fecha de la Operación Bursátil, procediéndose en ese momento a la entrega de las Acciones Iniciales a favor de los inversores finales a través de los sistemas de Iberclear, lo que se prevé tenga lugar en o alrededor del 30 de marzo de 2017 (la “**Fecha de Liquidación**”). Se prevé que las acciones de la Sociedad coticen en las Bolsas de Valores Españolas a través del Sistema de Interconexión Bursátil en o alrededor del 29 de marzo de 2017, con el código de cotización “HOME”. Se insta a los inversores a que se pongan en contacto con su agente o depositario en España a la mayor brevedad posible a efectos de realizar los ajustes necesarios para inscribir las acciones a su nombre en la Fecha de la Operación Bursátil.

La Oferta tendrá lugar a través de un proceso de prospección de la demanda. Durante dicho proceso, que se prevé comience el 17 de marzo de 2017 y finalice el 27 de marzo de 2017 (ambos inclusive), las Entidades Colocadoras comercializarán las Acciones Iniciales entre los inversores de conformidad y con sujeción a las restricciones de venta previstas en el presente Folleto. Los inversores podrán presentar sus mandatos de compra durante dicho período, indicando el número de Acciones Iniciales que estarían interesados en adquirir.

Sección E—Oferta

<p>E.4</p>	<p>Descripción de cualquier interés que sea importante para la emisión/oferta, incluyendo los intereses en conflicto.</p>	<p>Tanto la Sociedad como el Accionista Vendedor han aprobado un plan de incentivos para el equipo gestor (<i>management incentive plan</i> o “MIP”) con el objetivo de motivar y retener a diversos directivos clave (consejero delegado y otros cinco miembros del equipo gestor), así como promover el plan de negocio de la Sociedad y alinear los intereses a largo plazo del equipo gestor con los de los accionistas.</p> <p>El plan contempla tanto pagos en efectivo como entregas de acciones por parte del Accionista Vendedor, por importe y con un valor ligado (i) al Precio de la Oferta (con un descuento del 10%), y con un mínimo o suelo (<i>floor</i>) de €1.100 millones (como valoración total de la Sociedad), y (ii) a la evolución del precio de la acción durante los tres años posteriores a la Oferta.</p> <p>El MIP tiene dos componentes: (i) un componente fijo (la “Base”), y (ii) un componente variable calculado en función del aumento del precio de cotización experimentado por de las acciones de la Sociedad (el “Variable”).</p> <p>El componente Base del MIP se calculará para cada beneficiario (dando como resultado el “Importe Base”) y se devengará en el momento de la Admisión (con un Importe Base total para todos los beneficiarios de €4.4 millones). En cualquier caso, dicho importe se abonará en los siguientes términos:</p> <ul style="list-style-type: none"> – Una parte del Importe Base (€5,1 millones en total para el conjunto de todos sus beneficiarios, de los cuales €3,3 millones corresponderán al Consejero Delegado) se abonarán en efectivo en un plazo de 85 días desde la Admisión. – El resto del Importe Base (€9,3 millones para el conjunto de todos sus beneficiarios, de los cuales €7,3 millones le corresponderán al Consejero Delegado) será satisfecho en Acciones. En este caso, el precio de referencia para el cálculo del número de Acciones que percibirá cada uno de los beneficiarios del MIP (las “Acciones Base”) será: (i) el Precio de la Oferta, (con un descuento del 10%), con un mínimo o <i>floor</i> de €1.100 millones (como valoración total de la Sociedad) (el “Valor de Empresa”), dividido entre (ii) el número de Acciones en circulación antes de la Admisión (el “Precio de Referencia Inicial”). <p>El componente Variable del MIP será calculado para cada beneficiario (dando como resultado el “Importe Máximo del Variable”) (€13 millones en total para el conjunto de todos sus beneficiarios, de los cuales le corresponderán al Consejero Delegado un máximo de €10 millones). Cada beneficiario tendrá derecho a recibir un número de acciones (las “Acciones del Variable”) determinado de conformidad con las determinadas reglas de devengo, relacionadas principalmente con la evolución de la cotización de nuestras acciones.</p>
<p>E.5</p>	<p>Nombre de la persona o entidad que se ofrece a vender el valor, y compromisos de inmovilización (<i>lock-up</i>):</p>	<p>Durante el período que comienza en la fecha de firma del Contrato de Colocación y finaliza 180 días tras la Fecha de Liquidación, la Sociedad, sus filiales y cualquier persona que actuara en nombre y representación de cualquiera de ellas (distinta de las Entidades Colocadoras y del Accionista Vendedor, frente a los cuales la Sociedad no otorgará dicho compromiso), y salvo con el previo consentimiento por escrito de las Entidades Coordinadoras Globales y JP Morgan Securities plc, se comprometerán a abstenerse de: (A) directa o indirectamente, emitir, ofrecer, pignorar, vender, comprometerse a vender, transmitir u otorgar ninguna opción, derecho, <i>warrant</i> o contrato de compra, ejercitar opción alguna de venta, adquirir ninguna opción o contrato alguno de venta, prestar o de cualquier otra forma transmitir o disponer de cualquiera de las Acciones ordinarias de la Sociedad, o de cualesquiera valores convertibles, ejercitables o</p>

Sección E—Oferta		
		<p>canjeables en o por Acciones de la Sociedad, así como de registrar cualquier folleto de conformidad con la Directiva de Folletos y las normas al respecto previstas en la misma o cualquier otro instrumento similar ante ninguna autoridad supervisora, bolsa de valores o autoridad reguladora del mercado de valores en relación con cualquiera de tales instrumentos; (B) suscribir cualquier instrumento derivado u otro contrato u operación en cuya virtud se transmitan, total o parcialmente, directa o indirectamente, los efectos económicos propios de la titularidad de cualesquiera Acciones de la Sociedad; o (C) realizar cualquier operación con efectos económicos similares a (A) (B), o acordar anunciar o hacer pública la intención de realizar cualquiera de las conductas aquí descritas, al margen de si la operación descrita en los apartados (A), (B) o (C) hubiera de liquidarse mediante la entrega de cualesquiera Acciones u otros valores convertibles o canjeables por Acciones, en efectivo o en cualquier otra forma.</p> <p>El Accionista Vendedor asumirá igualmente una serie de restricciones similares para el período que se abre en la fecha de firma del Contrato de Colocación y se cierra una vez transcurridos 180 días tras la Fecha de Liquidación.</p> <p>Cada uno de los miembros del equipo directivo de la Sociedad acordarán asimismo con las Entidades Colocadoras ciertos compromisos de inmovilización o no disposición para el período que comienza en la fecha de suscripción del Contrato de Colocación y se cierra una vez transcurridos 360 días tras la Fecha de Liquidación de la Oferta.</p>
E.6	Dilución:	<p>La Oferta conlleva la emisión 6.075.334 Nuevas Acciones y, tomando esto en cuenta, las Acciones Existentes pasan a representar, en dicho escenario, entre un 46.9 por ciento del total de acciones de la Sociedad en circulación tras la Oferta.</p> <p>La dilución sufrida por el Accionista Vendedor como consecuencia de la Oferta será máxima si se ejercita en su totalidad la Opción de Sobre-Adjudicación, en cuyo caso la participación del Accionista Vendedor en la Sociedad tras la Oferta ascenderá a un 40 por ciento del total del capital social y derechos de voto, asumiendo que las Acciones Existentes ofrecidas se venden en su totalidad.</p> <p>Por el contrario, la dilución sufrida por el Accionista Vendedor como consecuencia de la Oferta será mínima si no se ejercita en su totalidad la Opción de Sobre-Adjudicación en cuyo caso la participación del Accionista Vendedor en la Sociedad tras la Oferta ascenderá a un 45,45 por ciento del total del capital social y derechos de voto, asumiendo que las Acciones Existentes ofrecidas se venden en su totalidad.</p> <p>Una vez cerrada la Oferta, la titularidad real en la Sociedad de Lone Star Capital Investments S.à r.l., como entidad que controla al Accionista Vendedor, oscilará entre (i) un 40 por ciento, asumiendo el ejercicio en su integridad de la Opción de Sobre-Adjudicación y que las Acciones Existentes ofrecidas se venden en su totalidad, y (ii) un 45,45 por ciento, asumiendo la falta de ejercicio de dicha Opción de Sobre-Adjudicación y que las Acciones Existentes ofrecidas se venden en su totalidad.</p>
E.7	Gastos estimados aplicados al inversor por el emisor:	<p>Los adquirentes de las Acciones pudieran venir obligados a abonar un impuesto sobre actos jurídicos documentados (<i>stamp tax</i>) u otros importes de conformidad con las prácticas vigentes en el país de compra, con carácter adicional al Precio de la Oferta. Asimismo, el inversor deberá hacer frente a las comisiones debidas a favor de cualquier intermediario financiero a través del cual detentara sus Acciones.</p>

ANNEX V – TABLA DE EQUIVALENCIAS DEL FOLLETO (PROSPECTUS) RELATIVO A LA OFERTA DE VENTA Y DE SUSCRIPCIÓN DE ACCIONES Y POSTERIOR ADMISIÓN A NEGOCIACIÓN

NEINOR HOMES, S.A.U.
TABLAS DE EQUIVALENCIAS DEL FOLLETO
RELATIVO A LA OFERTA DE SUSCRIPCIÓN Y VENTA DE ACCIONES Y POSTERIOR
ADMISIÓN A NEGOCIACIÓN

Documento de Registro

Información sobre el emisor requerida por el Anexo I del Reglamento (CE) No 809/2004, de la Comisión Europea, relativo a la información contenida en los folletos así como al formato, la incorporación por referencia, la publicación de dichos folletos y la difusión de publicidad (el “Reglamento 809/2004”)

Contenido		Apartado	Comentario
1.	PERSONAS RESPONSABLES		
1.1	Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social.	Véase el apartado “ <i>Important Information</i> ” (Información Importante).	
1.2	Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.	Véase el apartado “ <i>Important Information</i> ” (Información Importante).	
2.	AUDITORES DE CUENTAS		
2.1	Nombre y dirección de los auditores del emisor para el periodo cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).	Véase la sección “ <i>Validity of the Shares and Legal Matters and Independent Auditors</i> ” (Validez de las Acciones y Aspectos Legales y Auditores Independientes).	
2.2	Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el periodo cubierto por la	No aplicable.	

	información financiera histórica, proporcionarán los detalles si son importantes.		
3.	INFORMACIÓN FINANCIERA SELECCIONADA		
3.1	Información financiera histórica seleccionada relativa al emisor, que se presentará para cada ejercicio durante el periodo cubierto por la información financiera histórica, y cualquier periodo financiero intermedio subsiguiente, en la misma divisa que la información financiera	Véase la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones). Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera y operativa Seleccionada).	
3.2	Si se proporciona información financiera seleccionada relativa a periodos intermedios, también se proporcionarán datos comparativos del mismo periodo del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del balance final del ejercicio	No aplica.	
4.	FACTORES DE RIESGO	Véase la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
5.	INFORMACIÓN SOBRE EL EMISOR		
5.1.	Historia y evolución del emisor:		
5.1.1.	<i>nombre legal y comercial del emisor;</i>	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
5.1.2.	<i>lugar de registro del emisor y número de registro;</i>	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
5.1.3.	<i>fecha de constitución y periodo de actividad del emisor, si no son indefinidos;</i>	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
5.1.4.	<i>domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social);</i>	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
5.1.5.	<i>acontecimientos importantes en el desarrollo de la actividad del emisor</i>	Véase la sección “ <i>Business</i> ” (Negocio), sub-sección “ <i>History of the Group</i> ” (Historia del Grupo).	

5.2.	Inversiones		
5.2.1.	<i>Descripción, (incluida la cantidad) de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro.</i>	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa y Financiera).	
5.2.2.	<i>Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación (interno o externo).</i>	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera).	
5.2.3.	<i>Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes</i>	Véase la sección “ <i>Business</i> ” (Negocio), sub-sección “ <i>Run rate operating targets and investment policy</i> ” (Objetivos operativos y política de inversión).	
6.	DESCRIPCIÓN DEL NEGOCIO		
6.1.	Actividades principales		
6.1.1.	<i>Descripción y factores clave relativos al carácter de las operaciones del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el período cubierto por la información financiera histórica.</i>	Véase la sección “ <i>Business</i> ” (Negocio), sub-secciones “ <i>Introduction</i> ” (Introducción) y “ <i>Detailed Business Overview</i> ” (Resumen Detallado del Negocio). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
6.1.2.	<i>Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra.</i>	Véase la sección “ <i>Business</i> ” (Negocio), sub-secciones “ <i>Introduction</i> ” (Introducción) y “ <i>Detailed Business Overview</i> ” (Resumen Detallado del Negocio).	
6.2.	Mercados principales <i>Descripción de los mercados principales en que el emisor compete, incluido un desglose de los ingresos totales por categoría de actividad y mercado geográfico para cada ejercicio durante el período cubierto por la información financiera histórica.</i>	Véase la sección “ <i>Industry Overview</i> ” (Perspectiva General de la Industria).	

6.3.	Cuando la información dada de conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho.	No aplica.	
6.4.	Si es importante para la actividad empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación.	No aplica.	
6.5.	Se incluirá la base de cualquier declaración efectuada por el emisor relativa a su posición competitiva	Véase la sección “ <i>Industry Overview</i> ” (Perspectiva General de la Industria). Véase, asimismo, la sección “ <i>Business</i> ”, sub-sección “ <i>Strategic Strengths</i> ” (Fortalezas Estratégicas).	
7.	ESTRUCTURA ORGANIZATIVA		
7.1.	Si el emisor es parte de un grupo, una breve descripción del grupo y la posición del emisor en el grupo.	Véase la sección “ <i>Business</i> ” (Negocio), sub-sección “ <i>History of the Group</i> ” (Historia del Grupo). Véase asimismo la sección “ <i>Additional Information</i> ” (Información Adicional).	
7.2.	Lista de las filiales significativas del emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto.	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
8.	PROPIEDAD, INSTALACIONES Y EQUIPO		
8.1.	Información relativa a todo inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto.	Véase la sección “ <i>Business</i> ” (Negocio). Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera Operativa Seleccionada)	
8.2.	Descripción de cualquier aspecto medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible.	Véase la sección “ <i>Regulation</i> ” (Regulación). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
9.	ANÁLISIS OPERATIVO Y FINANCIERO		
9.1	Situación financiera	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera).	

		Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera Operativa Seleccionada).	
9.2.	Resultados de explotación		
9.2.1.	<i>Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos.</i>	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera), sub-sección “ <i>Key Factors Affecting Our Results of Operations</i> ” (Factores Claves que Afectan a los Resultados de Nuestras Operaciones). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
9.2.2.	<i>Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios</i>	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera), sub-sección “ <i>Key Factors Affecting Our Results of Operations</i> ” (Factores Claves que Afectan a los Resultados de Nuestras Operaciones).	
9.2.3.	<i>Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor.</i>	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera), sub-sección “ <i>Key Factors Affecting Our Results of Operations</i> ” (Factores Claves que Afectan a los Resultados de Nuestras Operaciones). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
10.	RECURSOS DE CAPITAL		
10.1.	Información relativa a los recursos de capital del emisor (a corto y a largo plazo).	Véase la sección “ <i>Capitalization and Indebtedness</i> ” (Capitalización y Endeudamiento). Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera Operativa Seleccionada).	
10.2.	Explicación de las fuentes y cantidades y descripción narrativa de los flujos de tesorería del emisor.	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa y Financiera), especialmente la	

		sub-sección “ <i>Liquidity and Capital Resources</i> ” (Liquidez y Recursos de Capital).	
10.3.	Información sobre los requisitos de préstamo y la estructura de financiación del emisor.	<p>Véase la sección “<i>Capitalization and Indebtedness</i>” (Capitalización y Endeudamiento).</p> <p>Véase asimismo la sección “<i>Selected Financial and Operating Information</i>” (Información Financiera Operativa Seleccionada).</p> <p>Véase la sección “<i>Operating and Financial Review</i>” (Revisión Operativa Financiera), sub-sección “<i>Liquidity and Capital Resources</i>” (Liquidez y Recursos de Capital).</p>	
10.4.	Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor.	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa Financiera), sub-sección “ <i>Liquidity and Capital Resources</i> ” (Liquidez y Recursos de Capital).	
10.5.	Información relativa a las fuentes previstas de fondos necesarias para cumplir los compromisos mencionados en 5.2.3. y 8.1.	<p>Véase la sección “<i>Operating and Financial Review</i>” (Revisión Operativa y Financiera), “<i>Liquidity and Capital Resources</i>” (Liquidez y Recursos de Capital).</p> <p>Véanse los “<i>Financial Statements</i>” (Estados Financieros) incorporados por referencia al Folleto tal y como se indica en la sección “<i>Presentation of Financial and Other Information</i>” (Presentación de Información Financiera y Otras Informaciones).</p>	
11.	INVESTIGACIÓN Y DESARROLLO, PATENTES Y LICENCIAS	<p>Véase la sección “<i>Business</i>” (Negocio), sub-sección “<i>Other Key Business Information</i>” (Otra Información Clave del Negocio).</p> <p>Véase asimismo la sección “<i>Risk Factors</i>” (Factores de Riesgo).</p>	

12.	INFORMACIÓN SOBRE TENDENCIAS		
12.1.	Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio hasta la fecha del documento de registro.	Véase la sección “ <i>Industry Overview</i> ” (Perspectiva General de la Industria).	
12.2.	Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual.	Véase la sección “ <i>Risk Factors</i> ” (Factores de Riesgo). Véase, asimismo, la sección “ <i>Operating Financial Review</i> ” (Revisión Operativa Financiera), sub-sección “ <i>Key Factors Affecting Our Business and Results of Operations</i> ” (Factores Clave que Afectan a los Resultados de Nuestras Operaciones). Véase también la sección “ <i>Industry Overview</i> ” (Perspectiva General de la Industria).	
13.	PREVISIONES O ESTIMACIONES DE BENEFICIOS		
13.1.	Declaración que enumere los principales supuestos en los que el emisor ha basado su previsión o su estimación.	No aplicable.	
13.2.	Debe incluirse un informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor.	No aplicable.	
13.3.	La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica.	No aplicable.	
13.4.	Si el emisor publica en un folleto una previsión de beneficios que está aún pendiente, debería entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso.	No aplicable.	
14.	ÓRGANOS DE ADMINISTRACIÓN, DE GESTIÓN Y DE SUPERVISIÓN, Y ALTOS DIRECTIVOS		
14.1.	Nombre, dirección profesional y cargo	Véase la sección “ <i>Management and Board of Directors</i> ”	

<p>en el emisor de las siguientes personas, indicando las principales actividades que éstas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor:</p> <p>(a) miembros de los órganos de administración, de gestión o de supervisión;</p> <p>(b) socios comanditarios, si se trata de una sociedad comanditaria por acciones;</p> <p>(c) fundadores, si el emisor se ha establecido para un período inferior a cinco años; y</p> <p>(d) cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.</p> <p>Naturaleza de toda relación familiar entre cualquiera de esas personas.</p> <p>En el caso de los miembros de los órganos de administración, de gestión o de supervisión del emisor y de las personas descritas en (b) y (d) del primer párrafo, datos sobre la preparación y experiencia pertinentes de gestión de esas personas, además de la siguiente información:</p> <p>(a) nombres de todas las empresas y asociaciones de las que esa persona haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio. No es necesario enumerar todas las filiales de un emisor del cual la persona sea también miembro del órgano de administración, de gestión o de supervisión;</p> <p>(b) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores;</p> <p>(c) datos de cualquier quiebra, suspensión de pagos o liquidación con las que una persona descrita en (a) y (d) del primer párrafo, que actuara ejerciendo uno de los cargos contemplados en (a) y (d) estuviera relacionada por lo menos durante los cinco años anteriores;</p> <p>(d) detalles de cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados) y si esa persona ha sido descalificada alguna vez por un tribunal por su</p>	<p>(Equipo Gestor y Consejo de Administración), sub-sección “<i>Board of Directors</i>” (Consejo de Administración), sub-sección “<i>No Convictions and Other Negative Statements</i>” (Ausencia de Condenas y Otras Declaraciones Negativas) y sub-sección “<i>Directors</i>” (Consejeros).</p>	
--	--	--

	<p>actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.</p> <p>De no existir ninguna información en este sentido que deba revelarse, efectuar una declaración a ese efecto.</p>		
14.2.	Conflictos de intereses de los órganos de administración, de gestión y de supervisión, y altos directivos	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Conflicts of Interest</i> ” (Conflictos de Interés).	
15.	REMUNERACIÓN Y BENEFICIOS		
15.1.	Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Compensation</i> ” (Retribución).	
15.2.	Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Compensation</i> ” (Retribución).	
16.	PRÁCTICAS DE GESTIÓN		
16.1.	Fecha de expiración del actual mandato, en su caso, y periodo durante el cual la persona ha desempeñado servicios en ese cargo.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Directors</i> ” (Consejeros).	
16.2.	Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración).	
16.3.	Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Board Committees</i> ” (Comisiones del Consejo).	
16.4.	Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a ese efecto, así como una explicación del motivo por el cual el emisor no	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Internal Code of Conduct in Securities Markets and Corporate Governance</i> ”	

	cumple ese régimen.	<i>Recommendations</i> ” (Código Interno de Conducta en los Mercados de Valores y Recomendaciones de Gobierno Corporativo).	
17.	EMPLEADOS		
17.1.	Número de empleados al final del período o la media para cada ejercicio durante el período cubierto por la información financiera histórica hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente.	Véase la sección “ <i>Business</i> ” (Negocio), sub-sección “ <i>Other Key Business Information</i> ” (Otra Información Clave del Negocio).	
17.2.	Acciones y opciones de compra de acciones. Con respecto a cada persona mencionada en (a) y (d) del primer párrafo del punto 14.1, proporcionar información de su tenencia de participaciones del emisor y de toda opción sobre tales acciones a partir de la fecha practicable más reciente.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Share Ownership</i> ” (Titularidad de Acciones).	
17.3.	Descripción de todo acuerdo de participación de los empleados en el capital del emisor.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Share Ownership</i> ” (Propiedad de Acciones) y “ <i>Compensation</i> ” (Retribución).	
18.	ACCIONISTAS PRINCIPALES		
18.1.	En la medida en que tenga conocimiento de ello el emisor, el nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa.	Véase la sección “ <i>Principal and Selling Shareholder</i> ” (Accionista Principal y Accionista Oferente).	
18.2.	Si los accionistas principales del emisor tienen distintos derechos de voto, o la correspondiente declaración negativa.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders’ Meetings and Voting Rights</i> ” (Juntas Generales de Accionistas y Derechos de Voto).	

18.3.	En la medida en que tenga conocimiento de ello el emisor, declarar si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control.	Véase la sección “ <i>Principal and Selling Shareholder</i> ” (Accionista Principal y Accionista Oferente). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
18.4.	Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders’ Agreements</i> ” (Acuerdos de Accionistas).	
19.	OPERACIONES DE PARTES VINCULADAS	Véase la sección “ <i>Related Party Transactions</i> ” (Operaciones con Partes Vinculadas).	
20.	INFORMACIÓN FINANCIERA RELATIVA AL ACTIVO Y EL PASIVO DEL EMISOR, POSICIÓN FINANCIERA Y PÉRDIDAS Y BENEFICIOS		
20.1.	Información financiera histórica	Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera Operativa Seleccionada).	
20.2.	Información financiera pro-forma	No aplica.	
20.3.	Estados financieros	Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera Operativa Seleccionada).	
20.4.	Auditoría de la información financiera histórica anual		
20.4.1.	Declaración de que se ha auditado la información financiera histórica. Si los informes de auditoría sobre la información financiera histórica han sido rechazados por los auditores legales o si contienen cualificaciones o negaciones, se reproducirán íntegramente el rechazo o las cualificaciones o negaciones, explicando los motivos.	Véase la sección “ <i>Validity of the Shares and Legal Matters and Independent Auditors</i> ” (Validez de las Acciones y Aspectos Legales y Auditores Independientes). Véase asimismo la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones).	
20.4.2.	Una indicación de otra información en el documento de registro que haya sido auditada por los auditores.	Véase la sección “ <i>Validity of the Shares and Legal Matters and Independent Auditors</i> ” (Validez de las Acciones y Aspectos Legales y Auditores Independientes).	

		Véase asimismo la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones).	
20.4.3.	Cuando los datos financieros del documento de registro no se hayan extraído de los estados financieros auditados del emisor, éste debe declarar la fuente de los datos y declarar que los datos no han sido auditados.	Véase la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones).	
20.5.	Edad de la información financiera más reciente		
20.5.1.	El último año de información financiera auditada no puede preceder en más de: (a) 18 meses a la fecha del documento de registro si el emisor incluye en dicho documento estados financieros intermedios auditados; (b) 15 meses a la fecha del documento de registro si en dicho documento el emisor incluye estados financieros intermedios no auditados.	Véase la sección “ <i>Validity of the Shares and Legal Matters and Independent Auditors</i> ” (Validez de las Acciones y Aspectos Legales y Auditores Independientes). Véase asimismo la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones).	
20.6.	Información intermedia y demás información financiera		
20.6.1.	Si el emisor ha venido publicando información financiera trimestral o semestral desde la fecha de sus últimos estados financieros auditados, éstos deben incluirse en el documento de registro. Si la información financiera trimestral o semestral ha sido revisada o auditada, debe también incluirse el informe de auditoría o de revisión. Si la información financiera trimestral o semestral no ha sido auditada o no se ha revisado, debe declararse este extremo.	Véase la sección “ <i>Presentation of Financial and Other Information</i> ” (Presentación de Información Financiera y Otras Informaciones). Véase también la sección “ <i>Validity of the Shares and Legal Matters and Independent Auditors</i> ” (Validez de las Acciones y Aspectos Legales y Auditores Independientes).	
20.6.2.	Si la fecha del documento de registro es más de nueve meses posterior al fin del último ejercicio auditado, debería contener información financiera intermedia que abarque por lo menos los primeros seis meses del ejercicio y que puede no estar auditada (en cuyo caso debe declararse este extremo).	No aplicable.	
20.7	Política de dividendos		
20.7.1.	Importe de los dividendos por acción por cada ejercicio para el período cubierto por la información financiera histórica, ajustada si ha cambiado el número de acciones del emisor, para que así sea comparable.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Dividend and Liquidation Rights</i> ” (Dividendo y Derechos de Liquidación).	

20.8	Procedimientos judiciales y de arbitraje	Véase la sección “ <i>Business</i> ” (Negocio), “ <i>Other Key Business Information</i> ” (Otra Información Clave del Negocio). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
20.9	Cambios significativos en la posición financiera o comercial del emisor	Véase la sección “ <i>Operating and Financial Review</i> ” (Revisión Operativa y Financiera). Véase asimismo la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).	
21	INFORMACIÓN ADICIONAL		
21.1.	Capital Social		
21.1.1.	Importe del capital emitido, y para cada clase de capital social (a) número de acciones autorizadas; (b) número de acciones emitidas e íntegramente desembolsadas y las emitidas pero no desembolsadas íntegramente; (c) valor nominal por acción, o que las acciones no tienen ningún valor nominal; y (d) una conciliación del número de acciones en circulación al principio y al final del año. Si se paga más del 10 % del capital con activos distintos del efectivo dentro del periodo cubierto por la información financiera histórica, debe declararse este hecho.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.1.2.	Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.1.3.	Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.1.4.	Importe de todo valor convertible, valor canjeable o valor con garantías, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.1.5.	Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre la decisión de aumentar el capital.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.1.6.	Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones,	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social). Véase la sección “ <i>Management</i> ”	

	incluidas las personas a las que se dirigen esas opciones.	and Board of Directors” (Equipo Gestor y Consejo de Administración), sub-sección “Share Ownership” (Propiedad de Acciones) y “Compensation” (Retribución).	
21.1.7.	Historial del capital social, resaltando la información sobre cualquier cambio durante el período cubierto por la información financiera histórica.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.2.	Estatutos y escritura de constitución		
21.2.1.	Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución.	Véase la sección “ <i>Additional Information</i> ” (Información Adicional). Véase asimismo la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>General</i> ” (General).	
21.2.2.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor relativa a los miembros de los órganos de administración, de gestión y de supervisión.	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración).	
21.2.3.	Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
21.2.4.	Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más significativas que las que requiere la ley.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders' Meetings and Voting Rights</i> ” (Juntas Generales de Accionistas y Derechos de Voto).	
21.2.5.	Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders' Meetings and Voting Rights</i> ” (Juntas Generales de Accionistas y Derechos de Voto).	
21.2.6.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders' Meetings and Voting Rights</i> ” (Juntas Generales de Accionistas y Derechos de Voto). Véase asimismo la sección “ <i>Market Information</i> ” (Información de Mercado).	

21.2.7.	Indicación de cualquier disposición de las cláusulas estatutarias o reglamento interno, en su caso, que rijan el umbral de propiedad por encima del cual deba revelarse la propiedad del accionista.	Véase la sección “ <i>Market Information</i> ” (Información de Mercado).	
21.2.8.	Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley.	Véase la sección “ <i>Market Information</i> ” (Información de Mercado).	
22	CONTRATOS IMPORTANTES	Véase la sección “ <i>Material Contracts</i> ” (Contratos Materiales).	
23	INFORMACIÓN DE TERCEROS, DECLARACIONES DE EXPERTOS Y DECLARACIONES DE INTERÉS		
23.1.	Cuando se incluya en el documento de registro una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración a ese efecto de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro.	Anexos I – III.	
23.2.	En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.	Anexos I – III.	
24	DOCUMENTOS PRESENTADOS	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	
25	INFORMACIÓN SOBRE CARTERAS		
25.1	Información relativa a las empresas en las que el emisor posee una proporción de capital que puede tener un efecto significativo en la evaluación de sus propios activos y pasivos, posición financiera o pérdidas y beneficios.	Véase la sección “ <i>Additional Information</i> ” (Información Adicional).	

Nota sobre las acciones
Información sobre los valores a emitir requerida por el Anexo III del Reglamento
809/2004

Contenido	Apartado	Comentario
1.	PERSONAS RESPONSABLES	
1.1	Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social.	Véase el apartado “ <i>Important Information</i> ” (Información Importante).
1.2	Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.	Véase el apartado “ <i>Important Information</i> ” (Información Importante).
2.	FACTORES DE RIESGO	
2.1	Factores de riesgo	Véase la sección “ <i>Risk Factors</i> ” (Factores de Riesgo).
3.	INFORMACIÓN ESENCIAL	
3.1	Declaración sobre el capital circulante.	Véase la sección “ <i>Capitalization and Indebtedness</i> ” (Capitalización y Endeudamiento). Véase asimismo la sección “ <i>Selected Financial and Operating Information</i> ” (Información Financiera y operativa Seleccionada).
3.2	Capitalización y endeudamiento	Véase la sección “ <i>Capitalization and Indebtedness</i> ” (Capitalización y Endeudamiento).
3.3	Interés de las personas físicas y jurídicas	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de

	participantes en la emisión/oferta.	Distribución). Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-secciones “ <i>Share Ownership</i> ” (Propiedad de Acciones) y “ <i>Compensation</i> ” (Retribución).	
3.4	Motivos de la oferta y destino de los ingresos	Véase la sección “ <i>Use of Proceeds</i> ” (Uso de los Ingresos). Véase asimismo las sección “ <i>Reasons for the Offering</i> ” (Motivos de la Oferta)	
4.	FACTORES DE RIESGO INFORMACIÓN RELATIVA A LOS VALORES QUE VAN A OFERTARSE/ADMITIRSE A COTIZACIÓN		
4.1	Descripción del tipo y la clase de los valores ofertados / admitidos a cotización, con el Código ISIN (número internacional de identificación del valor) u otro código de identificación del valor.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
4.2	Legislación según la cual se han creado los valores.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
4.3	Indicación de si los valores están en forma registrada o al portador y si los valores están en forma de título o de anotación en cuenta. En el último caso, nombre y dirección de la entidad responsable de la llevanza de las anotaciones.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social).	
4.4	Divisa de la emisión de los valores.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social). Véase asimismo la portada del Folleto y la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
4.5	Descripción de los derechos vinculados a los valores, incluida cualquier limitación de esos derechos, y procedimiento para el ejercicio de los mismos.		
4.5.1	<i>Derechos a participar en las ganancias sociales y en el patrimonio resultante de la liquidación.</i>	Véase la sección “ <i>Dividends and Dividend Policy</i> ” (Dividendos y Política de Dividendos). Véase asimismo la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Dividend and</i>	

		<i>Liquidation Rights</i> ” (Dividendo y Derechos de Liquidación).	
4.5.2	<i>Derechos de voto.</i>	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Shareholders' Meetings and Voting Rights</i> ” (Juntas Generales de Accionistas y Derechos de Voto).	
4.5.3	<i>Derechos de suscripción preferente en las ofertas de suscripción de valores de la misma clase.</i>	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Pre emptive rights and Increases of Share Capital</i> ” (Derechos de Adquisición Preferentes y Aumentos de Capital).	
4.5.4	<i>Derecho de participación en los beneficios del emisor.</i>	Véase la sección “ <i>Dividends and Dividend Policy</i> ” (Dividendos y Política de Dividendos). Véase asimismo la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Dividend and Liquidation Rights</i> ” (Dividendo y Derechos de Liquidación).	
4.5.5	<i>Derechos de participación en cualquier excedente en caso de liquidación.</i>	Véase la sección “ <i>Dividends and Dividend Policy</i> ” (Dividendos y Política de Dividendos). Véase asimismo la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Dividend and Liquidation Rights</i> ” (Dividendo y Derechos de Liquidación).	
4.5.6	<i>Cláusulas de amortización.</i>	No aplicable.	
4.5.7	<i>Cláusulas de conversión.</i>	No aplicable.	
4.6	En el caso de nuevas emisiones, declaración de las resoluciones, autorizaciones y aprobaciones en virtud de las cuales los valores han sido o serán creados y/o emitidos.	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), sub-sección “ <i>Authorization of the Offering</i> ” (Autorización de la Oferta).	
4.7	En caso de nuevas emisiones, fecha prevista de emisión de los valores.	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
4.8	Descripción de cualquier restricción sobre la libre transmisibilidad de los valores.	Véase la sección “ <i>Description of Share Capital</i> ” (Descripción del Capital Social), sub-sección “ <i>Registration and Transfer</i> ”	

		(Registro y Transmisión).	
4.9	Indicación de la existencia de cualquier oferta obligatoria de adquisición y/o normas de retirada y recompra obligatoria en relación con los valores.	Véase la sección “ <i>Market Information</i> ” (Información de Mercado), sub-sección “ <i>Tender Offers</i> ” (Ofertas Públicas de Adquisición).	
4.10	Indicación de las ofertas públicas de adquisición realizadas por terceros sobre el capital del emisor, que se hayan producido durante el ejercicio anterior y el actual. Debe declararse el precio o las condiciones de canje de estas ofertas y su resultado.	No aplicable.	
4.11	Por lo que se refiere al país del domicilio social del emisor y al país o países en los que se está haciendo la oferta o se solicita la admisión a negociación, información sobre los impuestos de la renta de los valores retenidos en origen, e indicación de si el emisor asume la responsabilidad de la retención de impuestos en origen.	Véase la sección “ <i>Taxation</i> ” (Tributación).	
5.	CLÁUSULAS Y CONDICIONES DE LA OFERTA		
5.1.	Condiciones, estadísticas de la oferta, calendario previsto y procedimiento para la suscripción de la oferta.		
5.1.1.	<i>Condiciones a las que está sujeta la oferta.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.1.2.	<i>Importe total de la emisión/Oferta, distinguiendo los valores ofertados para la venta y los ofertados para suscripción; si el importe no es fijo, descripción de los acuerdos y del momento en que se anunciará al público el importe definitivo de la Oferta.</i>	Véase la portada del Folleto. Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.1.3.	<i>Plazo de suscripción, incluida cualquier posible modificación, de la Oferta y descripción del proceso de solicitud.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la Operación y Características de la Oferta).	
5.1.4.	<i>Indicación de cuándo, y en qué circunstancias, puede revocarse o suspenderse la oferta y de si la revocación puede producirse una vez iniciada la negociación.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la	

		Operación y Características de la Oferta).	
5.1.5.	<i>Descripción de la posibilidad de reducir suscripciones y la manera de devolver el importe sobrante de la cantidad pagada por los solicitantes.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.1.6	<i>Detalles de la cantidad mínima y/o máxima de solicitud (ya sea por el número de los valores o por importe total de la inversión).</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.1.7	<i>Indicación del plazo en el cual pueden retirarse las solicitudes, siempre que se permita a los inversores dicha retirada.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.1.8	<i>Método y plazos para el pago de los valores y para la entrega de los mismos.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la Operación y Características de la Oferta).	
5.1.9	<i>Descripción completa de la manera y fecha en la que se deben hacer públicos los resultados de la Oferta.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la Operación y Características de la Oferta).	
5.1.10	<i>Procedimiento para el ejercicio de cualquier derecho preferente de compra, la negociabilidad de los derechos de suscripción y el tratamiento de los derechos de suscripción no ejercidos.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), sub-sección “ <i>Authorization of the Offering</i> ” (Autorización de la Oferta).	
5.2.	Plan de colocación y adjudicación.		
5.2.1.	<i>Las diversas categorías de posibles inversores a los que se ofertan los valores. Si la oferta se hace simultáneamente en los mercados de dos o más países y si se ha reservado o se va a reservar un tramo para determinados países, indicar el tramo.</i>	Véase la portada del folleto, así como el apartado “ <i>Important Information</i> ” (Información Imporante).	

5.2.2.	<i>En la medida en que tenga conocimiento de ello el emisor, indicar si los accionistas principales o los miembros de los órganos de administración, de gestión o de supervisión del emisor tienen intención de suscribir la oferta, o si alguna persona tiene intención de suscribir más del cinco por ciento de la oferta.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase también la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Share Ownership</i> ” (Titularidad de Acciones).	
5.2.3.	<i>Información previa sobre la adjudicación.</i>	No aplicable.	
5.2.4	<i>Proceso de notificación a los solicitantes de la cantidad asignada e indicación de si la negociación puede comenzar antes de efectuarse la notificación.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.2.5	<i>Sobre-adjudicación y “green shoe”.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), sub-sección “ <i>Overallotment Option</i> ” (Opción de Sobreadjudicación)	
5.3	Precios		
5.3.1	<i>Indicación del precio al que se ofertarán los valores. Cuando no se conozca el precio o cuando no exista un mercado establecido y/o líquido para los valores, indicar el método para la determinación del precio de oferta, incluyendo una declaración sobre quién ha establecido los criterios o es formalmente responsable de su determinación. Indicación del importe de todo gasto e impuesto cargados específicamente al suscriptor o comprador.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la portada del Folleto.	
5.3.2	<i>Proceso de publicación del precio de Oferta.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.3.3	<i>Limitación o supresión del derecho de suscripción preferente de los accionistas; precio de emisión de los valores.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.3.4	<i>En los casos en que haya o pueda haber una disparidad importante entre el precio de oferta pública y el coste real en efectivo para los miembros de los órganos de administración, de gestión o de supervisión, o altos directivos o personas vinculadas, de los valores adquiridos por ellos en operaciones realizadas durante el último año, o que tengan el derecho a adquirir, debe incluirse una comparación de la contribución pública en la oferta pública propuesta y las contribuciones reales en efectivo de esas personas.</i>	Véase la sección “ <i>Management and Board of Directors</i> ” (Equipo Gestor y Consejo de Administración), sub-sección “ <i>Compensation</i> ” (Retribución).	
5.4	Colocación y aseguramiento.		

5.4.1	<i>Nombre y dirección del coordinador o coordinadores de la oferta global y de determinadas partes de la misma y, en la medida en que tenga conocimiento de ello el emisor o el oferente, de los colocadores en los diversos países donde tiene lugar la oferta.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la contraportada del folleto.	
5.4.2	<i>Nombre y dirección de cualquier agente de pagos y de las entidades depositarias en cada país.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
5.4.3	<i>Nombre y dirección de las entidades que acuerdan asegurar la emisión con un compromiso firme, y detalles de las entidades que acuerdan colocar la emisión sin compromiso firme o con un acuerdo de «mejores esfuerzos». Indicación de las características importantes de los acuerdos, incluidas las cuotas. En los casos en que no se suscriba toda la emisión, declaración de la parte no cubierta. Indicación del importe global de la comisión de suscripción y de la comisión de colocación.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la contraportada del folleto.	
5.4.4	<i>Cuándo se ha alcanzado o se alcanzará el acuerdo de suscripción.</i>	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la Operación y Características de la Oferta).	
6.	ACUERDOS DE ADMISIÓN A COTIZACIÓN Y NEGOCIACIÓN		
6.1.	Indicación de si los valores ofertados son o serán objeto de una solicitud de admisión a negociación, con vistas a su distribución en un mercado regulado o en otros mercados equivalentes, indicando los mercados en cuestión. Esta circunstancia debe mencionarse, sin crear la impresión de que se aprobará necesariamente la admisión a negociación. Si se conocen, deben darse las fechas más tempranas en las que los valores se admitirán a negociación.	Véase la portada del folleto. Véase la sección “ <i>Market Information</i> ” (Información de Mercado). Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución). Véase asimismo la sección “ <i>Expected Timetable of Principal Events and Offer Statistics</i> ” (Calendario de la Operación y Características de la Oferta).	
6.2.	Todos los mercados regulados o mercados equivalentes en los que, según tenga conocimiento de ello el emisor, estén admitidos ya a negociación valores de la misma clase que los valores que van a ofertarse o admitirse a negociación.	No aplicable.	

6.3.	Si, simultáneamente o casi simultáneamente con la creación de los valores para los que se busca la admisión en un mercado regulado, se suscriben o se colocan privadamente valores de la misma clase, o si se crean valores de otras clases para colocación pública o privada, deben darse detalles sobre la naturaleza de esas operaciones y del número y las características de los valores a los cuales se refieren.	No aplicable.	
6.4.	Detalles de las entidades que tienen un compromiso firme de actuar como intermediarios en la negociación secundaria, aportando liquidez a través de las órdenes de oferta y demanda y descripción de los principales términos de su compromiso.	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), subsección “ <i>Liquidity Providers</i> ” (Proveedores de Liquidez).	
6.5.	Estabilización: en los casos en que un emisor o un accionista vendedor haya concedido una opción de sobre-adjudicación o se prevé que puedan realizarse actividades de estabilización de precios en relación con la oferta.	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), subsección “ <i>Stabilization</i> ” (Estabilización).	
7.	TENEDORES VENDEDORES DE VALORES		
7.1.	Nombre y dirección profesional de la persona o de la entidad que se ofrece a vender los valores, naturaleza de cualquier cargo u otra relación importante que los vendedores hayan tenido en los últimos tres años con el emisor o con cualquiera de sus antecesores o personas vinculadas.	Véase la sección “ <i>Principal and Selling Shareholder</i> ” (Accionista Principal y Accionista Oferente).	
7.2.	Número y clase de los valores ofertados por cada uno de los tenedores vendedores de valores.	Véase la sección “ <i>Principal and Selling Shareholder</i> ” (Accionista Principal y Accionista Oferente).	
7.3.	Acuerdos de bloqueo. Partes implicadas. Contenido y excepciones del acuerdo. Indicación del Período de bloqueo.	Véase la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución), sub-sección “ <i>Lock-up</i> ” (Compromisos de No-Disposición).	
8.	GASTOS DE LA EMISIÓN / OFERTA		
8.1.	Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta.	Véase la sección “ <i>Use of Proceeds</i> ” (Uso de los Ingresos). Véase, asimismo, la sección “ <i>Plan of Distribution</i> ” (Plan de Distribución).	
9.	DILUCIÓN		
9.1	Cantidad y porcentaje de la dilución inmediata resultante de la emisión/oferta.	Véase la portada del Folleto y la sección “ <i>Additional Information</i> ” (Información Adicional), sub-sección	

		<i>"Dilution"</i> (Dilución).	
9.2.	En el caso de una oferta de suscripción a los tenedores actuales, importe y porcentaje de la dilución inmediata si no suscriben la nueva oferta.	Véase la portada del Folleto y la sección <i>"Additional Information"</i> (Información Adicional), sub-sección <i>"Dilution"</i> (Dilución).	
10.	INFORMACIÓN ADICIONAL		
10.1.	Si en la nota sobre los valores se menciona a los asesores relacionados con una emisión, una declaración de la capacidad en que han actuado los asesores.	Véase la sección <i>"Validity of the Shares and Legal Matters and Independent Auditors"</i> (Validez de las Acciones y Aspectos Legales y Auditores Independientes).	
10.2.	Indicación de otra información de la nota sobre los valores que haya sido auditada o revisada por los auditores y si los auditores han presentado un informe. Reproducción del informe o, con el permiso de la autoridad competente, un resumen del mismo.	Véase la sección <i>"Validity of the Shares and Legal Matters and Independent Auditors"</i> (Validez de las Acciones y Aspectos Legales y Auditores Independientes).	
10.3.	Cuando en la nota sobre los valores se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de esas personas, dirección profesional, cualificaciones e interés importante en el emisor, según proceda. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, con el consentimiento de la persona que haya autorizado el contenido de esa parte de la nota sobre los valores.	Anexos I – III.	
10.4.	En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.	Anexos I – III.	

REGISTERED OFFICE OF THE COMPANY

Calle Ercilla, 24
48011 Bilbao
Spain
Tel.: +34 900 019 986

JOINT GLOBAL COORDINATORS AND BOOKRUNNERS

Citigroup Global Markets Limited

Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Credit Suisse Securities (Europe) Limited

One Cabot Square
Canary Wharf
London E14 4QJ
United Kingdom

JOINT BOOKRUNNERS

Banco Santander, S.A.

Paseo de Pereda, 9-12
Santander
Spain

BNP PARIBAS

16 boulevard des Italiens
75009 Paris
France

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

JOINT LEAD MANAGERS

**Alantra Capital Markets,
S.V.**

S.A.U.
Calle Padilla, 17
Madrid
Spain

**Banco de Sabadell,
S.A.**

Plaza Sant Roc 20
08201 Sabadell
Barcelona
Spain

Bankinter, S.A.

Paseo de la Castellana, 29
28046
Madrid
Spain

CaixaBank, S.A.

Avenida Diagonal 621
08028 Barcelona
Spain

Norbolsa S.V., S.A.

Torre Iberdrola
Plaza Euskadi, 5 –
Planta 26
48009 Bilbao
Spain

AGENT BANK

Norbolsa S.V., S.A.

Torre Iberdrola
Plaza Euskadi, 5 – Planta 26
48009 Bilbao
Spain

INDEPENDENT FINANCIAL ADVISOR

Lazard Asesores Financieros, S.A.

Rafael Calvo 39
28010 Madrid
Spain

LEGAL ADVISORS

To the Company as to Spanish Law

Uría Menéndez Abogados, S.L.P.

Príncipe de Vergara, 187
Plaza de Rodrigo Uría
28002 Madrid
Spain

*To the Company
as to English and United States Law*

Allen & Overy LLP

One Bishops Square
London E1 6AD
United Kingdom

*To the Managers
as to English, United States Law and Spanish Law*

Linklaters, S.L.P.

Almagro, 40
28010 Madrid
Spain

INDEPENDENT AUDITORS OF THE COMPANY

Deloitte, S.L.

Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
Spain



NEINOR HOMES, S.A.U.

(This page has been left blank intentionally.)



Neinor

HOMES





Neinor

HOMES

neinorhomes.com